

17 November 2000

Hon. Saisnarine Kowlessar, MP,
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 1999**

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 1999.

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 1999**

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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 1999**

AUDIT CERTIFICATE

I have audited the Public Accounts of Guyana, the Appropriation Accounts and the Receipts and Disbursements of Ministries, Departments and Regions for the fiscal year ended 31 December 1999, as set out in pages 2/1 to 2/232. 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 and guidelines, including those of the International Organisation of Supreme Audit Institutions (INTOSAI). Those standards and guidelines 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 1999. 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;*
- the Balances held on Deposit by the Accountant General and Outstanding Advances made in pursuance of Section 23 of the Act; and*
- the Statement of Current Assets and Liabilities of the Government,*

I am unable to form an opinion whether they properly present their respective state of affairs as at 31 December 1999.

***ANAND GOOLSARRAN
AUDITOR GENERAL***

17 November 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 1999**

EXECUTIVE SUMMARY

Financial Performance

1. *For the period under review, a deficit of \$868M of current revenue over current expenditure was recorded, compared with a similar deficit of \$749.4M recorded in 1998. The increase of \$118.6M in the recorded deficit resulted mainly from a combination of the following:*
 - (a) *a decrease of \$2.183 billion in the repayment and servicing of the Public Debt from \$14.979 billion to \$12.796 billion. In 1998, the repayment and servicing of the Public Debt decreased from \$20.231 billion to \$14.979 billion.*
 - (b) *an increase in current expenditure (excluding the repayment and servicing of the Public Debt) of \$7.164 billion from \$22.177 billion to \$29.345 billion. Employment Costs increased by \$2.693 billion or 29.4% while Other Charges increased by \$4.471 billion or 34.71%; and*
 - (c) *an increase of \$4.862 billion in current revenue from \$36.407 billion to \$41.269 billion.*

2. *The collection of current revenue exceeded projected levels by 15.36%, compared with 6.5% and 2.5% shortfalls in 1998 and 1997 respectively. Estimated current revenue in 1999 totalled \$35.774 billion while actual collections amounted to \$41.269 billion, giving a budgetary surplus of \$5.495 billion. In particular, of the amount of \$2.032 billion budgeted to be collected as Other Tax Revenue, sums totalling \$6.032 billion were collected. This favourable performance was mainly in relation to the collection of rice levy A. Of the amount of \$50M budgeted to be collected, actual collections amounted to \$4.008 billion. The Inland Revenue Department also exceeded its target by \$1.054 billion.*

3. *Capital revenue collections from sale of assets, internal loans, external grants and loans, and from other sources, fell short of projected levels by \$7.112 billion. Actual amounts budgeted to be collected totalled \$17.853 billion while the recorded actual collections amounted to \$10.742 billion, giving a percentage shortfall of 39.83%. A similar performance was recorded in 1998 where capital revenue collections fell short of projected levels by \$5.219 billion or 31.94%.*
4. *Capital expenditure also fell below estimated levels. Of a total amount of \$14.260 billion budgeted to be spent on capital projects, sums totalling \$12.090 billion were actually expended, giving a shortfall of \$2.170 billion or 15.22%, compared with a similar shortfall in 1998 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\$305.119 billion as at 31 December 1999, the external portion accounting for G\$194.696 billion. In equivalent United States dollars, the Public Debt was US\$1.699 billion, the external debt accounting for US\$1.084 billion.*
6. *Compared with 1998, the Public Debt has increased by G\$2.751 billion, the internal portion accounting for G\$11.007 billion while the external debt has been reduced from G\$202.952 billion to G\$194.696 billion. Expressed as a factor of current revenue, the Public Debt at the end of 1999 was 7.39 times current revenue, compared with a factor of 8.33 at the end of 1998 and 7.14 at the end of 1997.*
7. *Expressed as a percentage of current revenue, the repayment and servicing of the Public Debt in 1999 represented 31% of current revenue, compared with 41.14%, 54.15% and 40.0% in 1998, 1997 and 1996 respectively.*

The Cash Position of the Government

8. *The Consolidated Fund was overdrawn by \$57.110 billion as at 31 December 1999, compared with overdrafts of \$52.568 billion, \$40.407 billion and \$38.229 billion at the end of 1998, 1997 and 1996 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 bank account was not properly reconciled since February 1988.*
9. *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 \$14.101 billion, compared with \$12.437 billion, \$15.933 billion and \$16.093 billion as at the end of 1998, 1997 and 1996 respectively. In the absence of the reconciliation of the vast majority of the Government's bank accounts, the positive balance of \$14.101 billion represents the best available estimate of the cash position of the Government as at 31 December 1999.*
10. *The following gives a breakdown of the bank balances in summarised form with comparative figures at the end of the preceding year:-*

DESCRIPTION	AMOUNT 1999 \$M	AMOUNT 1998 \$M
Consolidated Fund	(57,110)	(52,568)
Deposits Fund	1,856	7,144
Contingencies Fund	381	172
General Account	9,227	14,977
Non-Sub-Accounting Ministries/Departments	18,685	4,267
Other Ministries/Departments' Accounts	13,495	14,148
Monetary Sterilisation Account	27,567	24,297
TOTAL	14,101	12,437

11. *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. (The figures at the end of 1999 were not available at the time of reporting):-*

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	-
TOTAL		13,832,062	1,696,265

12. *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 them, the indebtedness to the Bank would continue to increase significantly through the accumulation of interest charges.*
13. *According to the audited accounts of Bank of Guyana for 1999, the total amount held in special accounts on behalf of the Government as at 31 December 1999 was \$19.424 billion. Of this sum, amounts totalling \$8.942 billion relate to foreign funded projects which are on-going, giving a balance of \$10.482 billion which appear to be funds which are transferable to the Consolidated Fund.*

14. *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 1999 would increase to \$24.583 billion. If account is taken of the Government's liability of \$35.316 billion in respect of Treasury Bills as other liabilities, the figure of \$11.333 billion would represent the best available estimate of the Government's current liability as at 31 December 1999.*
15. *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.*
16. *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 697 to 842. 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

- 17.** *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.*
- 18.** *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.*
- 19.** *The tender documents relating to the award of a significant number of contracts by the Central Tender Board were not made available during the course of the audit. The minutes kept of meetings held were also found to be deficient. As a result, the basis of the award of these contracts could not be determined. The Manager of the CTB attributed this state of affairs to (a) the fire which destroyed the Ministry of Finance building in 1998 (b) the lack of a computerised database and (c) resource constraints, having regard to the large number of contracts required to be adjudicated upon.*

Review of the Financial Management System

- 20.** *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.*

21. *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

22. *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.*
23. *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

24. *There was evidence of manipulation of the voted provisions at several Ministries to exhaust the budgetary allocations. In particular, several instances were noted where cheques were drawn in January 2000 but were backdated to 31 December 1999. This practice violates section 36 of the FAA Act which specifically states that all appropriations lapse on the 31 December and unexpended balances are to be surrendered to the Consolidated Fund. A number of statutory bodies in receipt of subventions were also significantly in arrears in terms of financial reporting.*
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 particular, the minutes of the Departmental Tender Board meetings did not make reference to other bidders and the basis of the award of the contracts, raising doubts as to whether a system of competitive bidding was followed before contracts were awarded.

- 26.** *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, six(6) instances of apparent misappropriation of funds totalling \$3.294M were uncovered in the Georgetown and West Demerara magisterial districts due to the absence of proper segregation of duties and failure to reconcile bank accounts.*
- 27.** *The Ministerial Tender Board at the Ministry of Home Affairs functioned only in the last month of 1999. As a result, the basis of the award of most 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 \$171.629M were also not produced for audit examination. A similar observation was made in 1998 where the figure involved was \$56M.*
- 28.** *At the Ministry of Education, \$48M 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. In addition, the Ministry was operating three(3) BCM accounts without authority and supporting documents were not produced to verify the transactions relating to these accounts.*
- 29.** *At the Customs and Excise Department 312 Permits for Immediate Delivery (PID's) valued at \$6.678 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. The full implementation of the ASYCUDA system was also still to be achieved. In relation to the Inland Revenue Department, there were 914 registered active companies. However, 294 of these companies did not submit returns.*

30. *Amounts totalling \$991.381 were collected to the end of 1999 as proceeds from the Guyana Lotteries but were not paid in to the Consolidated Fund, as required by Article 216 of the constitution as well as Section 17 of the FAA Act. The proceeds were also being used to meet public expenditure without Parliamentary approval.*
31. *The Student Loan Agency, which received \$2 billion from the Government, did not have financial reporting since the Agency was established in 1994.*
32. *Significant breaches of the Tender Board Regulations, particularly contract-splitting, were observed at the Ministry of Public Works. Large sums were also expended on overtime work over the last four(4) years to reconcile the Ministry's bank accounts. Reconciliation was still no up-to-date and a number of unsatisfactory features were observed in relation to the reconciliation of these accounts.*

**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 1999**

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 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 2000, 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 seventy-nine(79) of the one hundred and eighty-seven(187) 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 Current Assets and Liabilities of the Government, which was received on 6 November 2000.
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 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;

- 10.** 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 at the time of reporting the audit of this statement was suspended.
- 11.** In relation to the Appropriation and Revenue Accounts for the period 1982 - 1991, circulars had been sent to all Accounting Officers and Principal Receivers of Revenue requesting them to produce appropriation and revenue accounts. However, the position remained the same as previously reported.
- 12.** 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.
- 13.** 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.
- 14.** 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.

15. It should again 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.
16. 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

17. 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".
18. 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.
19. Despite the Consolidated Fund being the single most important account of the Government, the bank account was not properly reconciled since February 1988. This unsatisfactory feature was highlighted in my previous reports. 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.

20. 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 1999, the overdraft on this account was \$57.110 billion, compared with \$52.568 billion and \$40.407 billion at the end of 1998 and 1997 respectively. At the end of 1996, the overdraft on this account was \$38.229 billion, compared with \$22.457 billion at the end of 1995. In other words, over the period 1995 to 1999, the overdraft on the Consolidated Fund increased by \$34.653 billion!
21. Notwithstanding the overdraft on the Consolidated Fund, the accumulated 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 \$14.101 billion as at 31 December 1999, compared with positive balances of \$12.437 billion, \$15.933 billion and \$16.093 billion at the end of 1998, 1997 and 1996 respectively.
22. In the absence of the reconciliation of the vast majority of these accounts, the positive balance of \$14.101 billion represents the best available estimate of the cash position of the Government as at 31 December 1999.
23. The following gives a breakdown of the bank balances in summarised form with comparative figures at the end of the preceding year:-

DESCRIPTION	AMOUNT 1999 \$M	AMOUNT 1998 \$M
Consolidated Fund	(57,110)	(52,568)
Deposits Fund	1,856	7,144
Contingencies Fund	381	172
General Account	9,227	14,977
Non-Sub-Accounting Ministries/Departments	18,685	4,267
Other Ministries/Departments' Accounts	13,495	14,148
Monetary Sterilisation Account	27,567	24,297
TOTAL	14,101	12,437

24. The figure of \$14.101 billion, however, does not include balances held in the Missions' bank accounts overseas as well as those of 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. (The figures at the end of 1999 were not available up to the time of reporting.)

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	-
TOTAL		13,832,062	1,696,265

25. 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. It should be noted that these liabilities increased by G\$513M in 1998 as a result of increased interest charges.
26. This matter was drawn to attention in my previous reports, and at the Public Accounts Committee examination of the reports of the Auditor General for the years 1995 to 1998, the Deputy Secretary to the Treasury explained that the indebtedness to the Bank was being addressed within the broader framework of the HIPC Initiative.
27. 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 reflected neither in the Statement of the Public Debt nor in the Statement of Loans or Credit Guaranteed by the Government.

28. 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 1999 was \$19.424 billion. The following balances, however, appear to be funds which are transferable to the Consolidated Fund.

ACCOUNT NO.	DESCRIPTION	AMOUNT \$'000
1240	Accountant General	1,506,695
1638	UK Programme Aid - GNEA	474,482
1640	UK Programme Aid: Rice	55,421
1663	Agriculture Rehabilitation Project	504,774
1681	Accountant General - GEC Wartsilia	127,138
1684	Main Road Rehab. Sub Account	161,138
1690	SIMAP Phase II Sub-Account	213,750
1692	GS & WC Sub-Account 991 ARSA	12,482
1694	Infrastructure Development Fund A/c	371,573
1808	Ministry of Finance Sector Reform Project	4,657,745
1812	Ministry of Agriculture Sector Programme	2,397,000
TOTAL		10,482,198

29. On the assumption that such moneys are funds which should have been paid over to the Consolidated Fund, the total of all government bank accounts held at the Bank of Guyana (including the overdraft on the Consolidated Fund) would give a positive balance of \$24.583 billion as at 31 December 1999.
30. 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.

- 31.** In relation to account Nos. 1638 and 1640, neither Bank of Guyana nor the Ministry of Finance was able to provide much information on their history. 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 the balances to the Consolidated Fund.
- 32.** 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 in 1995. 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 requires such proceeds to be paid over to the Consolidated Fund.
- 33.** 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.
- 34.** 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.

- 35.** 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.
- 36.** 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. No transfers were made in 1999, and as at 31 December 1999, account No. 1684 reflected a balance of \$161.138M. Therefore, during the period 1997 to 1999, expenditure totalling \$1.678 billion was met from ARSA funds.
- 37.** 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.
- 38.** 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.
- 39.** 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.

40. 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 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.
41. 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:-

	1999 \$'000	1998 \$'000	1997 \$'000
Current Receipts	41,216,899	36,095,199	37,311,207
Capital Receipts	10,741,513	11,120,425	15,399,669
	51,958,412	47,215,624	52,710,876
Current Payments	43,863,895	39,991,756	43,216,426
Capital Payments	13,634,844	13,244,447	17,923,492
	57,498,739	53,236,203	61,139,918
Excess of Receipts over Payments	(5,540,327)	(6,020,579)	(8,429,042)

42. As can be noted, there has been a deficiency of receipts over payments of \$5.540 billion, compared with similar deficiencies of \$6.021 billion and \$8.429 billion in 1998 and 1997 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 \$2.647 billion; and

- (b) payments for capital expenditure exceeded capital receipts by \$2.893 billion, an observation similar to that of 1998 and 1997 where payments for capital expenditure exceeded capital receipts by \$2.124 billion and \$2.524 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 \$3.269 billion.

- 43. An examination of the Cash Book of the Consolidated Fund kept by the Accountant General revealed that sums totalling \$63.124 billion were received and deposited into this account, compared with \$51.958 billion reported in the financial statements, giving a difference of \$11.166 billion.
- 44. A similar observation was made in respect of payments. The Cash Book reflected an amount of \$71.858 billion while the financial statements showed \$57.499 billion, a difference of \$14.359 billion. Further examination revealed that proceeds from the issuing of Treasury Bills totalling \$15.492 billion and the redemption of Treasury Bills totalling \$12.860 billion were not reflected in the financial statements. Taking this into account, there still remains unexplained differences of \$4.326 billion and \$1.499 billion between the financial statements and the related cash book in terms of receipts and payments of the Consolidated Fund respectively.
- 45. In my 1997 and 1998 reports, 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.

46. Amounts totalling \$1.243 billion representing dividends and transfers were paid into the Consolidated Fund and shown as current revenue. However, an investment register was not kept at the Ministry of Finance to monitor Government's investments while at the National Industrial and Commercial Investments Ltd. (NICIL), the register only recorded amounts collected. 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 amounts due can be properly monitored and early action taken to collect them.
47. 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 \$313.012M 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**

48. 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:-

	1999 \$'000	1998 \$'000	1997 \$'000
CURRENT REVENUE			
Revenue Actually Paid into Consolidated Fund	41,216,899	36,095,199	37,311,207
Estimates of Revenue	35,773,729	38,875,407	38,315,234
Over/(Under) the Estimates	5,443,170	(2,780,208)	(1,004,027)
CAPITAL REVENUE			
Revenue Actually Paid into Consolidated Fund	10,741,513	11,120,425	15,399,669
Estimates of Revenue	17,853,272	16,338,807	12,131,991
Over/(Under) the Estimates	(7,111,759)	(5,218,382)	3,267,678

- 49.** It should be mentioned that sums totalling \$51.810M were collected but were not paid over to the Consolidated Fund. Taking this figure into account, the collection of current revenue in 1999 exceeded projected levels by 15.36%, compared with shortfalls in 1998 and 1997 of 6.35% and 2.5% respectively. Estimated current revenue in 1999 totalled \$35.774 billion while actual collections amounted to \$41.269 billion, giving a budgetary surplus of \$5.495 billion. Compared with 1998, total current revenue collections increased by \$5.173 billion or 14.33%.
- 50.** Capital revenue collections from sale of assets, internal loans, external grants and loans and from other sources fell short of projected levels by \$7.112 billion or 39.83%, compared with a similar shortfall of \$5.219 billion or 31.94% in 1998 and an excess of \$3.268M or 27% in 1997. Estimated capital revenue from all sources totalled \$17.853 billion while actual revenue collected was \$10.742 billion.
- 51.** Proceeds from external loans and grants fell short projected levels by \$5.583 billion and \$2.068 billion respectively, compared with shortfalls of \$1.533 billion and \$1.690 billion respectively in respect of 1998. Of the amount of \$11.840 billion budgeted as inflows from external loans, actual inflows amounted to \$6.256 billion. In relation to external grants, of the amount of \$2.997 billion budgeted, actual inflows amounted to \$929.444M. 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.

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

52. 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 2/14, and are summarised below with comparative figures for the two(2) preceding years:-

	1999 \$'000	1 998 \$'000	1997 \$'000
CURRENT EXPENDITURE			
Actual Expenditure	42,190,487	37,155,960	39,809,414
Revised Estimates	46,745,358	41,537,975	43,502,418
Over/(Under) the Estimates	(4,554,871)	(4,382,015)	(3,693,004)
CAPITAL EXPENDITURE			
Actual Expenditure	12,089,702	13,220,627	17,113,033
Revised Estimates	14,260,273	15,637,550	19,848,101
Over/(Under) the Estimates	(2,170,591)	(2,416,923)	(2,735,068)

53. There has been an overall increase of \$5.029 billion in current expenditure in 1999, compared with a decrease of \$2.653 billion in 1998. This was due to the following:-

- (a) a reduction of \$2.183 billion in the repayment and servicing of the Public Debt from \$14.979 billion to \$12.796 billion; and
- (b) an increase of \$7.164 billion or 32.30% in expenditure by Ministries, Departments and Regions, compared with an increase of \$2.599 billion or 13.28% in 1998. The ministries of Health and Education alone account for \$581.595M of this increase, mainly due to the HIPC Agreement entered into by the Government. Employment costs have

increased by \$2.693 billion or 29.4% while expenditure on Other Charges increased by \$4.471 billion or 34.71%.

54. Capital expenditure has decreased by \$1.131 billion or 8.55%, compared with a decrease of \$3.892 billion or 22.74% in 1998. Compared with the Revised Estimates, there has been a shortfall of \$2.171 billion or 15.22%, compared with a similar shortfall of \$2.417 billion or 15.46% in 1998. 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.
55. The main Ministries which have not achieved their anticipated levels of capital expenditure activity in 1999 are as follows:-

NAME OF MINISTRY/ DEPARTMENT	REVISED ESTIMATES \$'000	ACTUAL EXPEND. \$'000	SHORTFALL \$'000
Office of the President	1,210,436	1,025,980	184,456
Min. of Labour, Human Service	1,047,530	893,706	153,824
Min. of Agriculture	1,416,560	1,059,690	356,870
Min. of Works – Sea Defence	938,750	523,987	414,763
Min. of Works – Com.&Reg. Dev.	1,033,700	886,726	146,974
Min. of Works – Road Const.	2,161,253	1,986,224	175,029
Min. of Education - PEIP	824,000	683,634	140,366
Min. of Education	599,133	397,124	202,009
TOTAL	9,231,362	7,457,071	1,774,291

STATEMENT OF THE PUBLIC DEBT

56. 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.

- 57.** 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.
- 58.** 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. It is again recommended that the operations of the Debt Management Division be placed under the responsibility of the Accountant General.
- 59.** The Public Debt Register was not properly maintained as several entries were incompletely written up e.g. omission of loan repayment terms. In addition, a system was not in place for the monitoring of disbursements by funding agencies and for the updating the disbursement column of the Register. This column was being written up from confirmations from the loan creditors. 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.
- 60.** The reported Public Debt as at 31 December 1999 (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) is shown on pages 2/15 to 2/37 and is summarised below:-

DESCRIPTION	EXTERNAL G\$'000	INTERNAL G\$'000	TOTAL G\$'000
Unfunded	194,696,475	76,517,847	271,214,322
Funded	-	-	-
Sub-total	194,696,475	76,517,847	271,214,322
Treasury Bills			
(90 days)	-	3,250,900	3,250,900
(182 & 365 days)	-	30,654,050	30,654,050
TOTAL	194,696,475	110,422,797	305,119,272

61. As can be noted, the total Public Debt stood at \$G305.119 billion, compared with G\$302.817 billion at the end of 1998, an increase of G\$2.302 billion. In equivalent United States dollars, the total Public Debt as at 31 December 1999 was US\$1.699 billion. Expressed as a factor of current revenue, the total Public Debt at the end of 1999 was 7.39 times current revenue, compared with a factor of 8.33 at the end of 1998 and 7.14 at the end of 1997.
62. The External Debt at the end of 1999 was G\$194.696 billion, compared with G\$202.952 billion at the end of 1998, a decrease of G\$8.256 billion. In equivalent United States dollars, the External Debt as at 31 December 1999 was US\$1.084 billion, a decrease of US\$139M. This decrease was due mainly to (a) repayments totalling US\$155M (b) disbursements totalling US\$9M in respect of loans contracted in 1999 and (c) the movement of the exchange from US\$1 = G\$165.973 to US\$1 = G\$179.6. The Internal Debt has, however, increased by G\$11.007 billion from G\$99.416 billion to G\$110.423 billion.
63. Seven(7) new external loans were entered into in 1999 and disbursements totalling G\$1.702 billion were made. However, up to the time of reporting, the related agreements had not been tabled in the National Assembly. A similar observation was made in my 1998 Report where it was stated that six(6) additional external loans were contracted in 1998 but the related agreements were not laid in the National Assembly.

STATEMENT OF OUTSTANDING LOANS OR CREDITS GUARANTEED BY THE GOVERNMENT

- 64.** 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.
- 65.** 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.
- 66.** According to the Statement of Outstanding Loans or Credits Guaranteed by the Government, as set out on page 2/38, the total outstanding liability as at 31 December 1999 was \$27.658M, compared with \$30.373M at the end of 1998, a decrease of \$2.715M. This decrease resulted mainly from the decrease in the liability in respect of a loan to Berbice Mining Enterprise.
- 67.** 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 1999, 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 1999. 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.
- 68.** 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**

69. 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.
70. The statement of outstanding loans and advances made from the Consolidated Fund as at 31 December 1999 is shown on pages 2/39 to 2/43 and is summarised as follows:-

DESCRIPTION	AMOUNT \$'000
Public Corporations & Boards	3,448,872
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
TOTAL	3,454,423

71. Included in the figure of \$3.448 billion shown as Loans to Public Corporations is an amount of \$2.468 billion representing five(5) loans granted to Linden Mining Enterprise. In view of the financial difficulties of LINMINE as well as its impending privatisation, the recoverability of \$2.468 billion may be in doubt. A similar observation was made in respect of the former Guyana Airways Corporation which is indebted to the Government in the sum of \$438.930M.

72. 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 eighteen(18) years without evidence of any action being taken to recover them.
73. 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.
74. 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.
75. 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 \$3.454 billion shown as outstanding loans and advances made from the Consolidated Fund as at 31 December 1999 could not be determined.

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

76. Expenditures in respect of those services which by law are directly charged upon the Consolidated Fund, otherwise known as Statutory Expenditure, do 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.

77. The Statement of Statutory Expenditure for 1999 is shown on page 2/44, and is summarised below with comparative for the preceding two(2) years:-

DESCRIPTION	1999 \$'000	1998 \$'000	1997 \$'000
Internal Debt - Principal	1,666,615	315,736	5,936,455
“ “ - Interest	3,564,716	3,092,239	3,534,202
External Debt - Principal	3,588,214	5,102,088	4,228,298
“ “ - Interest	3,976,851	6,469,082	6,532,262
Sub-Total	12,796,396	14,979,145	20,231,217
Constitutional Offices	231,836	169,916	152,248
Pensions & Gratuities	440,162	458,293	313,797
Payments to Dependants' Pension Fund	6,206	4,964	11,700
Total Statutory Expenditure	13,474,600	15,612,318	20,708,962

78. As can be noted, the repayment and servicing of the Public Debt decreased from \$14.979 billion to \$12.796 billion, compared with a larger decrease of \$5.252 billion recorded in 1998. The main reason for this decrease is a reduction in the repayment of principal and interest on the external debt from \$11.571 billion to \$7.565 billion. However, payments in respect of the internal debt increased by \$1.823 billion.
79. Expressed as a percentage of current revenues, the repayment and servicing of the Public Debt in 1999 represented 31% of current revenue, compared with 41.14%, 54.15%, 40.0% and 47.37% in 1998, 1997, 1996 and 1995 respectively. In other words, over the last five(5) years, on average 42.73% of current revenues went towards the repayment and servicing of the Public Debt.
80. It should be noted that, for the period under review, interest charges relating to the servicing of the Public Debt totalled \$7.542 billion representing 58.89% of the total payments thereof, compared with \$9.561 billion or 63.83% made in 1998. In 1997, 49.75% of the repayment and servicing of the Public Debt represented interest charges. In other words, over the last three(3) years interest charges averaged 57.50% 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

81. 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.
82. 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.
83. The Statement of Receipts and Payments of the Contingencies Fund for the year ended 31 December 1999 is shown on pages 2/45 to 2/48. Total payments out of the Contingencies Fund amounted to \$1.340 billion, compared with \$1.859 billion in 1998, a decrease of \$519M. Total receipts from the Consolidated Fund amounted to \$1.337 billion, compared with \$1.617 billion in 1998, a decrease of \$280M. This gives an excess of payments over receipts totalling \$2.591M in 1999.
84. As at 31 December 1999, forty-one(41) advances totalling \$962.482M remained outstanding, of which seventeen(17) advances totalling \$7.634M relate to the period 1986 to 1989. Taking into account the closing cash book balance of \$58.746M, the balance on the Contingencies Fund as at 31 December 1999 was \$1.021 billion.
85. In previous reports, the abuse 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.

86. For the period under review, it is disappointing to note that the Contingencies Fund continued to be abused in that 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 \$'000
11/06	1/99	To meet commuted allowances for Presidential Guard	11,412
08/10	9/99	Advertisement in Times Magazine	6,149
03/11	12/99	Transport, Travel & Postage	9,000
02/11	15/99	To meet employment costs and overhead charges – Supreme Court	9,436

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

87. 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.
88. 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.

- 89.** 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.
- 90.** Prior to 1996, the last audited Statement of Deposits 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 reconciliation with the Accountant General's records, the amounts shown in the statement could not be relied upon.
- 91.** The Statement of Deposit held by the Accountant General and Outstanding Advances made therefrom is shown on pages 2/49 to 2/50 and is summarised below:-

Balances Held on Deposit	\$'000
Held for Investments	925,364
" on behalf of Ministries/Departments/Regions	987,924
" " " " Dependants' Pension Fund	84,508
" " " " Sugar Industry Welfare Committee	13,568
TOTAL	2,011,364

Outstanding Advances	\$'000
Motor Vehicles	106,863
Personal	1,889
Bicycles & Motor Cycles	1,711
Statutory Bodies	661,500
Furniture	123
TOTAL	772,086

92. As can be noted, the balance on the Deposits Fund as at 31 December 1999 was \$2.011 billion while the bank account reflected a balance of \$1.856 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.
93. The amount of \$925.364M 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 1993, 1980 and 1980 respectively and therefore it was not possible to properly verify the accuracy of the above amount using the entities' records.
94. 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.
95. 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 \$772.086M shown as advances outstanding as at 31 December 1999 could not be substantiated.

96. The Statement also includes an amount of \$84.508M 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 1996. As a result, the accuracy of this amount could not have been properly determined from the entity's records.
97. 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

98. 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.
99. 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.
100. Prior to 1999, the last statement of current assets and liabilities of the Government to be produced was in respect of 1981. During the Public Accounts Committee examination of the report of the Auditor General for 1998, this matter was discussed in detail. The Accountant General was impressed upon and agreed that a fresh start should be made for 1999 based on an approach suggested by me. This approach involved mainly using actual bank balances to construct the statement rather than cash book and/or ledger balances. The reason for this approach is that, given the state of record keeping and the absence of reconciliation, especially as it relates to the Consolidated Fund, a more realistic position would have been derived.

101. It is indeed heartening that the submission of the Statement of Current Assets and Liabilities of the Government was made, albeit not until 6 November 2000. This is an important achievement in that there is now full financial reporting as required by the Law. More importantly, a reasonable estimate of the financial position of the Government is now known.
102. The Statement of Current Assets and Liabilities of the Government for the year ended 31 December 1999 is shown on page 2/51 and is summarised as follows:-

	\$M	\$M
CURRENT ASSETS		
Cash at Bank of Guyana in respect of Central Government accounts		14,101
Cash at Bank of Guyana in respect of special accounts		10,482
		24,583
LESS: CURRENT LIABILITIES		
90 days Treasury Bills	3,251	
180 days Treasury Bills	4,952	
365 days Treasury Bills	25,702	
	33,905	
Sugar Industry Welfare, Labour, Rehabilitation, and Price Stabilisation funds	925	
Miscellaneous deposits	988	
Dependants' Pension Fund and Sugar Industry Welfare Committee	98	35,916
NET CURRENT LIABILITY AS AT 31 DECEMBER 1999		11,333

103. As can be noted, current assets totalled \$24.583 billion while current liabilities amounted to \$35.916 billion, resulting in a net current liability of \$11.333 billion. This gives the best available estimate of the financial position of the Government as at 31 December 1999.
104. In relation to the amount of \$14.101 billion shown as balances held at the Bank of Guyana in respect of Central Government, the following gives a breakdown, with comparative figures at the end of the preceding year:-

DESCRIPTION	AMOUNT 1999 \$M	AMOUNT 1998 \$M
Consolidated Fund	(57,110)	(52,568)
Deposits Fund	1,856	7,144
Contingencies Fund	381	172
General Account	9,227	14,977
Non-Sub-Accounting Ministries/Departments	18,685	4,267
Other Ministries/Departments' Accounts	13,495	14,148
Monetary Sterilisation Account	27,567	24,297
TOTAL	14,101	12,437

- 105.** 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 a 'nil' balance. However, as noted above, it reflected a large balance of \$9.227 billion at the end of 1999. 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.
- 106.** 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 \$18.685 billion as at the end of 1999, 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.

- 107.** 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.
- 108.** 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.
- 109.** It should be noted that the Government had initiated reforms in the budget process in the form of Programme Budgeting. In addition, at the time of reporting, draft legislation had 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.
- 110.** In respect of the bank accounts of Ministries, Departments and Regions, as can be noted, the total of all the bank balances amounted to \$13.495 billion at the end of 1999, of which the following reflected balances in excess of \$100M:-

ACCOUNT NO.	DESCRIPTION	AMOUNT \$'000
102	Accountant General Int. on Bonds	1,404,196
404	Redemption of Treasury Bills A/c	(4,926,147)
489	Customs & Excise Revenue Account	169,165
922	Primary Education Improvement Project	147,950
953	EEC Infrastructure Rehab. Programme	171,008
964	Gov't of Guyana Omai Royalties	341,455
975	Counterpart Funds - Road Project	125,132
981	Revenue & Deposits Fund Receipts	497,984
1010	Ministry of Public Works Main A/c	262,118
1012	Counterpart Funds Infra. Rehab. Project	717,334
3006	Office of the President Main Account	116,318
3014	Customs & Excise Revenue A/c	493,700
3018	Licence Revenue Office	184,526
3025	Inland Revenue Main A/c	9,340,548
3043	Region 3 Sub-Treasury A/c	152,915
3045	Region 5 Sub-Treasury A/c	103,536
3046	Region 6 Sub-Treasury A/c	133,277
3050	Region 10 Sub-Treasury A/c	105,317
3054	Ministry of Agriculture Main A/c	223,508
3061	Ministry of Education Main A/c	274,620
3079	Ministry of Health Main A/c	668,261
3119	New National Lotteries A/c	880,933
3179	Government of Guyana Divestment A/c	463,664
TOTAL		12, 051,318

- 111.** As can be noted, the Redemption of Treasury Bills Account No. 404 was overdrawn by \$4.926 billion. It is evident that the balance on this account was not being carefully monitored. In relation to the large balance of \$9.341 billion in the Inland Revenue Main Account, inquiries revealed that this was due to a technical error. The Department ran out of pre-printed deposit slips for the Consolidated Fund and substituted deposit slips for the Revenue Bank Account No. 3025 with the appropriate handwritten adjustments. However, the deposit slips are MICR encoded and the processing system did not recognise these manual adjustments. As a result, the cheques drawn in favour of the Consolidated Fund were credited back to Account 3025. This matter was discussed with the Commissioner of the IRD, and as at 31 July 2000, the balance on this account was reduced to \$4.361 billion.

112. It should be mentioned that although there are forty(40) Ministries, Departments and Regions, the number of bank accounts under their control at the end of 1999 totalled 842, of which 567 became inactive during the period 1981 to 1996. In addition, 214 of the inactive accounts reflected overdrafts totalling \$509.820M while forty-five(45) active accounts (excluding on the Consolidated Fund) were overdrawn by \$5.345 billion. Shown below is the list of active accounts in overdraft (in excess of \$4M):-

ACCOUNT NO.	DESCRIPTION	AMOUNT \$'000
112	Commissioner of Inland Revenue PAYEE A/c.	32,949
301	Customs & Excise - N/A Imprest A/c.	9,417
404	Redemption of Treasury Bills A/c.	4,926,147
861	Region 10 - Salaries A/c. (Education)	5,466
902	Ministry of Labour - Imprest A/c.	270,586
929	Ministry of Public Works & Comm.	8,268
938	Ministry of Agriculture - Main A/c.	6,597
989	Ministry of Agriculture - Hybrid Program	4,576
3020	Ministry of Home Affairs - Main A/c.	26,754
3029	Region 4 Salaries A/c (Education)	6,000
3030	Region 4 Salaries A/c (Admin.)	4,098
3070	R.E.O. Region 6 - Salaries A/c.	10,742
3077	District Commissioner - East Bank	8,548
3134	Region 8 - Salaries A/c.	4,441
3150	Region 7 - Cuy/Maz. Wages A/c.	4,180
	TOTAL	5,328,769

113. Given the time period involved and the ensuing difficulty in effecting reconciliation to the inactive 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 relation to the 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.
- 114.** Following my recommendations, the Ministry of Finance issued Circular No. 6/96, as a result of which, 145 new bank accounts were opened. However, except in the case of small balances, 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. In addition, there was no evidence of any action taken in respect of the overdrawn balances. 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 697 to 842.
- 115.** 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 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.
- 116.** 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. Despite this legal requirement, as indicated above, numerous bank accounts continued to be overdrawn without the authority of the Minister.
- 117.** 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.

- 118.** 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.
- 119.** 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.
- 120.** As can be noted, the Monetary Sterilisation Account reflected a balance of \$27.567 billion as at 31 December 1999, compared with \$24.297 billion as at 31 December 1998 and \$21.837 billion at the end of 1997 respectively. However, according to the Public Debt Statement, as at 31 December 1999, amounts totalling \$30.654 billion were outstanding, giving an unexplained difference of \$3.087 billion.
- 121.** 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 1999 was \$19.424 billion. Of this sum, amounts totalling \$10.482 billion appear to be funds which are transferable to the Consolidated Fund. Accordingly, the latter amount has been included as a current asset of the Government.
- 122.** Given the gap of seventeen(17) years in financial reporting, the use of actual bank balances instead of ledger/cash book balances and the absence of reconciliation of the vast majority of Government bank accounts, the completeness, accuracy and validity of the amounts shown in the financial statements as current assets and liabilities of the Government as at 31 December 1999, could not be satisfactorily determined.

APPROPRIATION ACCOUNTS OF ACCOUNTING OFFICERS

- 123.** The appropriation accounts of Accounting Officers for the year ended 31 December 1999 in respect of the votes for which they were responsible, comprising both capital and current, are shown on pages 2/52 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

- 124.** The statements of receipts and disbursements by Principal Receivers of Revenue for the year ended 31 December 1999 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 & DIVISION 501

OFFICE OF THE PRESIDENT

Current Expenditure

Employment Costs

- 125.** 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 1999. Two(2) other non-operational account Nos. 183 and 510 also reflected overdrafts of \$189,664 and \$19,351 respectively at the end of 1999. It is again recommended that these overdrafts be investigated and steps taken to close the accounts.
- 126.** At the time of reporting, the present salaries bank account No. 3007 was only reconciled to February 1998. Draft reconciliation was, however, seen for the period March 1998 to December 1998. A similar observation was made in respect of the present main bank account No. 3006 which was only reconciled to February 1999. Since the failure to reconcile bank accounts promptly can lead to irregularities being perpetrated without detection, the Accounting Officer is again urged to ensure this activity is carried out in a more timely manner.
- 127.** An examination of the Register of Contributors to the National Insurance Scheme revealed that one hundred and ten(110) employees were not registered with the Scheme. The Accounting Officer explained that these were temporary employees and that efforts would be made to have them registered as early as possible.

Other Charges

- 128.** The main bank account No. 932, which ceased to be operational in June 1996, was overdrawn by \$28.712M as at 31 December 1999. It is again recommended that the overdraft be investigated and steps taken to close the account.

- 129.** Amounts totalling \$9.967M were expended on Materials, Equipment & Supplies. Although the items purchased were verified as having been received and properly brought to account, the requirements of the Stores Regulations were not fully adhered to in that no independent stock record, i.e. a stores ledger, was maintained by the Accounting Unit. It is recommended that this record be introduced as early as possible to provide for an independent check on the stock records maintained by the storekeeper.
- 130.** Amounts totalling \$7.412M were expended on Fuel & Lubricants. However, of the seventeen(17) vehicles for which log books were required to be maintained, log books were not presented in respect of fourteen(14) vehicles. In the circumstances, it could not be satisfactorily determined whether effective control was exercised over these vehicles.
- 131.** Amounts totalling \$14.071M were expended on Rental & Maintenance of Buildings. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Office of the President buildings	5,035,967
Janitorial and cleaning supplies	3,367,747
Castellani House	1,968,560
State House	664,061
Bidford House	537,566
J.I.C.C. building	508,745
Amerindian Affairs building	502,325
Miscellaneous	745,466
Rental of building	741,000
TOTAL	14,071,437

- 132.** Four(4) buildings at the Office of President were repaired at a cost of \$5.036M. The works were executed by thirty-five(35) contracts valued at \$3.384M. The difference of \$1.652M represents mainly the purchase of electrical and plumbing materials. Eleven(11) other buildings were maintained at a cost of \$4.927M. The works were physically verified while the items purchased were verified as having been received and properly brought to account.

- 133.** Amounts \$18.154M were expended on Vehicle Spares & Service. An analysis of this 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 in respect of fourteen(14) vehicles which incurred the most costs during the period 1998 to 1999:-

VEHICLE NO.	ASSIGNED TO	1998 \$	1999 \$
PFF 3383	Presidential Guard	1,996,560	1,949,026
PDD 6727	Political Adviser	1,580,563	103,536
PDD 6819	Presidential Guard	1,441,653	1,436,113
PDD 4207	Administration Pool	1,436,964	287,997
GDD 6696	Presidential Guard	1,267,000	956,538
PDD 1923	Administration. Pool	1,070,693	755,125
PCC 6917	Presidential Guard	943,990	-
PCC 5901	Presidential Guard	768,035	890,641
PDD 6145	Presidential Guard	749,816	1,013,775
PDD 1921	Public Service Management	741,574	1,200,323
PDD 5913	Presidential Secretariat	713,632	368,967
PFF 3382	Presidential Guard	-	883,581
PGG 1110	Presidential Guard	-	719,510
PDD 6729	Public Service Management	-	715,330

- 134.** Included in the amount of \$50.583M expended on Other Goods & Services Purchased, were sums totalling \$19.034M which were expended on the printing of the Official Gazette. An amount of \$14.679M was also expended on security services while expenditures totalling \$7.268M and \$4.554M were incurred on equipment maintenance, and cleaning and extermination services respectively. Based on test-checks carried, the expenditure of \$50.583M was verified as having been properly incurred.
- 135.** Amounts totalling \$77.100M were expended on Training. The following is a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Allowances for overseas & local students	30,940
Tuition fees for UG & GSA students	23,543
Tuition fees etc. for overseas students	12,418
PSM Career Training Programme	3,688
Air fare and transportation costs (local & overseas)	3,015
Contribution to REPAHA	2,738
Others	758
TOTAL	77,100

- 136.** Included in the figure of \$30.940M shown as allowances for overseas and local students, were amounts totalling \$21.269M which were expended by the Ministry of Amerindian Affairs. This expenditure relates to guardian, out of pocket and clothing allowances for one hundred and eighty-four(184) students attending educational institutions, including University of Guyana. Also included in the figure of \$30.940M, were sums totalling \$9.671M which were expended on graduate allowance, airfare, in-transit and incidental allowances in respect of six(6) overseas students.
- 137.** Amounts totalling \$21.831M were expended on tuition fees for eighty-two(82) students pursuing studies in various disciplines at the University of Guyana. Sums totalling \$2.25M were also paid to the Guyana School of Agriculture as tuition fees for nine(9) students.
- 138.** Sums totalling \$12.418M were expended on tuition fees for forty-one(41) students pursuing studies in eleven(11) countries. An amount of \$3.688M was also expended by the Training Division of the Public Service Management for running training courses sponsored by the Ministry of Education, including the Government Technical Institute.
- 139.** The amount of \$3.015M represents cost of airfare, hire of boat and other transportation costs for students living in the hinterland who were attending schools in Georgetown. \$2.738M was also paid to REPAHA as tuition fees for five(5) students.

140. In my 1998 Report, it was stated that sixteen(16) students pursuing studies in Brazil and Moscow 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, they had not returned to fulfil their contractual obligations.
141. For the period under review, two(2) students completed their studied in Canada and the United Kingdom but up to the time of reporting, they had not returned home. This gives a total of eighteen(18) students who had not returned to fulfil their contractual obligations.
142. Amounts totalling \$228.948M were expended on Subsidies & Contributions to Local Organisations. The following gives a breakdown of the expenditure:-

NAME OF ORGANISATION	AMOUNT \$'000
Guyana National Energy Authority	26,785
Guyana Natural Resources Agency	17,080
Institute of Applied Science and Technology	16,700
Head of Presidential Guard	95,749
Environment Protection Agency	15,319
Joint Intelligence Co-ordinating Agency	1,519
National Parks Commission	52,900
Integrity Commission	2,896
TOTAL	228,948

143. 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 fifteen(15) years in arrears in terms of financial reporting. The amount of \$26.785M 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.

- 144.** The Guyana Natural Resources Agency (GNRA) was established by Order No. 37 of 1986. The last set of audited accounts was in respect of 1999. These audited accounts are, however, required to be laid in the National Assembly. The amount of \$17.080M was verified as having been received by GNRA and properly expended.
- 145.** 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 seventeen(17) in arrears in financial reporting. The amount of \$16.7M 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.
- 146.** The Presidential Guard and the Joint Intelligence Co-ordinating Agency are departments in the Office of the President and therefore ought not to be in receipt of a subvention. It is recommended that specific programmes be allocated to these units under the present Programme Budgeting arrangements. The expenditure was nevertheless verified as part of the audit of the appropriation accounts of the Office of the President.
- 147.** 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 \$15.319M 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.
- 148.** The National Parks Commission was established by Act 23 of 1977 and is subject to separate financial reporting and audit. The last set of audited accounts was in respect of 1999. The amount of \$52.9M was verified as having been received by the Commission and properly expended.
- 149.** Excess expenditure totalling \$6.210M was incurred in respect of twenty-three(23) subheads. Since there were savings on the other subheads, it would have been more appropriate for a virement of funds to have been sought to cover the excess expenditure.

Stores and Other Public Property

150. A large quantity of unserviceable items was seen in the store, despite comment to this effect in previous reports. The Accounting Officer explained that the items being examined by a board of survey with a view to their disposal.

Other Matters

151. The imprest bank account No. 935, which became non-operational in May 1996, was overdrawn by \$148,167 as at 31 December 1999. The overdraft should be investigated with a view to clearing it and steps taken to close the account. Another account No. 934, which became non-operational in June 1996, reflected a balance of \$121,588 as at 31 December 1999. This balance was due to erroneous deposits being made. 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

152. The sum of \$40M was voted for (a) repairs to Timehri Air corps hangar and ammunition depot (b) extension of Mabaruma, Makoura, Lethem and Eteringbang accommodation and officers' annexes and (c) extension of Camp Ayanganna kitchen and Ordinance Corps. The full amount was shown as having been expended. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$
Repairs to five(5) buildings at Camp Stephenson	14,966,523
” ” six(6) buildings at Camp Ayanganna	13,303,470
Purchase building materials for Timehri, Linden, Tacama	10,704,974
Hire of vehicles	1,025,000
TOTAL	39,999,967

- 153.** As can be noted, no works were undertaken as reflected in the Capital Projects Profile of the Department nor was there evidence that approval was granted for a change in programme to undertake the above works. The Accounting Officer explained that a change of programme was requested but the requisite approval was not granted. In the circumstances, the works undertaken were unauthorised.
- 154.** The five(5) buildings which were repaired at Camp Stephenson are Training Corps Headquarters, Jaguar Company accommodation, Warrant Officers' accommodation, Labaria Barracks and Pirai Barracks. The contract for the repairs to the Training Corps Headquarters was awarded in the sum of \$5.1M. There was an approved variation of \$108,460, giving a revised contract sum of \$5.206M.
- 155.** The repairs to the Jaguar Company accommodation involved the rehabilitation of the roof and was undertaken by five(5) contracts valued at \$4.297M. The Departmental Tender Board awarded these contracts on the same date to the same contractor. It is evident that the contracts were subdivided to avoid a system of public tendering and adjudication by the Central Tender Board.
- 156.** In addition, the minutes of the Departmental Tender Board did not indicate the names of the other bidders and the bases of the awards, raising doubts as to whether the contracts were awarded after due regard to a system of competitive bidding. This practice was found to be prevalent in all contracts for works which were awarded by the Departmental Tender Board.
- 157.** The Warrant Officers' accommodation was repaired through the execution of three(3) contracts valued at \$3.193M. Two(2) of these contracts valued at \$426,000 and \$295,400 were, however, awarded without adherence to a system of quotations.
- 158.** In relation to the repairs of the Labaria Barracks, two(2) contracts valued at \$1.144M were awarded to the same individual on the 15 and 30 November 1999. Similarly, two(2) contracts valued at \$1.123M were awarded to the same individual on 28 November 1999 for the repairs to the Pirai Barracks. It is again evident that the contracts were subdivided to avoid adjudication by the Central Tender Board.

159. Notwithstanding the above observations, the works undertaken were physically verified and conformed generally to the specifications contained in the respective bills of quantities.

Subhead 12002 - Office & Residence of the President

160. The sum of \$11.741M was voted for the rehabilitation of the State House and repairs to roof of the President’s Office. Expenditure totalling \$11.710M was incurred, as follows:-

DESCRIPTION	AMOUNT \$
Rehabilitation of roof of the President’ Office	5,565,490
“ of canteen - Office of the President	2,433,910
Repairs to President’s residence - Forshaw Street	1,240,241
Purchase of items for President’s residence	2,470,405
TOTAL	11,710,046

161. The contract for the rehabilitation of the roof of the President’s Office was awarded in the sum of \$3.565M to the fourth lowest bidder on the grounds that the contractor had a good track record, compared with the other bidders. The lowest bid was \$2.8M while the Engineer’s Estimate was \$4.2M. There was a variation of \$2.013M, giving a revised contract sum of \$5.579M. The works were physically verified.

162. In relation to the rehabilitation of the canteen, the contract was awarded in the sum of \$1.985M. However, there was no evidence of competitive bidding before the contract was awarded. The Accounting Officer explained that the works were of an urgent nature and that the selected contractor was experienced and did work previously for the Department. However, a waiver of the tendering procedures should have been sought from the Secretary to the Treasury. Two(2) other contracts valued at \$448,225 were awarded to the same contractor for painting and electrical works. The works undertaken were physically verified.

Subhead 12003 – Marine Development (GDF)

- 163.** The sum of \$25M was allocated for rehabilitation and construction works at Ruimveldt to accommodate (a) mechanical, electrical and electronic outboard workshops (c) living and dining facilities and (d) a wharf, catwalk and ramp. These works were initially budgeted for in 1998 but only \$1.207M was expended on architectural services. However, the Appropriation Account had reflected an amount of \$3.5M, resulting in an over-statement of expenditure of \$2.293M in 1998.
- 164.** According to the Appropriation Account for 1999, amounts totalling \$24.999M were expended on the construction of a coastguard building at Ruimveldt. The contract was awarded in August 1999 in the sum of \$18.307M. As at 31 December 1999, amounts totalling \$24.085M were paid to the contractor, resulting in an apparent overpayment of \$5.778M. The Accounting Officer of the GDF explained that there was a variation to the contract but documentary evidence was not produced in support of the explanation.
- 165.** Physical verification in September 2000, revealed that the design of the building was altered from a one-flat to a two flat building and that the said building was substantially incomplete. The works were re-budgeted for in 2000.

Subhead 13008 - El Nino Rehabilitation

- 166.** The sum of \$340M was allocated for (a) agricultural production capacity recovery and regeneration programme (b) potable water service recovery and restoration programme (c) Georgetown flood protection restoration programme and (d) institutional strengthening. A supplementary provision of \$78M was approved, giving a revised allocation of \$418M. According to the Appropriation Account, amounts totalling \$266.145M were expended.
- 167.** The Project is financed by the Government of Guyana and the International Development Association and is subject to separate financial reporting and audit. An examination of the audited accounts for 1999 revealed an expenditure of \$254.077M, giving a difference of \$12.068M which was refunded to the Office of the President in June 2000. As a result, the Appropriation Account was overstated by this latter amount.

168. The following is a breakdown of the audited expenditure:-

DESCRIPTION	AMOUNT \$
Civil works	26,799,738
Procurement of goods	204,221,851
Consulting services	19,319,456
Administrative expenses	3,736,350
TOTAL	254,077,395

169. Included in the figure of \$26.8M shown as Civil Works were payments totalling \$23.396M which were made to a contractor for installation of pipelines in Region 4 area. The contract was awarded to the second lowest bidder in the sum of \$122.131M on the grounds that the contractor had a good understanding of the work required and also indicated that the work would be completed within the stipulated contract of three(3) years. The lowest bidder, whose tendered sum was \$83.368M, was not considered because he did not submit a fully responsive bid. The bid was also considered too low, compared with the Engineer's Estimate of \$148.448M. As at 31 December 1999, the work was still in progress. Amounts totalling \$3.403M were also expended on the renovation of the PCU office. The work was physically verified.

170. Amounts totalling \$204.222M were expended on the procurement of goods as follows:-

DESCRIPTION	AMOUNT \$
Nine(9) mobile pumps	177,826,478
Five(5) Nissan pickups	19,029,949
Seven(7) computers and accessories	5,661,923
Office furniture and equipment	1,703,501
TOTAL	204,221,851

171. The contract for the acquisition of five(5) mobile pumps was awarded to the third lowest bidder in the sum of \$97.149M on the grounds that the lowest and the second lowest bids of \$60.639M and \$91.980M respectively did not meet the required specifications. There was an approved variation of \$79.623M for the acquisition of four(4) additional pumps. The pumps were verified as having been received and were located at the Drainage and Irrigation Department. The five(5) Nissan pickups, computers and accessories, and furniture and equipment were also verified as having been received and were located at the Project Site, GUYWA and the Drainage and Irrigation Board.
172. The amount of \$19.319M expended on Consultancy Services was in respect of the emoluments of ten(10) employees, including engineers and technicians.

Subhead 14015 - Amerindian Development Fund

173. The sum of \$55M was voted for (a) surveys of village boundaries (b) purchase of equipment (c) development of sheep and chicken projects and (d) purchase of sewing machines, radio sets, outboard motors, chain saws, axes and cutlasses. Amounts totalling \$44.868M were expended, as follows:-

DESCRIPTION	AMOUNT \$
Demarcation surveys	35,000,000
Purchase of outboard engines, radio sets	4,254,000
Purchase of office and field materials	1,625,086
“ “ office furniture and equipment	1,532,520
“ “ household items	1,116,456
Air/boat fares to hinterland areas	403,000
Miscellaneous purchases	392,519
Captains' conference, Annai	341,486
Funeral expenses	202,683
TOTAL	44,867,750

174. In relation to the demarcation surveys, two(2) inter departmental warrants were issued to the Ministry of Agriculture to carry out surveys in nine(9) Amerindian villages in Regions 1 and 4. However, financial returns received from the Ministry accounted for only \$6.253M, resulting in the Appropriation Accounting being overstated by \$28.747M.
175. 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.

Subhead 17001 - Minor Works

176. The sum of \$18M was provided to finance activities that are critical and essential to national development. Amounts totalling \$17.910M were expended, as follows:-

DESCRIPTION	AMOUNT \$
Contributions to various organisations	9,282,400
Purchase of household items for President's Residence	3,066,764
Rehabilitation of Red House and President's Residence	2,996,779
Gifts and donations	1,022,219
Hotel accommodation, meals, airfares incentives etc.	807,895
Purchase of office equipment	615,600
Honourarium & monthly allowance paid to confidential secretaries	118,538
TOTAL	17,910,195

177. Included in the amount of \$9.282M expended on contributions to various organisations, were sums totalling \$4.476M representing Guyana's contribution to relief efforts to Caribbean countries affected by natural disasters. Other beneficiaries include the Civil Defence Commission (which received \$1.854M) and Operations Trade Winds (which received \$1.490M). The other expenditures were verified as having been properly incurred.

Subhead 25001 - Equipment

- 178.** The sum of \$1.5M was allocated for the purchase of typist chairs, fans, filing cabinets, water cooler and water dispenser. Amounts totalling \$1.481M were expended. The items were verified as having been received and properly brought to account.

Subhead 28001 – Pure Water Supply (GDF)

- 179.** An amount of \$2.980M was provided for the purchase of water pump and water main accessories for Makouria, and to provide access to running water at Timehri. The full amount was expended in the acquisition of the following:-

DESCRIPTION	AMOUNT \$
One(1) engine	455,000
Five(5) pressure pumps	1,016,405
Thirty (30) water tanks	709,600
PVC pipe fittings	541,090
Miscellaneous purchases	257,716
TOTAL	2,979,811

- 180.** The items purchased were verified as having been received and properly brought to account. However, the minutes of the Departmental Tender Board did not indicate the basis of the award of seven(7) contracts valued at \$2.542M, and there was no reference to other bidders. This raises doubt as to whether a system of competitive bidding was applied before the purchases were effected.

Subhead 28007 – Agriculture Development (GDF)

- 181.** The sum of \$4.430M was voted for the purchase of a trailer, breeding stocks, rotovator and planting materials for Garden of Eden. Amounts totalling \$4.427M were expended as follows:-

DESCRIPTION	AMOUNT \$
Repairs to layers pen	1,495,904
Purchase of pullets chicks	1,477,950
Construction of timber revetment to farrowing pen	500,000
" " walkways to milking parlor	413,004
Miscellaneous	540,600
TOTAL	4,427,458

182. As can be noted, the trailer, rotovator and planting materials were not acquired. In addition, there was no evidence that approval was granted for a change in programme to repair the layers pen and to construct revetment and walkways. In relation to the former, three(3) contracts were awarded on 16 August 1999 to the same contractor for the casting of concrete slabs. It is again evident that the contracts were subdivided to avoid adjudication by the Central Tender Board.

183. Notwithstanding the above observations, the works undertaken were physically verified while the items purchased were verified as having been received and properly brought to account.

Subhead 34004 - Public Administration Project

184. The sum of \$258.7M 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. A supplementary provision of \$85.685M was approved, giving a revised allocation of \$344.385M. The full amount was shown as having been expended.

185. 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 1999 and an examination of these accounts revealed an expenditure of \$329.761M, giving a difference of \$14.624M. The difference was due to (a) three(3) disbursements totalling \$105.217M which were made in 1998 but were brought to account in the Public accounts in 1999 (b) disbursements totalling \$147.001M which were made in 1999 but had not

been brought to account in the Public Accounts. Taking these into account, there is an unexplained difference of \$56.408M.

186. The following is a breakdown of the audited expenditure:-

DESCRIPTION	AMOUNT \$'000
Purchase of three(3) vehicles	3,682
“ “ computers & office equipment	76,953
Recruitment programme	11,423
International consultancy	216,407
Project consultancy	12,637
Operating expenditure	8,659
TOTAL	329,761

187. The three(3) vehicles acquired were assigned to the Ministry of Legal Affairs, the Guyana National Service and the Guyana Prison Service while the computers were handed over to the Inland Revenue and Customs and Excise departments. The office equipment and furniture were allocated to the Ministry of Home Affairs and the Public Service Management. These assets were properly brought to account in the records of the relevant agencies.

188. The recruitment programme involved attracting to the Public Service qualified Guyanese residing abroad as well as ninety(90) Guyanese residing locally. The amount \$11.423M represents a salary enhancement component for five(5) overseas recruited Guyanese and nine(9) locally recruited persons attached to various ministries and departments.

189. The amount of \$216.407M expended on international consultancy represents payments for five(5) long-term and four(4) 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.

190. Included in the amount of \$12.637M shown under Project Consultancy were sums totalling \$2.885M relating to the employment of three(3) officers attached to the Project while the difference of \$9.752M represents the cost of workshops conducted by CARICAD in accordance with an agreement with the

Government of Guyana dated 27 June 1997. The operating expenditure of \$8.659M represents the emoluments for three(3) other staff members and the rental of office space.

Subhead 51002 - Guyana National Service

- 191.** The sum of \$20M was voted for (a) rehabilitation of staff buildings at NOC (b) purchase of training materials and computers and (c) purchase of agricultural implements. Amounts totalling \$19.997M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Rehabilitation of buildings	4,579,272
Vocational training	10,136,719
Agriculture development	5,263,049
Upgrading of playfield	17,960
TOTAL	19,997,000

- 192.** The amount of \$4.579M expended on the rehabilitation of buildings, represents the purchase of building materials. The rehabilitation works were undertaken by recruits of the National Service and were physically verified.
- 193.** In relation to the amount of \$10.137M expended on vocational training, this represents the purchase of various items, including training materials, one(1) generator, five(5) refrigerators, one(1) computer, three(3) television sets and twelve(12) water coolers. The items purchased were verified as having been received and properly brought to account
- 194.** The amount of \$5.263M expended on agricultural development, represents the purchase of livestock and the cost associated with other crops. The expenditure was verified as having been properly incurred.

Subhead 51003 – Equipment (GDF)

- 195.** An amount of \$40M was provided for the purchase of communication equipment and vehicles. Amounts totalling \$39.990M were expended, as follows:-

DESCRIPTION	AMOUNT \$
13 transceivers & four(4) mobile radios	14,182,820
Four(4) outboard motor boats & bow decks	8,813,594
Musical instruments	4,388,908
Two(2) vehicles	3,700,000
One (1) generator	3,436,020
Computer accessories	2,371,937
Dental chair and equipment	751,750
Miscellaneous purchases	2,345,366
TOTAL	39,990,395

196. The transceivers and mobile radios, outboard motors, boats, bow decks, musical instruments and vehicles were acquired through a waiver of the tender procedures. However, five(5) contracts were awarded for the purchase of computer accessories by the Departmental Tender Board during the period August to December 1999. Had one(1) contract been awarded, this would have required adjudication by the Central Tender Board.

197. Notwithstanding the above observations, the items purchased were verified as having been received and properly brought to account.

Subhead 25002 - Equipment (GEA)

198. The sum of \$400,000 was allocated for the purchase of one(1) fax machine and equipment. However, no expenditure was incurred.

Subhead 25002 - Office Equipment & Furniture (GNRA)

199. The sum of \$500,000 was voted for the purchase of one(1) photocopier. However, no expenditure was incurred. The Accountant explained that the amount allocated was inadequate to purchase the photocopier. A perusal of the Estimates for 2000 revealed no allocation for GNRA.

Subhead 33001 - Hydropower Division

- 200.** The sum of \$216.5M was provided for the completion of the hydroelectric station and distribution network at Moco Moco. A supplementary provision of \$12M was approved, giving a revised allocation of \$228.5M. Amounts totalling \$207.379M were expended.
- 201.** 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 Energy 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.
- 202.** 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.

HEAD 02

OFFICE OF THE PRIME MINISTER

- 203.** The expenditure of \$24.975M was verified as having been properly incurred. However, there was an excess expenditure of \$10,000 under Subhead 191 – National & Other Events. Since there were savings under other subheads, it would have been more appropriate for a virement of funds to have been sought to cover the excess expenditure.

HEAD 03 & DIVISION 526

MINISTRY OF FINANCE

PROGRAMME 1 - MINISTRY ADMINISTRATION

Current Expenditure

- 204.** Included in the expenditure of \$2.384 billion shown as employment costs, were amounts totalling \$2.349 billion representing payments for the increases in salaries for employees in Ministries/Departments/Regions as a result of the Amstrong Arbitration Award. There was no provision in the original estimates of expenditure to meet this expenditure. However, two(2) supplementary estimates totalling \$2.355 billion were approved in July and October 1999.
- 205.** Amounts totalling \$8.777M 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 constraints. At the time of reporting, this record was introduced.
- 206.** Amounts totalling \$4.872M were expended on Telephone Charges. Although there were eleven(11) telephones and fax machines which were used to incur overseas telephone charges, a register of overseas telephone calls was not maintained. This register is necessary as a form of control over overseas calls, especially in relation to authorisation. It is again recommended that this record be introduced as early as possible.

- 207.** Amounts totalling \$782.487M were expended on Electricity Charges, of which sums totalling \$776.279M relate to the payment of outstanding liabilities as at the end of 1998 on behalf of other Government agencies. A supplementary estimate was approved in October 1999 to meet this expenditure which was initially financed from the Deposits Fund bank account No. 401. However, the list of Government agencies and their indebtedness to the Power Company was not produced, despite repeated requests, in support of the payment made.
- 208.** Included in the amount of \$74.059M shown as expenditure under Subhead 184 - Other, were sums totalling \$30.831M 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 payment, was not produced for audit examination. This matter was drawn to attention in my previous report.
- 209.** In addition, twenty-four(24) payments totalling \$18.708M were made for legal services rendered locally. The fees were determined by the Attorney General's Department after negotiations with the selected lawyers. However, the related files were not presented for audit examination. In addition, fees were 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 could not be satisfactorily determined whether due regard was paid to economy in the fixing and payment of legal fees. Further, there was no evidence that the fees paid were not reported to the Commissioner of Inland Revenue in the annual return of contractors' earnings. It is again recommended that the salaries and allowances of prosecutors be urgently addressed so as to attract and retain experienced and qualified prosecutors.
- 210.** Amounts totalling \$5.334 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:-

NAME OF ORGANISATION	1999 \$000	1998 \$000	INCREASE \$000
Local Organisations			
GRDB	4,997,303	3,006,846	1,990,457
BASS	16,379	11,240	5,139
CANU	55,408	30,197	25,211
BIDCO	16,500	15,000	1,500
COMU	10,761	10,653	108
State Planning	84,112	65,829	18,283
Guyana Co-op. Financial Services Ltd.	11,462	20,000	(8,538)
Statistical Bureau	58,417	44,132	14,285
Privatisation Unit	41,830	100,912	(59,082)
NICIL	1,637	4,964	(3,327)
NDMA	15,824	-	15,824
	5,309,633	3,309,773	1,999,860
International Organisations			
ACP	23,934	0	23,934
TOTAL	5,333,567	3,309,773	2,023,794

211. The amount of \$4.997 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 Union. 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.
212. As can be noted from the above analysis, payments totalling \$266.907M 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 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 again recommended that this matter be regularised in future budgeting through the creation of special programmes under the existing programme budgeting arrangements.

- 213.** 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 forty-nine(49) persons. However, only twenty-four(24) officers are attached to the State Planning Secretariat. The remaining twenty-five(25) officers are attached to various departments within the Ministry of Finance and other Ministries/Departments although their emoluments are met from the State Planning payroll, as shown below:-

MINISTRY/DEPARTMENT	NO. OF PERSONS
Ministry of Finance - Budget Dept.	6
“ “ “ - Debt Management	3
“ “ “ - Data Processing	4
“ “ “ - Central Tender Board	1
“ “ “ - Student Loan	1
Office of the President	4
Inland Revenue Department	5
Ministry of Culture	1
TOTAL	25

- 214.** It is again recommended that steps should be taken to formally dissolve the State Planning Commission. It should be mentioned that the last set of audited accounts of the Commission was in respect of 1991. It therefore means that the entity was eight(8) years in arrears in terms of financial reporting.

- 215.** 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 again recommended that these units be brought under the control of the Customs & Excise Department.
- 216.** 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 five(5) years.
- 217.** Excess expenditure totalling \$18.892M was incurred in respect of two(2) subheads. The excess expenditure was met from an advance from the Contingencies Fund.

Stores and Other Public property

- 218.** The Ministry did not maintain master and sectional inventories to record fixed assets under its control. In the circumstances, it could not be satisfactorily determined whether all assets are properly accounted for and adequately safeguarded. Efforts should be made to introduce this record as early as possible.
- 219.** The Stores Regulations of 1993 provide for the maintenance of a stores ledger to provide for an independent check on the bin cards maintained by the storekeeper. However, only one record was being maintained, that is, the stock ledger kept by the storekeeper who was also involved in procurement. In addition, a physical count of a sample of thirty(30) items on 20 July 2000, revealed shortages in respect of twenty(20) items while seven(7) items reflected excesses. It is recommended that (a) these discrepancies be investigated and (b) efforts be made to ensure full compliance with the Stores Regulations.

Other Matters

- 220.** 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 on in an earlier part of this report. It should be emphasised that proceeds from these accounts are public revenues which are required to be paid over to the Consolidated Fund and any related expenditures is met from appropriations by Parliament. The use of such funds to meet public expenditure is therefore a breach of not only the FAA Act but also Parliamentary approval to incur expenditure.
- 221.** 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 1999, amounts totalling \$991.381M were received from the Lotteries Company. During this said period, sums totalling \$110.541M were disbursed mainly to the Guyana Defence Force, Ministry of Health and Ministry of Culture, Youth & Sports to undertake various works, leaving \$880.993M as at 31 December 1999. It is again recommended that the balance on this account be transferred to the Consolidated Fund.

Capital Expenditure

Subhead 12001 - Buildings

- 222.** The sum of \$25M was allocated for the reconstruction of the Ministry of Finance annex, provision for on-going works and the rehabilitation of Customs and Excise and Inland Revenue departments. Amounts totalling \$2.830M were expended in the execution of minor works. The works were physically verified.

Subhead 19001 - Basic Needs Trust Fund

- 223.** The sum of \$155.931M was allocated for the completion of projects under Basic Needs III and the commencement of Basic Needs IV which include (a) the provision of water supply at Mabaruma/Kumaka/Hosororo, Anna Catherina (b) the construction and rehabilitation of schools at Mabaruma, Santa Rosa and Richmond (c) improvement of health facilities at Pakera

Hospital and (d) road improvement projects at Garden of Eden and Non Pariel. A supplementary provision of \$118M was approved, giving a revised allocation of \$273.931M. The full amount was shown as having been expended.

- 224.** The Project is funded by the Government of Guyana and the Caribbean Development Bank. An examination of the records of the Fund, revealed an expenditure of \$282.406M, as shown below:-

DESCRIPTION	AMOUNT \$'000
Rehabilitation of sixteen(16) water supply systems	42,812
Construction of Mahaica Hospital Clinic & three other health facilities	40,593
Rehabilitation of seventeen(18) roads	71,094
Rehab. of 12 nursery schools, 4 secondary schools & 2 primary schools	110,816
Administrative expenses	16,759
Miscellaneous	332
TOTAL	282,406

The difference of \$8.475M was met from the unspent balance of \$75.517M relating to the previous year.

- 225.** The water systems rehabilitated were located in Regions 1, 3, 4, 5 and 6 and involved mainly the supply of pipes. The actual rehabilitation works were undertaken by self-help. The pipes were verified as having been received at the various locations and the works were physically verified.
- 226.** The contract for the rehabilitation of the Mahaica Hospital Clinic was awarded in the sum of \$21.415M. This contract was, however, terminated in September 1999 for unsatisfactory performance, and an amount of \$2.142M was recovered from the contractor's performance bond. At the time the contract was terminated, the contractor was paid \$6.920M.

- 227.** A new contract was awarded in November 1999 in the sum of \$13.136M. As at 31 December 1999, amounts totalling \$11.515M were paid to the contractor. Final payment was released to the contractor in July 2000, the end of the defects liability period. However, physical inspection in October 2000 revealed the following shortcomings:-
- (a) the paint on the concrete verandah was peeling;
 - (b) some roof boards were worm infested; and
 - (c) the latches to the windows were not properly aligned;
- 228.** The Mahaica Abattoir was constructed at a cost of \$15.508M. The contract was awarded in the sum of \$11.750M. There was an approved variation of \$6.364M, giving a revised contract sum of \$18.114M. At the time of inspection in October 2000, the main gate was broken and was left hanging while some louvre panes were missing.
- 229.** The other two(2) health facilities constructed/refurbished were St. Denny Mission Health Centre and Pakera Hospital. The total cost involved was \$6.169M. Because of the remoteness of the area, the works were not physically verified. Reliance was placed on certificates for the consultants attesting to the satisfactory completion of the works.
- 230.** The roads rehabilitated at a cost of \$71.094M were located in Regions 3, 4, 5 and 6. Eighteen(18) contracts valued at \$141.545M were awarded for the works to be undertaken. As at 31 December 1999, amounts totalling \$71.094M were paid to the contractors. The works were physically verified.
- 231.** The schools rehabilitated and constructed were located in Regions 2, 3, 4, 5, 6, and 8. Eighteen(18) contracts valued at \$196.315M were awarded for the construction of fifteen(15) new schools and the rehabilitation of three(3) schools. As at 31 December 1999, amounts totalling \$110.816M were paid to the contractors. The works were physically verified.

Subhead 24001 - Land Transport (Vehicle)

- 232.** An amount of \$7.5M was approved for the purchase of one(1) vehicle. The full amount was expended in the purchase of one(1) Toyota Land Cruiser PGG 4419 which was assigned to the head of CANU.

Subhead 25001 - Equipment

233. The sum of \$15M was allocated for the purchase of transformers, refrigerators, computers, photocopiers, automatic change-over switch, and fans. Amounts totalling \$5.499M were expended in the purchase of four(4) transformers, computer software and office equipment and furniture. The items purchased were verified as having been received and properly brought to account.

Subhead 26001 - Statistical Bureau

234. An amount of \$20M was allocated for the execution of labour force surveys, living standards measurement and household income and expenditure survey, visitors exit survey, census 2000 preparatory activities and purchase of equipment. Amounts totalling \$14.137M were expended mainly in the acquisition of sixteen(16) computers and accessories. Only \$918,961 was expended on labour force survey and visitors' survey. The items purchased were verified as having been received and properly brought to account.

Subhead 27005 - Guyana/Suriname Ferry Project (Phase II)

235. The sum of \$122M was allocated for the construction of access road, final payment for the settlement of claims, installation of electrical and other facilities and provision of administrative expenses. Amounts totalling \$26.935M were expended, as follows:-

DESCRIPTION	AMOUNT \$'000
Outstanding payment to IRP	5,628
Construction of revetment under gangway	5,197
" " bridge at Molsen Creek	5,770
" " rain water protection system	6,660
Electrical installation at stelling	2,065
Purchase of one(1) mini-bus	1,203
Miscellaneous	412
TOTAL	26,935

236. As can be noted, amounts totalling \$5.628M were expended on the settlement of outstanding claims to consultants under the Infrastructure Rehabilitation Programme for designing of access road from Crabwood Creek to Molsen Creek.
237. The contracts for the construction of the revetment under the gangway and bridge at Molsen Creek were awarded in the sums of \$5.198M and \$4.490M. In relation to the construction of rain water protection system two(2) contracts were awarded in the sum of \$8.890M. As at 31 December 1999, amounts totalling \$6.660M were expended. The works were physically verified.
238. The contract for electrical installation at Molsen Creek Stelling was awarded in the sum of \$2.498M. As at 31 December 1999, an amount of \$2.065M was expended. The works were physically verified.
239. In relation to the acquisition one(1) mini-bus at a cost of \$1.203M, there was no evidence that approval was granted for a change in programme to accommodate this expenditure. In addition, the vehicle was handed over to the Ministry of Information.

Subhead 44003 – Student loan

240. The sum of \$350M was allocated to provide loans to students attending the University of Guyana. The loans are repayable by the students over a fifteen(15) years period after completion of their studies. The full amount was released to the Student Loan Agency and deposited in account No. 993 at the Bank of Guyana.
241. The Students Loan Programme commenced in 1994, and as at 31 December 1999, amounts totalling \$2 billion were paid over to the Loan Agency. At the end of 1999, the balance on account No. 993 was \$14.550M, indicating that sums totalling \$1.984 billion were paid over to the University 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 1999 was \$2.016 billion and that the difference of \$32M was due mainly to interest received from the purchase of Government's Treasury Bills.

242. 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

243. An amount of \$5M was allocated for the preparation of the development plan. 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

244. The sum of \$118.730M 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. Amounts totalling \$27.135M were shown as having been expended by way of transfers to the following agencies:-

MINISTRY/DEPARTMENT/REGION	AMOUNT \$
Ministry of Housing	10,000,000
Ministry of Human Services	8,000,000
Region 6	5,000,000
Ministry of Works	3,300,000
Region 9	834,672
TOTAL	27,134,672

245. The amount of \$10M was paid over on 30 December 1999 to the Central Housing and Planning Authority to assist in the Squatter Settlement Programme. However, no expenditure could have been incurred for the period under review. The amount was retained by the CH & PA to be utilised in 2000. As a result, the Appropriation Account was overstated by \$10M.

246. In relation to the amount of \$8M paid over to the Ministry of Human Services, payments were made to deserving persons to assist them to purchase basic necessities. Based on test-checks carried out, the expenditure was verified as having been properly incurred.
247. Of the \$5M transferred to Region 6, sums totalling \$1.409M were expended on the purchase of sports gear for the Black Bush Polder NDC and in the upgrading of access road to the school at the Tain NDC. The difference of \$3.591M was retained by the Region to be utilised in 2000. As a result, the Appropriation Account was overstated by the latter amount.
248. The amount of \$3.3M transferred to the Ministry of Public Works, was utilised to clean drains under the Albuoystown Enhancement Project while the amount of \$834,672 was expended on the purchase of four(4) transformers in Region 9.

Subhead 45001 - CDB

249. An amount of \$26M was voted to meet capital contribution to the Caribbean Development bank. A supplementary provision of \$46M was approved, giving a revised allocation of \$72M. Amounts totalling \$71.425M were expended.

Subhead 45004 - IADB

250. The sum of \$26M was allocated to meet capital contribution to the IADB. Amounts totalling \$21.372M were expended.

Subhead 45005 - NGO/Private Sector Support Programme

251. An amount of \$7M was provided for institutional support for PL 480 and CIDA funded projects. Amounts totalling \$3.874M were expended on the operational costs of the Unit.

Subhead 45008 - Loans to Public Corporations

- 252.** An amount of \$100M was allocated as a loan to the Guyana Airways Corporation. A supplementary provision of \$534.885M was approved, giving a revised allocation of \$634.884M. Sums totalling \$1.245 billion were expended, giving an excess expenditure of \$609.828M. This excess expenditure was met from an advance from the Contingencies Fund. The following is a breakdown of the payments made:-

DESCRIPTION	AMOUNT \$000
LINMINE - to meet cash flow shortfall	745,000
MARDS Milling Complex - to meet cost of equipment supplied under Japanese Grant Aid	500,000
TOTAL	1,245,000

Revenue Accounting and Control - Current Revenue

- 253.** Amounts totalling \$1.8 billion were collected from the Guyana Sugar Corporation as sugar levy for the year 1999. An examination of the unaudited accounts of GUYSUCO for 1999 revealed that the levy payable as required by the Sugar Levy Act of 1974 (as amended) was \$12.8 billion. However, in accordance with Section 6(1) of the FAA Act, the Minister of Finance approved of the remission of \$11 billion.
- 254.** In relation to the amount of \$4.008 billion shown as having been received as proceeds from Rice Levy A, as indicated earlier, the Appropriation Account showed amounts totalling \$4.997 billion as having been refunded to the Guyana Rice Export Board. This gives an unexplained difference of \$989M. The Accounting Officer is urged to investigate this discrepancy.
- 255.** An examination of the records of the Accountant General's Department and the Bank of Guyana revealed that there was no collection of Rice Levy B in 1999. This levy is required to be paid by exporters of rice to the European Union at a rate of US\$6 per ton. According to the records of the Guyana Rice Development Board, amounts totalling US\$854,520, equivalent to

G\$153.814M were collectible in respect of this levy for the year 1999. A similar observation was made in my 1997 and 1998 reports where mention was made of amounts totalling \$105.707M and \$101.986M respectively which remained uncollected.

- 256.** Amounts totalling \$29.752M were shown as having been received as application fees from Cambios. However, as indicated in an earlier part of this report, amounts totalling \$1.507 billion were held in a special bank account No. 1240. This is a clearing account for revenues remitted by the overseas missions, licences and application fees for Cambios, as well as Treasury Bills. The composition of this balance could not, however, be determined. As a result, it could not be ascertained whether this account reflected moneys relating to application and licences fees for Cambios.
- 257.** In relation to the amount of \$851M received as royalties, it should be mentioned that as at 31 December 1999, account No. 964 – Government of Guyana Omai Royalties Account – reflected a balance of \$220.941M. The balance on this account at the end of 1998 was \$341.455M. It is evident that revenues in relating to previous years had been understated to the extent that moneys were held in this account at the end of the year.
- 258.** Amounts totalling \$947.474M were received as dividends from the corporations shown below:-

NAME OF CORPORATION	PARTICULARS	AMOUNT \$'000
Guyana Stores	Special interim dividend for 1998	39,836
Guyana Stores	Special interim dividend for 1998	85,702
GNSC	Final dividend for 1998	7,500
Guyana Stockfeeds	Interim dividend for 1998	1,143
GUYOIL	Final dividend 97 & 98 and 1st interim dividend for 1999	786,279
GNNL	Dividend 1998	5,025
Guyana Stores	Interim dividend for 1998	21,989
TOTAL		947,374

- 259.** An examination of the Investment Register at the National Investment Company Limited(NICIL), however, revealed that only amounts collected as dividends were recorded. No entries were made in respect of the collectible amounts. In the circumstances, it could not be determined from the Register what amounts were due from public corporations.

Revenue Accounting & Control - Capital Revenue

- 260.** Amounts totalling \$3.503 billion were shown as proceeds from divestment. Included in this figure were sums totalling \$3.159 billion representing proceeds from divestment for 1997 and earlier years. These sums were held in the Deposits Fund bank account and it was not until February 1999 that transfers were made to the Consolidated Fund. In addition, an amount of \$463.664M was reflected in the Government of Guyana divestment account No. 3179.
- 261.** 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.
- 262.** The audits of UNDP projects for the period under review revealed that grants totalling US\$1,713,257, equivalent to G\$307.6M, 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.
- 263.** 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:-

LENDING AGENCY	PER PUBLIC DEBT STATEMENT \$000	PER REVENUE STATEMENT \$000	DIFFERENCE \$000
Inter American Dev. Bank	6,387,998	3,540,717	2,847,281
International Dev. Assoc.	1,493,920	1,182,793	311,127
Caribbean Dev. Bank	8,261	295,724	(287,463)
IFAD	146,612	18,444	128,168
USAID	236,174	666,338	(441,658)
China	674,320	186,517	487,803
EEC	240,449	365,908	(125,409)

264. These differences were due mainly to:-

- (a) the failure to update the disbursement column in the Public Debt Register at the time the foreign disbursements were brought to account in the Public Accounts. Instead, this column was being updated from confirmations received from the loan agencies; and
- (b) the delay in the processing foreign disbursements so that they can be brought to account in the relevant accounting period.

265. Separate revenue accounts were also 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.

HEAD 03

PROGRAMME 2 - ACCOUNTANT GENERAL DEPARTMENT

Current Expenditure

- 266.** The salaries bank account No. 506, which became non-operational in June 1996, reflected an overdraft of \$4.018M at 31 December, 1999. The overdraft was investigated in April 2000, and it was discovered that a fraud of \$2.908M had occurred in the early 1990's. The officer responsible had since died, and the Secretary to the Treasury was written to with a view to writing off the loss. It is again recommended that the remainder of the overdraft be investigated and steps taken to close the account.
- 267.** The present salaries account No. 3002, which was established in July 1999, was not reconciled for the period July 1996 to December 1998. Attempts have, however, been made to reconcile the monthly transactions for 1999. This matter was discussed with the Accountant General who has agreed to reconcile the account in the traditional manner with subsequent adjustments at the end of six(6) months in respect of any unreconciled difference.
- 268.** Amounts totalling \$14.481M were expended on Materials, Equipment & Supplies. Although the items purchased were verified as having been received and properly brought to account, the requirements of the Stores Regulations were not fully adhered to in that no independent stock record, i.e. a stores ledger, was maintained by the Accounting Unit. It is recommended that this record be introduced as early as possible to provide for an independent check on the stock records maintained by the storekeeper.
- 269.** Amounts totalling \$45.359M were expended on overseas conferences and official visits. According to Conference Advances Register, 238 advances were granted for this amount. As at 31 December 1999, seventy-nine(79) advances totalling \$23.817M remained outstanding. Efforts should be made to ensure all outstanding advances are cleared as early as possible.
- 270.** Amounts totalling \$553.268M were expended on the payment of increases in pension for retired public officers and the emoluments of non-pensionable employees. There was an excess expenditure of \$76.568M which was met from an advance from the Contingencies Fund in November 1999.

- 271.** The Consolidated Fund was overdrawn by \$57.110 billion as at 31 December 1999, resulting mainly from the failure to pay over all unspent balances and to close accounts no longer in use. This matter is discussed in detail in an earlier part of this report.
- 272.** The summary cash book for account No. 3001 (Non Sub-Accounting Ministries and Departments) was not written up to reflect the accumulated balance. In addition, the account was not reconciled since it was established in June 1996. The Accountant General explained that this situation resulted from staff constraints. At 31 December 1999, the account reflected a large balance of \$18.685 billion resulting mainly from the failure to refund unutilised balances to the Consolidated Fund. At the time of reporting, a Chartered Accounting Firm was engaged to reconcile this account.
- 273.** The General Account No. 405 also reflected a large balance of \$9.227 billion as at 31 December 1999, again resulting from the failure to transfer unspent balances to the Consolidated Fund. In addition, it could not be determined when last this account was reconciled. This matter is also discussed in detail in an earlier part of this report.
- 274.** Amounts totalling \$220.941M were held in the Omai Royalties Account No. 964 at 31 December 1999. This balance resulted from delays in effecting transfers to the Consolidated Fund, thereby resulting in an understatement of revenue.
- 275.** The Revenue and Deposits Fund Receipts Account No. 981 reflected a balance of \$497.984M at 31 December 1999. 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. This state of affairs would also result in revenue being understated by this amount.

HEAD 03

PROGRAMME 3 - CUSTOMS AND EXCISE DEPARTMENT

Current Expenditure

Employment Costs

- 276.** The present salaries bank account No. 3013, which was established in June 1996, reflected a balance of \$9.938M as at 31 December 1999. However, 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 reports. The Accounting Officer explained that a task force was set up to bring the reconciliation up-to-date but up to the time of reporting, there was no evidence of any action taken in this regard.
- 277.** In my previous reports, 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.
- 278.** For the period under review, amounts totalling \$9.079M were paid to thirty(30) 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. These matters have, however, been resolved with the formation of the Guyana Revenue Authority in the year 2000.
- 279.** Included in the amount of \$37.641M shown as other direct labour costs is the sum of \$27.474M paid out to staff for Merchants' Overtime. However, only \$12.359M was recovered from merchants as at 31 December 1999. At the time of reporting, an additional amount of \$7.533M was recovered, leaving a balance of \$7.582M still to be recovered.

Other Charges

- 280.** Amounts totalling \$8.213M were expended on Materials, Equipment & Supplies. Included in this figure, however, were eight(8) purchases of office furniture and equipment e.g. vacuum cleaner, filing cabinets and air conditioning unit and valued at \$904,414. These items are of a capital nature and should have been acquired under the Department's capital programme. In addition, an amount of \$265,500 was expended on the purchase of electrical wires, ballast and circuit breakers. This expenditure should have been charged to Subhead 142 – Maintenance of Buildings. Had this been done, there would have been an excess expenditure of \$250,500. It is evident that the charging of the cost of electrical items to this subhead was done to avoid overrunning the voted provision under Subhead 142.
- 281.** According to the Appropriation Account, amounts totalling \$1.810M were expended on fuel & lubricants. However, the Department was making advanced payments to GUYOIL, and on 31 December 1999, a payment of \$299,967 was made to the oil company for the purchase of 4,021 litres of gasoline and charged to the Appropriation Account. Since the allocation under this subhead was \$1.810M, 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.
- 282.** Of the eight(8) vehicles for which log books were required to be maintained, log books were presented for only four(4) vehicles and for varying periods ranging from one(1) to four(4) months. In the absence of vehicle log books, it could not be determined whether effective control was exercised over the use of the Department's vehicles.
- 283.** Amounts totalling \$3.933M 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 \$557,071 due to a duplication of payment. A similar observation was made in my 1998 Report where it was stated that there was an overpayment of \$753,371. The latter amount was, however, recovered in 1999.

- 284.** Amounts totalling \$13.607M were expended on Transport, Travel & Postage. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Local travel & subsistence	8,713
Vehicle spares and services	2,633
Transportation services	2,256
Postage	5
TOTAL	13,607

- 285.** The expenditure in relation to transportation services relates to thirteen(13) contracts awarded to one(1) person for the hiring of a vehicle to transport officers from Georgetown to Timehri. It is again recommended that consideration be given to the acquisition of an additional vehicle for this purpose, since there may be cost savings in so doing.
- 286.** Seven(7) of the Department's vehicles which were reportedly put up for sale in 1998 were not sold because the bids submitted were much lower than the required prices. The vehicles were revalued on advice from the Secretary to the Treasury because of their deteriorating state. The Comptroller wrote the Deputy Secretary to the Treasury on 12 July 1999 for consideration of his recommendation that the vehicles be offered for sale to the highest bidders. Inquiries revealed that at the time of reporting, no response was received from the Treasury.
- 287.** Inquiries into the circumstances of those and other vehicles at the time of reporting revealed the following:-
- (a) PDD 6194 was subsequently repaired and put into operation;
 - (b) PDD 1542 which was valued by a competent authority at \$400,000 in 1997 has been lying at a Government Corporation workshop for several years for want of repairs to its engine;

- (c) PEE 6959 has been lying at a private mechanical workshop since 1999 having been refitted with a used engine. The owner of the workshop was awaiting its removal;
- (d) PCC 8931 was at the private aforementioned workshop since 1999 and subsequently removed to another private workshop for bodywork and installation of a windscreen, which have not been completed. That owner was also awaiting its removal;
- (e) PDD 527 which was valued at \$275,000 in 1998 was reportedly lying at the Berbice Anti Smuggling Squad (BASS) compound in Springlands;
- (f) PBB 8797 valued at \$450,000 in 1997 was lying at a Government Corporation workshop in a deteriorating condition. The same situation also applies to PEE 6958;
- (g) PEE 6956 was taken to a private workshop in 1999 for repairs. According to the owner of the workshop, repair costs at over \$50,000 were incurred but not paid. The vehicle was removed and subsequently involved in an accident while being driven by an officer of the Department. Inquiries revealed that an accident report was not submitted to the Secretary to the Treasury as required by Government Regulations. The vehicle was lying at the Government Corporation workshop previously referred to for a considerable time and repairs were being effected.
- (h) According to documentation made available to audit, vehicle PDD 6192 was handed over to the Berbice Regional Authorities. Efforts to identify the exact location of the vehicle have not been successful and this matter was brought to the attention of the Commissioner of Customs.

288. The foregoing is evidence of the poor control exercised over the use and custody of the Department's vehicles. It is recommended that action the present status of the vehicles be ascertained. Those which are considered uneconomical to retain should be disposed of at the earliest opportunity.

- 289.** Amounts totalling \$1.431M were expended on Telephone Charges. A register to record overseas calls was, however, not kept in respect of three(3) of the four(4) telephones used to make overseas calls. 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 Department had been given a format for implementation.

Revenue Accounting and Control

- 290.** The Automated System for Customs Data (ASYCUDA) was introduced into the Department some years ago with the aim of boosting efficiency in specific areas of operations. A significant amount of resources, some from donor agencies, has been invested into the project in terms of consultancy services, training and equipment. The system has, however, not been fully implemented, as operations at the wharves have not yet been captured in the system. It is understood that certain administrative hiccups have been responsible for the prolonged delay at full implementation of the project.
- 291.** Amounts totalling \$15.817 billion were collected as revenue. However, sums totalling \$13.780M were not paid over to the Consolidated Fund as at 31 December 1999. This represented sums collected from outstations. Transfers were, however, made to the Consolidated Fund in May 2000.
- 292.** Amounts totalling \$3.711 billion were collected as import duties. Some of these transactions were facilitated through the Permit for Immediate Delivery (PID) system. PID's are required to be perfected within seven(7) working days. For the period under review, a total of 2,564 PID's were issued. However, 305 PID's valued at \$6.678 billion remained outstanding at the time of reporting. It is evident that there has been some laxity in ensuring that the system is strictly observed.
- 293.** The Department had argued that dutiable goods were not accorded the PID facility. The Audit Office is, however, of the view that the Department is not relieved of the obligation to ensure that PID transactions are perfected within the prescribed time frame, whether the merchandise is dutiable or not. In fact, of the 305 PID's outstanding, twenty(22) PID's with a CIF value of \$70.278M and relating to ten(10) importers, were dutiable.

- 294.** Regulation 50(4) (as amended) of the Principal Regulations made under the Customs Act provides for the importer to execute a bond with the Comptroller as a condition for obtaining the PID facility. The bond should be sufficient to secure value, duties and taxes on the related goods. However, nine(9) out of the ten(10) importers referred to above had bonds which were not sufficient to secure the requisite values of the goods. In the aggregate, the value of bonds in respect of the outstanding PID dutiable transactions was only \$18.350M or 26.11% of the CIF value, not to mention applicable duties and taxes.
- 295.** In relation to one(1) shipping agent, an agreement was made whereby entries processed through the PID system and revenues collected therefrom were to be paid in at Customs House on a daily basis. An audit carried out at the related transit shed showed that for the PID sheets that were submitted by the shipping agent for audit, a total of \$94.820M was collected by the shipping agent. The following unsatisfactory features were, however, noted:-
- PID sheets were not numbered. A register was also not kept by Customs to record the PID sheets received from the shipping agent, and sheets for several working days were not seen. In the absence of these features, it could not be determined whether all PID sheets prepared by the shipping agent were accounted for;
 - The PID sheets kept at the transit shed were not cast. As a result, the audit process was rendered very time-consuming;
 - The PID sheets were not certified by the transit shed; and
 - Information received from the shipping agent suggested that a total of \$93M in cheques were paid to Customs for 1999. However, less than 50% of this amount were traced to Customs revenue records.
- 296.** At the time of reporting, the above discrepancies/shortcomings were engaging the attention of the Department, and it is understood that measures were in train to cease the PID system at the said transit shed and to introduce a cashier system at the location.

- 297.** Amounts totalling \$3.065 billion were collected as local consumption tax on manufactured goods. An examination of the consumption tax records, however, revealed that one hundred and thirteen(113) manufactures did not submit statements of sales and consumption tax for various periods during the year. The Consumption Tax Act provides for a fine of twenty-five thousand dollars and a further fine of five thousand dollars per day for failing to comply with the requirements thereof. However, there was no evidence of such penalties being imposed on defaulters or of the forfeiture of bonds lodged.
- 298.** It is understood that legal action was taken against some defaulters. Information was sought on the status of matters before the courts but this was not available, despite repeated requests. In addition, ten(10) out of thirty-eight(38) files requested for examination were not submitted. At the time of reporting, however, evidence was seen where the Commissioner wrote all registered manufacturers informing them of their obligations under the Consumption Tax Act.
- 299.** An examination of liquor licences records revealed that a total of two hundred and thirty-nine(239) registered premises did not renew their licences in 1999. In the absence of information on the status of these businesses, it could not be determined whether all the premises were due for renewal. In addition, out of a total of thirty-four(34) liquor licences files requested for audit, only three(3) were submitted. At the time of reporting, however, evidence was seen where the Commissioner publicly advertised requesting all dealers in wine, malt liquor or spirituous liquor to comply with the requirements of the Intoxicating Liquor Licensing Act.
- 300.** Amounts totalling \$12.359M were collected as Merchants' Overtime. During the period under review, the Department despatched a total of four hundred and fifty-eight(458) demand notices for overtime fees in the sum of \$11.306M to thirty-eight(38) applicants. At the time of reporting, amounts totalling \$7.582M remained outstanding, \$5.705M of which relates to five(5) shipping agents. This matter was discussed with the Commissioner who explained that discussions were held with representatives of the Shipping Association reminding them of their obligations to pay all fees on demand.
- 301.** The revenue bank account No. 3014 reflected a balance of \$494M as at 31 December 1999. However, this account was not reconciled since it was established in June 1996. It is evident that moneys were not being paid over to the Consolidated Fund in a timely manner, resulting in a build up of the

balance in this account. There is also an old revenue bank account No. 489 which reflected a balance of \$169.164M as at 31 December 1999. This balance should be transferred to the Consolidated Fund and steps taken to close the account.

- 302.** An examination of the Dishonoured Cheques Register revealed that forty-four(44) cheques valued at \$29.730M remained dishonoured at the time of reporting, as shown below:-

YEARS	NO. OF CHEQUES	AMOUNT \$
1996	7	9,021,061
1997	10	2,853,184
1998	6	2,637,641
1999	21	15,218,330
TOTAL	44	29,730,216

- 303.** This matter was drawn to attention in my previous reports. Inquiries as to the reasons for the bank's dishonouring of the cheques revealed that there has been some laxity in the system of authenticating cheques before accepting them. In numerous cases, words and figures differed.
- 304.** As it relates to cheques dishonoured in previous years, evidence was seen that the Department sought the assistance of the Police in locating the importers. At the time of reporting, two(2) cheques amounting to \$267,002 were cleared while another was cleared in part. Five(5) of the business establishments were, however, reported to be defunct, leaving cheques valued at \$2.251M uncleared. Two(2) importers were also reported deceased, leaving three(3) cheques valued at \$2.848M uncleared.
- 305.** During the Public Service strike in May and June of 1999, goods were released to some importers and their cheques were held on hand. Documentation provided showed that one hundred and forty-five(145) cheques totalling \$119.434M had become state-dated because they were not brought to account. At the time of reporting, the Department had cleared eighty-nine(89) cheques totalling \$73.5M. The Commissioner explained that efforts were still being continued to clear the remaining cheques.

- 306.** An examination of the Seizures Register revealed that there were seventy-nine(79) seizures during the period under review. Evidence was seen of the disposal of the matters relating to fifty(50) seizures. However, it could not be determined what action was taken in respect of the remaining twenty-nine(29) matters since files relating to twenty-seven(27) seizures were not presented for audit, despite repeated requests. In respect of the remaining two(2) seizures, the related files did not indicate how the matters were disposed of.
- 307.** In addition, seizures continued to be stored in borrowed containers on wharves. It is recommended that a central storage site be identified for the storage of seizures.
- 308.** The Bills of Sight Register was not written up to include name of vessel, ship's rotation number, description of goods and time-frame for the perfecting of entry. There was also no evidence of supervisory checks on this record. Efforts should be made to ensure that this record is properly written up.
- 309.** The system provides for deposits made by way of bills of sight (provisional entries) to be cleared and perfected within three (3) months. However, of the eleven(11) entries totalling \$6.877M which were made in the Register in 1999, seven(7) bills of sight valued at \$2.881M had not been cleared up to the time of reporting. It should be mentioned that if such entries are not perfected within the stipulated period then all deposits should be treated as revenues and paid into the Consolidated Fund. The failure to treat the amount of \$2.881M as revenue and to pay it over to the Consolidated Fund have resulted in an understatement in revenue for the period under review.
- 310.** Remissions of duties totalling \$7.537 billion were granted to various sectors, compared with amounts totalling \$4.649 billion remitted in 1998, an increase of \$2.888 billion or 62%. The following is a breakdown of the remissions granted:-

ITEM	DUTY \$'000	C/TAX \$'000	TOTAL \$'000
Petrol	1,765,847	1,710,483	3,476,330
Motor Vehicle	704,044	224,257	928,301
Forestry	110,088	127,063	237,151
Computer	57,341	7,255	64,596
Mining	222,400	324,253	546,653
Others	1,044,326	1,239,661	2,283,987
TOTAL	3,904,046	3,632,972	7,537,018

This represents 47.65% of actual collections by the Department, compared with 31%, 39.67% and 31.56% in 1998, 1997 and 1996 respectively.

- 311.** An examination of the Rotation Book kept at Customs and Excise Department revealed that 1,115 vessels came into port Georgetown for the period under review. However, as at September 2000, only 487 files were completed and submitted to the Internal Audit Division. In the circumstances, a proper examination of these files could not have been carried out to determine the accuracy of the assessments made for applicable duties and taxes.
- 312.** A comparison of the information contained in the Rotation Book with that contained in the records of five(5) transit sheds in Georgetown, revealed twenty-three(23) vessels 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. The Commissioner is urged to investigate this discrepancy.

Other Matters

- 313.** The imprest bank account No. 3015 reflected a balance of \$191,550 as at 31 December 1999. However, at the time of reporting, it was only reconciled to December 1999. Efforts should be made to bring the reconciliation of this account up-to-date.

HEAD 03

PROGRAMME 4 - INLAND REVENUE DEPARTMENT

Current Expenditure

Employment Costs

- 314.** An examination of the Unclaimed Salaries Register revealed that for the period under review amounts totalling \$3.101M were reflected as unclaimed salaries. This state of affairs was due mainly to delays in making the necessary adjustments to the payroll when persons leave employment. The Accounting Officer explained that the authority to remove names on the payroll was not forthcoming until several months later. This matter was drawn to attention in my previous reports. It is recommended that when persons leave employment, their names should be immediately taken off the payroll, pending the issue of the relevant Government Order, as is the practice of a number of Ministries and Departments. In this way, the extent to which salaries are unclaimed will be minimised.
- 315.** The salaries bank account No. 3024 reflected a balance of \$2.082M as at 31 December 1999 but was not reconciled since September 1997. This matter was drawn to attention in my previous report. The Accounting Officer explained that this was due to staff constraints. However, the Finance Division of this Department had a staff complement of thirty(30) as at December 1999 and therefore the explanation given does not appear to be a satisfactory one. 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 essential activity is carried out with due diligence and in a timely manner.

Other Charges

- 316.** Amounts totalling \$27.324M were expended on Materials, Equipment & Supplies. The following is a breakdown of the expenditure by authority limits:-

AUTHORITY LIMIT	NO. OF PURCHASES	AMOUNT \$
Below \$90,000	237	7,661,187
\$90,000 - \$180,000	45	6,738,682
\$180,000 - \$600,000	11	2,778,110
Above \$600,000	10	10,146,409
TOTAL		27,324,388

- 317.** The Department, however, 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.
- 318.** In addition, the Regulations provide for the maintenance of a stores ledger to provide for an independent check on the bin cards kept by the storekeeper. However, only one record was being maintained by the officer who was also involved in the procurement of goods, the custody of the stocks and issuing of the items. This practice is not considered good internal control and can lead to irregularities. Efforts should therefore be made to ensure strict compliance with the Stores Regulations.
- 319.** Based on sample checks carried out, ten(10) purchases valued at \$1.006M could not be traced to the Stock Ledger since the payment vouchers with the relevant sub-vouchers, detailing the description of the items, were not produced for audit.
- 320.** A physical verification of the stock of licence books on hand carried out in March 2000, revealed the following discrepancies:-
- (a) Five(5) licences books which were recorded in the stock book were not produced for audit;
 - (b) Four(4) rural shop licences books which were recorded as issued to Springlands were instead found on hand;
 - (c) There was no evidence that returns of unused licences were submitted by the Regions, as is required by financial instructions; and

- (d) The recording of the receipt and issues of licences books was done by one person who also has sole custody of the keys to the stockroom.

The Accounting Officer is urged to ensure stricter control is exercised over the custody, the issuing and the recording of licences books.

- 321.** Amounts totalling \$15.731M were expended on the purchase of print and non-print materials. Included in this amount is the sum of \$971,366 (equivalent to US\$5,395) paid to an overseas supplier for the supply of gummy labels. Attached to the relevant payment voucher is a letter from the Secretary to the Treasury which approved of the waiver of Tender Board procedures for the purchase of gummy label for a tendered sum of BD\$5,418, equivalent to US\$2,709. However, a bank draft for US\$5,395 was issued to the supplier by a local commercial bank but no invoice was attached to the voucher. In the circumstances, there was an apparent overpayment of US\$2,686, equivalent to G\$483,480. The Accounting Officer explained that the amount of the bank draft included the payment for the supply of other goods. The Audit Office was, however, unable to obtain details of the additional items supplied.
- 322.** Amounts totalling \$2.186M were expended on fuel and lubricants. However, of the twelve(12) vehicles for which log books were required to be maintained, log books were presented for only three(3) vehicles. At the time of reporting, efforts were being made to locate the remaining books. In addition, an examination of the Fuel & Lubricants Register revealed entries totalling \$1.132M, giving a difference of \$1.054M. The Accounting Officer explained that fuel purchased through the imprest for vehicles in the outlying areas was not included. Efforts should be made to ensure that entries in the Register reflect the consumption of all vehicles under the control of the Department. There should also be periodic reconciliation of the Register with the votes Ledger.
- 323.** Amounts totalling \$6.102M were expended on Maintenance of Buildings. The following is a breakdown by authority limits:-

AUTHORITY LIMIT	NO. OF CONTRACTS	AMOUNT \$
Below \$180,000	34	4,418,179
\$180,000 - \$450,000	9	1,684,277
TOTAL	43	6,102,456

- 324.** Twenty-seven(27) contracts valued at \$4.458M were awarded for maintenance works to two(2) buildings at Corriverton, twenty(20) of which valued at \$3.244M were awarded to one(1) contractor. From the nature and timing of the works, it is evident that the contracts were sub-divided to avoid adherence to tender procedures. In addition, five(5) other contracts totalling \$766,000 were awarded to another contractor within a period of three(3) weeks for the execution of works at the said location. Efforts should be made to ensure strict compliance with the Tender Board Regulations.
- 325.** Amounts totalling \$2.526M were expended on Telephone Charges. Although six(6) telephones were being used to make overseas telephone calls, a register of overseas calls was not maintained to monitor these calls and to ensure that recoveries are made in respect of private calls. Efforts should be made to ensure that this record is maintained. In addition, the Telephone Register was not written up for the period under review.
- 326.** Amounts totalling \$6.004M were expended on Electricity Charges. However, the Electricity Charges Register was not written up for the period under review. In addition, included in this figure were sums totalling \$4.754M which were paid to the Guyana Post Office Corporation. This represents 48% of the electricity cost of the GPOC Building. However, the related agreement with the GPOC was not furnished for audit examination.
- 327.** According to the Appropriation Account, amounts totalling \$160.917M were refunded to the various categories of taxpayers based on assessments done by the IRD. Of this amount, sums totalling \$153.050M relate to corporation tax in respect of nine(9) companies. 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.

- 328.** Although a bank account (Account No. 3162) was kept to effect refunds to taxpayers, the cash book was not properly maintained in that only payments were reflected. As a result, the cash book balance at any one point in time could not be determined, and the account could not have been reconciled. According to confirmation received from the Bank of Guyana, this account had a balance of \$82.417M as at 31 December 1999. Efforts should be made to ensure that the cash book is properly maintained and the bank account reconciled.
- 329.** The refund of revenue bank account No. 112, which ceased to be operational, was also overdrawn by \$32.949M as at 31 December 1999. The overdraft should be investigated and steps taken to close the account.
- 330.** The standing imprest bank account No. 3023 was overdrawn by \$211,390 as at 31 December 1999. The overdraft should be investigated with a view to clearing it. At the time of reporting, the account was also not reconciled since May 1999.
- 331.** The ordinary imprest bank account No. 3026 reflected a balance of \$395,240 as at 31 December 1999. This account was also not reconciled since May 1999. Several instances were also observed where salaries advances were granted from the imprest, contrary to financial instructions.
- 332.** Excess expenditure totalling \$869,000 was incurred in respect of five(5) subheads. Since there were savings on other subheads, it would have been more appropriate for a virement of funds to be sought to cover the over-expenditure.

Revenue Accounting and Control

- 333.** The following sets out the position with regard to revenue collections by the Department, as per the revenue statement:-

PARTICULARS	BUDGET \$'000	ACTUAL \$'000	VARIANCE \$'000
Corporation Tax	5,506,565	6,338,650	832,085
Income Tax	5,064,294	5,649,000	584,706
Withholding Tax	1,351,054	1,118,202	(232,852)
Travel Tax	508,090	516,956	8,866
Income Tax – Self-employed	565,431	511,319	(54,112)
Net Property Tax	457,556	471,857	14,301
Purchase Tax	470,395	427,070	(43,325)
Licences – motor vehicles	228,617	194,486	(34,131)
Capital Gains Tax	163,945	115,519	(48,426)
Motor Vehicle & Road Traffic Ordinance	116,705	110,066	(6,639)
	14,432,652	15,453,125	1,020,473
Others	480,048	513,463	33,415
TOTAL	14,912,700	15,966,588	1,053,888

- 334.** Detailed examination of the Revenue Analysis Book, however, revealed amounts totalling \$16.036 billion were collected, giving a difference of \$69M. This discrepancy was drawn to the attention of the Commissioner, and at the time of reporting, efforts were being made to reconcile the difference.
- 335.** Amounts totalling \$6.339 billion were collected as Corporation Tax from the Private Sector. However, no amounts were shown as having been collected from the Public Sector companies/corporations, although sums totalling \$638.772M were budgeted to be collected. When contacted, the Commissioner explained that some \$900M was collected from public corporations but this amount was inadvertently included as corporation tax from private sector companies.
- 336.** According to the records of the Department, there were 3,872 registered companies. 2,958 of these were deemed to be inactive based on the criterion that they did not submit returns for the last three(3) years. It is recommended that these companies be written to with a view to ascertaining their status. This should be followed up with field visits. After this exercise is carried out, the Department would be in a better position to determine which companies are inactive.

- 337.** Of the 914 companies deemed active, 294 did not furnish tax returns. In this regard, the Department issued demand notices to them and instituted legal proceedings against fifty-one(51) defaulters.
- 338.** Amounts totalling \$5.649 billion were collected as personal income tax. Employers are required to furnish Pay As You Earn (PAYE) returns in respect of their employees to the Commissioner not later than fourteen(14) days after the close of the month. An examination of the Default Register revealed twenty-eight(28) instances where several employers failed to submit returns for extended periods during 1999. There was, however, no evidence of penalties being imposed on the defaulters.
- 339.** The Income Tax Act provides for certain procedures to be followed in the event of any disagreement on the amount assessed by the Commissioner upon a taxpayer. During the period under review, several objections to assessments were registered by companies with respect to property and corporation taxes, and also by individuals and sole traders in relation to income tax. However, the Department has not been addressing the objections in a timely manner since the majority of them were outstanding for over six(6) months. It would appear necessary for the process of review to be accelerated as the amount of such taxes reported as collected during the period under review may be subject to adjustment.
- 340.** Amounts totalling \$511.319M were collected as income tax from self-employed persons. However, the Department was not in possession of a record to indicate how many persons are self-employed and hence liable to income tax. It is recommended that a special exercise be carried to determine the number of persons who are self-employed so that a database can be created. This will facilitate the monitoring of all self-employed persons to ensure that they honour their obligations in respect of income tax.
- 341.** Amounts totalling \$2.430M were collected as professional fees. At an annual fee of \$10,000, this figure represents collections from 243 persons. It is evident that a significant number of professionals did not honour their obligations to the Department. In addition, according to the records of the Department, a total of thirty-six(36) professionals did not renew their practice certificates in 1999. It could not, however, be determined from the Department's records whether these persons had ceased practice.

- 342.** An examination of the Estate Duty Register revealed a total of \$1.295M in duties remained outstanding from the estates of thirty-six(36) persons as at 31 December 1999. At the time of reporting, fifteen(15) of these matters were cleared at a value of \$357,755 while letters of reminders were sent to the defaulters. The Commissioner explained that, apart from the letters of reminders, no further action is normally taken.
- 343.** In relation to Entertainment Tax which netted \$27.482M, it was noted that one(1) cinema was irregular in its payment, resulting in a total of \$1.331M, inclusive of interest and penalty, outstanding as at 31 December 1999. Evidence was seen of legal action taken against the defaulter and the cinema was ordered closed. Legal action was also taken against one(1) proprietor for non-payment of entertainment tax totalling \$961,124.
- 344.** Amounts totalling \$427.070M were collected as purchase tax on motor vehicles. Audit checks were carried out on a sample of forty-nine(49) persons who were required to pay such taxes. However, the relevant documentation in respect of six(6) owners was not produced for audit. This matter was drawn to the attention of the Commissioner for investigation.
- 345.** The sum of \$67.205M 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. In addition, in accordance with the Hotel Accommodation Act, hotels with sixteen(16) rooms and over are required to pay a hotel tax of 10% of all receipts in respect of hotel accommodation within fifteen(15) days of the close of the month. During the period under review, returns were not seen for two(2) hotels nor was there any evidence of the payment of room tax. In addition, there were several instances where returns were submitted as much as 100 days later and there was no evidence of penalties being imposed on the defaulters.
- 346.** 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 the following unsatisfactory features were observed:-

- There was no submission of CCBS's or 'nil' returns from Regions 2, 5 and 7 for the greater part of 1999. Twelve(12) other sub-offices/districts were also delinquent for shorter periods during the year;
- Bank deposit slips were not attached to the CCBS's for Region 7 for amounts totalling \$328,840 for the period September to December and also for 'A' Division (Brickdam) for amounts totalling \$17.952M for the period February to December; and
- CCBS's for Leonora were submitted on a monthly instead of on a fortnightly basis.

Other Matters

- 347.** The revenue bank account No. 490, which became non-operational in May 1996, reflected a balance of \$35.589M as at 31 December 1999. This balance should be transferred to the Consolidated Fund and steps taken to close the account.
- 348.** The present revenue bank account No. 3025 reflected a large balance of \$9.341 billion as at 31 December 1999. Enquiries revealed that this was due to a technical error. The Department ran out of pre-printed deposits slips for the Consolidated Fund and substituted deposit slips for the revenue bank account No. 3025 with appropriate hand-written adjustments. However, the deposit slips are MICR encoded and the processing system did not recognise these manual adjustments. As a result, the cheques drawn in favour of the Consolidated Fund were credited back to account No. 3025. This matter was discussed with the Commissioner, and as at 31 July 2000, the balance on this account was reduced to \$4.361 billion. It should be mentioned that this account was last reconciled to May 1999. Had timely reconciliation of this account been effected, this discrepancy would have been detected much earlier thereby enabling corrective action to be taken. In particular, the overdraft of \$57.110 billion on Consolidated Fund would have been reduced by \$9.341 billion.
- 349.** The Licence Revenue Office revenue bank account No. 3018 reflected a balance of \$184.526M as at 31 December 1999. The account was, however, not reconciled since December 1996. Efforts should be made to ensure that the reconciliation is brought up-to-date. There is also an old revenue bank account No. 491 with a balance of \$32.046M. This balance should be transferred to the Consolidated Fund and steps taken to close the account.

HEAD 04 & DIVISION 506

MINISTRY OF FOREIGN AFFAIRS

PROGRAMME 1 – MINISTRY ADMINISTRATION

Current Expenditure

Employment Costs

- 350.** 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 1999. This balance was due to remittances to the overseas missions being sent directly by the Accountant General through the Bank of Guyana and included the salaries and allowances to foreign service officers and representative staff overseas. However, at the time of preparation of the pay sheets, 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.
- 351.** The cash book for the present 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 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.

352. This account also reflected a large balance of \$11.979M at 31 December 1999 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.

Other Charges

353. Amounts totalling \$8.371M were expended on Materials, Equipment & Supplies. Although the items purchased were verified as having been received and properly brought to account, the Ministry was yet to comply with the requirements of the Stores Regulations as they relate to the maintenance of a stores ledger. This record, which is kept by the Accounting Unit, provides for an independent check on the records of the storekeeper.

354. Amounts totalling \$1.254M were expended on fuel and lubricants for six(6) vehicles operated by the Ministry. However, log books were not presented for five(5) of the vehicles. 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 the vehicles.

355. Amounts totalling \$2.292M were expended on the Maintenance of Buildings. These relate mainly to plumbing, carpentry and electrical works as well as repairs to furniture and were physically verified.

356. Amounts totalling \$183.411M were expended on Subsidies & Contributions to International Organisations, as shown below:-

NAME OF ORGANISATION	AMOUNT \$000
CARICOM	113,492
Association of Caribbean States (ACS)	1,470
Commonwealth Fund for Technical Cooperation	11,250
United Nations and related bodies	11,917
Commonwealth Secretariat	16,530
S. E. L. A.	2,310
Caribbean Export Development Agency	5,808
Organisation of American States	2,200
Regional Negotiating Machinery	14,335
Others	4,099
TOTAL	183,411

- 357.** The payments to the respective organisations were in accordance with the amounts reflected in the National Estimates and were supported by invoices, except in the case of CARICOM and the Regional Negotiating Machinery. In relation to the former, no provision was made for arrears contribution of \$10.392M while in relation to the latter, no provision was made in the National Estimates. These two(2) additional payments have resulted in an excess expenditure of \$26M. This excess was met from an advance from the Contingencies Fund.
- 358.** Excess expenditure totalling \$229,000 was also incurred in respect three(3) subheads. Since there were savings on other subheads, it would have been more appropriate for a virement of funds to have been sought to cover the excess expenditure.

Other Matters

- 359.** The imprest bank account No. 353, became non-operational in July 1996, reflected a balance of \$56,319 as at 31 December 1999. It is again recommended that this balance should be transferred to the Consolidated Fund and steps taken to close the account. In addition, the present imprest bank account No. 3085 reflected an overdraft of \$3,001 as at 31 December 1999. This account was also only reconciled to July 1998 at the time of the audit in June 2000.

Capital Expenditure

Subhead 12001 - Buildings

- 360.** The sum of \$2.314M was allocated for (a) rehabilitation works to the missions in Suriname and Washington and (b) provision for final payments. Amounts totalling \$2.312M were shown as having been expended in the rehabilitation of the following:-

PARTICULARS	AMOUNT \$
Takuba Lodge	1,385,739
Chancery in Washington	500,000
Ramphal House	425,909
TOTAL	2,311,648

- 361.** As can be noted, no rehabilitation work was carried out at the Suriname Embassy. In addition, works were carried out on the Head Office building and Ramphal House but there was no evidence that approval was granted for a change of programme to undertake these works. The works were nevertheless physically verified.
- 362.** The amount of \$1.386M expended on Takuba Lodge represents an unpaid liability based on a contract entered into in 1998.

Subhead 24001 - Land Transport

- 363.** The sum of \$9.050M was allocated for the purchase of three (3) vehicles for the overseas missions in Ottawa, New York and London. The full amount was shown as having been expended, as follows:-

TYPE OF VEHICLE	MISSION	AMOUNT \$
One (1) Buick	Ottawa	3,432,192
One(1) motor car	London	1,525,000
One(1)Lincoln	New York	4,092,808
TOTAL		9,050,000

- 364.** The amount of \$4.093M (equivalent to US\$22,000) remitted to the Permanent Mission to the United Nation in New York for the purchase of a Lincoln Mercury motor car was utilised as a down payment for the purchase of the said vehicle. The purchase price was US\$35,000. The Mission secured financing of US\$13,400 from a motor car credit company for the difference. The loan was to be repaid in thirty-six(36) months at US\$395.03 per month. The vehicles acquired for both the High Commission in Ottawa and the Permanent Mission to the UN were physically verified. However, the vehicle acquired for the High Commission in London was not physically verified because an audit inspection was not carried out.

Subhead 25001 - Office Equipment and Furniture

- 365.** The sum of \$10M was allocated for purchase of office equipment and furniture for the missions in New York, Cuba, China and London. Amounts totalling \$9.473M were expended at the following missions:-

MISSION	AMOUNT \$
Caracas	852,000
New York (UN & Consulate)	2,684,903
Brazil	595,000
Brussels	911,052
Cuba	1,503,000
Ottawa	1,252,519
Trinidad & Tobago	728,000
China	575,432
Head Office	540,750
Suriname	329,280
TOTAL	9,971,936

- 366.** As can be noted, office equipment and furniture valued at \$5.209M were purchased for six(6) other missions as well as for Head Office but there was no evidence that approval was granted for a change in programme to incur this expenditure. In addition, no purchases were made for the London Mission.
- 367.** Included in the figure of \$2.685M shown as remittance to the Permanent Mission to the UN and the Consulate in New York, was an amount of \$2.146M received by the former in May 2000. At the time of the audit in July 2000, the Mission was still in the process of acquiring furniture for the office. As a result, the expenditure reflected in the capital appropriation account has been overstated by \$2.146M and it would have been appropriate for the expenditure to be re-budgeted for in 2000.

- 368.** The sum of US\$6,871 (G\$1,252,519) was also remitted to the High Commission in Ottawa in May 2000 for reimbursement of items of furniture purchased for the Sub Accounting Officer's residence. As a result, the expenditure reflected in the capital appropriation account has been overstated by \$1.252M, and it would have been more appropriate for the expenditure to be re-budgeted for in 2000. The items purchased were nevertheless verified as having been received and properly brought to account.
- 369.** Except for New York, Ottawa and Head Office, supporting documents such as bills and receipts were not presented to substantiate the expenditure incurred. The items purchased were also not inventorised in the records of Head Office.

HEAD 04 & DIVISION 506

MINISTRY OF FOREIGN AFFAIRS

PROGRAMME 2 – FOREIGN RELATIONS

Guyana Embassy in Brasilia

- 370.** The Sub-Accounting Officer was cross-posted from the Guyana Embassy in Washington DC to Brasilia on the 4 January 1999. However, she was not formally appointed until the 16 August 1999 and the appointment was not communicated to the Mission until 6 December 1999. Efforts should be made to ensure that all appointments for accounting positions are promptly made and communicated to all concerned since they have implications for the authorisation of transactions, record keeping, reconciliation and overall monitoring and supervision of the financial affairs of the Embassy.
- 371.** The Remittances Register, which is required to show details pertaining to the receipt of remittances from Head Office, was last written up in January 1998. As a result, alternative audit checks had to be undertaken to verify that all remittances received from Head Office were duly brought to account in the cash book and bank account. It is recommended that this record be promptly written up to facilitate the verification of the remittances sent by Head Office.

- 372.** An examination of the Sub-Accountants' cash book revealed that the receipt numbers were not always quoted therein. As a result, verification of the remittances was rendered time-consuming, especially since the Remittances Register was not written up. In addition, in some instances receipts were brought to account in the cash book on dates either before or after the actual dates of the receipts. Efforts should be made to ensure that these lapses in record keeping do not recur.
- 373.** At the time of the audit on 13 December 1999, a remittance of US\$4,982.50, which was wire-transferred on 27 November 1999 by the Office of the President for the payment of student allowances, was not brought to account in the cash book. In addition, an examination of the Mission's records revealed that remittances were not sent by Head Office promptly. For example, the remittance for October 1999 was sent in November 1999 and the one for November was sent in December 1999. Further, at the time of the audit, the remittance for December 1999 was not received by the Mission. As a result, the Embassy had been utilising the balances in the respective bank accounts to meet the payment of wages and other expenses. Efforts should be made to ensure that all remittances are dispatched in advance of expenditure.
- 374.** At the time of the audit, the bank account for the US dollar account was last reconciled June 1999 and there was no evidence that the Sub-Accounting Officer certified the reconciliation statements. Draft reconciliations were, however, seen for the period of July 1999 to October 1999. Efforts should be made to ensure that the reconciliation of this account is brought up-to-date and that they are duly certified.
- 375.** The rental of the quarters of the Finance Officer was increased from R\$900 to R\$1,000 per month according to the new rental agreement. However, this increase had not yet been approved by Head Office. Efforts should be made to regularise this matter.
- 376.** Although the local currency bank account was reconciled up to October 1999, the reconciliation statements were only certified up to December 1997. The Sub-Accounting Officer should ensure that these statements are duly certified before presentation to Head Office.

- 377.** An examination of the reconciliation statement for October 1999 revealed eight(8) instances where cheques were understated by a total amount of R\$169.17 in the cash book. There were also three(3) instances where the cash book was overstated by a total amount of R\$779.22. It is recommended that the appropriate adjustments be made to the cash book in order to eliminate the items from the bank reconciliation. In addition, greater care should be exercised to ensure that the cash book is accurately written up.
- 378.** The allocation letter for the year 1999 was only submitted to the Embassy on the 26 July 1999 by Head Office. It is recommended that in future allocations be submitted early to enable proper monitoring of expenditure by the Mission against allocation.
- 379.** According to the said allocation letter, Head Office did not provide funds for the following three(3) sub-heads which reflected expenditure totalling G\$2.883M:-

SUB-HEAD	DESCRIPTION	AMOUNT G\$
105	Semi-skilled & unskilled	2,682,622
165	Other transport	83,766
173	Water charges	116,766

- 380.** The Finance Officer explained that in order to carry out the operations of the Embassy as was necessary for the Mission to incur these expenditures. It would therefore seem necessary for greater care to be exercised to ensure that budgetary allocations take into account all aspects of the operations of the Embassy and that they are realistic.
- 381.** At the time of inspection, the Votes Ledger was only written to 30 September 1999. Efforts should be made to ensure that as far as possible this record is written up on a daily basis.
- 382.** With the exception of five(5) sub-heads, the “Balance Available” column, which indicates the balances on the allocations, was not written up for the period under review. In order to monitor and control expenditure against allocations, it is recommended that this column be written up at all times.

383. In November 1999, the Ministry requested a special investigation to be conducted at this Embassy. The investigation revealed the following shortcomings/discrepancies:-

- (a) During the period 11 June 1995 to May 1999, a senior official took eighteen(18) advances totalling US\$25,745.63 from the Embassy's US dollar account and the local bank account. However, at the time of his departure in May 1999, he had only accounted for US\$15,574 through the submission of bills and receipts. Therefore, his indebtedness to the Mission in relation to these advances was US\$10,171.63;
- (b) In addition, the official had uplifted two(2) advances totalling US\$2,445.28 in August 1999 for an official visit to Paraguay during the period 19 to 24 August 1999. On the 27 August 1999, the Ministry remitted a bank draft for US\$2,382.15 in the name of the official to cover his expenses for the visit. However, up to the time of his departure, the official did not refund the duplicated amount to the Mission. Therefore, his total indebtedness to the Mission was US\$12,553.78;
- (c) During the period 27 February 1998 to 2 February 1999, the official claimed nine(9) medical refunds totalling US\$4,602.41 for the treatment back pain and stress for himself and wife. These amounts represent two-thirds of the medical expenses which he was entitled to receive. However, official receipts from the doctors were not attached to the payment vouchers to substantiate the expenditures. In addition, enquires revealed that the amounts claimed were far in excess of what was considered reasonable per session for such treatment; and
- (d) On the 31 December 1998, the official obtained a quotation from a shipping agent in Brasilia for transportation of his personal effects in one(1) 20 foot container to Georgetown at a cost of US\$12,650. A second quotation was obtained on 10 February 1999 from the same shipping agent stating that the cost of shipment of the container to Georgetown had increased to US\$15,627.68. However, when the shipment arrived in Georgetown, the official's personal effects came in a liftvan rather than a 20 feet container. This was confirmed from the shipping documents obtained in Georgetown. The investigation in Brasilia revealed that there were in fact two shipments. One(1) liftvan

was sent to Georgetown while the 20 foot container was shipped to Canada. The shipping agent confirmed that the increased cost was to facilitate this arrangement.

- 384.** The above findings were forwarded to the Ministry, along with the following recommendations:-
- (a) The amount of US\$12,553.78 owing to the Ministry be recovered from any entitlement the officer might have e.g. salary or allowances;
 - (b) The issue of advances from the Embassy's funds for overseas conferences and other official business be discontinued;
 - (c) The Ministry puts in place an arrangement for Cabinet's approval to be obtained in sufficient time to ensure that the advances are uplifted from the Ministry of Finance on behalf of officers before their departure on overseas business. These advances should be cleared promptly on the return of the officers; and
 - (d) The Ministry issues a circular to all Heads of Missions setting out detailed guidelines regarding the reimbursement of medical expenses, especially in relation to supporting documents;

THE GUYANA EMBASSY IN WASHINGTON D.C.

- 385.** During the previous inspection visit, it was mentioned that the officer performing duties as Sub-Accounting Officer was not formally appointed to that position. During the present inspection visit, the Audit Office is pleased to note that by letter dated 17 September 1999, the officer in question was formally appointed from 2 February 1999. It is nevertheless recommended that all future appointments be made promptly.
- 386.** Revenue totalling G\$7.895M, equivalent to US\$44,665, for the period January to December 1999 was 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 follow up with the Accountant General's Department to ensure that acknowledgements receipts are obtained for all amounts remitted. These should then be forwarded promptly to the Mission for filing and audit purposes.

- 387.** Several instances were observed where the dates when acknowledgement receipts were written for the remittance of funds sent by Head Office, were different from those reflected in the Remittance Register. The receipt numbers were also not quoted in the Register. Efforts should be made to ensure that this record is properly maintained.
- 388.** Acknowledgement receipts were not written for remittances received from Head Office in relation to salary and wages. This was only done in respect of remittances received for operational expenses. This is not in keeping with established practices which require official receipts to be written for all funds received. Efforts should be made to ensure strict compliance with these established accounting practices.
- 389.** Several instances were observed where remittances for other Missions were wire-transferred to the Sub-Treasury's bank account by Head Office. However, the official notifications were faxed long after the wire-transfers were sent. As a result, there were delays in transferring the remittances to the other missions. For example, on 26 June 2000 the Head Office wire-transferred US\$250,900 to the Sub-Treasury's bank account. This amount represented remittances for Washington, New York (both Consul General and UN Mission) and other missions. However, the Ministry did not inform the Embassy in Washington until the 4 July 2000. Consequently, the UN Mission in New York was waiting on this remittance for two weeks in order to pay its rental which was three months in arrears. It is recommended that the Ministry consider sending remittances directly to certain missions, especially those in New York, as they have done for Canada, in order to expedite the process.
- 390.** In relation to the control of expenditure, it was observed that nine(9) subheads were overspent by a total of G\$7.185M, as shown below. Although these subheads were exceeded the Mission had total net savings of G\$33.394M. Therefore, a revised allocation letter should have been sent to adjust the over-expenditure at the end of the year. It is recommended that the monthly financial returns be used as a basis for determining the expenditure requirements of each mission.

SUB HEAD	DESCRIPTION	REVISED G\$	EXPENDITURE G\$	EXCESS G\$
103	Other technical & craft skilled	8,651,000	10,808,242	2,157,242
104	Clerical & off. support	13,500,000	14,659,503	1,159,503
105	Semi-skilled	3,360,000	3,763,594	403,594
201	Other direct labour cost	1,650,000	1,784,515	104,515
124	Print, non-print materials	252,000	361,809	109,809
141	Rental of building	6,572,000	8,496,307	1,924,305
181	Security services	0	134,274	134,274
182	Equipment maintenance	541,000	1,166,074	625,074
184	Other	769,000	1,335,568	566,568
TOTAL EXCESS EXPENDITURE				7,184,884

- 391.** Two(2) subheads reflected substantial balances at the 31 December 1999 as shown below. The actual expenses relative to the allocations made by the Ministry were only 22.5% and less than 4% respectively. It is evident that a realistic assessment of the needs of the Mission was not undertaken before allocations were made:-

SUB HEAD	DESCRIPTION	ALLOCATION (G\$'000)	EXPENDITURE (G\$'000)	SAVINGS (G\$'000)
203	Benefits & allowances	23,800	5,365	18,435
194	Other	14,377	537	13,840

- 392.** At the time of the inspection in June 2000, twenty four(24) advances totalling US\$51,402 (G\$8.031M) made from the Mission's bank account to a senior official, remained outstanding. These advances were granted during the period 1995 to 2000 to facilitate his attendance at official conferences and meetings overseas. However, according to three(3) letters written by the official to the Ministry, (The first letter was written on 28 September 1998 and the last on 30 May 2000.), the claims were prepared and submitted to the Ministry for reimbursement from the Accountant General's Department. The Ministry responded on the 16 June 2000 stating that an officer was assigned to deal with the issue of the outstanding advances.

- 393.** The issue of advances for official visits overseas from the Mission's funds is not in keeping with the established practice. It is therefore recommended that all official visits overseas be approved by Cabinet well in advance to ensure that the funds are uplifted from the Ministry of Finance where provision exist for such expenditure.
- 394.** The inventory was last checked in May 1998. Since then officers have been either transferred or has resigned and certain assets have been moved from one location to another. It is recommended that a new inventory be undertaken for the Chancery, the Ambassador's residence and apartments for home- based staff.

THE PERMANENT MISSION TO THE UNITED NATIONS

- 395.** The Main Bank Account No. 152 - 005048 was reconciled up to May 2000, at the time of the audit. However, an examination of the reconciliation statement revealed that there was still that an unreconciled balance of US\$13,431.61 which was coming forward prior to January 1995. This matter was drawn to attention in my previous report. The Ambassador has since agreed to recruit someone to assist the Accountant in this and other matters.
- 396.** The bank reconciliation statements for the period January 1999 to May 2000 were not certified by the Sub-Accounting Officer. Instead, they were certified by the officer who had responsibility for the operations of the bank account, including the writing up of the cash book and the reconciliation of the bank account. This is not considered good internal control. In the circumstances, it is recommended that there be adequate segregation of duties. In particular, the Sub-Accounting Officer should certify the reconciliation statement.
- 397.** An examination of the bank reconciliation statement for May 2000, revealed that a total of 192 adjustments had to be made to the cash book based on transactions during the period 1995 to 1999. This emphasises the need to ensure that the cash book is properly and accurately maintained, the bank account is reconciled on a timely basis and prompt corrective action is taken when discrepancies are found.

- 398.** The main bank account was overdrawn during the months of January to March 1999 and August to September 1999. The reasons for the overdraft were the insufficiency of funds, late remittances and service charges by the Bank. In relation to the latter, the Bank charged the Mission amounts totalling US\$1,190 representing “insufficiency funds service fee”. During the last quarter of the year 1999 and in the year 2000 there was, however, an improvement because the Accountant was monitoring the bank balance.
- 399.** On the 31 May 1999, a remittance of US\$10,657.62 was received from the Embassy in Washington for payment of salaries and allowances for May 1999. However, the amount was brought to account in both the main bank account cash book and the salaries cash book. Adjustments were, however, made when the accounts were reconciled in the year 2000.
- 400.** The salaries bank account was opened in July 1997 for home based staff. However, this account did not reflect a ‘nil’ balance at the end of each month, as required by circular instructions. It was explained that the Bank requires a certain minimum balance to be maintained at all times to preventing closure of the account. As a result, an amount of US\$20,000 was transferred to this account in 1997 from the Main Account in order to maintain the required minimum balance. However, on 28 October 1999, an amount of US\$6,000 was re-transferred to the main bank account. According to the bank statement for the month of May 2000, there was only a balance of US\$1,048.15. It was explained that service charges accounted for a portion of the difference of US\$14,000 (less the bank balance US\$1,048.15) of over the years 1997 to 2000. No explanation was, however, provided for the utilisation of the rest of the amount transferred in July 1997.
- 401.** On the 24 June 1999, the Mission received a wire transfer of US\$657.62 from the Embassy in Washington for the payment of salaries. However, an official receipt was not written for the amount, nor was the appropriate entry made in the cash book and the remittance register. It is recommended that the necessary adjustments be made.
- 402.** The bank account was reconciled up to May 2000. However, the reconciliation statements were certified by the officer who had responsibility for the operations of the bank account, the writing up of the cash book and the reconciliation of the bank account. As indicated above, this practice is not considered good internal control.

- 403.** Several amounts were wire-transferred from either the Ministry or the Guyana Embassy in Washington for the payment of operational expenses and contributions to the United Nations. However, these amounts were not recorded in the remittance register, although receipts were written for the amounts and the entries were made in the cash book. Efforts should be made to ensure strict compliance with the laid down procedures.
- 404.** In December 1999, the Ministry reduced the Mission's remittance by some US\$30,000. This substantial reduction had an adverse effect on the operations of the Mission. For example, the Mission was unable to meet the payment of rental for two months as at 31 December 1999. In addition, at the time of the audit in July 2000 the rental was three months in arrears.
- 405.** In January 1999, Guyana assumed the chairmanship of the Group of 77 and China for one year. As a result, the Ministry of Foreign Affairs remitted an amount of US\$51,213 in January 1999 to meet expenses relating to that office. Guyana formally handed over the chairmanship to Nigeria in January 2000.
- 406.** The amount of US\$51,213 was deposited into the Main Account and payments totalling US\$24,013 were made therefrom. On 2 February 1999, the balance of US\$27,200 was transferred to a special bank account No.152-0005048. The balance on this account at the end of March 2000 was US\$908.25. It is understood that there were still a few payments to be made after which the account would be closed.
- 407.** On the 3 December 1999, the Under Secretary General responsible for Management in the United Nations, wrote the Mission in connection with Guyana's indebtedness of US\$63,841. This amount represents contributions to the regular budget, peacekeeping operations and international tribunals as shown below. A minimum of US\$34,100 was to be paid in accordance with Article 19 of the United Nations Charter, in order to maintain its voting rights in the General Assembly for the year 2000.

DESCRIPTION	AMOUNT US\$
Regular budget	9,403
Peacekeeping operations	46,653
International tribunals	7,785
TOTAL	63,841

408. However, only the regular budget amount of US\$9,403 was paid, as a result of which Guyana lost its voting rights. It was not until 3 February 2000 that an amount of US\$25,000 was wire-transferred the UN and its voting rights were restored.

409. In relation to the control of expenditure, it was observed that the total allocation for the year 1999 of G\$120.169M was exceeded by G\$21.514M or 18%. This excess expenditure occurred on eleven (11) subheads as shown below. Therefore, a revised allocation letter should have been sent to adjust the over-expenditure at the end of the year. It is recommended that the monthly financial returns be used as a basis for determining the expenditure requirements of the mission.

SUB HEAD	DESCRIPTION	REVISED G\$('000)	EXPENDITURE G\$('000)	EXCESS G\$('000)
103	Other technical & craft skilled	8,471	10,961	2,490
104	Clerical & office support	6,180	6,830	650
106	Contracted employees	18,202	24,750	6,548
123	Materials and supplies	1,535	2,163	629
141	Rental of buildings	80,810	88,861	8,051
142	Maintenance of buildings	1,619	2,810	1,191
161	Local travelling & subsistence	1,400	2,447	1,046
164	Vehicle spares & service	1,550	2,012	462
181	Security services	0	79	79
184	Other	300	379	79
193	Refreshment & meals	102	391	289
TOTAL EXPENDITURE		120,169	141,683	21,514

- 410.** According to the practice of the Foreign Missions, employees (whether home-based or local staff) are reimbursed two-thirds of the actual cost of their medical expenses. The other one-third cost is borne by the employees. This is also the practice in the Guyana Consulate which is located in same building as the Permanent Mission. However, although both the Consulate and the Mission are using the same medical insurance firm, the employees of the Consulate are paying as much as four times more than the employees of the Mission. It is recommended that a review be carried out to ascertain the reason(s) for significant difference in medical costs.
- 411.** In September 1999, an Executive Officer was recalled to Georgetown but subsequently tendered his resignation. In January 2000 a decision was taken by the Ministry to terminate the lease of his apartment located at 40 River Road Roosevelt Island. However, before the sixty(60) days notice for the termination had expired, the Ministry decided to continue the lease at the same monthly rental of US\$2,073 per month. Enquiries revealed that the apartment has been under-utilised since September 1999, as only in a few instances was it occupied. Further, several government officials visited New York after, and did not utilise the apartment. It is recommended that the continued rental of the apartment be reviewed urgently with a view to ascertaining whether it is still necessary to do so.

THE GUYANA CONSULATE, NEW YORK

- 412.** The Sub-Accounting Officer was recalled to Georgetown with effect from 31 August 1999, but subsequently tendered his resignation. Since then, no one has been designated Sub-Accounting Officer for the Consulate. It is recommended that this key appointment be made urgently to ensure that someone is charged with the responsibility for the financial affairs of the Consulate.
- 413.** During the previous inspection visit July 1999, several irregular practices were observed in the Passport Section, and a number of recommendations were made in order to improve its operations. Some of these recommendations were implemented. These include:-

- A control record was introduced to monitor the payment of fees for new passports and to ensure that for all passports issued, the required fee was collected. However, on 18 February 2000 this record was discontinued and substituted by loose leaves containing the same information as the register. These were then placed in files, with one file for each month. This matter was discussed with the Consul General, and he was advised to discontinue to use of the forms, since these would not be of a permanent nature and to reintroduce the register;
 - The Executive Officer in charge of the Passport Section has implemented a record to monitor the movements of passports from one officer to another while preparation of the document was in progress;
 - Passports were no longer left on the desks of officer and other documents are safely stored away;
 - Passport returns were submitted to the Immigration Officer in Georgetown up to April 2000. However, during the month of June 2000, five hundred(500) passports sent by Head Office through the Diplomatic Bag were missing. As a result, this slowed up the processing of applications for new passports due to the non-availability of passports. These passports were subsequently recovered but were deemed invalid; and
 - The “express fees” of US\$10 and US\$25 for renewed and new passports respectively were still being charged by the Consulate. In keeping with the financial requirements, official receipts were being issued and accounted for in the usual manner. However, no action was taken to pursue this matter with the Immigration Officials in Georgetown, as recommended.
- 414.** Revenue totalling G\$84.198M equivalent to (US\$505,036) for the period 01 January 1999 to 31 December 1999 and G\$29.032M equivalent to (US\$160,103) for the period 01 January 2000 to 30 April 2000 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 Consulate. It is recommended that the Ministry of

Foreign Affairs follows up with the Accountant General's Department to ensure that acknowledgements receipts are obtained for all amounts remitted. These should then be forwarded promptly to the Mission for filing and audit purposes.

- 415.** Several instances were observed where revenue collected by the Consulate were not remitted promptly to the Accountant General's Department, although the bank drafts were already purchased. The following are examples:-

PERIOD	REVENUE COLLECTED	DATE OF BANK DRAFT	DATE SUBMITTED TO ACCT. GEN
1 - 15/04/99	US\$26,727	23/06/99	10/08/1999
16 - 30/04/99	27,646	29/06/99	10/0819/99
1 - 15/10/99	17,905	12/06/99	08/12/1999
16 - 31/10/99	15,448	12/06/99	08/12/1999
1 - 15/11/99	16,705	21/12/99	06/03/2000

- 416.** An examination of the revenue bank statements for the period under review, revealed that the balances in the bank account at the end of some months, were less than the actual revenue collected and deposited into the account. This was due mainly to service charges by the bank over a period of time. These should be treated as expenditure and reimbursed from the main account so that revenue can be paid over gross to the Consolidated Fund.
- 417.** A wages bank account was not maintained for the payment of wages to local staff. Instead, wages were paid through the Revenue Bank Account No. 046-02886-6 EAB. However, this account was not reconciled for the period under review, and it could not be determined when last the account was reconciled.
- 418.** A salaries bank account No. EAB 046-03429-4 was maintained for the payment of salaries and allowances of the Consul General. However, this account is subject to monthly service charge of US\$32 in order to maintain it. In view of the fact that the Consul General is the only home based staff in the Consulate, it is again recommended that the salaries bank account of the Permanent Mission be used to effect payment to him. This would facilitate the closure of A/c No. EAB 046-03429-4 and consequent savings of US\$32

per month. The cash book for this account was also last written up in March 1999.

- 419.** The remittance for the month of December 1999 was only sent to the Consulate on 4 January 2000. However, the Consulate was able to meet its expenses and payment of wages because there was a balance of US\$29,384 in the bank account at 30 November 1999. It is recommended that remittances be sent to the Consulate well in advance of expenditure.
- 420.** In relation to the control of expenditure, it was observed that the allocation letter for the year 1999 was sent to the Consulate on 26 July 1999, that is, almost four (4) months after the budget was approved by the National Assembly. It is recommended that the allocation letter be sent to the Consulate early so as to enable the Mission to control its expenditure within the limits approved by the Ministry.
- 421.** A refund of medical insurance of US\$262.80 (G\$47,267) for the month of August 1999 vide receipt number 3H 504629 was omitted from the vote account. As a result, the financial return submitted to the Ministry was overstated by this amount. Hence, the Appropriation Account would have also been overstated.
- 422.** An examination of the Votes Ledger revealed that six(6) subheads were exceeded by a total of G\$6.135M at the 31 December 1999. This was due mainly to an insufficient allocation made by the Ministry. It is recommended that adequate allocations be made available to the Mission, and that whenever expenditure exceeds the allocations, an appropriate revised allocation letter is issued before the end of the financial year to regularise the position. The following are the details of the over-expenditure:-

SUB-HEAD	DESCRIPTION	ALLOCATION (G\$'000)	EXPENDITURE (G\$'000)	EXCESS (G\$'000)
103	Other Tech. & Craft	7,840	12,398	4,558
104	Clerical & Office Supp	17,280	17,663	383
141	Rental of Buildings	3,027	3,816	789
164	Vehicle Spares	1,250	1,339	89
182	Equipment Maintenance	910	1,034	124
183	Cleaning etc.	50	242	192

- 423.** In addition, four(4) amounts totalling G\$91,730 were expended under Chart of Accounts 173- Water. However, no funds were provided by the Ministry for this expenditure.
- 424.** A stock ledger was introduced based on a recommendation during the previous inspection visit. However, there were several items of stores which were in stock prior to 1999, but were not recorded in the stock ledger. In addition, sample checks carried out, revealed that certain items purchased after the introduction of the stock ledger, were also not taken on stock in the ledger. It is recommended that an inventory be carried out and the stock records updated accordingly. Thereafter, all items purchased should be subject to adequate storekeeping procedures.

THE GUYANA HIGH COMMISSION IN OTTAWA, CANADA

- 425.** The Sub-Accounting officer was appointed in August 1999, and the appointment was made retroactive from March 1999. It is recommended that all appointments to accounting positions be made promptly since they have implications for the processing of transactions, accounting and record keeping and monitoring and supervision.
- 426.** A register was not maintained to record remittances received through Washington for operational expenses and the payments of wages and salaries. As a result, alternative audit checks had to be carried out in order to verify remittances sent to the High Commission. It is recommended that this important record be introduced immediately.
- 427.** The main bank account No. 131-886-4 reflected a balance of C\$64,611 as at 31 December 1999. However, a cash book was not maintained for this account and therefore the bank account could not have been properly reconciled. This matter was drawn to attention in my previous reports.
- 428.** At the time of the inspection in June 2000, payment vouchers and copies of the sub-accountant's cash book for the period January 1999 to May 2000 were not submitted to the Accountant General's Department. The Sub-Accounting Officer explained that this was due to the cash book not being written up. Efforts should be made to ensure that the cash book is written up on a daily basis.

429. Excess expenditure totalling G\$3.881M was incurred under the following subheads:-

SUB HEAD	DESCRIPTION	ALLOCATION G\$000	EXPENDITURE G\$000	EXCESS G\$000
104	Clerical & office support	3,336	4,662	1,326
201	Other direct labour cost	1,872	2,188	316
124	Print & non-print mat.	225	340	115
141	Rental of building	5,637	5,984	347
142	Maint. of buildings	4,170	5,272	1,102
161	Local trav. & subs.	500	602	102
164	Vehicle spares & services	350	781	431
182	Equipment maintenance	675	946	271
194	Other	45	166	121
TOTAL				3,881

430. The Sub-Accounting Officer explained that this was due mainly to insufficient allocations by Head Office.. It is recommended that realistic allocations be made available to the Mission. Whenever expenditure exceeds the allocations, a revised allocation should be provided.
431. During the period March 1999 to May 2000, the Collectors' Cash Book/ Statements was not written up. As a result, alternative audit checks had to be carried out to determine the accuracy of all revenue collected.
432. For the period under review, the High Commission did not obtain official receipt books from Head Office to account for monies 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 passports forms are always on hand. At the time of the audit, receipts books were, however, received from Head Office.

- 433.** At the time of the inspection, revenue totalling C\$7,306, equivalent to G\$1,342,440, was remitted to the Accountant General's Department. However, acknowledgement receipts were not seen. It is recommended that the Mission follows up with the Head Office to ensure that it is always in receipt of acknowledgements for amounts remitted.
- 434.** The imprest bank account No. 131-887-2, which reflected a balance of C\$394.58 as at 31 December 1999, was not being used. Instead, the High Commission was operating a petty cash of C\$500. However, no cash book was maintain for the petty cash. This matter was drawn to attention in my previous reports. It is again recommended that the balance on this account be transferred to the main bank account and steps be 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.

THE GUYANA CONSULATE, TORONTO, CANADA

- 435.** A Sub-Accounting officer was only appointed by Head Office in October 1999 for the year 1999. Efforts should be made to ensure such appointments are made promptly since they have implications for the overall supervision of the financial affairs of the Consulate.
- 436.** At the time of inspection in June 2000, the cash book for the main account No. 0684-042-007 was only written up to April 2000. The bank account was also only reconciled to April 2000. Since the failure to reconcile bank accounts can lead to irregularities being perpetrated without detection, every effort should be made to ensure the prompt reconciliation of this account. This matter was drawn to attention in previous reports.
- 437.** In previous reports also, attention was drawn to the large balance in the main account and the need to transfer the unutilised balance over the years to the Consolidated Fund. However, there was no evidence of any action being taken in this regard. At 31 December 1999, the balance on this account was C\$47,748, compared with C\$74,368 at the end of 1998. It was explained that the reduction in the balance was as a result of remittances not being received on a continuous basis. It is again recommended that the unspent balance be transferred to the Consolidated Fund.

438. At the time of the inspection, payment vouchers and copies of the sub-accountant's cash book for the months of January to May 2000 were not submitted to the Accountant General's Department, as required by financial instructions. It was explained that this was not done because the Sub-Accountant had not checked off these records. An assurance was, however, given that these vouchers would be submitted by the end of June 2000.
439. Excess expenditure totalling G\$2.910M was incurred under the following subheads:

SUB-HEAD	DESCRIPTION	ALLOCA-TION G\$000	EXPEND-ITURE G\$000	EXCESS G\$000
104	Clerical & office support	3,336	4,662	1,326
201	Other direct labour cost	1,872	2,188	316
123	Office materials & supplies	389	442	53
131	Fuel & lubricants	190	229	39
141	Rental of buildings	8,630	9,091	461
142	Maintenance of buildings	-	50	50
182	Equipment maintenance	466	513	47
184	Other	-	74	74
194	Other	4,564	5,108	544
TOTAL				2,910

440. This situation resulted mainly from the inadequacy of funds allocated to meet expenses of the Consulate. It is evident that there is need for greater care to be exercised in the preparation of the Consulate's annual budget as well as the need to monitor expenditure closely. It is therefore recommended that adequate allocations be made to the Mission, and that whenever expenditure exceeds the allocations, an appropriate revised allocation letter is issued.
441. At the time of the inspection, revenue totalling C\$105,630 equivalent to G\$10,563,000 as shown below was remitted to the Accountant General's Department. However, at the time of the audit acknowledgement receipts from the Accountant General were not seen for the amounts remitted. It is recommended that the matter be followed up with the Accountant General so as to ensure that acknowledgements receipts are obtained for all amounts remitted.

HEAD 05 AND DIVISION 522

MINISTRY OF LOCAL GOVERNMENT

Current Expenditure

- 442.** The salaries bank account No. 1014, which became non-operational in May 1996, reflected a balance of \$1.023M at 31 December, 1999. It is again recommended that this balance be transferred to the Consolidated Fund and steps taken to close the account.
- 443.** The present salaries bank account No. 3074 reflected a balance of \$14.882M as at 31 December 1999. However, at the time of the audit in June 2000, 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.
- 444.** An examination of the cash book for imprest bank account No. 3075 revealed no evidence of supervisory checks. In addition, the account reflected a balance of \$3.785M at 31 December 1999 but was not reconciled since it was established in May 1999.
- 445.** The old imprest bank account No. 1015, which became non-operational in May 1996, reflected a balance of \$3,499 at 31 December 1999. This balance should be transferred to the Consolidated Fund and steps taken to close the account.

Capital Expenditure

Subhead 14015- Amerindian Development Fund

- 446.** The sum of \$5M was provided for the continuation of cadastral survey to Amerindian boundaries. The full amount was shown as having been expended. An inter-departmental warrant was issued to the Ministry of Agriculture for it to undertake the works. However, financial returns were not submitted to substantiate the expenditures incurred. A check with the Ministry of Agriculture revealed that the full amount was expended.

Subhead 19001 - Infrastructure Development

- 447.** An amount of \$4M was voted for the completion of the abattoir at Linden. The full amount was shown as having been expended. According to the Ministry's records, two (2) inter departmental warrants were issued in May and October 1999 to Region 10 for it to undertake the works.
- 448.** The contract for the construction of the abattoir was awarded in 1998 in the sum of \$5.640M and as at 31 December 1999, the full contract sum was paid to the contractor. However, at the time of inspection in January 2000, the work was about 80%. At the time of reporting, the position remained the same.

Subhead 19003 – Urban Development Program

- 449.** The sum of \$60M was provided for (i) technical assistance and institutional strengthening of the six(6) municipalities, Ministry of Local Government and Regional Development and Valuation Office of the Ministry of Finance and (ii) rehabilitation of urban infrastructure in the six(6) municipalities. However, only \$1.408M was expended on the purchase of stationery and office equipment for the Urban Development Office. The works were re-budgeted for in 2000.

Subhead 19005 - Project Development & Assistance

- 450.** The sum of \$250M was provided to assist Municipalities and Neighbourhood Democratic Councils (NDC'S) with their infrastructure and rehabilitation works. The full amount was shown as having been expended. Transfers to the various Municipalities and NDC'S , as shown below:-

AGENCIES	AMOUNT \$'000
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	195,000
TOTAL	250,000

451. 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:-

NAME OF MUNICIPALITY	YEAR LAST AUDITED
Georgetown City Council	1987
New Amsterdam Town Council	1993
Rose Hall Town Council	1981
Corriverton Town Council	1998
Linden Town Council	1984
Anna Regina Town Council	1996

Subhead 24001 - Land Transport

452. The sum of \$2.5M was voted for the final payment of one(1)Toyota Land Cruiser vehicle. The full amount was expended. The vehicle was acquired in 1998 at a cost of \$6.033M and during 1998 an amount of \$4M was paid to the supplier. In addition, approval was granted for a change of programme to utilise the balance of \$467,000 for the purchase of vehicle spares and accessories. The items purchased were verified as been received and properly brought to account.

Subhead 26003 - Power Generation

- 453.** The sum of \$7M was allocated for the installation of generators and completion of the distribution network at Moruca, Waramadong, Aishalton and Annai. Amounts totalling \$6.175M were expended by way of inter-departmental warrants to Regions 1 and 9. Financial returns were, however, not received to substantiate the expenditure incurred. Inspection visits at the two(2) Regions nevertheless revealed that the works were completed.

Subhead 35001 - Office Equipment & Furniture

- 454.** The sum of \$2.5M was voted for the purchase of executive chairs, steel cabinets, fire proof steel safe and typewriters. Amounts totalling \$2.489M were expended. The items were purchased were verified as having been received and properly brought to account.

HEAD 06 & DIVISION 513

MINISTRY OF INFORMATION

Current Expenditure

- 455.** Amounts totalling \$833,847 were expended on Fuel & Lubricants for the three(3) vehicles operated by the Ministry. However, an 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.
- 456.** Amounts totalling \$2.321M were expended on Transport, Travel & Postage, of which sums totalling \$1.420M relate to repairs and maintenance of vehicles, as shown below:-

VEHICLE NO.	AMOUNT EXPENDED		
	1998 \$	1999 \$	TOTAL \$
PDD 1940	805,206	564,686	1,369,892
PBB 54	451,610	373,175	824,785
PBB 5413	299,045	-	299,045
PFF 3671	293,135	482,135	775,270
TOTAL	1,848,996	1,419,996	3,268,992

- 457.** 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 that 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.
- 458.** The amount of \$20M 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 1997. Financial statements for 1998 were received and at the time of reporting, the audit was in progress. The amount of \$20M was verified as having been received by GTV. However, in the absence of audited accounts for 1999, it could not be determined whether this amount was properly expended.

Other Matters

- 459.** 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.
- 460.** In my 1998 Report, it was stated that 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.
- 461.** 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 again 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. It should be mentioned that as at 31 December 1999, account No. 1005 reflected a balance of \$4.452M.

Capital Expenditure

Subhead 25002 - Furniture and Equipment

- 462.** The sum of \$6M was voted for the purchase of office equipment, including computers, chairs, desks, cupboards, photocopier, fax machine and laboratory equipment. Amounts totalling \$2.155M were expended. The items purchased were verified as having been received and properly brought to account.

Subhead 45001 - Guyana Television (GTV)

- 463.** The sum of \$15M was provided for the purchase of production equipment for improved television broadcasting. Amounts totalling \$14.980M were shown as having been expended, as follows:-

DESCRIPTION	AMOUNT \$
Repairs to transmission systems	5,576,284
Purchase of cassette recorder player, monitor, edit controller etc.	3,338,648
” ” spares for antennas, connectors etc.	2,599,602
” ” lavtec feedset, compressor etc.	2,108,832
” ” computer, power protection, spares etc.	1,357,035
TOTAL	14,980,401

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

HEAD 07 & DIVISION 505

PARLIAMENT OFFICE

Current Expenditure

- 464.** The imprest bank account No. 819, which has been inactive for a number of years, reflected an overdraft of \$177,656 at 31 December 1999. It is again recommended that the overdraft be investigated and steps taken to close the account.
- 465.** Excess expenditure totalling \$4.355M was incurred under Subhead 184 – Other. The excess was met from an advance of \$6M from the Contingencies Fund to cover the cost the cost of printing and publishing of the Hansard.

Capital Expenditure

Subhead 25003 - Parliament Building

- 466.** An amount of \$6.2M was allocated for the rehabilitation of the roof of Parliament Buildings and repairs to the upper corridor and sections of the main building. Amounts totalling \$5.830M were expended. The contract for the rehabilitation of the roof was awarded in 1998 in the sum of \$6.641M and at 31 December 1998, amounts totalling \$4.782M were paid to the contractor. The difference of \$1.859M was met from the 1999 allocation. The works were physically verified.
- 467.** In relation to the repairs to sections of the main building, the contract was awarded in the sum of \$4.601M, and as at 31 December 1999, amounts totalling \$3.971M were paid to the contractor. The works were physically verified.

HEAD 08 & DIVISION 505

OFFICE OF THE AUDITOR GENERAL

Capital Expenditure

Subhead 12001 - Buildings

- 468.** The sum of \$1M was voted for the tiling of the ground floor of the main office. Amounts totalling \$998,000 were expended, as follows:-

DESCRIPTION	AMOUNT \$
Tiling of the ground floor	662,220
Purchase of two(2) AC Units	187,200
Purchase of building and electrical materials	148,470
TOTAL	997,890

- 469.** As can be noted two(2) air-conditioning units and electrical and building materials valued at \$335,670 were acquired. However, there was no evidence that approval was granted for a change in programme to accommodate this expenditure. Notwithstanding this, the works undertaken were physically verified while the items purchased were verified as having been received and properly brought to account.

Subhead 25001 - Office Equipment & Furniture

- 470.** The sum of \$1M was allocated for the purchase of air conditioning unit, office furniture and equipment. Amounts totalling \$857,000 were expended. The items purchased were verified as having been received and properly brought to account.

HEAD 09 & DIVISION 505

PUBLIC AND POLICE SERVICE COMMISSIONS

Current expenditure

- 471.** The salaries bank account No. 463, which became inactive in 1996, was overdrawn by \$51,080 as at 31 December 1999. It is again recommended that the overdraft be investigated and steps taken to close the account.
- 472.** There is 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.
- 473.** 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 25002 - Public Service Commission

- 474.** An amount of \$2.2M was provided for the purchase of one vehicle and office furniture. Amounts totalling \$594,000 were expended in the acquisition of two(2) typewriters, six(6) chairs and four(4) desks which were verified as having been received and properly brought to account. In relation to proposed acquisition of a vehicle, the Accounting Officer explained that a waiver of the tendering procedures was sought in December 1999 to facilitate the purchase but the request was not considered.

HEAD 10 & DIVISION 505

TEACHING SERVICE COMMISSION

Current expenditure

- 475.** The salaries bank account No. 622, which became inactive in 1996, was overdrawn by \$646,000 at 31 December 1999. It is again recommended that the overdraft be investigated and steps taken to close the account.
- 476.** The present salaries bank account No. 3065 reflected a balance of \$609,414 at 31 December 1999. However, the account 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.
- 477.** The present imprest bank account No. 3064 was overdrawn by \$10,338 as at 31 December 1999. The overdraft should be investigated with a view to clearing it.
- 478.** The imprest bank account No. 623, which became non-operational in June 1996, reflected balance of \$628,109 at 31 December 1999. It is again recommended that this balance be transferred to the Consolidated Fund and steps taken to close the account.

- 479.** Excess expenditure totalling \$52,000 was incurred under three(3) subheads. Since there were savings under other subheads, it would have been more appropriate for a virement of funds to be sought.

Capital Expenditure

Subhead 25008 - Office Equipment

- 480.** An amount \$1M was allocated for the purchase of one(1) photocopier and one(1) fax machine. Amounts totalling \$595,000 were expended. The items purchased were verified as having been received. However, they were not inventorised.

HEAD 12 & DIVISION 505

PUBLIC UTILITIES COMMISSION

Current Expenditure

- 481.** The amount of \$18.247M 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.
- 482.** Amounts totalling \$3.426M 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.
- 483.** Included in the amount of \$21.071M shown under Subhead 184 – Other, were sums totalling \$15.840M 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.

- 484.** 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 special 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.
- 485.** At the time of reporting, the Audit Office was given full access to records of the Commission and it was discovered that the Commission was operating seven(7) special accounts. These accounts reflected balances totalling \$73.242M. The audit was still in progress in respect these accounts at the time of reporting.
- 486.** 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

- 487.** The sum of \$2M was provided for the purchase of office furniture and equipment, including computers, typist chairs, desks and filing cabinets. However, no expenditure was incurred.

HEAD 21 & DIVISIONS 508, 510 & 512

MINISTRY OF AGRICULTURE

Current Expenditure

Employment Costs

- 488.** Despite comments in my previous reports, the two(2) present salaries bank account Nos. 3056 and 3057 were not reconciled since they were established in June 1996. It cannot be over-emphasised that 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.
- 489.** The old salaries bank account No. 940, which became non-operational in May 1996, was overdrawn by \$4.978M at 31 December 1999. It is again recommended that the overdraft be investigated and steps taken to close the account.
- 490.** The old wages deductions account No. 941, which ceased to be operational in May 1996, reflected a balance of \$2.753M at 31 December 1999. It is again recommended that this balance be transferred to the Consolidated Fund and steps taken to close the accounts.
- 491.** 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 1999. It is again recommended that these balances be transferred to the Consolidated Fund and steps taken to close the accounts.

Other Charges

- 492.** The present main bank account No. 3054, which was established in June 1996, was last reconciled to December 1996 and reflected a large balance of \$233.508M as at 31 December 1999. The cash book balance at this date was \$146,475. Detailed examination of this account, however, revealed that 354 cheques valued at \$201.699M were drawn between the period 1 - 18 January 2000 but were back-dated to 31 December 1999. 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. Every effort should be made to ensure strict compliance with the Law.

- 493. The old main bank account No. 938, which became non-operational in May 1996, was overdrawn by \$6.596M as at 31 December 1999. It is again recommended that the overdraft be investigated and steps taken to close the account.
- 494. Another main bank account No. 705, which was not operational since July 1991, reflected a large balance of \$40.428M as at 31 December 1999. It is again recommended that this balance be transferred to the Consolidated Fund and steps taken to close the account.
- 495. Cheque orders are required to be cleared within sixteen(16) days through the submission of bills and/or receipts or other supporting documents. For the period under review, a total of 1,520 cheque orders were issued. However, an examination of the Cheque Order Register revealed that in respect of 1,004 cheque orders, the dates when the order were cleared were not recorded. Of the remaining 516 cheque orders, thirty-three(33) were cleared on average forty-one(41) days later. Efforts should be made to ensure th

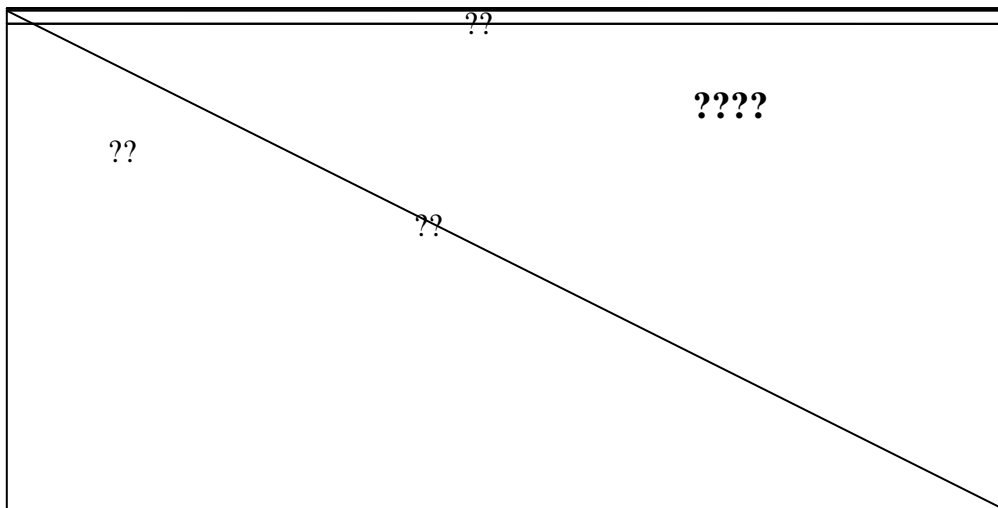
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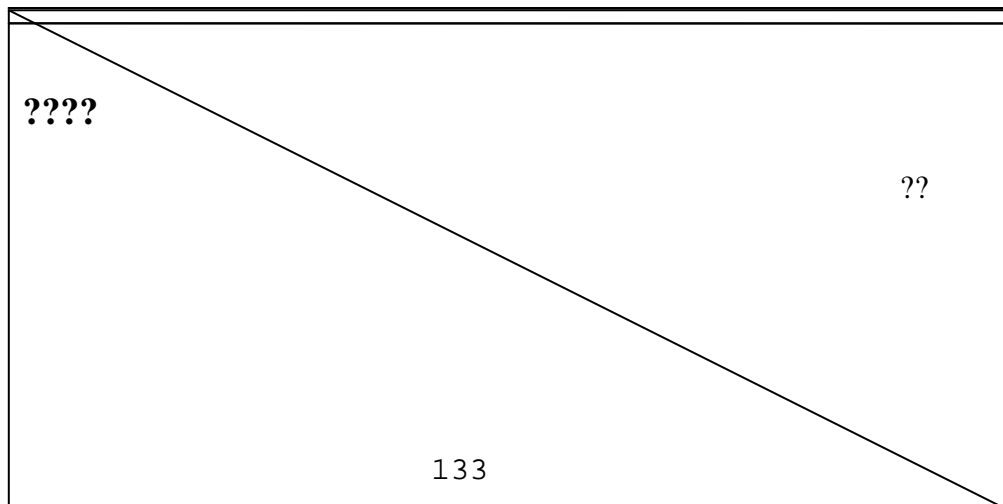
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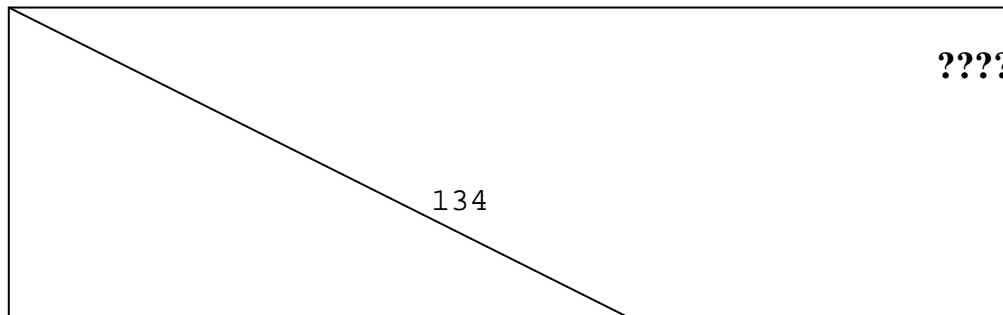
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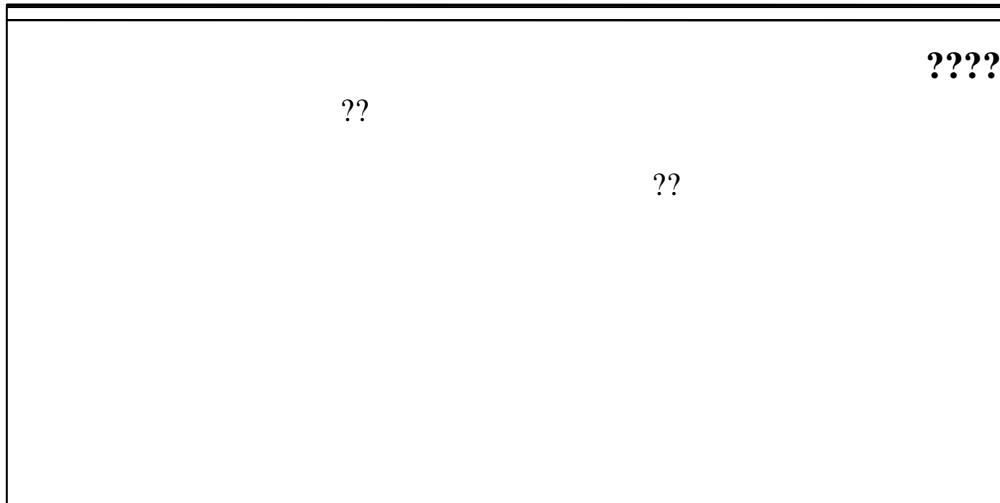
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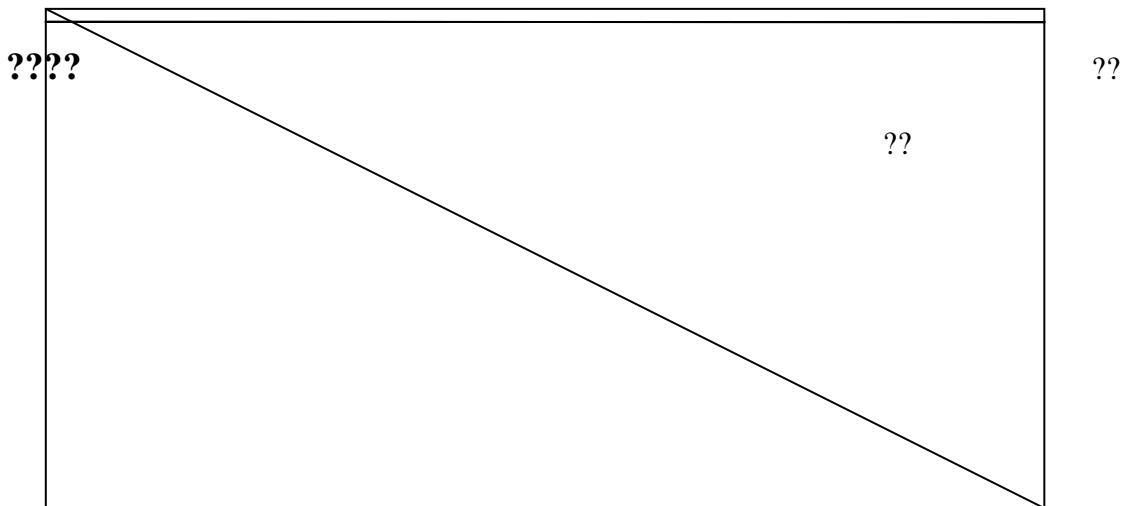
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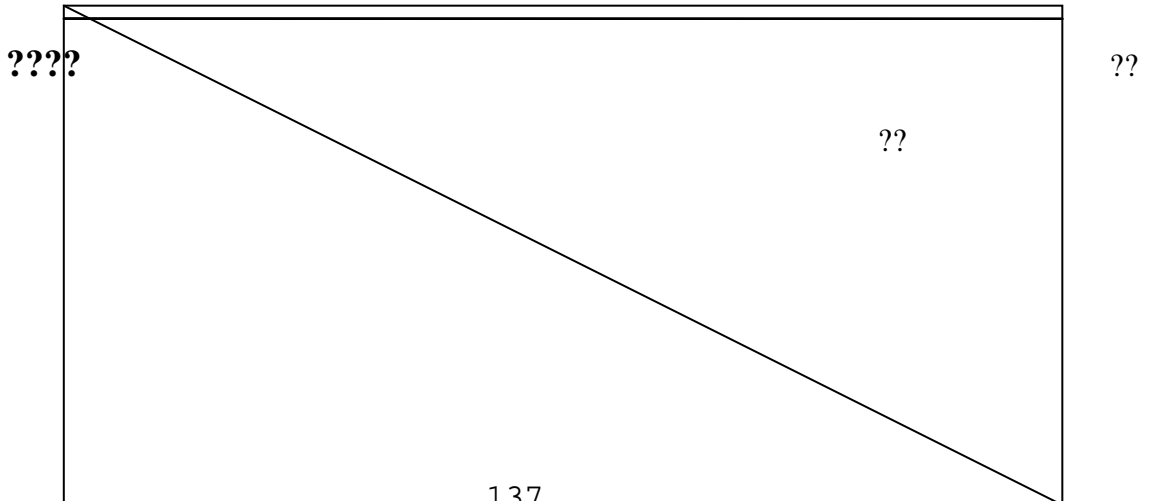
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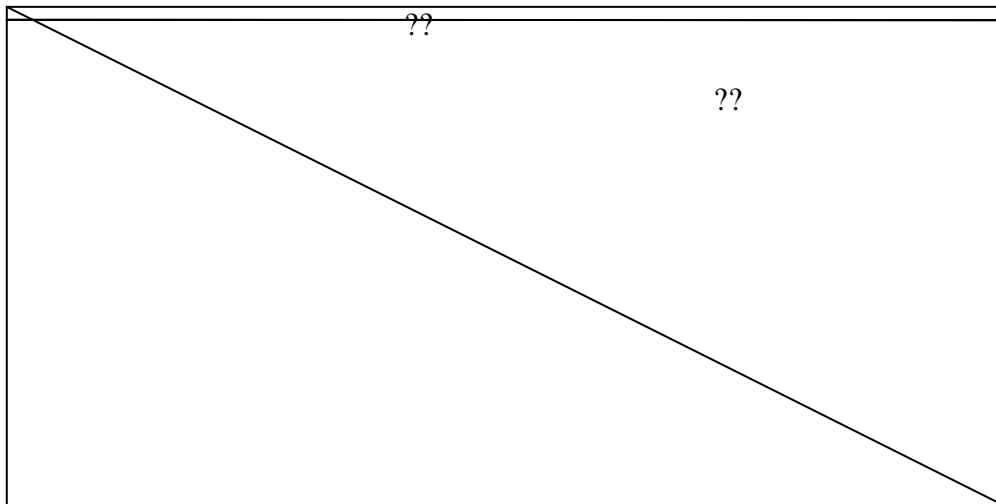
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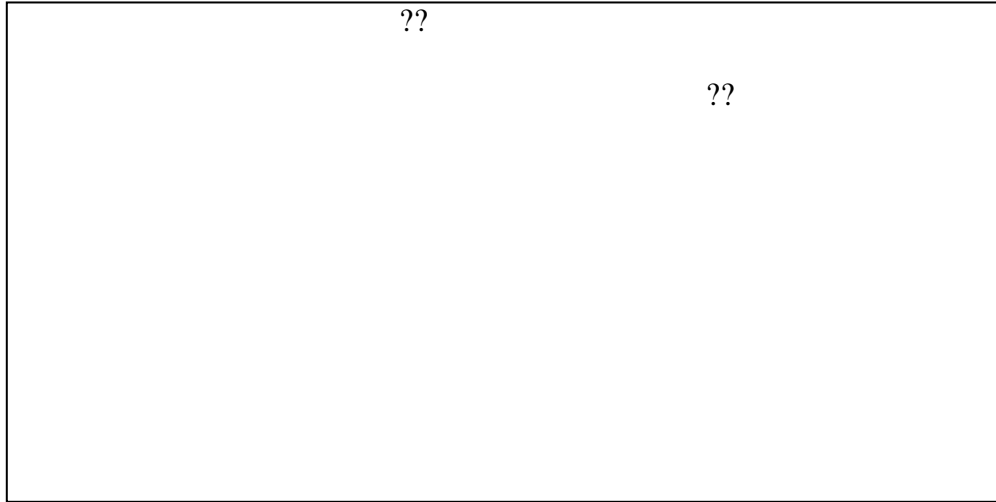
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505. The MMA/ADA was last audited to 1999, and an examination of these

audited accounts revealed a cash flow expenditure of \$95.175M as follows:-

DESCRIPTION	AMOUNT \$'000
Employment costs	63,411
Fuel, lubricants and power	11,055
Repairs & maintenance	11,693
Expendables	2,405
Administrative expenses	6,611
TOTAL	95,175

- 506.** As noted above, the Authority received a subvention of \$17.188M. The difference of \$77.987M was met from internally generated revenue, mainly D & I charges amounting to \$62.001M. The MMA/ADA, however, recorded a cumulative deficit of \$530.181M as at 31 December 1999.
- 507.** The Pink Mealy Bug Co-ordinating Unit was established by a Cabinet decision in 1997 and a special to the bank account was opened to effect transfers. As at 31 December 1999, the balance on this account was \$20.458M. Expenditure totalling \$19.167M was incurred in 1999. The difference of \$9.167M was met from unutilised balances from previous years. It should be mentioned that the Unit is not a separate legal entity and therefore it ought not to be in receipt of a subvention. It is recommended that a special expenditure programme be allocated to this unit.
- 508.** Amounts totalling \$52.948M were expended on contributions to international organisations. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$
Caribbean Meteorological Institute	22,037,340
CARDI	10,002,000
Caribbean Meteorological Organisation	5,984,854
Food and Agriculture Organisation	5,272,000
World Food Programme	3,766,000
World Meteorological Organisation	2,128,698
Others	3,757,000

TOTAL

52,947,892

The above amounts were verified as having been received by the respective organisations.

Other Matters

- 509.** For the period under review, advances totalling \$16.339M were issued from the imprest account No. 3055. However, 89 advances totalling \$5.949M were cleared by instalments, and there was evidence that further advances were given to officers although they had existing advances outstanding. Efforts should be made to ensure strict compliance with the system relating to the granting and clearing of advances. In relation to the clearing of advances by instalments, the Accounting Officer explained that this was due to queries raised by the Accounting Unit when the advances were being cleared.

Capital Expenditure

Division 508 - Ministry of Agriculture

Subhead 13002 - Agriculture Sector Loan

- 510.** The sum of \$98.860M was allocated for (a) institutional strengthening of the D & I Board (b) the reorganisation of land management and administrative systems and (c) conducting aerial and mapping surveys. A supplementary provision of \$37.3M was approved, giving a revised allocation of \$136.160M. Amounts totalling \$135.164M were shown as having been expended.
- 511.** The Project is funded jointly by the Inter American Development Bank and the Government of Guyana under Loan Agreement No. 966/SF-GY and Grant Agreement No. ATN/SF -5098-GY and is subject to separate financial reporting and audit. The last set of audited accounts was in respect of 1999. An examination of these audited accounts revealed an expenditure of \$110.504M, giving a difference of \$24.656M. This difference resulted from (a) five(5) disbursements totalling \$58.843M made by the IDB in 1998 which were brought to account in the Public Accounts in 1999 and (b) four(4) disbursements totalling \$34.187M made in 1999 which had not yet been brought to account in the Public Accounts. The following gives a breakdown of the audited expenditure:-

DESCRIPTION	AMOUNT \$
Institutional strengthening of D & I Board	37,919,538
Land administration & regularisation tenure	20,286,986
Walk-through surveys in Regions 2,3,4 & 6	24,990,754
Financial costs	6,515,478
Operating costs of Co-ordinating Unit	20,658,022
Purchase of computer equipment etc.	133,076
TOTAL	110,503,854

- 512.** The amount of \$37.920M shown as expenditure on the institutional strengthening of the D & I Board represents payments for consultancy services based on a contract entered into in November 1997 in the sum of \$175.607M. As at the end of 1999, amounts totalling \$121.696M were paid towards this contract. Evidence was seen of periodic reports which were prepared and submitted to the National D & I Board and the Lands & Surveys Department.
- 513.** In relation to the amount of \$20.287M expended on land administration and regularisation tenure, this represents payments to a consultancy firm and fourteen(14) individual consultants involved in preparing draft legislation for the proposed Land & Surveys Commission and policies and procedures manuals in relation to land administration. The contract relating to the consultancy firm was awarded in August 1997 in the sum of \$90.756M. As at 31 December 1999, the full amount was paid on this contract. The individual consultants were hired in 1999 to produce map presentation, geodetic framework, rent billing and collection system, data entry, etc. and were paid sums totalling \$10.389M. The consultancy firm submitted its final report in December 1998 while the individual consultants submitted their reports between October - December 1999.
- 514.** Included in the amount of \$24.990M shown as expenditure on walk-through surveys in Regions 2, 3, 4 and 6, were payments totalling \$17.031M which were made on four(4) contracts valued at \$19.644M awarded in January 1999. Evidence was seen that the surveys were completed and the related reports were submitted in November 1999. The remaining amount of \$7.959M was paid as consultancy services relating to the walk-through surveys.

Subhead 13003 - Rehabilitation of D & I Areas

515. The sum of \$592M was voted for (a) the on-going rehabilitation and construction works at Bellamy, Georgia, La Retraite and Zeelandia (b) rehabilitation of D & I structures in Water Users Association - MMA and (c) rehabilitation of sluices at Mahaica, Unity, Cane Grove, Essex, No. 65, 66, 67, and 73 villages, Canal Nos. 1 & 2, Three Friends and Cozier - Onderneeming. Amounts totalling \$511.844M were expended, as follows:-

DESCRIPTION	AMOUNT \$
Rehabilitation of main drains, canals, etc.	176,963,249
Construction of six(6) sluices	62,623,690
Rehabilitation of nineteen (19) sluices	33,098,303
Construction of tail regulators & structure Hubu/Maripa & Torani	27,766,631
Emergency works in EDWC & MMA/ADA	35,080,000
Emergency works in Regions 2,3,5,6 & 10	46,480,777
Supervision and consultancy services	5,197,800
Emoluments to D & I Staff	74,343,527
Fuel and lubricants	22,612,129
Repairs & maintenance to vehicles & equipment	6,657,038
Stationery & office supplies	6,207,580
Hire of equipment	1,579,750

Security services	3,244,580
Advertisements	2,024,700
Clearing roads	1,249,125
Purchase of computers and accessories	1,605,985
Miscellaneous	5,109,184
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TOTAL	511,844,048

- 516.** Included in the amount of \$176.763M shown as rehabilitation of drains, canals, etc. is the sum of \$21.973M expended on the rehabilitation of Canals Nos. 1 & 2 main drains. The contract was awarded in June 1998 in the sum of \$118.4M and at the end of 1998, amounts totalling \$96.291M were paid to the contractor. However, as stated in my 1998 Report, the basis of the award could not be determined because the related records kept at the Central Tender Board were not presented for audit examination. In addition, as in 1998, there was no evidence that approval was granted for a change in programme to undertake these works which were nevertheless physically verified.
- 517.** Also included in the figure of \$176.963M were payments totalling \$67.895M for the rehabilitation of the Boerasirie Conservancy. The contract was awarded in May 1998 in the sum of \$110.047M, and at the end of 1999 payments totalling \$103.106M were made to the contractor. However, as in 1998, there was no evidence that approval was granted for a change in programme to undertake the works which were nevertheless physically verified.
- 518.** A payment of \$4.867M was made for the rehabilitation of the Torani Canal and is included in the figure of \$176.963M. 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 1999, amounts totalling \$222.782M were paid to the contractor. However, there was no evidence that approval was granted for a change in programme to facilitate the payment of \$4.867M. The rehabilitation works were nevertheless physically verified.
- 519.** The contract for the rehabilitation of the Shanks Canal structures was awarded in the sum of \$41.746M in September 1998. However, as indicated in my 1998 Report, the basis of the award could not be determined as the records pertaining to this contract were not submitted by the Central Tender

Board. During 1999, amounts totalling \$25.694M were expended on this project and at the end of 1999 the full contract sum was paid toward this contract. The work was physically verified.

- 520.** 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, as indicated in my 1998 Report, the basis of award could not be determined since records at the Central Tender Board could not be located. For the year 1999, amounts totalling \$5.077M were expended and as at 31 December 1999 the full contract sum of \$13.037M was paid towards the project. The works were physically verified.
- 521.** The figure of \$5.198M, which is also included in the total of \$176.963M, represents payment for the rehabilitation of the D & I Canal at Rosiante, Region 3. The contract was awarded in December 1999 in the sum of \$5.715M. However, the basis of award could not be determined since the related file was not submitted by the Central Tender Board. There was also no evidence that approval was granted for a change of programme to undertake the works.
- 522.** An amount of \$33.820M, which is also included in the figure of \$176.963M, was paid for the rehabilitation of the Boerasirie Conservancy embankment between Naamryck and Warima based on a contract awarded in March 1998 for \$71.503M. However, the basis of the award could not be determined for reasons already mentioned. As 31 December 1999, amounts totalling \$67.895M were paid to the contractor. The works were physically verified.
- 523.** Also included in the figure of \$176.963M, is the sum of \$4.804M representing payment for the rehabilitation of the Boerasirie River structure. The contract was awarded in June 1998 in the sum of \$9.157M. The basis of the award could, however, not be determined since the related records were not submitted for audit by the Central Tender Board. At the end of 1999, the full amount of \$9.157M was paid towards this contract. The works were physically verified.
- 524.** The sum of \$7.457M, which is also included in the figure of \$176.963M, represents payments for the rehabilitation of 32 miles canals and drains in Kingelly to Yeoville in Region 5. The contract was awarded in August 1999 but the basis of award could not be determined since the tender documents were not submitted by the Central Tender Board for audit. The works were

nevertheless physically verified.

525. In relation to the construction of reinforced concrete sluice at Craig, which is included in the figure of \$62.624M, the contract was awarded in the sum of \$22.339M in May 1997 to the second lowest bidder. The reason given was that the lowest bidder did not provide a compliance certificate and a performance bond. During 1998, amounts totalling \$1.117M were expended, and at the end of 1999 the full amount of \$22.339M was paid towards this contract. There was, however, no evidence that approval was granted for a change in programme to accommodate this expenditure. The works were nevertheless physically verified

526. Also included in the figure of \$62.624M, is a payment of \$7.614M for the construction of concrete sluice at Devonshire Castle. The contract was awarded in the sum of \$34.129M in August 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. At the end of 1999, amounts totalling \$34.127M were expended. The works were physically verified.

527. In relation to the construction of a two(2) door concrete sluice at Georgia/Kamuni/Postosi, the contract was awarded in July 1998 in the sum of \$28.096M. There was only one tender for \$39.524M, and the Central Tender Board decided to award the

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529. Also included in the figure of \$62.624M, were payments totalling \$13.402M for the construction of La Retraite outfall sluice. The contract was awarded in March 1999 in the sum of \$14.343M. The works were physically verified.

530. An amount of \$4.452M, which is also included in the sum of \$62.624M, was expended for the replacement of Charity Market Place Sluice. The contract was awarded in October 1999 in the sum of \$13.858M. The works were

physically verified.

- 531.** The contract for the rehabilitation of sluices at Nos. 65, 66, 67, 73 and Essex Villages was awarded in the sum of \$30.314M. However, the basis of award could not be determined because the related tender documents were not submitted by the Central Tender Board. As at 31 December 1999, amounts totalling \$28.228M was paid to the contractor. The works were nevertheless physically verified.
- 532.** An amount of \$13.956M was expended in the rehabilitation of four(4) sluices in Region 4 - Unity, Greenfield, Helena and Cane Grove. The contract was awarded in March 1998 in the sum of \$36.413M. However, the basis of award could not be determined for reasons already mentioned. As at 31 December 1999, amounts totalling \$35.435M were paid to the contractor. The works were physically verified.
- 533.** Four(4) sluices in Region 2 were 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 th

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- 536.** An amount of \$4.825M was paid for the rehabilitation of the Canal Nos. 1 and 2 sluices. The contract was awarded in December 1998 in the sum of \$23.353M. As at 31 December 1999, amounts totalling \$9.801M were paid to the contractor. The works were phy

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- 539.** An amount of \$35.080M was expended on emergency works in the East Demerara Water Conservancy involving mainly the cost of maintenance of excavating equipment (draglines and hymacs), the purchase of fuel, clearing and excavating canals and sealing of breaches. Test-checks on the

expenditure of \$35.080M indicated that they were properly incurred.

- 540.** The amount of \$46.481M expended on D & I works represented inter-departmental warrants issued to Regions 2, 3 5, 6 and 10. Financial returns were examined and the expenditure was verified as having been properly incurred.

Subhead 13004 – East Demerara Water Conservancy

- 541.** The sum of \$138M was allocated for the rehabilitation of the East Demerara Water Conservancy in order to improve the supply of potable water. However, no expenditure was incurred. The Office Manager of the D & I Board explained that the contract was awarded in late 1999 and that the works were re-budgeted for in 2000.

Subhead 13005 - Agriculture Sector Hybrid Programme

- 542.** The sum of \$375M was allocated for the upgrading of farm access roads in Regions 2, 3, 5 and 6. Amounts totalling \$302.343M 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 under Loan Agreement No. 877/SF-GY and is subject to separate financial reporting and audit.

- 543.** According to the audited accounts, amounts totalling \$417.435M were expended, giving a difference of \$115.032M. This difference was due to (a) the charging of \$219.206M to Division 519, Subhead 15001 - Rehabilitation of Sea Defences (Corentyne/East Coast/Essequibo Coast) as a result of the transfer of the Hydraulics Division to the Ministry of Public Works (b) disbursements totalling \$147.970M by the IDB in 1998 which were brought to account in the Public Accounts in 1999 (c) expenditure totalling \$67.123M which had not been brought to account and (d) counterpart expenditure totalling \$15.319M which was not shown in the financial statements. Taking these into account, there is still an unexplained difference of \$7.948M between the audited accounts of the Project and the Appropriation Account.

- 544.** The following is a breakdown of the audited expenditure: -

DESCRIPTION	AMOUNT \$'000
158	

Upgrading of farm access roads in Regions 2, 5 & 6	116,989
Repairs to sea defences	221,350
Engineering and administration	19,601
Financial costs	27,022
Technical Co-operation	30,058
Design studies	2,182
Acquisition of equipment etc.	233
TOTAL	417,435

545. As can be noted, amounts totalling \$116.989M were expended on road upgrading and maintenance of farm access roads as follows:-

DESCRIPTION	AMOUNT \$
Construction of farm access roads from Mora Point to Hyde Park	51,760,225
“ “ “ “ “ “ Burma Rice Mill to Esau & Jacob	43,796,705
“ “ 6 miles access roads between Supenaam & Charity - Ph II	8,768,997
“ “ farm access roads at MMA- IR1 & IR 2	4,776,219
“ “ “ “ “ between Supenaam & Charity - Ph I	4,203,434
“ “ “ “ “ at Nos. 70 & 71 sideline dam	3,523,041
Way-leaves Investigation	160,000
TOTAL	116,988,621

546. The contract for the construction of farm access roads from Mora Point to Hyde Park 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 of \$67.180M while the second lowest bid did not pass the post qualification test. At the end of 1999, amounts totalling \$51.760M were paid to the contractor. The works were physically verified.

547. The contract for the construction of farm access roads from Burma Rice Mill to Esau and Jacob in Region 5 was awarded in July 1998 in the sum of

\$87.423M. As at 31 December 1999, amounts totalling \$43.797M were paid to the contractor. The works were physically verified.

- 548.** In relation to the construction of farm access roads between Supenaam and Charity - Phase II, the contract was awarded in September 1999 in the sum of \$134.588M to the second lowest bidder on the grounds that the lowest bidder, whose tendered sum was \$123.734M, did not pass the post qualification test. As at 31 December 1999, amounts totalling \$8.769M were expended on this contract. The works were physically verified.
- 549.** The amount of \$4.776M represented payments made on a contract which was awarded in October 1997 in the sum of \$102.225M for the construction of five(5) miles of all weather farm access roads at MMA/ADA from IR1 to IR2. As at the end of 1999, amounts totalling \$95.924M were paid to the contractor. The works were physically verified.
- 550.** The contract for upgrading farm access roads between Supenaam and Charity (Phase I) was awarded in October 1997 to the second lowest bidder whose bid was \$110.838M, provided that he did the work at the lowest bidder's price of \$105.505M. The lowest bidder, according to the minutes of the Central Tender Board, had several incomplete jobs. At the end of 1999, amounts totalling \$105.086M were paid towards the contract. The works were physically verified.
- 551.** In relation to the construction of all weather farm access roads at Nos. 70-71 Villages sideline dam in Region 6, the contract was awarded in October 1997 to the fourth lowest bidder in the sum of \$72.36M on the grounds that the lower bids were incomplete in that they did not meet the required specifications, experience and qualifications. At the end of 1999, amounts totalling \$70.460M were paid towards this contract. The works were physically verified.
- 552.** Amounts totalling \$221.350M were expended on the repairs to the following sea defences:-

DESCRIPTION	AMOUNT \$
Construction of 350 meters rip-rap seawall Taymouth Manor	104,306,037
Rehab. of 100 meters rip-rap seawall at Devonshire Castle	70,653,845
Additional works on 200 meters of rip-rap seawall at Aberdeen	45,172,694

Retention on rehab. of 200 meters of rip-rap seawall at Aberdeen 1,216,980

TOTAL **221,349,556**

- 553.** The contract for the construction of 350 meters rip-rap sea-wall at Taymouth Manor on the Essequibo Coast was awarded in December 1998 to the second lowest bid in the sum of \$119.3M on the grounds that it was closest to the Engineer's Estimate of \$116.160M. The lowest bid was \$111.338M. As at 31 December 1999, amounts totalling \$107.848M were paid towards to the contractor. The works were physically verified.
- 554.** In relation to the rehabilitation of 100 meters of rip-rap seawall at Devonshire Castle on the Essequibo Coast, the contract was awarded in January 1999 to the second lowest bid in the sum of \$92.746M because the lowest bidder, whose tendered sum of \$79.050M, was below the Engineer's Estimate of \$80.949M. The works were physically verified.
- 555.** The amount of \$45.173M represents payments for additional works on the 200 meters of rip-rap seawall at Aberdeen, Essequibo Coast. The contract was awarded in September 1999 in the sum of \$59.828M. The works were physically verified.
- 556.** The amount of \$1.217M represents 5% retention on a contract which was awarded in 1998 for the rehabilitation of 200 meters of rip-rap seawall at Aberdeen on the Essequibo Coast.
- 557.** As can be noted, amounts totalling \$19.601M were expended on Engineering & Administration. This category of expenditure includes the payment of emoluments for the staff of the Project Executing Unit, maintenance of vehicles, the payment of utility bills etc. These expenditures were verified as having been properly incurred.
- 558.** The following is a breakdown of the amount shown as expenditure on technical co-operation:-

DESCRIPTION	AMOUNT
161	

	\$
Supervision of construction of farm access roads	27,427,758
Special study on rice development	682,723
Emoluments of adviser to Sea Defence Project Execution Unit	1,947,888
TOTAL	30,058,369

- 559.** Two(2) contracts for the supervision of the construction of farm access roads were awarded in January 1999 and November 1995 in the sums of US\$187,860, equivalent to \$33.740M and US\$359,193, equivalent to \$64.511M respectively. As at 31 December 1999, amounts totalling \$64.016M were paid towards these contracts.

Subhead 13006 – Purchase of Equipment

- 560.** The sum of \$21M was allocated for the purchase of machinery and equipment to execute drainage and irrigation works under MMA – Phase III. However, no expenditure was incurred. The Officer Manager of the D & I Board explained that the acquisition of the machinery and equipment was delayed pending the arrival of a procurement consultant and that the said acquisition was re-budgeted for in 2000.

Subhead 17004 - National Agricultural Research Institute

- 561.** The sum of \$10M was voted for the development of plant nurseries, propagation of seeds and upgrading of breeding stock. The full amount was shown as having been expended as follows:-

DESCRIPTION	AMOUNT \$
Construction of revetment to Duck Unit	4,235,760
Rehabilitation of canal from GUYSCO to NARI	1,995,900
Purchase of PVC pipes and accessories	2,410,638
Laying of PVC pipes from NARI to REHAPA	642,900
Consultancy services	700,000
TOTAL	9,985,198

562. Approval for the change of programme was granted for the rehabilitation of the canal from GUYSUCO to NARI and for the laying of pipes. The works were physically verified.

Subhead 17005 - Guyana School of Agriculture

563. The sum of \$6M was budgeted for the purchase of three(3) computers and the completion of the soil science laboratory. Amounts totalling \$5.877M were expended. The computers were acquired at a cost of \$953,680 while \$4.815M was expended on the soil science laboratory. The works were physically verified.

Subhead 17009 - National Dairy Development Programme

564. The sum of \$5M was allocated for the establishment of pastures at different locations, including Tuschen, Cane Grove, Barima, and Manaribisi. Amounts totalling \$4.807M were shown as having been expended, as follows:-.

DESCRIPTION	AMOUNT \$
Establishment of fifteen(15) pastures	4,131,410
Purchase of field equipment	306,944
“ “ motor cycle	225,000
“ “ office equipment	143,650
TOTAL	4,807,004

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

Subhead 17011 - Rural Support Project

565. The sum of \$55.1M was provided for the rehabilitation of drainage and irrigation infrastructure and upgrading of basic support services/facilities in Regions 2 and 3. According to the Appropriation Account, amounts totalling \$18.444M were expended.

566. The Project is funded by the International Fund for Agricultural Development and the Caribbean Development Bank based on an agreement entered into on 4 September, 1998. An examination of the audited financial statements of the Project revealed that expenditure totalling \$14.210M was incurred on administrative costs, giving an unexplained difference of \$4.234M.

Subhead 21001 - Hydrometeorology

567. The sum of \$2.5M was budgeted for the rehabilitation of the hydrometeorological station at Kaitour. Amounts totalling \$1.360M were expended. At the time of the audit in May 2000, the building materials valued at \$721,923 were still at the Central Stores at Brickdam, although transportation costs amounting to \$638,500 were incurred for transporting the building materials to site. It was explained that payments were made in advance for the transportation costs. At the time of reporting, it is understood that the materials had since been transported to Kaitour.

Subhead 25001 - Project Evaluation & Equipment

568. The sum of \$1.5M was allocated for the purchase of two(2) computers, and accessories. Amounts totalling \$1.995M were expended. The items purchased were verified as having been received and properly brought to account.

Subhead 33002 - Geodetic Surveys

569. An amount of \$6.5M was allocated for the reproduction of maps, training of local surveyors and technicians and procurement of training equipment. Expenditure totalling \$6.266M was incurred as follows:

DESCRIPTION	AMOUNT \$
164	

Emoluments of trainees	2,368,054
Purchase of surveying equipment	2,595,558
Reproduction of 1,500 maps	906,000
Training to staff	256,500
Miscellaneous	140,000
TOTAL	6,266,112

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.

Subhead 33003 - National Land Registration

- 570.** The sum of \$17M was budgeted for final survey of state lands, issuing of freehold titles, processing of land applications and support to the land court. Amounts totalling \$16.775M were expended, as follows:-

DESCRIPTION	AMOUNT \$
Final surveys of state lands	9,308,966
Issuing of freehold titles	2,636,575
Processing of land applications	3,059,547
Support to land court	1,769,548
TOTAL	16,774,636

- 571.** The final surveys were undertaken by the staff of the Land & Surveys Department while approximately 300 freehold titles were issued. Approximately 450 land applications were also processed while the amount expended on support to land court relates to the processing of land titles.

Subhead 33005 – Intermediate Savannahs Agricultural Project

- 572.** An amount of \$33.5M was provided for the promotion of agricultural and agro-industrial development in the intermediate savannahs. A supplementary provision of \$14.7M was approved, giving a revised allocation of \$48.2M.

Amounts totalling \$43.072M were shown as having been expended. However, checks carried out at the Intermediate Savannah's Office and the Office of the Organisation of American States revealed that \$28.372M was expended as follows, giving an unexplained difference of \$14.7M:-

DESCRIPTION	AMOUNT \$
Consultancy Fees - cultivation of savannahs	8,640,000
Purchase of vehicles & equipment	5,175,000
Fellowships/Seminars/Symposia	6,566,027
Administrative costs	7,990,863
TOTAL	28,371,890

Subhead 33006 – New Guyana Marketing Corporation

- 573.** The sum of \$2.1M was allocated for the purchase of a truck and an electronic scale. Amounts totalling \$1.743M were expended. The items purchased were verified as having been received and properly brought to account.

DIVISION 510 – MINISTRY OF AGRICULTURE (MMA III)

- 574.** The sum of \$12M was allocated for (a) the rehabilitation of the conservancy dam (b) realignment and land titling and (c) provision for state services. The full amount was shown as having been expended.
- 575.** An examination of the audited accounts of the MMA/ADA for 1999 revealed an expenditure of \$10.665M, as follows:-

DESCRIPTION	AMOUNT \$
Rehabilitation of conservancy dam	3,999,953
Realignment and land titling	3,345,460
Provision for state services	3,319,471
TOTAL	10,664,884

- 576.** The expenditure above was verified as having been properly incurred. However, the difference of \$1.335M was not refunded to the Treasury. As a

result, the Appropriation Account was overstated by this amount.

DIVISION 512 – MIN. OF AGRICULTURE (ARTISINAL FISHERIES)

Subhead 12005 – Caribbean Resource & Management Programme

577. The sum of \$22M was allocated for (a) improvement of the management of the Fisheries Department (b) provision for training and (c) resource assessment studies for shrimp and ground fish, pelagic, red fish and deep slope species. Amounts totalling \$18.040M were expended as follows:-

DESCRIPTION	AMOUNT \$
Improvement of the management of the Fisheries Dept.	6,511,231
Training seminars and workshops	2,946,412
Resource assessment studies	5,582,358
Contribution to CFRAMP	3,000,000
TOTAL	18,040,001

The expenditure above was verified as having been properly incurred.

Subhead 12006 - Aquaculture Development

578. The sum of \$15M was voted for the construction of a fish culture station at Mon Repos and provision for the completion of fish farms at schools. Amounts totalling \$2.213M were expended of which \$1.013M relates to the completion of fish farms at schools. The balance of \$1.2M was refunded to the Accountant General, resulting in the Appropriation Account being overstated by this amount.

HEAD 22 & DIVISION 528

MINISTRY OF TRADE, TOURISM AND INDUSTRY

Current Expenditure

- 579.** 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 1999. These balances should be transferred to the Consolidated Fund and steps taken to close these accounts.
- 580.** Amounts totalling \$90.287M on were expended on Subsidies and Contributions to Local and International Organisations, as shown below:-

NAME OF ORGANISATION	AMOUNT \$000
Local Organisations	
Export Promotion Council	17,400
Guyana Office for Investment	28,000
National Bureau of Standards	29,215
Consumers' Advisory Bureau	500
Guyana Consumers` Association	500
International Organisations	
World Trade Organisation	5,637
CTO	7,993
UNIDO	966
Others	76
TOTAL	90,287

- 581.** 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 \$17.4M 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.
- 582.** 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 1999. The amount of \$28M was verified as

having been received by Go Invest and properly expended.

- 583.** 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. Financial statements for 1999 were received and at the time of reporting, the audit was in progress. The amount of \$29.215M was verified as having been received by the GNBS.
- 584.** Excess expenditure totalling \$6.095M was incurred under Programme 1, Subhead 184 – Other. The excess was met from an advance of \$6.149M from the Contingencies Fund.

Capital Expenditure

Subhead 12001 - Building

- 585.** The sum of \$7.405M was voted for the rehabilitation of the Ministry's building. Amounts totalling \$1.769M were expended. The original 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.
- 586.** Another contract in the sum of \$2.786M was awarded in 1998 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 had explained that attempts were being made to recover the overpayments from the contractors. However, at the time of reporting, the matters were still pending.
- 587.** A new contract was awarded in August 1999 in the sum \$6.973M for the rehabilitation of the Ministry's building. As at 31 December 1999, amounts totalling \$1.544M were paid to the contractor. The works were re-budgeted

for in 2000. Physical verification in June 2000 revealed that the ground floor had been completed.

Subhead 25001 - Office Equipment

588. The sum of \$1.9M was provided for the purchase of industrial photocopier, regulators, conference table and chairs and swipe card time-keeping system. Amounts totalling \$1.880M were expended. The items purchased were verified as having been received and properly brought to account.

Subhead 41001 - Tourism Development

589. The sum of \$10M was allocated for (a) the promotion of tourism awareness activities (b) mapping of tourism sites (c) production of videos (d) provision of tourist information at Airport (e) provision for Tourist Conference 2000 and (f) repairs to Kaiteur/Orinduik washroom. Amounts totalling \$8.766M were expended, as follows:-

DESCRIPTION	AMOUNT \$
Local & international tourism advertising	5,266,288
Main Street Big Lime	2,314,439
Purchase of two(2) computers	600,000
National consultation	414,783
Construction of tourism booth at Timehri	170,093
TOTAL	8,765,603

590. The amount of \$5.266M was expended on tourism advertisement in various magazines and journals to promote tourism in Guyana. In relation to the amount of \$2.314M expended on the “Main Street Big Lime”, this represents the cost of travel for performers and other culture groups as well as other incidental expenses.

591. The two(2) computers were acquired for the tourism booth at Timehri which

was constructed at a cost of \$170,093. The computers were verified as having been received and properly brought to account while the construction works were physically verified. An amount of \$414,783 was also expended on field trips to the various Regions to identify and collect data on Guyana's tourism assets and to inventorise same.

Subhead 45001 - Industrial Development

- 592.** The sum of \$158M was allocated for (a) the construction of industrial estates at New Amsterdam and Lethem, access road at Eccles (b) installation of pure water supply wells at Collingen and Eccles (c) completion of work at Eccles and (d) purchase of transformers. Amounts totalling \$141.511M were expended, as follows:-

DESCRIPTION	AMOUNT \$'000	AMOUNT \$'000
Eccles Industrial Site		
Construction of access road	53,115	
Engineering supervision	5,798	
Infrastructure works	27,384	
Installation of well	17,065	
Electrification costs	11,056	114,418
Collingen Industrial Site		
Installation of well		26,626
New Amsterdam Industrial Site		
Cadastral survey		184
Lethem Industrial Site		
Cadastral survey		283
TOTAL		141,511

- 593.** 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.

- 594.** The contract for the construction of the access road at Eccles was awarded

in the sum of \$56M. As at 31 December 1999, amounts totalling \$53.115M were paid to the contractor. At the time of reporting, the works were completed and were physically verified.

- 595.** An amount \$43.691M was paid to the Guyana Water Authority for the drilling of a well at Coldigen Industrial Sites and for the rehabilitation of the water system at Eccles. At the time of reporting, the well at Coldigen Industrial Site was completed but because of electrical problems with the pump, it was not operational. In relation to Eccles Industrial Site, the expenditure of \$17.065M was in respect of the acquisition and laying of new pipelines.
- 596.** The amount of \$11.056M expended on electrification costs at Eccles relates to the purchase of transformers and transmissions. In relation to the New Amsterdam and Lethem industrial sites, the amounts of \$184,000 and \$283,000 respectively were expended on cadastral surveys.

Subhead 47002 - Go Invest

- 597.** The sum of \$275,000 was voted for the purchase of one(1) server. The full amount was expended. The item purchased were verified as having been received and properly brought to account.

Subhead 47003 - Guyana Bureau of Standards

- 598.** The sum of \$7.5M was allocated for the purchase of one(1) mobile laboratory and office equipment and furniture. The full amount was shown as having been expended. However, an examination of the records of the Bureau revealed an expenditure of \$2.870M on the acquisition of furniture and equipment. As a result, the Appropriation Account was overstated by \$4.630M. The latter amount should have been refunded to the Consolidated Fund.

Subhead 47004 – Export Promotion Council

- 599.** The sum of \$10M was provided for the construction of four(4) bridges at Sophia Complex. Amounts totalling \$3.6M were expended. The contract was awarded by the Ministry of Works Tender Board. The works were

physically verified.

HEAD 31 & DIVISIONS 519, 520 & 521

MINISTRY OF PUBLIC WORKS AND COMMUNICATIONS

Current Expenditure

Employment Costs

600. The staffing situation in all areas of the Ministry as reflected in the payrolls for December 1999 is shown below:-.

SUBHEAD	DESCRIPTION	AUTHORISED	ACTUAL	VACANT
101	Administration	36	17	19
102	Senior technical	82	29	53
103	Other technical & craft skilled	162	87	75
104	Clerical & support	118	68	50
105	Semi skilled	134	102	32
106	Other employees	-	12	-
	TOTAL	532	315	229

601. 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 reports. It is again recommended that 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.

- 602.** The salaries bank account No. 931, which ceased to be operational in February 1996, was overdrawn by \$309,492 as at 31 December 1999. 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 1999. This amount should be transferred to the Consolidated Fund and steps taken to close the account.
- 603.** At the time of reporting, the salaries bank account No. 1011 was last reconciled to December 1999. This is despite the fact that by letter dated 22 August 1996, the Public Service Management in the Office of the President approved of four(4) senior officers of the Central Accounting Unit working overtime on the reconciliation of bank accounts. These officers worked continuously on an overtime basis throughout the period 1996 to present date. For the period 1996 to 1999, a total of 9,304 hours were claimed to have been worked, and the officers were paid amounts totalling \$2.448M. They were also paid subsistence of \$350 per day and for 1999, the amount involved was \$336,000. Notwithstanding that these officers were in receipt of subsistence, meals to value of \$225,000 were also purchased in 1999.
- 604.** Overtime was also being paid to two(2) office assistants, the transport and security officer and four(4) drivers when the officers referred to above worked overtime. The total amount involved in respect of 1999 was \$1.234M. In addition, other members of the accounts staff worked overtime but were paid meal allowances totalling \$495,559 in lieu of overtime payments. This would appear to be a circumvention of the PSM approval to incur overtime.
- 605.** In addition, although four (4) vehicles (including a 12-seater mini bus) were on standby to take officers home, travelling expenses totalling \$1.498M were incurred for the period under review. An examination of the related log books revealed that there was evidence that these vehicles were transporting accounts staff to and from work. Further, an examination of the travelling claims revealed the use of special hire and in all cases two taxis were being used. For example, an officer who lived in Subryanville, would take a taxi to

Stabroek Market and another from Stabroek Market to Subryanville at a cost of \$500.

- 607.** It should be mentioned that the four(4) officers are also cheque signatories and in keeping with established accounting practices, they ought not to be involved in the reconciling of bank accounts.
- 608.** An examination of the Register of Overtime in respect of the officers referred to in the previous paragraphs revealed that nature of the work was not stated. The Register was also not independently certified, and entries were made by one person. The PAS (Finance), who was one of the officers in receipt of overtime, confirmed that he wrote up the register from time-sheets prepared by individual officers, and certified the entries made therein. Entries were also made in the register 286 days beyond 26 August 2000. The individual time-sheets also did not specify the nature of work done. In the circumstances, the Register could not be relied upon as conclusive evidence of actual overtime work undertaken.
- 609.** The PAS(Finance), in addition to receiving overtime of on average \$44,000 per month, was also in receipt of a special allowance of \$41,000 per month for performing accounting duties for counterpart expenditure relating to the Project Executing Unit. No documentation in support of this payment was seen nor was there evidence that the PSM approved of this arrangement.
- 610.** In view of the foregoing, it is recommended that the present overtime arrangements for the reconciliation of bank accounts be reviewed with a view to determining whether it is necessary to continue with the existing arrangements, especially in view of the fact that the Accounting Unit is staffed with twenty(20) officers.
- 611.** It is a requirement for the Public Service Management, Office of the President to approve all overtime work. However, apart from the overtime work undertaken by the officers referred to above, overtime payments for the period under review totalled \$9.551M, as detailed below, and for which no approval was seen:-

DESCRIPTION	AMOUNT \$'000
Civil Aviation Department - Timehri	5,941
175	

Ministry Administration	1,560
Civil aviation Department - Head Office	1,197
Public Works Division	853
<hr/>	
TOTAL	9,551

612. An examination of the bank reconciliation statement for Account No. 1011 for December 1999 and the related records revealed the following discrepancies:-

- (a) The cash book reflected a negative balance of \$406,771 instead of a 'nil' balance. The two(2) previous months also showed negative balances of \$512,517 and \$408,581 respectively. A satisfactory explanation was not given why the cash book did not reflect a 'nil' balance at the end of these three(3) months;
- (b) The cash book was not properly written up and bore no evidence of supervisory checks;
- (c) Amounts totalling \$20.414M were shown as outstanding deposits. The date of the deposit slips was 31 December 1999. However, an examination of the bank statements for January 2000 revealed that the account was credited on various days between 7 January and 19 January 2000, indicating apparent delays in banking; and
- (d) There were thirty-six(36) stale-dated cheques valued at \$217,283. These cheques should be cancelled and adjusting entries made to the cash book. A corresponding cheque should then be written and paid over to the Main Bank Account;

613. An examination of the National Insurance Scheme (NIS) Contributions Register for the month of December 1999 revealed forty-seven(47) 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. At the time of reporting, the number of employees without NIS numbers was reduced to 29.

Other Charges

614. The main bank account No. 929, which ceased to be operational in March 1996, was overdrawn by \$8.268M as at 31 December 1999. It is again recommended that the overdraft be investigated and steps taken to close the

account.

- 615.** The present main bank account No. 1010 reflected a large balance of \$262.117M as at 31 December 1999, resulting mainly from the issuing of cheques after year-end and back-dating them to 31 December 1999. In particular, 426 cheques valued at \$135.393M were drawn between 1 to 18 January 2000 while the unspent balance cheque valued at \$168.210M and payable to the Consolidated Fund was drawn in May 2000 but was back-dated to 31 December 1999. In addition, the account was last reconciled to December 1999.
- 616.** An examination of the reconciliation statement for December 1999 in respect of account No. 1010 revealed the following unsatisfactory features:-
- (a) An amount of \$7.384M was shown as "receipts overstated in cash book". This amount represents revenue collected by the Civil Aviation Department for the period 16th to 31st December 1999 and deposited into the bank account on 7 January 2000. As a result, revenue for 1999 was 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) An amount of \$168.210M was shown as "payments understated in the cash book". This amount represents the unspent balance which was paid over to the Consolidated in May 2000. However, as indicated above, this cheque was back-dated to 31 December 1999;
 - (c) An amount of \$10.766M was shown as "debits overstated in the bank statement". Included in this figure is the sum of \$10.693M, which represents an overpayment to the Consolidated Fund in 1997. This matter was drawn to attention in my previous reports. However, up to the time of reporting, there was no evidence of any action taken to resolve the matter. It is recommended that approaches be made to the Ministry of Finance with a view to seeking a refund;
 - (d) The difference of \$72,000 mentioned at sub-paragraph (c) above, represents an overpayment on a cheque drawn in favour of a particular officer. The amount recorded in the cash book was \$8,770. However, the cheque was apparently changed to \$80,770 and was encashed by the bank for the higher amount. The officer made restitution on the 2

June 2000 and was subsequently dismissed;

- (e) An amount of \$170.234M was shown as “credits understated in bank statement.” Included in this amount were three(3) credit advices totalling \$163.897M which represent receipt of funds from General and the Deposits Fund Accounts. These were credited between 18 and 27 January 2000 into account No.1010. The difference of \$6.337M represents miscellaneous deposits which were made in January 2000; and
- (f) Included in the list of unpresented cheques were thirty(30) stale-dated cheques valued at \$1.088M. These should be written back to the cash book.

617. 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, based on sample checks carried out, cheque orders were being cleared on average twenty-nine(29) days later. Efforts should be made to ensure strict compliance with the system.

618. Amounts totalling \$20.082M were expended on Material, Equipment & Supplies. The following gives a breakdown of the expenditure according to authority limits:-

AUTHORITY LIMIT	NUMBER OF PURCHASES	AMOUNT \$'000
Below \$90,000	369	10,406
\$90,000 - \$180,000	49	6,047
\$180,000 - \$600,000	12	3,629
TOTAL	430	20,082

619. The items purchased were verified as having been received and properly brought to account. However, several items, which are of a capital nature, were acquired under this subhead e.g. fax machine, computers, microwave, brush cutter, television set, executive chair and desks. It should be noted that amounts totalling \$3.3M were provided under the Ministry’s capital programme under Subhead 25001 for the acquisition of these items of which

sums totalling \$3.157M were expended. It is evident that the charging of the cost of the above items to current expenditure was done to avoid overrunning the voted provision under the Ministry's capital programme.

620. Amounts totalling \$14.904M were expended on fuel and lubricants. However, of the fifty-three(53) vehicles and equipment for which log books were required to be maintained, log books were not presented in respect of two(2) vehicles and there were partial submissions in respect of three(3) vehicles. In addition, an examination of the log books presented revealed that they were not properly written up. 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.

621. Amounts totalling \$65.769M were expended on the rental of buildings, as shown below:-

DESCRIPTION	AMOUNT \$'000
Rental of CARICOM Building in High Street	30,438
“ “ Post Office Corp. Building	17,400
“ “ buildings for Magistrates' courts	16,276
“ “ other buildings	1,655
TOTAL	65,769

These expenditures were verified as having been properly incurred.

622. Amounts totalling \$33.281M were expended in the maintenance of the following buildings:-

DESCRIPTION	AMOUNT \$'000
Ten(10) buildings at Echilibar Villas	9,365
Thirteen(13) buildings at Timehri	7,486
Five (5) other Government Buildings	7,339
Nine(9) buildings at Head Office	2,576
Office of the Prime Minister Building	806

Purchases	5,337
Miscellaneous	372

TOTAL **33,281**

- 623.** Eighteen(18) contracts were awarded for repairs to the ten(10) buildings at Echillibar Villas, involving mainly plumbing, carpentry, electrical and concrete work. In respect of the maintenance works at thirteen (13) buildings at Timehri, fifty-two(52) contracts were awarded for miscellaneous repairs to the Control Tower and the Transmitting and Terminal buildings. These works were physically verified.
- 624.** In addition, seventeen(17) contracts were awarded for the miscellaneous repairs to five(5) government buildings namely the flats at Main and New Market Streets, Fairley House, Merle’s House and buildings at Forshaw Street and Plaisance. Thirteen (13) contracts were also awarded for the rehabilitation of nine (9) buildings situated in the Ministry of Public Works compound. These works were physically verified.
- 625.** Included in the amount of \$5.337M expended on purchases were sums totalling \$1.605M expended on the purchase of items such as washing machines, air conditioning units, gas and electrical stoves. These are of a capital nature and the expenditure should have been met from Subhead 25001 - Office Equipment. As indicated above, amounts totalling \$3.3M were allocated under this subhead of which sums totalling \$3.157M were expended. It is evident that the charging of the cost of the above items to current expenditure was done to avoid overrunning the voted provision under the Ministry’s capital programme.
- 626.** Amounts totalling \$65.605M were expended on the Maintenance of Infrastructure, comprising mainly roads, sea and river defences and other infrastructure. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$’000
Maintenance of thirty(30) airstrips & one(1) airfield	23,193
” ” sea and river defences	17,885
” ” roads	17,376
180	

”	” Cheddi Jagan International Airport	5,844
”	” six(6) buildings	777
	Rehabilitation of three(3) gates	530
TOTAL		65,605

627. The amount of \$23.193M was expended on the maintenance of airstrips relates mainly to weeding and sweeping as well as patching of holes on runway surfaces and changing of windsocks.

628. In relation to the maintenance of sea and river defences, amounts totalling \$6.980M were expended on the installation of greenheart revetments at Melville/Cane Grove, Akawini to Maureen’s Dale and at Byderabo and the construction of one(1) river dam at the Pomeroon River. Four inter-departmental warrants valued at \$6.260M were issued to Regions 2 &7 for the execution of these jobs. At the time of reporting, financial returns totalling \$5.758M were received by the Ministry. However, bills and receipts and other supporting documents were not attached to substantiate the expenditure incurred. No financial returns were submitted for the difference of \$502,000. Except for the revetment at Byderabo, the works could not have been physically verified because of the remoteness of the area.

629. The following is a breakdown of the amounts of \$17.376M expended on the maintenance of roads:-

DESCRIPTION	AMOUNT \$000
Payment to National Enhancement C’tee	5,000
Wages to contracted employees	4,642
Road repairs and repainting	2,678
Construction of 5 bridges & 2 fences	1,774
Transportation of sand , hot mix etc.	1,303
Weeding & desilting of drains	1,214
Purchases	443
Others	322
TOTAL	17,376

- 630.** The amount of \$5M shown as expenditure on the National Enhancement Project represents the planting of flowers around the Cheddi Jagan International Airport and the erection of ten(10) “Nice up Guyana” billboards in the administrative regions and three(3) others around Central Georgetown.
- 631.** In relation to the amount of \$4.642M shown as wages to contracted employees, this represents payment for road maintenance works. In addition, \$2.678M was expended on the repairs and repainting to twenty-seven (27) roads including Mandela Avenue, Church Street, Hague Back-Dam and streets in areas such as Sophia, West Ruimveldt and Alboustown.
- 632.** Amounts totalling \$2.539M were also expended on the construction of five(5) bridges at Chateau Margot, Mahaica, Strathspey, Cemetery Road and Hunter Street, and two(2) fences at Jundoo and Karasabi. The works were physically verified.
- 633.** Amounts totalling \$34.673M were expended on Transport, Travel & Postage. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Transporting of CAD staff to and from airport	10,933
Vehicle spares & maintenance	10,875
Chartered flights	7,373
Local Travel and Subsistence	5,110
Miscellaneous	382
TOTAL	34,673

- 634.** As can be noted, amounts totalling \$10.933M were expended on transportation of air traffic control staff. In view of the fact that the Ministry had fifty-three (53) 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.
- 635.** Included in the amount of \$10.875M expended on vehicle spares and

maintenance were sums totalling \$5.303M which were paid to an individual for the repairs to thirty-one(31) vehicles and three(3) pieces of equipment although the Ministry had two(2) mechanical workshops staffed by nine(9) mechanics. This individual operated from the Ministry's compound, and a total of fifty-nine(59) contracts were entered into between the Ministry and the said individual.

- 636.** Amounts totalling \$4.362M were expended on telephone charges, of which sums totalling \$2.257M relate to overseas 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. As a result, it could not be determined whether 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.
- 637.** Amounts totalling \$17.776M were expended on electricity charges, of which sums totalling \$14.5M 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.
- 638.** The amount of \$3.710M was paid to the GS & WC as outstanding water tariff for 1998. However, the basis on which this payment was made could not be determined since the related invoices were not produced for audit scrutiny. In addition, there was no evidence that approval was granted to discharge this liability from the 1999 voted provision.
- 639.** Amounts totalling \$61.648M were expended on Other Services Purchased. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Security services	21,828
Cleaning and extermination services	13,468
Technical assistance services	10,000
Equipment maintenance	7,611
183	

Inspection charges	2,874
Others	5,868
TOTAL	61,649

- 640.** Inter departmental warrants totalling \$12.734M 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 \$9.094M was in relation to other security services provided to the Ministry and were supported by monthly invoices from the Commissioner of Police.
- 641.** Included in the amount of \$13.468M expended on cleaning and extermination services were sums totalling \$10.147M which were paid for the cleaning of the Cheddi Jagan International Airport at a fee of \$780,538 per month.
- 642.** The amount \$10M shown as technical assistance services represents payment to the Civil Aviation Authority in the United Kingdom for airworthiness technical services while the sum of \$2.874M relate to the inspection charges by the Federal Aviation Administration.
- 643.** Amounts totalling \$89.554M were expended on Rates & Taxes. However, the basis under which the payments were made to the Mayor & City Council could not be determined as no statement of account or demand notice was produced for audit examination. It should be noted that there was also an outstanding liability of \$92.425M in respect of 1998.
- 644.** The Ministry did not maintain a register of properties owned by the Government. It is again recommended that urgent steps be taken to inventorise on a countrywide 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 can be traced to the Register.
- 645.** Amounts totalling \$11.750M were expended on Subsidies & Contributions to International Organisations. The following is a breakdown of the expenditure:-

DESCRIPTION	AMOUNT
184	

	\$'000
International Civil Aviation Organisation	4,500
Caribbean Telecommunications Union	3,653
Commonwealth Telecommunications Organisation	2,347
International Maritime Organisation	1,250
TOTAL	11,750

These amounts were verified as having been received by the respective institutions.

Revenue Accounting & Control

- 646.** Total revenue collected for the period under review totalled \$282.064M. Amounts totalling \$277.153M were collected from the Civil Aviation Department, mainly in relation to aerodrome charges, while the difference of \$4.911M represented the revenue collected by the Central Accounting Unit.
- 647.** An amount of \$7.384M representing revenue collected by the Civil Aviation Department for the period 15 to 31 December 1999, was not reflected in the revenue statement. As a result, revenue was understated by this amount. In addition, collectors' cash book/statements for the Civil Aviation Department were not being submitted to the Central Accounting Unit on a fortnightly basis, as required by financial instructions. These were submitted on average eighteen(18) days after the fortnight.
- 648.** The Demerara Harbour Bridge continued to retain revenue to meet its cost of operations. For the period under review, amounts totalling \$188.359M were collected and retained in violation of Section 17 of the FAA Act. As a result, no amounts were recorded on the Statement of Receipts and Disbursements. This matter was drawn to attention in my 1998 Report.
- 649.** Amounts totalling \$536,000 were collected for electrical inspections for the period under review. However, the register was not produced for audit inspection for the month of December 1999.

Stores & Other Public Property

- 650.** 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. A master inventory was also not maintained. The Accounting Officer is again advised to ensure that these records are introduced as early as possible.

Capital Expenditure

Division 519 - Project Executing Unit & Emergency Works

Subhead 15001 - Essequibo and West Demerara

- 651.** The sum of \$100.750M was voted for remedial works to sea defences at Anna Regina and Richmond on the Essequibo Coast. However, only amounts totalling \$3.390M were expended, and, as in the previous year, no physical works was undertaken.
- 652.** The above expenditure was mainly in relation to consultancy fees for the design of remedial work on sea defences on the Essequibo Coast. The contract was awarded in 1998 in the sum of \$10.793M and as at 31 December 1999, amounts totalling \$6.295M were paid to the contractor.

Subhead 15002 – Corentyne/East Coast/Essequibo Coast

- 653.** The sum of \$368M was allocated for the rehabilitation of sea defences in Regions 2 and 4 in areas such as Bushlot/Reliance, Aberdeen, Taymouth Manor, Devonshire Castle and Lusignan/Good Hope. Amounts totalling \$219.206M 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 1999.

654. According to the audited accounts, amounts totalling \$417.435M were expended, giving a difference of \$198.229M. This difference was due to (a) the charging of \$302.343M 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 in 1998 which were brought to account in the Public Accounts in 1999 (c) expenditure totalling \$67.123M which had not been brought to account and (d) counterpart expenditure totalling \$15.319M which was not shown in the financial statements. Taking these into account, there is an unexplained difference of \$7.948M.

655. The following is a breakdown of the audited expenditure: -

DESCRIPTION	AMOUNT \$'000
Upgrading of farm access roads in Regions 2, 5 & 6	116,989
Repairs to sea defences	221,350
Engineering and administration	19,601
Financial costs	27,022
Technical Co-operation	30,058
Design studies	2,182
Acquisition of equipment etc.	233
TOTAL	417,435

656. As can be noted, amounts totalling \$116.989M were expended on road upgrading and maintenance of farm access roads as follows:-

DESCRIPTION	AMOUNT \$
Construction of farm access roads from Mora Point to Hyde Park	51,760,225
“ “ “ “ “ “ Burma Rice Mill to Esau & Jacob	43,796,705
“ “ 6 miles access roads between Supenaam & Charity - Ph II	8,768,997
“ “ farm access roads at MMA- IR1 & IR 2	4,776,219
“ “ “ “ “ between Supenaam & Charity - Ph I	4,203,434

“ “ “ “ “ at Nos. 70 & 71 sideline dam	3,523,041
Way-leaves Investigation	160,000
TOTAL	116,988,621

- 657.** The contract for the construction of farm access roads from Mora Point to Hyde Park 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 of \$67.180M while the second lowest bid did not pass the post qualification test. At the end of 1999, amounts totalling \$51.760M were paid to the contractor. The works were physically verified.
- 658.** The contract for the construction of farm access roads from Burma Rice Mill to Esau and Jacob in Region 5 was awarded in July 1998 in the sum of \$87.423M. As at 31 December 1999, amounts totalling \$43.797M were paid to the contractor. The works were physically verified.
- 659.** In relation to the construction of farm access roads between Supenaam and Charity - Phase II, the contract was awarded in September 1999 in the sum of \$134.588M to the second lowest bidder on the grounds that the lowest bidder, whose tendered sum was \$123.734M, did not pass the post qualification test. As at 31 December 1999, amounts totalling \$8.769M were expended on this contract. The works were physically verified.
- 660.** The amount of \$4.776M represented payments made on a contract which was awarded in October 1997 in the sum of \$102.225M for the construction of five(5) miles of all weather farm access roads at MMA/ADA from IR1 to IR2. As at the end of 1999, amounts totalling \$95.924M were paid to the contractor. The works were physically verified.
- 661.** The contract for upgrading farm access roads between Supenaam and Charity (Phase I) was awarded in October 1997 to the second lowest bidder whose bid was \$110.838M, provided that he did the work at the lowest bidder’s price of \$105.505M. The lowest bidder, according to the minutes of the Central Tender Board, had several incomplete jobs. At the end of 1999, amounts totalling \$105.086M were paid towards the contract. The works were physically verified.

662. In relation to the construction of all weather farm access roads at Nos. 70-71 Villages sideline dam in Region 6, the contract was awarded in October 1997 to the fourth lowest bidder in the sum of \$72.36M on the grounds that the lower bids were incomplete in that they did not meet the required specifications, experience and qualifications. At the end of 1999, amounts totalling \$70.460M were paid towards this contract. The works were physically verified.

663. Amounts totalling \$221.350M were expended on the repairs to the following sea defences:-

DESCRIPTION	AMOUNT \$
Construction of 350 meters rip-rap seawall Taymouth Manor	104,306,037
Rehab. of 100 meters rip-rap seawall at Devonshire Castle	70,653,845
Additional works on 200 meters of rip-rap seawall at Aberdeen	45,172,694
Retention on rehab. of 200 meters of rip-rap seawall at Aberdeen	1,216,980
TOTAL	221,349,556

664. The contract for the construction of 350 meters rip-rap sea-wall at Taymouth Manor on the Essequibo Coast was awarded in December 1998 to the second lowest bid in the sum of \$119.3M on the grounds that it was closest to the Engineer's Estimate of \$116.160M. The lowest bid was \$111.338M. As at 31 December 1999, amounts totalling \$107.848M were paid to the contractor. The works were physically verified.

665. In relation to the rehabilitation of 100 meters of rip-rap seawall at Devonshire Castle on the Essequibo Coast, the contract was awarded in January 1999 to the second lowest bid in the sum of \$92.746M because the lowest bidder, whose tendered sum of \$79.050M, was below the Engineer's Estimate of \$80.949M. The works were physically verified.

- 666.** The amount of \$45.173M represents payments for additional works on the 200 meters of rip-rap seawall at Aberdeen, Essequibo Coast. The contract was awarded in September 1999 in the sum of \$59.828M. The works were physically verified.
- 667.** The amount of \$1.217M represents 5% retention on a contract which was awarded in 1998 for the rehabilitation of 200 meters of rip-rap seawall at Aberdeen on the Essequibo Coast.
- 668.** As can be noted, amounts totalling \$19.601M were expended on Engineering & Administration. This category of expenditure includes the payment of emoluments for the staff of the Project Executing Unit, maintenance of vehicles, the payment of utility bills etc. These expenditures were verified as having been properly incurred.
- 669.** The following is a breakdown of the amount shown as expenditure on technical co-operation:-

DESCRIPTION	AMOUNT \$
Supervision of construction of farm access roads	27,427,758
Special study on rice development	682,723
Emoluments of adviser to Sea Defence Project Execution Unit	1,947,888
TOTAL	30,058,369

- 670.** Two(2) contracts for the supervision of the construction of farm access roads were awarded in January 1999 and November 1995 in the sums of US\$187,860, equivalent to\$33.740M and US\$359,193, equivalent to \$64.511M respectively. As at 31 December 1999, amounts totalling \$64.016M were paid towards these contracts.

Subhead 15003 - East Coast Demerara

- 671.** The sum of \$21M was voted for technical assistance and training in tidal morphological study. Amounts totalling \$3.162M 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 1999.
- 672.** The amount expended represents (a) the cost of training in the sum of \$2.408M for the Chief Sea and River Defence Officer in tidal morphological study at Leeds University and (b) demobilisation expenses to the relatives of the former project director amounting \$754,000.

Subhead 15004 - West Coast Berbice

- 673.** The sum of \$67M was voted for the rehabilitation of sea defences on the West Coast Berbice in areas such Brahn - No. 41 Village, Trafalgar and Bel Air - Mon Choisi. However, as in 1996, 1997 and 1998, no physical work was done, and the amount of \$482,000 shown as having been expended represents interest charges. The Project is financed by the Caribbean Development Bank.

Subhead 15005 – Emergency Works

- 674.** The sum of \$350M was allocated for the rehabilitation of sea and river defences at Sparta, Richmond, Craig, Supenaam, Johanna Cecilia, Leguan, Taymouth Manor, Lima, Wakenaam, Hague, Turkeyen. Lusignan, Trafalgar pump station, Maida/Farm and Sisters. Amounts totalling \$270.587M were expended as follows:-

DESCRIPTION	AMOUNT \$'000	AMOUNT \$'000
Rehabilitation of sea defences at Sparta		2,659
“ “ “ “ at Richmond		1,582
“ “ “ “ at Craig		12,746
“ “ “ “ at Supenaam		6,432
“ “ “ “ at Leguan		882
“ “ “ “ at Wakenaan		11,364
“ “ “ “ at Hague		2,040

“ “ “ “ at Maida		11,947
Rehabilitation of other sea defences Regions 2 -5		94,301
Miscellaneous works		2,610
		146,563
Wages, salaries and administration expenses	96,025	
Transportation	8,711	
Fuel & lubricants	2,816	
Purchase of building materials	6,927	
Purchase of spares	2,830	
Security services	3,804	
Miscellaneous	2,911	
		124,024
TOTAL		270,587

- 675.** 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 1999, amounts totalling \$176.213M 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 1999, amounts totalling \$96.073M paid to the contractor.
- 676.** In relation to the rehabilitation works at Craig, seven(7) contracts valued at \$15.293M were awarded in 1999. However, in respect of one(1) contract for the construction of a steel sheet anchored revetment and valued \$10.163M, the basis of the award could not have been determined because the related file could not be located at the Central Tender Board. As at 31 December 1999, amounts totalling \$12.746M were paid to the contractors.
- 677.** The contract for the rehabilitation works at Supenaam was awarded in 1997 in the sum of \$15.534M and involved the construction of a 400 feet steel sheet piled revetment. There was an approved variation of \$3.512M, giving a revised contract sum of \$19.046M. As at 31 December 1999, amounts totalling \$16.306M were paid to the contractor.
- 678.** In relation to the rehabilitation works at Wakenaam, fifteen(15) contracts valued at \$15.875M were awarded in 1999. As at 31 December 1999, amounts totalling \$11.364M were expended.
- 679.** Three(3) contracts of equal amounts and valued at \$13.269M were awarded

by the Ministerial Tender Board to the same contractor on the same date for the construction of 700 linear feet green heart revetment at Bush Lot/Maida. Had the works been undertaken in one(1) lot this would have required adjudication by the Central Tender Board. It is evident that these contracts were awarded in a piece-meal manner to avoid the higher level of adjudication.

- 680.** The works undertaken under this subhead were physically verified and conformed generally to the specifications contained in the respective bills of quantities.
- 681.** The amount of \$96.025M shown as wages and salaries and other expenses represents mainly the emoluments of 352 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. It should be noted that for the period under review, actual staffing was reduced by 20 persons.
- 682.** Included in the amount of \$2.830M shown as purchases of spares, were two(2) payments of \$141,700 and \$115,000 relating to the purchase of bolts and nuts in 1992. These two(2) transactions, as well as other related matters, were the subject of a special investigation, as a result of which a number of officers were interdicted from duty. It should be mentioned that approval was granted for the discharge of 1998 liabilities totalling \$3.049M using the 1999 voted provisions. These two(2) amounts were included in the request for approval but there was no indication that they were 1992 transactions.

Subhead 15006 - Shorezone Management

- 683.** The sum of \$2M was voted for the preparation and implementation of a programme of beach and structure condition survey, including land use planning, mangrove management and Shorezone stabilisation. Amounts totalling \$1.706M 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

- 684.** An amount of \$30M was allocated for the provision of administrative and supervision support for the Sea Defence Programme. Amounts totalling \$25.460M were expended mainly on the emoluments of twenty-nine(29) persons employed on a full-time basis as well as on office expenses for the Project Executing Unit.
- 685.** 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 again recommended that a cash book be introduced for this account.

Division 520 - Ministry of Public Works

Subhead 11001 - Demerara Harbour Bridge

- 686.** The sum of \$210M was voted for (a) completion of the rehabilitation of retractor/acceptor spans, uniflotes and scrow-ends and (b) settlement of claims, procurement and installation of scales and asphaltting of bridge. Amounts totalling \$202.647M were expended. The Project is funded by the Government of Guyana and the European Union and is subject to separate financial reporting and audit.
- 687.** The last set of audited accounts of the Project was in respect of 1999, and an examination of these accounts revealed an expenditure of \$160.873M, giving a difference of \$41.774M. The difference was due to (a) disbursements totalling \$36.1M made in 1998 which were brought to account in 1999 and (b) \$5.674M which was not spent by the Project and subsequently refunded to the Consolidated Fund. As a result, the Appropriation Account was overstated by the latter amount.
- 688.** The following is a breakdown of the audited expenditure:-

DESCRIPTION	AMOUNT \$'000
Supply of pontoons and other ancillary work	40,311
Rehabilitation of retractor/acceptor span	97,914

Rehabilitation of uniflotes & scowends	10,000
Supply & installation of scale	5,242
Asphalting of bridge	7,404
Administration costs	2

TOTAL **160,873**

- 689.** The amount of \$40.311M shown as payment for the supply of pontoons and other ancillary works, represents final payment for the supply of 105 pontoons and other items. Similarly, the amount of \$97.914M shown as rehabilitation of retractor/acceptor span represents the final payment to the contractor based on a contract valued at \$226.833M which was entered into in June 1998.

Subhead 12001 - Government Buildings

- 690.** The sum of \$10M was voted for the rehabilitation of the Appellate Tribunal building, Mechanical Workshop Complex in Water Street, 52/53 Main Street and living quarters at Timehri. Amounts totalling \$9.998M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Rehabilitation of Appellate Tribunal building	4,999
“ “ 52/53 Main Street	2,970
“ “ Stores building	998
“ “ living quarters at Timehri	998
Miscellaneous	33
TOTAL	9,998

- 691.** The contract for the rehabilitation of the Appellate Tribunal building was awarded by the Ministerial Tender Board in the sum of \$5.992M to the lone bidder. As can be noted, amounts totalling \$4.999M were paid to the contractor. The difference of \$993,000 was met from the Tribunal's capital programme - Subhead 25009. The works were physically verified.

- 692.** In my 1998 Report, mentioned was made of the construction of market

facilities at Mon Repos in the sum of \$12.165M. Physical inspection in November 1999 had 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. At the time of reporting, the position remained unchanged.

Subhead 12007 - Timehri Airport

- 693.** The sum of \$8M was budgeted for the rehabilitation of terminal building roof and electrical system. Amounts totalling \$13.396M were expended, giving an excess expenditure of \$5.396M. This excess was met from an advance from the Contingencies Fund. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$
Rehabilitation of terminal building roof	5,998,968
Repairs & installation of transformers	5,398,817
Consultancy services	527,974
Payment of gratuity and leave to two(2) officers	865,311
Servicing of transformers	605,000
TOTAL	13,396,070

- 694.** The contract for the rehabilitation of the terminal building was awarded in the sum of \$5M to the lone bidder. There was approved variation of \$998,000, giving a revised contract sum of \$5.998M. As at 31 December 1999, the full amount was paid to the contractor. The work was physically verified.
- 695.** In relation to the repairs and installation of transformers, the contract was awarded in the sum of \$5.4M without any form of competitive bidding. According to the minutes of the Ministerial Tender Board, the works were of an urgent nature and it was decided that the award should be made to the contractor who was involved in similar works at the Airport. However, approval for a waiver of the tender procedures should have been sought from the Secretary to the Treasury. The above works were nevertheless physically verified.
- 696.** The amount of \$527,974 shown as consultancy services, relates to the

rehabilitation of the terminal building roof. However, there was no evidence that a system of competitive bidding was followed before the contract was awarded. The recipient was the former Project Manager for the extension of the Outgoing Passenger Area, now project supervisor for the perimeter fence to the airport.

- 697.** In my 1998 Report, it was stated that an amount of \$3.590M was paid to the Project Manager for the extension of the Outgoing Passenger area. This amount represented salaries, travelling, gratitude etc. 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 1998, the Project Manager was also in receipt of consultancy fees totalling \$3.862M from this Ministry for various works undertaken.

Subhead 12008 - Regional Airport Project

- 698.** The sum of \$31M was allocated for the purchase of runway visual range, solar powered non-directional beacon and the construction of perimeter fence (Phase II). Amounts totalling \$28.488M were expended, as follows:-

DESCRIPTION	AMOUNT \$'000
Construction of perimeter fence (Phase II)	18,458
Installation of security lights to perimeter fence	5,997
Management & secretarial services	3,027
Miscellaneous	1,006
TOTAL	28,488

- 699.** The contract for the construction of the perimeter fence was awarded in the sum \$24.335M to the second lowest bidder on the grounds that the lowest bidder, whose tendered sum was \$21.152M, did not submit a valid NIS certificate. As can be noted, amounts totalling \$18.458M were paid to the contractor as at 31 December 1999. The works were physically verified.
- 700.** The installation of the security lighting system was undertaken without any form of competitive bidding. According to the minutes of the Ministerial

Tender Board, the work was of an urgent nature and it was decided that the contract be awarded to the contractor who was engaged in the repairs and installation of transformers. However, approval from the Secretary to the Treasury should have been sought for a waiver of the tendering procedures. The works were nevertheless physically verified.

701. In relation to management and secretarial services, the former project manager, now supervisor of the fence, continued to be in receipt of a salary of US\$1,100 per month free of income tax. As mentioned above, this is a violation of the Income Tax Act.

Subhead 14001 - Mabura/Lethem Road

702. The sum of \$80M was voted for the rehabilitation of deteriorated sections between Lethem - Annai, Mabura - Kurupukari and bridges between Mabura Hill - Lethem. Amounts totalling \$57.996M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Rehabilitation Kurupukari - Lethem Main Access Road	9,149
” of roads and bridges at Region 9	35,069
Maintenance of main access road (Frenchman - Kurukupukari)	3,724
Consultancy services	6,520
Repairs to MV Takatu	3,000
Miscellaneous	534
TOTAL	57,996

703. Four(4) contracts valued at \$20.780M were awarded to the same contractor on the same date by the Ministerial Tender Board for the rehabilitation of the Kurupukari - Lethem Road. Had the works been undertaken in one lot, this would have required adjudication by the Central Tender Board. As can be noted, amounts totalling \$9.149M were paid to the contractor.

704. In relation to the rehabilitation of roads and bridges in Region 9, six(6) inter

departmental warrants valued at \$35.253M were issued to the Region for it to undertake the works on behalf of the Ministry. However, the financial return submitted by the Region did not give details of the expenditure of \$35.069M nor were any documents submitted in support of the expenditure.

- 705.** The contract for the maintenance of the main access road from Frenchman to Kurupukari was awarded in the sum of \$3.724M. The full amount was expended. Because of the inaccessibility of the area, the above works were not physically verified.
- 706.** As can be noted, the MV Takatu was repaired at a cost of \$3M but there was no evidence that approval was granted for a change in programme to accommodate this expenditure. In addition, there was no evidence that the contract was awarded through a system of competitive bidding. The Accounting Officer explained that because of the nature of the work and the location involved, the Ministerial Tender Board decided to award the contract based on previous experience and satisfactory track record. However, a waiver of the tendering procedures should have been sought from the Secretary to the Treasury.

Subhead 14002 - Rehabilitation of Runway

- 707.** The sum of \$20M was allocated for the rehabilitation of sections of main runway at Timehri International Airport. However, no expenditure was incurred for the period under review, and an examination of the Estimates of Expenditure for 2000 revealed that no allocation was made for the works to be undertaken.

Subhead 14003 - Bridge Rehabilitation

- 708.** The sum of \$53.4M was provided for (a) rehabilitation and construction of bridges, approaches and related drains and sluices along the Timehri/Georgetown/Rosignol road and (b) funding of a feasibility of the Berbice River Crossing and/or construction of new bridge. Amounts totalling \$500,000.
- 709.** The Programme is funded by the Government of Guyana and the Inter American Development Bank under Loan Agreement No. 999/SF-GY and is subject to separate financial reporting and audit. An examination of the audited accounts of the Project for 1999, revealed an expenditure of

\$20.816M, giving a difference of \$20.316M. This difference was due to (a) foreign disbursements totalling \$15.936M which had not yet been brought to account in the Public Accounts and (b) the charging of \$2.6M to Division 521 - Subhead 27005 (Bridge Rehabilitation). Taking this into account, there is an unexplained difference of \$1.780M.

710. The audited expenditure represents administrative costs and the acquisition of office equipment. The equipment was verified as having been received and properly brought to account.

Subhead 14004 - Black Bush Polder Road

711. The sum of \$15M was allocated for the completion of the rehabilitation works at Yakasari and patching of other critical sections of roadway. Amounts totalling \$13.147M were expended. Three(3) contracts were awarded for the above works, two(2) of which valued at \$8.914M were awarded by the Ministerial Tender Board to the same contractor on the same date. Had the works been undertaken in one lot, this would have required adjudication by the Central Tender Board. The works were nevertheless physically verified.

Subhead 14005 - Bartica/Issano/Madhia Road

712. The sum of \$15M was provided for the rehabilitation of critical sections of Bartica/Issano/Madhia Road, including Bartica and Issano junctions. Amounts totalling \$11.978M were expended. Two(2) contracts valued at \$10.415M were awarded for these works while the difference of \$1.563M represented payments for consultancy services. Because of the inaccessibility of the area, the works were not physically verified.
713. An inter-departmental warrant valued at \$3M was issued to the Regional Administration of Region 8 for emergency works on the Bartica/Issano/Madhia road. However, up to the time of reporting, financial returns were not received from the Region. In addition, this amount was not reflected in the Appropriation Account, resulting in an understatement of expenditure.

Subhead 14006 - Bridges

714. The sum of \$19M was voted for the rehabilitation of Mandela Avenue, Ya Ya Landing, Massakuri and Garraway Stream bridges. Approval was granted for a change in programme to rehabilitate culverts at Malali and Friendship and Foulis bridge. Amounts totalling \$10.6M were expended as follows:-

DESCRIPTION	AMOUNT \$
Rehabilitation of two(2) bridges at Massakuri	2,657
" " Malali Culvert	2,298
" " western section of Foulis Bridge	1,875
" " Garraway Stream Bridge	1,342
" " Friendship Culvert	1,203
Construction of reinforced concrete deck - Mandela Ave.	961
Miscellaneous	264
TOTAL	10,600

715. The contract for the rehabilitation of the two(2) bridges at Massakuri were awarded in the sum of \$3.196M. There was an approved variation of \$351,540, giving a revised contract sum of \$3.547M. As at 31 December 1999, amounts totalling \$3.352M were paid to the contractor. The difference of \$695,734 was met the capital programme of Region 7. The works were physically verified.
716. An amount of \$2.298M was paid for the rehabilitation of Malali culvert at Crabwood Creek. The contract was awarded in the sum of \$2.582M by the Regional Tender Board to the second lowest bidder since the lowest bidder had an invalid income tax compliance certificate. An examination of the contract documents, tender board minutes and payment vouchers, however, revealed that all transactions pertaining to this contract were done on 31

December 1999. It is obvious that value would not have been received at this date. Interestingly, in order for payment to be effected, a certificate of satisfactory completion of the works had to be issued. However, it was not until June 2000 that the Engineer's Certificate from Region 6 attesting to the satisfactory completion of the works, was issued. The works were nevertheless physically verified.

- 717.** The contract for the rehabilitation of the Foulis Bridge was awarded in the sum of \$1.354M without any form of advertisement. According the Ministerial Tender Board minutes, four(4) contractors were asked to bid for the job, two(2) of which responded. A variation of \$729,630 was approved, giving a revised contract sum to \$2.083M. It should be noted that the contract was entered into on 31 December 1999, the same date of the variation order as well as the effecting of payment.
- 718.** In relation to the rehabilitation of Garraway Stream Bridge, the contract was awarded in the sum of \$1.342M. The full amount was expended. Because of the inaccessibility of the area, the works were not physically verified.
- 719.** The contract for the rehabilitation of the Friendship culvert was awarded in the sum of \$1.243M without any form of advertisement. According to the minutes of the Ministerial Tender Board, six(6) contractors were asked to bid for the job. A variation of \$102,588 was approved, giving a revised contract sum to \$1.336M. As at 31 December 1999, amounts totalling \$1.203M were paid to the contractor.
- 720.** The contract for the construction of the reinforced concrete deck at Mandela Avenue was awarded in the sum of \$9.613M. As at 31 December 1999, only mobilisation advance of \$961,326 was paid on this contract. At the time of reporting, the works were 60% complete.
- 721.** An inter-departmental warrant for \$1.5M was sent to the Regional Administration of Region No. 6 to facilitate repairs to holes at Line Path, Skeldon and Crabwood Creek. However, up to the time of reporting, financial returns were not received nor was the amount reflected in the Appropriation Account.

Subhead 14007 - Miscellaneous Roads

- 722.** An amount of \$200M was allocated for the completion of on-going and

commencement of new roads in rural communities. Amounts totalling \$179.226M were expended as follows:-

DESCRIPTION	AMOUNT \$'000	AMOUNT \$'000
Rehabilitation of Roads		
Long Road, Leguan Island	7,721	
Hubu to Lokabu	5,374	
Crabwood Creek to Molesen Creek	5,993	
Uitvlugt Road	4,658	
Bella Dam Road	4,454	
Bee Hive Access Road	4,799	
First Street, Enmore	4,299	
Eccles Access Road	4,012	
19 other roads	41,561	82,871
Completion of Ongoing Roads		
Kersaint Park	5,017	
Parika to Hubu	3,206	
Hague Back dam	2,864	
Simpson Street & Canterbury Walk	1,607	
Enterprise Main Road	1,412	
12 other roads	6,926	
Purchase of road building materials	56,964	
Consultancy services	10,099	
Rehabilitation of roads in other regions	4,589	
Miscellaneous	3,671	96,355
TOTAL		179,226

- 723.** The contract for the rehabilitation of Long Road, Leguan Island was awarded in November 1999 in the sum of \$13.403M. As can be noted, amounts totalling \$7.721M were expended at 31 December 1999. At the time of reporting, the work was completed and the balance of \$5.682M was paid.
- 724.** The contract for the rehabilitation of the Hubu to Lokabu Road was awarded in the sum of \$5.971M in November 1999 to the second lowest bidder, since the lowest bidder was engaged on other projects. The second lowest bidder was asked to reduce his price from \$6.405M to \$5.971M. As at 31 December 1999, amounts totalling \$5.374M was paid on this contract. At the time of reporting, the work was completed and was physically verified.
- 725.** The contract for the rehabilitation of the roadway from Crabwood Creek to Molsen Creek was awarded in the sum of \$5.994M. The work was physically verified.
- 726.** The contract for the rehabilitation of the Uitvlugt Road was awarded in the sum of \$5.175M on 28 December 1999. On 31 December 1999, three(3) payments totalling \$4.658M were paid made to the contractor. It is evident that payments were effected to exhaust the voted provision. The works were nevertheless physically verified.
- 727.** On 1 November 1999 a contract was awarded for the rehabilitation of Bella Dam in the sum of \$4.949M. As at 31 December 1999, an amount of \$4.454M was paid on this contract. At the time of reporting, the work was completed and was physically verified.
- 728.** The contract for the Bee Hive Access Road was awarded in the sum of \$5.332M in August 1999. As at 31 December 1999, amounts totalling \$4.799M were paid on this contract. The works, which included the rehabilitation of roadway and two(2) wooden bridges, were physically verified.
- 729.** The contract for the rehabilitation of First Street, Enmore was awarded in the sum of \$4.614M in July 1999. As at 31 December 1999, amounts totalling \$4.299M were paid to the contractor. The works were physically verified.

- 730.** The contract for rehabilitation of the Eccles Access Road (Harbour Bridge Bypass) was awarded in the sum of \$2.598M. There was an approved variation of \$2M for additional works, giving a revised contract sum of \$4.598M. As at 31 December 1999, amounts totalling \$4.012M were expended on this contract. The works were physically verified.
- 731.** An amount of \$50.410M was expended on the purchase of road building materials. These materials included asphaltic concrete, quarry materials, white sand and loam. They were verified as having been received and properly brought to account.
- 732.** The Parika to Hubu public road was rehabilitated at a cost of \$4.855M. The contract was awarded in December 1998 and an amount of \$1.644M was paid in 1998 while the balance of \$3.207M paid in 1999. However, it was observed that on 1 December 1999 another contract was awarded for patching the same road in the sum of \$3.525M. As at 31 December 1999, an amount of \$339,195 was paid as mobilisation advance. At the time of reporting in August 2000, an additional sum of \$2.714M was paid on this contract. Physical inspection in September 2000 revealed that many sections of this roadway were badly deteriorated.
- 733.** In relation to the amount of \$4.589M shown as having been expended on the rehabilitation of roads in other Regions, four(4) inter departmental warrants valued at \$15.183M were issued to Regions 2 to 5 for the works to be undertaken. However, financial returns were only received for the amount of \$4.589M which was reflected in the Appropriation Account.

Subhead 14008 - Urban Roads/Drainage

- 734.** The sum of \$20M was allocated for the rehabilitation of selected roads, drains and streets in Georgetown. The full amount was expended as follows:-

DESCRIPTION	AMOUNT \$'000
Purchase of road building materials	12,190
Cleaning of drains and culverts	4,656
Purchase of spare parts, fuel etc.	2,100
Miscellaneous	1,054
TOTAL	20,000

735. The road building materials, spare parts, fuel etc. were verified as having been received and properly brought to account. In relation to cleaning of drains and culverts, three(3) main contracts valued at \$2.941M were awarded without any form of advertisement. An examination of the minutes of the Ministerial Tender Board revealed that a number of contractors were asked to bid for the jobs on the basis of which the selection was made.
736. As can be noted, the full amount was expended on this subhead. However, an amount of \$128,819 representing the final payment on one of the contracts mentioned above was charged to Subhead 14007 - Miscellaneous Roads. It is evident that was done to avoid overrunning the voted provision on this subhead. In addition, an amount of \$396,000 was paid to a contractor for the cleaning of canals from First Street, Alexander Village to Mandela Avenue along Hunter Street. An examination of the payment voucher, however, revealed that of the three(3) quotations received for the work, the addresses of the contractors were not stated in the other two(2) quotations. This raises doubt about the authenticity of the quotations.

Subhead 14009 - Hinterland Airstrips

737. The sum of \$15M was voted for the ongoing rehabilitation of airstrips at Aishalton, Madhia and Imbaimadai. Amounts totalling \$4.049M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Rehabilitation of Imbaimadai Airstrip Phase III	1,272
Consultancy services	1,469
Emoluments of security personnel	941
Cost of charter flights	367
TOTAL	4,049

738. The contract for the rehabilitation of the Imbamadai Airstrip was awarded in 1998 in the sum of \$5.338M. There was a variation of \$1.272M for additional works, giving a revised contract sum of \$6.610M. As at 31 December 1999,

the full amount was paid on the contract. Because of the inaccessibility of the area, the works could not have been physically verified.

Subhead 14010 - Dredging (Equipment)

739. The sum of \$135M was allocated for the rehabilitation of dredge “Steve N”, reconditioning of ML Thompson, dredging of main ship channels 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	90,009
Repairs to ML Thompson	58,987
TOTAL	148,996

740. The contract for the repairs to dredge “Steve N” was awarded in March 1999 in the sum of \$40.209M. However, only \$26.312M was charged to the Appropriation Account. The difference of \$13.996M was met from the resources of the T&HD. The spares purchased were verified as having been received and properly brought to account.

Subhead 16002 - Equipment (Civil Aviation)

741. The sum of \$10M was provided for the purchase of security surveillance camera, slide projectors, computer and automated ticketing machine. Amounts totalling \$7.630M were expended on the acquisition and installation of security surveillance equipment, one VHF air band transceiver, parking gate, two computers and other miscellaneous items.

742. The above items were verified as having been received and properly brought to account, except the parking gate. Audit checks revealed that the gate was not purchased and the related cheque valued at \$1.995M was still on hand at

the time of reporting. The Appropriation Account was therefore overstated by this amount.

Subhead 16003 - Stellings

- 743.** The sum of \$50M was voted for the completion of the New Amsterdam Stelling and the rehabilitation of Leguan and Bartica stellings. This amount was released to the Transport & Harbour Department for that department to undertake the works. An examination of the records of the T & HD revealed an expenditure of \$76.911M, as follows:-

DESCRIPTION	AMOUNT \$'000
Completion of New Amsterdam Stelling	52,023
Rehabilitation of Leguan Stelling	14,761
“ “ Bartica Stelling	8,434
Consultancy for New Amsterdam Stelling	1,693
TOTAL	76,911

- 744.** 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. However, the certificate of practical completion showed the final contract sum as \$67.984M. The variation was therefore \$8.238M. As at 31 December 1998, amounts totalling 12.562M were paid on this contract. During the period under review, the balance of \$47.184M on the contract was paid as well as part of the variation. However, only \$25.112M was charged to capital expenditure. The difference was paid from the resource of T & HD. The works were physically verified.
- 745.** The contract for the construction of a high ramp and repairs to the Bartica Stelling was awarded in the sum of \$8.434M. 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 in the sum of \$14.761M to the same contractor who did the rehabilitation of the Bartica Stelling. Again, there was no evidence of adherence to tender procedures. The works were nevertheless physically verified.

Subhead 16005 - Air Traffic Service

746. The sum of \$9M was allocated for the purchase and installation of transceiver and automatic weather station and accessories. Amounts totalling \$8.914M were expended on the purchase of a weather station. However, the basis of the award of this contract could not be determined since the tender documents were not submitted by Central Tender Board for audit.

747. The transceiver was also purchased but the cost was charged to Subhead 16002 - Equipment (Civil Aviation) since enough funds were not available under this subhead to accommodate the expenditure. Evidence was seen that the Chief Planning Officer was written to in connection with this matter. However, no approval was seen for a change in programme to accommodate this expenditure. The items purchased were nevertheless verified as having been received and properly brought to account.

Subhead 17001 - Minor Works

748. An amount of \$5M was provided for the implementation of minor programmes and projects. The full amount was expended as follows:-

DESCRIPTION	AMOUNT \$
Repairs to Prime Minister's office	1,964
" " " " residence	556
Donations	1,222
Charter flights	516
Miscellaneous	742
TOTAL	5,000

The works were physically verified while the other expenditures were verified

as having been properly incurred.

Subhead 25001 - Office Equipment

749. The sum of \$3.3M was voted for the purchases of computers and accessories, photocopier, typewriters, desks, chairs and air conditioning unit. Amounts totalling \$3.157M 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 nor were they inventorised.

Subhead 26001 - Navigational Aids

750. An amount of \$25M was voted for the acquisition, installation and placement of buoys and fittings. 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
Acquisition and repairs to 27 navigation markers	26,936
Purchase of spares for buoys and beacons	2,704
Miscellaneous	478
TOTAL	30,118

751. Twenty-seven (27) buoys were donated to the Government of Guyana for use by the T&HD, and an amount of \$7.246M was paid for shipping the buoys from French Guiana. These buoys were subsequently rehabilitated at a cost of \$19.690M. However, only \$14.572M was charged to the Appropriation Account. The difference of \$5.118M was met from the resources of the T&HD. The spares for the buoys and beacons were verified as having been received and properly brought to account.

Subhead 27001 - Reconditioning of Ships

752. The sum of \$50M was budgeted for the docking and repairs to motor vessels Barima, Northcote, Bonasika and the acquisition of spares and materials. The entire amount was released to the Transport & Harbours Department. An examination of the records of the T & HD revealed that the amount was utilised for the purchase of spares for MV Barima, Torani and MB Sandaka and Bonasika as follows:-

DESCRIPTION	AMOUNT \$'000
Fuel and oil filters	30,961
Spares for MV Barima	17,057
Spares for MV Bonsika and Sandaka	2,275
Miscellaneous	285
TOTAL	50,578

The difference of \$578,048 was met from the resources of the T&HD. The spares were verified as having been received and properly brought to account.

Subhead 27003 - Reconditioning of Ferry Vessels

753. An amount of \$50M was allocated for the docking and repairs to vessels MV Torani and Makouria and the acquisition of spares and materials. This amount was released to the Transport & Harbours Department for that department to undertake the repairs. An examination of the records of the T&HD revealed the following expenditure:-

DESCRIPTION	AMOUNT \$'000
Purchase of spares for MV Malali, Makouria, Torani	57,970

211

Repairs to MV Torani	23,201
TOTAL	81,171

- 754.** The contract for the purchase of spare parts was awarded in the sum of \$57.970M. The entire amount was paid to the contractor. However, only \$47.970M was charged to the Appropriation Account. The difference of \$10M was met from the resources of the T & HD. There was, however, 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 verified as having been received and properly brought to account.
- 755.** The repairs and docking of MV Torani were undertaken at a cost of \$23.201M. However, only \$2.030M was charged to the Appropriation Account. The difference of \$23.201M was met from the resources of the T&HD.

Division 521

Ministry of Public Works

Subhead 14001 - Essequibo Coast Road

- 756.** The sum of \$345M was allocated for the reconstruction of the Charity/Supenaam Road. According to the Appropriation Account, amounts totalling \$268.260M 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.
- 757.** The last set of audited accounts was in respect of 1999 and an examination of these accounts revealed an expenditure of \$32.040M on the Essequibo Road. The difference of \$236.220M is as a result of the following:-
- payments totalling \$148.906M were made to the new contractor following the termination of the contract with Technodomi on 15 February 1999. These payments relate to a mobilisation advance of

\$136.173M and two (2) valuation certificates totalling \$11.952M. The agreement between the Government of Guyana and the IDA was also terminated and the new contractor was engaged following a system of “selective tendering”, involving two(2) other contractors;

- a payment of \$3M for consultancy services;
- the discharge of liabilities totalling \$33.770M to creditors of the previous contractor; and
- disbursements totalling \$50.544M made by the IDA in 1998 which were brought to account in the Public Accounts in 1999.

758. The following is a breakdown of the audited expenditure:-

DESCRIPTION	AMOUNT G\$'000
Earth works Consultancy services	7,020 25,020
TOTAL	32,040

759. Physical inspection on 16 September 2000 revealed that 3.4 miles of the 38.4 miles were still to be completed. In addition, twelve(12) of the twenty(20) bridges and one(1) out of thirty-five(35) culverts were not completed.

760. 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. At the time of reporting, it is understood that this matter, along with a number of other issues, is the subject of litigation proceedings.

Subhead 14002 - Georgetown/Soesdyke/Rosignol Road

761. The sum of \$854M was voted for (a) the payment of compensation, retention fees on Lots 1-6 and 17 (b) continuation of works on Georgetown/Mahaica road and Railway Embankment and(c) construction of concrete drains on Vlissengen Road and revetment at Middleton Street. A supplementary provision of \$470M was approved, giving a revised allocation of \$1.324 billion. According to the Appropriation Account, amounts totalling \$1.303 billion were expended.

762. 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 1999 and an examination of these accounts revealed the following expenditure:-

DESCRIPTION	AMOUNT \$'000
Direct Costs - Georgetown - Mahaica	1,108,508
Direct Costs - Georgetown - Timehri	16,804
Engineering & Administration	9,293
Institutional Strengthening	2,164
TOTAL	1,136,769

763. The difference of \$165.891M was due to (a) counterpart expenditure totalling \$102.660M which was not shown in the financial statements and (b) disbursements totalling \$63.231M made in 1998 now brought to account in the Public Accounts.

764. The contract for the rehabilitation of approximately 43.4 km of the Georgetown to Mahaica Road was awarded on 1 September 1996 in the sum of \$1.946 billion. The duration for this contract was twenty-four (24) months with an intended completion date of 30 September 1998. The contract was amended as follows:-

- (a) On 25 May 1999 to cover for escalation costs resulting from the unexpected cost increase of aggregate;
- (b) On 26 June 1999 extending the completion date to 31 October 1999;

and

- (c) On 9 February 2000 further extending the completion date to 31 March 2000 as well as the contract sum by \$119.576M.
- 765.** The works on the contract were substantially completed in August 2000, and as at 31 December 1999, amounts totalling \$1.933 billion were paid to the contractor.
- 766.** In the original budget approved by the IDB and GOG, provision was made for the rehabilitation of 76.3 km of roadways from Mahaica to Rosignol. However, most of the US\$6.690M budgeted for this roadway was shifted to complete the Georgetown/Mahaica Roadway. As a result, little or no funding was left available under the loan agreement with the IDB for the rehabilitation of the Mahaica to Rosignol Roadway.
- 767.** The Georgetown/Timehri Road was substantially completed in 1997, according to the Supervisory Engineer's report dated September 1997. The contractor made three(3) claims against the Project in the sum of \$517.204M. As a consequence, and in accordance with the terms of the contract between the contractor and the Government of Guyana, an adjudicator was appointed in January 1999 to resolve the matter. However, the attorneys representing the Government had reviewed the situation and had advised that the sums claimed by the contractor could not be entertained under the contract since the Supervisory Engineer had authorised \$36.907M as a final payment to the contractor and the contractor had accepted this on 11 May 1998.
- 768.** In addition, the attorneys for the Government stated that because the contractor had accepted the payment mentioned above, he, the contractor, was not entitled to have an adjudicator to determine whether he was entitled to the sum of \$517.204M and therefore, the contractor's claim was null, void, unenforceable and of no legal effect. As a result, a writ of prohibition was sought by the attorneys-at-law and was granted by the Court on 7 May 1999 restraining the adjudicator from proceeding. The matter is still to be decided by the court.
- 769.** The amount of \$2.326M which was incurred under Institutional Strengthening was expended on the payment of salaries of the internal auditor and the new financial controller. The internal auditor's primary responsibility was to carry out internal auditing of all the Projects executed by the PEU and to submit quarterly reports to the Permanent Secretary. In addition, he was required to

develop an audit manual, conduct special investigations and to carry out training sessions. However, during the period under review, there was no evidence that any audits were carried out and therefore no quarterly reports were available. There was also no evidence that a review of the internal controls, as well as work on the audit manual, was carried out.

- 770.** The new Financial Controller was appointed with effect from 11 November 1999 for four(4) months. His contract was extended to 30 June 2000. However, the previous Financial Controller was retained on a monthly basis and was paid from counterpart funding. As a result, two(2) financial controllers were in position with effect from 11 November 1999 to 30 June 2000.

Subhead 14003 - Soesdyke/Linden Highway

- 771.** An amount of \$366M 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 \$330.970M were expended.
- 772.** An examination of the records of the Project revealed an expenditure of \$495.966M. The difference of \$165.004M relates to (a) disbursements totalling \$173.219M which were made in 1999 but were not brought to account and (b) counterpart expenditure of \$8.215M which was not shown in the financial statement.
- 773.** The contract for the rehabilitation of the Soesdyke/Linden Highway was awarded in February 1997 in the sum of \$920.512M. In November 1999, vide amendment No. 1 the contract price was revised to \$1.321 billion and the duration was extended to 30 June 2000. As at 31 December 1999, amounts totalling \$974.332M were paid on this contract.
- 774.** 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 1999, amounts totalling US\$1,160,951, equivalent to G\$190.161M, was paid on this contract.

Subhead 14004 - Road Maintenance Project

775. The sum of \$25M 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 14010 - Supervision & Administration

776. The sum of \$23.5M was provided for the administration and supervision costs for road projects. A supplementary provision of \$3.911M was approved, giving a revised allocation of \$27.411M. Amounts totalling \$27.392M were shown as having been expended.
777. 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 1999 and an examination of these accounts revealed an expenditure of \$21.08M. The difference of \$6.31M represents counterpart expenditure relating to the operations of the Project Execution Unit.

Subhead 14011 - Internal Audit

778. 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, as in the previous year, no expenditure was incurred.

Subhead 14012 - Vehicular Weight Control Programme

779. An amount of \$5M was allocated for the purchase of scales for the protection and preservation of the road network. However, for the period under review, no expenditure was incurred.
780. 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.
781. 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. 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

- 782.** The sum of \$10M was provided for the establishment of a road maintenance fund for improved road maintenance. The full amount was 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 1999, this account reflected a balance of \$54.103M. No expenditure was, however, incurred during the period under review. The Appropriation Account would have been overstated by \$10M and it would have been more appropriate for the works to be re-budgeted for in 2000.

Subhead 19001 - Secondary Towns Infrastructure Development

- 783.** An amount of \$12M was allocated for the completion of an urbanisation programme for Charity, Supernaam, Parika and Bartica. A supplementary provision of \$34.242M was approved, giving a revised allocation of \$46.242M. Amounts totalling \$44.342M were shown as having been expended.
- 784.** 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 1999. An examination of these audited accounts revealed an expenditure of \$44.342M which was incurred on consultancy services.

Subhead 27005 - Bridge Rehabilitation

- 785.** The sum of \$2.6M 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 full amount was shown as having been expended.
- 786.** The Programme is funded by the Government of Guyana and the Inter

American Development Bank under Loan Agreement No. 999/SF-GY and is subject to separate financial reporting and audit. An examination of the audited accounts of the Project for 1999, revealed an expenditure of \$20.816M, giving a difference of \$18.216M. This difference was due to (a) foreign disbursements totalling \$15.936M which had not yet been brought to account in the Public Accounts and (b) the charging of \$500,000 to Division 520 - Subhead 14003 (Bridge Rehabilitation). Taking this into account, there is an unexplained difference of \$1.780M.

HEAD 41 & DIVISIONS 542 & 543

MINISTRY OF EDUCATION

Current Expenditure

Employment Costs

- 787.** The salaries bank account No. 927, which became non-operational in May 1996, was overdrawn by \$3.634M at 31 December 1999. At the time it ceased to be operational, the overdraft was \$5.832M. This account was also last reconciled to July 1996. It is again recommended that the overdraft be investigated and steps taken to close the account.
- 788.** The present salaries bank account No. 3060 was consistently overdrawn by significant amounts during the year. However, as at 31 December 1999, it reflected a positive balance of \$39.521M. This state of affairs was due mainly to untimely deposits being made. It should be noted that the incurrence of overdraft without the authority of the Minister of Finance is a breach of the FAA Act, and as such every effort should be made to ensure compliance with the Law.
- 789.** The cash book for account No. 3060 was not properly balanced in that the daily and monthly balances were not being carried forward. It should be noted that it is a requirement for the cash book to reflect a 'nil' balance 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.

- 790.** 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. There was also no evidence of checking and certification of the reconciliation statement.
- 791.** 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 1999. It is again recommended that this balance be transferred to the Consolidated Fund and steps taken to close the account.
- 792.** In my previous reports, 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.
- 793.** A comparison of the authorised staff as shown in the 1999 Estimates of Expenditure with the actual staff employed by the Ministry in December 1999, revealed that the authorised staff was exceeded by 2,346, as shown below:-

DESCRIPTION	AUTHORISED	ACTUAL	EXCESS
Administration	54	333	279
Senior Technical	96	1,183	1,087
Other Technical & Craft Skilled	138	444	306
Clerical & Office Support	324	246	-
Semi-skilled	247	893	646
Contracted Employees	0	28	28
TOTAL	859	3,127	2,346

- 794.** The Accounting Officer explained that the teaching grades were not included in the authorised staff strength as shown in the National Estimates. It is therefore recommended that all grades of officers be included in the National Estimates in order to provide a basis for ascertaining that the authorised staff strength is not exceeded.
- 795.** According to the National Insurance Scheme Act, all deductions are required to be paid over to the Scheme not later than the fifteenth day of the following month, failing which penalties and interest are imposed on defaulting employers. The Ministry has, however, not been timely in discharging this responsibility in that on sixteen(16) occasions payments were made on average two(2) months later. As a result, as at 31 December 1999, the Ministry was indebted to the Scheme in the sum of \$10.855M as penalties and related interest for late payment of deductions. Of this amount, \$4.522M was in respect of 1999. At the time of reporting, the liability had increased to \$12.241M, and it is not clear how the Ministry intends to discharge it.

Other Charges

- 796.** Up to the time of reporting, two hundred and ninety-three(293) payment vouchers valued at \$34.096M were not presented for audit examination. These payments relate to expenditure under Other Charges. As a result, a proper examination of the related expenditure could not have been carried out to determine whether value was received. 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 1998 where eight hundred and eighty-one(881) payment vouchers totalling \$80.193M were not presented for audit.
- 797.** 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 three(3) months later. In addition, at the time of reporting, two hundred and thirteen(213) cheque orders valued at \$14.285M remained outstanding. The Accounting Officer is advised to investigate urgently this discrepancy with a view to ensuring that the Ministry receives value in respect of these payments.

- 798.** The main bank account No. 926, which ceased to be operational in May 1996, was overdrawn by \$78.115M as at 31 December 1999. It is again recommended that the overdraft be investigated and steps taken to close the account.
- 799.** Although the present main bank account No. 3061 reflected a large positive balance of \$274.620M as at 31 December 1999, it was overdrawn on fifty(50) occasions during the year by large amounts. In addition, at the time of the audit in August 2000, the account was only reconciled to November 1999.
- 800.** An examination of bank reconciliation statements for the months of January 1999 to November 1999 in respect of account No. 3061 revealed the following unsatisfactory features:-
- (a) There was no evidence of checking and certification of the reconciliation statements;
 - (b) Deposits to this account were made using the deposit book for account 3160 - Teachers Evaluation Account (CPCE), resulting in the incorrect account being credited. Corrective action was, however, taken in May 2000; and
 - (c) The cash book balances, shown in the reconciliation statements, did not agree with the actual balances reflected in the cash book, as shown below. The reconciliation statements could not therefore be regarded as reliable:-

Month	Balance on Bank Reconciliation Statement	Actual Cash Book Balance	Difference
January	(140,653,178)	(123,730,608)	(16,922,570)
February	3,609,607	21,833,971	(18,224,364)
March	30,352,681	53,624,354	23,271,664
April	29,965,148	49,177,484	19,212,336
May	147,904,203	(83,767,773)	64,136,430
June	153,181,896	(232,829,413)	(79,647,517)
July	122,369,437	127,647,844	(5,278,407)
August	223,738,037	(103,658,582)	120,079,455
September	(611,715,012)	293,887,459	317,827,553

October	363,393,395	404,552,332	41,158,937
November	71,559,945	18,893,152	52,666,793

- 801.** As can be noted from the above table, the cash book reflected large negative balances at the end of January, May, June and August. It is evident that payments were being made before the release of funds from the Ministry of Finance.
- 802.** The laid down procedures require advances to be granted from an imprest bank account. However, the Ministry was not operating such an account because of its failure to properly account for the previous imprest granted to it in the early 1990's. As a result, advances were being granted from the main bank account.
- 803.** An examination of the related records revealed that one hundred and eighty-one(181) advances granted in 1999 and totalling \$14.413M remained outstanding at the time of reporting. Further examination revealed that for the years 1997 and 1998, there were also one hundred and fifty-nine(159) advances totalling \$21.406M which had not been cleared. The related records for the earlier years were not presented for audit and therefore it could not be determined what advances were outstanding for these years.
- 804.** It is evident that effective system was not in place to monitor advances granted so that they can be cleared within a reasonable time frame. The Accounting Officer is therefore advised to investigate the outstanding advances with a view to clearing them. It is also recommended that the Ministry initiates discussions with the Accountant General with a view to resolving the outstanding issues relating to the previous imprest so that a new imprest allocation can be made to the Ministry.
- 805.** During the period under review, the Ministry operated the following three(3) BCM accounts at a commercial bank:-
- (a) Account No. 483-052-7 in the name of Ministry of Education Senior Staff;
 - (b) Account No. 483-108-7 in the name of Ministry of Education Exercise Book Project; and

- (c) Account No. 483-107-9 in the name of Ministry of Education UNESCO Project.
- 806.** Account No. 483-052-7 was established in 1991 for the purpose of receiving contributions from senior staff for social purposes. However, because of a lack in commitment by the staff, the account remained dormant and was subsequently utilised for official purposes, mainly in relation to the establishment of letters of credit for the purchase of books and laboratory equipment.
- 807.** A proper examination of this account could not be carried out since supporting documents were not presented to substantiate the receipts and payments which amounted to \$66.476M and \$145.808M respectively for the period under review. The balance on this account as at 31 December 1999 was \$19.316M. In addition, sixteen(16) advances totalling \$2.362M were granted to personnel of the Ministry, and it could not be determined whether this amount was recovered.
- 808.** Account No. 483-108-7 was established in 1990 to account from the proceeds of sale of equipment to the Guyana National Printers Limited (GNPL), which was donated by Canadian International Development Agency (CIDA). This account was also used to give financial assistance to schools and projects in the Education Sector.
- 809.** At the beginning of 1999, this account had a balance of \$16.859M. Receipts during the year amounted to \$13.568M while payments totalled \$21.642M. This gives a closing balance of \$8.785M. As in the case of account No. 482-052-7, supporting documents were not presented in relation to both receipts and payments. In addition, there was no evidence that six(6) advances totalling \$271,412 were recovered from the payees.
- 810.** Account No. 483-107-9 was opened in 1991 to enable the Ministry of Education to carry out transactions on behalf of UNESCO. During 1999, amounts totalling \$2.040M were deposited into this account while payments totalling \$11.064M were made. As at 31 December 1999, the account reflected a balance of \$16.671M. As in the case of the two(2) other BCM accounts, supporting documents were not presented to substantiate the transactions undertaken during the year.
- 811.** On 17 July 2000, the Secretary to the Treasury instructed that all unspent

balances relating to these accounts be paid to the Accountant General. However, up to the time of reporting, this had not been done.

812. 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:-

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

813. Amounts totalling \$235.034M were expended on Materials, Equipment & Supplies. The following is a breakdown of the purchases made:-

DESCRIPTION	AMOUNT \$
Stationery	99,626,655
Text books - overseas	72,398,741
Exercise books	54,375,000
Text books - local	3,756,565
Office equipment	2,838,400
Twenty(20) gas stoves	1,028,000
Pupils' register	1,011,000
TOTAL	235,034,361

814. An analysis of the above purchases by authority limits is as follows: -

AUTHORITY LIMIT	NO. OF PURCHASES	AMOUNT \$
	225	

Below \$90,000	1,639	69,827,396
\$90,000 - \$180,000	85	11,128,273
\$180,000 - \$600,000	58	22,370,951
\$600,000 - \$6M	16	131,707,741
TOTAL	1,798	235,034,361

- 815.** In relation to purchases falling below \$90,000 and which do not require a system of competitive bidding, it was observed that one hundred and ninety-one(191) such purchases valued at \$15.734M were made during the period November - December 1999. One hundred and thirty-seven(137) fell between \$80,000 and \$90,000, and further examination revealed in the majority of cases apparent subdivision of purchases to avoid adherence to a system of quotations.
- 816.** Purchases of laboratory equipment and charts valued at \$6.940M were not subject to storekeeping procedures. The Accounting Officer explained that the items were delivered directly to various schools. In addition, included in the amount of \$6.940M, were fifteen(15) payments totalling \$737,897 which were incorrectly charged to this subhead. These relate to the purchases of sand, snacks, servicing fire extinguishers etc.
- 817.** The amount of \$72.399M expended on the purchase of textbooks from overseas was deposited into the account No. 483- 052-7 to facilitate the issue of letters of credit. These books, with the exception of 100 Advanced Physics Low Price (Edition) valued at \$132,000, were received in April and May 2000. The Procurement Officer explained that the supplier was written to in relation to the books not supplied.
- 818.** In 1998, a contract valued at \$60.750M for the supply of three(3) million exercise books was entered into with a local firm. An advance equivalent to 50% of the contract sum was paid by the Ministry without the delivery of any portion of the order. The difference of \$30.375M was paid during 1999 in three(3) instalments. The full delivery of the books was completed in March 2000.
- 819.** In 1999, the Ministry again contracted the said firm for the supply of two(2) million exercise books at a cost of \$87M. An advance payment of \$24M was made in November 1999. At time of the audit in August 2000, only 641,000 books were received.

- 820.** In relation to the amount of \$3.757M expended on the purchase of text books locally, a number of these purchases appeared to have been sub-divided to avoid adherence to tender procedures. For example, four(4) purchases valued at \$1.127M were made from a supplier during the period 2 December to 20 December 1999. A similar observation was made in respect of four(4) purchases valued at \$1.236M which were made from another supplier in December 1999.
- 821.** Amounts totalling \$8.133M were expended on Fuel & Lubricants. However, of the twenty-six(26) vehicles in use by the Ministry, log books for eighteen(18) vehicles were not presented for audit. Of the log books presented, only one(1) set represented the entire period under review while the other seven(7) covered only part of the year. In the absence of log books, it could not be determined whether the journeys undertaken were properly authorised and whether there was effective control over the use of these vehicles.
- 822.** Fuel was being purchased on credit from the Guyana Oil Company (GUYOIL). However, the fuel account maintained by the Ministry to monitor the receipt of fuel was not reconciled with the statements submitted by the supplier. In addition, a quantity of bills did not indicate the registration numbers of the vehicles to which fuel and lubricants were supplied. As a result, the Ministry was not in a position to properly determine whether all the fuel and lubricants supplied were solely in respect of the Ministry's vehicles.
- 823.** Amounts totalling \$98.228M were expended on the Rental & Maintenance of Buildings, as follows:-

DESCRIPTION	AMOUNT \$
Rental of Buildings	5,630,416
Maintenance of Buildings	84,114,225
Janitorial & Cleaning Services	8,483,125
TOTAL	98,227,766

- 824.** Twenty-eight(28) buildings were rented for the period under review while one hundred and thirty-nine(139) buildings were maintained. Physical

verification was carried out in respect of forty-nine(49) buildings, and the works undertaken were generally in conformity with the respective bills of quantities.

825. Amounts totalling \$19.337M were expended on Maintenance of Infrastructure, as follows: -

DESCRIPTION	AMOUNT \$
Weeding & cleaning of schools & Ministry's compounds	9,959,887
Carpentry & plumbing	8,186,399
Miscellaneous purchases	761,389
Cleaning sewerage	135,000
Miscellaneous works	294,444
TOTAL	19,337,119

826. The works were undertaken by three hundred and four(304) contracts valued at \$18.576M. Because of the nature of some of the works, physical verification could not have been carried out, and reliance had to be placed on certificates attesting to the satisfactory completion of the works.

827. Amounts totalling \$53.068M were expended on Transport, Travel & Postage follows: -

DESCRIPTION	AMOUNT \$
Travelling & subsistence	24,075,361
Purchase of vehicle spares	9,585,219
Repairs to vehicles	7,190,059
Hire of vehicles	7,805,650

Overseas travel	2,766,361
Other purchases	246,505
Postage	736,325
Miscellaneous	662,642
TOTAL	53,068,122

- 828.** Two hundred and twenty-three(223) purchases valued at \$9.585M were made for the acquisition of vehicles spares. However, the vehicle numbers were not stated on the payment vouchers. In the circumstances, it could not be determined whether the spares purchased were used exclusively on the Ministry's vehicles.
- 829.** Circularised instructions require that a historical record be kept of each vehicle to record the cost of maintenance. However, the Ministry did not maintain such a record. In the circumstances, the Ministry was not in a position to monitor the cost of maintenance of each vehicle and to determine whether it was economical to retain certain vehicles or to dispose of them. Efforts should be made to introduce this record urgently.
- 830.** Amounts totalling \$40.361M were expended on Utility Charges, as follows:-

DESCRIPTION	AMOUNT \$
Electricity Charges	24,775,140
Water Charges	9,920,101
Telephone Charges	5,629,221
TOTAL	40,324,462

- 831.** The amount of \$24.775M expended on electricity charges was in respect of 134 meters under the control of the Ministry. Although an electricity register was kept to record all charges, this record reflected a balance of \$20.016M, giving a difference of \$4.759M. A similar observation was made in respect of water rates where there was a difference of \$587,000 between the related register and the appropriation accounts. It is recommended that periodic reconciliation of the Votes Ledger with these records be carried

out.

832. Included in the amount of \$5.629M shown as telephone charges, were sums totalling \$874,242 representing the cost of overseas telephone calls. However, the Ministry did not maintain a register of overseas telephone calls to monitor all overseas calls. In addition, there was a difference of \$1.694M between the amount shown in the appropriation accounts and that reflected in the Telephone Register. The latter showed a balance of \$3.935M. It is recommended that periodic reconciliation of the Telephone Register with the Votes Ledger be carried out.

833. Amounts totalling \$119.789M were expended on Other Goods & Services Purchased. The following gives a breakdown of the payments made:-

DESCRIPTION	AMOUNT \$	AMOUNT \$
Security grants to schools: -		
40 nursery	6,611,072	
36 primary	16,646,194	
31 secondary	16,889,744	
		40,147,010
Security services		46,651,206
Repairs & maintenance of equipmen		19,725,945
Cleaning & extermination services		4,859,223
Other: -		
Marking examination papers	3,237,660	
Payments for Broadcast to School	2,216,024	
Miscellaneous	2,951,537	8,405,221
TOTAL		119,788,605

834. In relation to the amount of \$40.147M expended on security grants to schools, a system was not put in place to monitor the use of the funds. It is recommended that schools be required to submit periodic returns to the Ministry to account for the grants.

835. The amount of \$46.651M expended on security services relate to contracts entered into approximately seven(7) years ago with six(6) security firms.

The Ministry should therefore consider advertising publicly for these services on a more regular basis since there may be cost savings in so doing.

- 836.** Included in the amount of \$19.726M expended on repairs and maintenance of equipment, were sums totalling \$7.723M which were expended on the acquisition of office equipment, mainly computers and computer accessories. The items should have been acquired from the Ministry's capital programme. In addition, the purchases appeared to have been subdivided to bring them within the adjudication limit of the Ministerial Tender Board, as can be seen from the following: -

DATE	TENDER APPROVAL NO.	DETAILS	CONTRACT PRICE \$
09-07-99	35/99	Three(3) desk top computers	729,000
12-07-99	38/99	Two(2) desk top computers	488,160
11-08-99	48/99	Two(2) computers	638,100
11-08-99	50/99	Two(2) desk top computers	464,400
24-09-99	72/99	One(1) desk top computer	214,800
12-11-99	120/99	One(1) desk top computers & Accessories	578,097

- 837.** As can be noted from the above, two(2) awards had exceeded the Ministerial Tender Board limit of \$600,000. Notwithstanding the above observations, the items purchased were verified as having been received. However, they were not inventoried.
- 838.** Also included in the sum of \$19.726M for repairs and maintenance of equipment, were amounts totalling \$4.873M relating to sixty-five(65) contracts awarded to one(1) individual for supplying and servicing of fire extinguishers during the period 17 September to 31 December 1999. There was also evidence of apparent subdivision of the purchases to bring the transactions to lower limits of adjudication. In particular, on 9 December 1999 and 14 December 1999, ten(10) and eleven(11) contracts respectively were entered into with this individual.
- 839.** During 1999, approximately two hundred(200) fire extinguishers were supplied and twenty(20) were serviced. The supplies were, however, not

subject to any form of stores accounting procedures. Nevertheless, the fire extinguishers purchased were verified as having been received and properly brought to account.

- 840.** Amounts totalling \$137.015M were expended on other Operating Expenses. The following is a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$
Manufacturing of school feeding supplies	85,945,678
CPCE meals supplied	35,187,320
National and other events	7,303,873
Transportation & distribution of schools feeding items	7,109,449
Hot Meal Programme	1,469,000
TOTAL	137,015,220

- 841.** The expenditure of \$85.945M on the manufacture of school feeding supplies relates to the purchase of flour, milk, sugar and other items. These commodities were supplied to a local company contracted to produce the school feeding supplies. Adequate documentation existed in support of the expenditure and an acceptable form of stores accounting was in place for the raw materials and finished products.
- 842.** In relation to meals supplied to the Cyril Potter College of Education, the expenditure of \$35.187M was in respect of meals supplied to 260 students residing at the CPCE dormitories at a daily rate of \$495 per student. Adequate documentation existed in support of the expenditure.
- 843.** The amount of \$7.304M was expended mainly on a science fair and

Mashramani celebrations while the amount of \$7.109M represents the cost of transporting school feeding supplies to 789 nursery and primary schools. The Hot Meal Programme was in respect of five(5) schools, namely St. Sidwell's, Bel Air, Thomas Moore and Ketley Primary schools, and the Sophia Special School.

- 844.** Amounts totalling \$507.221M were expended on Education, Subvention & Training. The following gives a breakdown of the payments made:-

DESCRIPTION	AMOUNT \$
University of Guyana	162,000,000
President's College	100,592,000
Government Technical Institute	55,411,552
Queen's College	51,722,329
Grants to schools	25,011,247
Linden Technical Institute	23,831,284
Workshops, conference and training expenses	21,352,501
Examination subsidies	20,000,000
Kuru Kuru Cooperative College	11,234,000
Critchlow Labour College	11,711,000
Examination costs	9,793,541
Adult Education Association	6,000,000
University fees for teachers	5,413,000
Guyana Industrial Training Centre	3,148,401
TOTAL	507,220,855

- 845.** 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 July 2000. The amount of \$162M was verified as having been received by the University and properly brought to account.

- 846.** The President's College was established by Act No. 11 of 1990 and is also subject to separate financial reporting and audit. The last set of audited

accounts was in respect of 1994. Financial statements for the years 1995 to 1999 were received and at the time of reporting the audit was in progress. The amount of \$100.592M was verified as having been received by the College but in the absence of audited accounts for 1999, it could not be determined whether it was properly expended.

- 847.** The amounts of \$55.412M and \$23.231M expended on the Government Technical Institute and the Linden Technical Institute respectively, represent salaries and other operating expenses of these institutions. Similarly, the amount of \$25.011M expended on grants to schools, represents mainly the operating costs of the Cyril Potter College of Education. Based on test-checks carried out, the expenditures were verified as having been properly incurred.
- 848.** 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 1998. The amount of \$51.722M was verified as having been received by the College but in the absence of audited accounts for 1999, it could not be determined whether it was properly expended.
- 849.** In relation to the amount of \$21.352M expended on workshops, training courses etc., fifty-two(52) workshops, seventeen(17) training courses and one(1) conference were held for the period under review. Adequate documentation existed in support of the expenditure.
- 850.** Of the amount of \$20M expended on examinations subsidies, sums totalling \$18.1M were deposited into BCM account No. 483-052-7. Because of the state of record keeping of this account, it could not be determined who the beneficiaries were. The difference of \$1.9M was utilised in the marking and processing of the SSEE papers.
- 851.** The Kuru Kuru Cooperative College is subject to separate financial reporting and audit. However, it could not be determined when last this was done. The amount of \$11.234M was verified as having been received by the College but in the absence of audited accounts, it could not be determined whether the amount was properly expended. The Critchlow Labour College also received a subsidy of \$11.711M.
- 852.** The amount of \$9.794M expended on examination costs represents

payments to 377 invigilators supervising various examinations. Adequate documentation also existed in respect of the other expenditures incurred.

- 853.** Amounts totalling \$118.613MM were expended on subsidies and contributions to local and international organisations. The following gives a breakdown of the payments made:-

DESCRIPTION	AMOUNT \$
Caribbean Examinations Council	63,689,000
National Library	50,600,000
UNESCO	2,214,000
Commonwealth Institute of Learning	1,500,000
UNICEF	228,000
Adult Education	194,000
International DOC Centre for vocational training	140,000
Caribbean International Council of Archivists	48,000
TOTAL	118,613,000

- 854.** The amount of \$63.689M shown as contribution to the Caribbean Examinations Council was deposited into BCM account No. 483-052-7. However, the transfer to the CXC could not be established because of the state of record-keeping of this account. The other expenditures were verified as having been properly incurred.
- 855.** The National Library was established by Act No. 4 of 1972, Chapter 40:01 of the Laws of Guyana. The last set of audited accounts was in respect of 1997. Financial statements for 1998 were submitted, and at the time of reporting the audit was in progress. The amount of \$50.6M was verified as having been received by the Library but in the absence of audited accounts for 1999, it could not be determined whether the amount granted as subvention was properly expended.
- 856.** Excess expenditure totalling \$4.374M was incurred under Programmes 1, 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 have been sought to accommodate the excess expenditure.

Stores and Other Public Property

- 857.** Inspection visits of the stores at various locations revealed the following unsatisfactorily features: -
- (a) At the Government Technical Institute, a physical count of a sample of stores items could not have been carried out because the store was not packed in an orderly manner. The Principal explained that the Field Audit Section was asked to assist in putting to store in order. In addition, at the time of inspection in August 2000, the stock ledger was only written up to 17 December 1999;
 - (b) The stock ledger at the Book Distribution Unit was last written up to 26 June 1999 while at 21 Brickdam, except for a goods received book, no stock records were being maintained; and
 - (c) At Department of Education, efforts to carry out a physical count of a sample of items at the store were unsuccessful, as items were not packed in an orderly manner.

Capital Expenditure

Division 542

Subhead 12002 - Primary Education Improvement Programme

- 858.** The sum of \$824M 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. According to the Appropriation Account, amounts totalling \$683.634M were expended.
- 859.** 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 1999. An examination of the audited accounts revealed an expenditure of \$661.210M, giving a difference of \$22.424M.

860. This difference was due to (a) disbursements totalling \$71.108M made in 1998 which were brought to account in the Public Accounts in 1999 (b) disbursements totalling \$59.581M made in 1999 which had not yet been brought to account in the Public Accounts (c) expenditure totalling \$12.366M using the interest earned from the Riggs bank account which was not reflected in the Appropriation Account (d) credit fee and interest totalling \$23.286M paid by the Ministry of Finance and incorrectly charged to the Appropriation Account and (e) exchange difference of \$102,000.

861. The following is a breakdown of the audited expenditure:-

DESCRIPTION	AMOUNT \$	AMOUNT \$
Development of Human Resources		
Staffing training	1,057,223	
Consultancy	33,540,018	34,597,241
Curriculum Development etc.		
Purchase of equipment & furniture	2,050,894	
Purchase of teaching material	841,616	2,892,510
Improvement of Physical Infrastructure		
Rehabilitation of schools	380,322,214	
Construction of new schools	144,189,632	
Design and supervision	54,785,154	579,297,000
Other		
Administration expenses		44,423,076
TOTAL		661,209,827

862. The amount of \$1.057M shown as expenditure on staff training represents payments to the Cyril Potter College of Education for the training of

hinterland teachers. In relation to the amount of \$33.540M expended on consultancy services, the areas include organisational capacity assessment, quality improvement in classroom environment, ex-post evaluation and strengthening test and measurement/assessment capacity of the Ministry of Education. These services were completed and the related reports were submitted to the Permanent Secretary of the Ministry.

- 863.** The amount of \$2.051M was expended on the purchase and installation of fire fighting equipment at twenty-one (21) institutions. The items purchased were verified as having been received and installed at the various locations.
- 864.** In relation to the amount of \$380.322M expended on the rehabilitation of schools, payments were made in respect of thirty-four(34) primary schools. Rehabilitation works commenced on the following nineteen(19) schools prior to 1999. At the time of reporting, the works were completed and were physically verified.

NAME OF SCHOOL	CONTRACT SUM \$'000	PAYMENTS IN 1999 \$'000	PAYMENTS TO 31.12.99 \$'000
West Ruimveldt Primary	45,589	33,705	44,173
Lutheran Redeemer Primary	43,656	26,617	39,908
St. Pius Primary	43,581	27,083	37,906
Cumberland Primary	41,775	11,979	41,775
Cropper Primary	37,462	16,274	31,563
Goed Fortuin Primary	35,031	20,725	33,398
St. Angela's Primary	32,350	18,223	28,704
Malgre Tout Primary	31,976	18,223	28,286
Rose Hall Primary	30,886	28,286	27,419
St. John the Baptist Primary	26,636	810	18,510
St. Aidan's Primary	21,289	21,128	21,128
Lesbeholden Primary	15,831	1,395	13,780
Bel Air Primary	12,146	3,127	11,791
Timehri Primary	14,160	5,422	12,369
Zeelugt Primary	12,956	3,741	11,079
St. Phillips Primary	10,285	5,604	9,147
Seafield Primary	4,017	4,194	4,194
Paradise Primary	2,774	457	1,941
Peter's Hall Primary	1,062	045	899

TOTAL		235,488	
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865. Rehabilitation works commenced in 1999 in respect of the fifteen(15) schools, eleven(11) of which were completed at the time of reporting, as shown below:-

NAME OF SCHOOL	CONTRACT SUM \$'000	PAYMENTS IN 1999 \$'000	PAYMENTS TO 31.12.99 \$'000	RESULTS OF PHYSICAL VERIFICATION
Grove Primary	40,153	87,59	10,624	In progress
Plaisance Primary	34,834	3,483	7,260	"
Kawal Primary	25,080	15,812	15,812	Completed
Craig Primary	21,782	4,206	4,206	In progress
Blake Primary	21,011	20,194	20,194	Completed
Richmond Hill Primary	20,391	10,138	10,130	"
Mocha Primary	18,787	17,482	17,482	"
Providence Primary	18,690	1,869	9,879	"
Port Mourant Primary	17,678	7,372	7,372	In Progress
Good Hope Primary	17,648	9,111	9,111	Completed
No. 5 Primary	17,573	13,977	13,977	"
Litchfield Primary	16,946	12,623	16,634	"
Auchlyne Primary	15,078	10,233	10,233	"
La Retraite Primary	13,442	1,344	3,478	"
No. 48 Primary	8,772	8,231	8,535	"
TOTAL		144,834		

866. During the period under review, payments totalling \$144.190M were made for the construction of ten(10) schools, the NCERD building and CPCE Library, as shown below. At the time of reporting, these buildings were completed and, with the exception of Hosororo Primary School, the works were physically verified:-

NAME OF SCHOOL	CONTRACT SUM \$'000	PAYMENTS IN 1999 \$'000	PAYMENTS TO 31.12.99 \$'000
Anna Regina Primary	128,251	4,904	93,928
West Dem. Secondary	120,338	15,378	107,950
Latchmansingh Primary	96,579	11,044	83,182
St. Theresa Primary	94,859	11,294	88,807
St. Aloyius Primary	87,772	16,641	87,944
CPCE Library	61,913	518	55,980
Overwinning Primary	55,647	41,017	41,017
Hosororo Primary	53,228	19,303	50,345
8 th May Primary	53,165	1,506	45,295
Hampton Court Prim.	52,090	2,242	46,586
St. Margaret's Primary	43,932	14,524	16,251
NCERD Building	43,654	5,819	43,654
TOTAL		144,190	

867. The amount of \$54.785M expended on design and supervision represents payments to ten (10) consultants for the design of the buildings, preparation of bills of quantities, evaluation of bids, supervision and verifying works and carrying out post evaluation of the completed works. The expenditure was verified as having been properly incurred.

868. In relation to the amount of \$44.423M expended on the administrative costs of the Project Implementation Unit, this represents payments of emoluments and other operating expenses. Based on test-checks carried, the expenditure

was verified as having been properly incurred.

869. During 1999, the PIU expended the amount of \$12.366M on the purchase of three(3) vehicles, two (2) photocopiers and a computer. However, this expenditure was not included in the Appropriation Account. Funding was met from interest earned from the Riggs bank account of the Project. Corresponding entries should have been made in the Public Accounts to record these transactions.

870. An amount of \$22.425M was expended on the payment of credit fee and interest. This payment was made by the Ministry of Finance from funds budgeted under statutory expenditure. As a result, the Appropriation Account was overstated by this amount.

Division 543

Subhead 12001 - Nursery, Primary, Secondary Schools Project

871. The sum of \$100M was voted for the (a) completion of Stewartville Secondary and (b) rehabilitation of St Gabriel's Nursery, St Agnes Primary, Brickdam Secondary, Thomas Moore Primary, Sophia Special School, Precious Jewel Nursery, Happy Hearts Nursery and Ketley Primary Schools. Amounts totalling \$83.497M were expended as follows:-

DESCRIPTION	AMOUNT \$
Completion of Stewartville Secondary	26,459,010
Rehabilitation of Brickdam Secondary	4,895,617
" " Thomas Moore Primary	4,322,360
" " Sophia Special School	5,646,200
" " Precious Jewels Nursery	1,732,551
" " Happy Hearts Nursery	5,027,360
" " Ketley Primary	8,678,487
" " Freeburg Primary	11,184,820
" " North Ruimveldt Multi	6,889,390
" " 68 Brickdam, Min. of Education	5,099,182
Consultancy Services	1,695,542
Miscellaneous	1,866,488
TOTAL	83,497,007

- 872.** As can be noted, no work was done at the St Gabriel's Nursery and St Agnes Primary schools. Approval was, however, granted for a change in programme to rehabilitate Freeburg Primary and Ruimveldt Multilateral schools, and 68 Brickdam offices of the Ministry of Education.
- 873.** The contract for the construction of Stewartville Secondary School was awarded in September 1997 in the sum of \$69.565M. There was an approved variation of \$14.284M, giving a revised contract sum of \$83.849M. As at 31 December 1999, amounts totalling \$65.845M were paid to the contractor. The works were re-budgeted for in 2000.
- 874.** The contracts for the rehabilitation of the Brickdam Secondary and St. Thomas Moore Primary schools were awarded in the sums of \$4.896M and \$4.322M respectively. In relation to the rehabilitation of the Sophia Special School, the contract was awarded in the sum of \$8.030M. As at 31 December 1999, amounts totalling \$5.646M were paid to the contractor. Approval was granted for a change in programme for the work to be completed in 2000.
- 875.** The contract for the rehabilitation of the Precious Jewels Nursery School was awarded in the sum of \$2.361M. As at 31 December 1999, amounts totalling \$1.733M were paid to the contractor based on measured work. In relation to the rehabilitation of Happy Hearts Nursery School, the contract was awarded in the sum of \$5.037M.
- 876.** The contracts for the rehabilitation of the Ketley and Freeburg primary schools were awarded in the sums of \$8.678M and \$11.185M respectively. In relation to the rehabilitation of the North Ruimveldt Multilateral School, the contract was awarded in the sum of \$6.889M.
- 877.** The rehabilitation of 68 Brickdam was undertaken through the award of a contract in the sum of \$4.242M. There was a variation of \$1.195M for which approval was, however, not seen. This gives a revised contract sum of \$5.437M. All the above works were physically verified and conformed generally to the specifications contained in the respective bills of quantities.

Subhead 12007 - National Library

878. The sum of \$25M was allocated for the on-going extension works of the National Library, Georgetown. Amounts totalling \$17.670M were expended. The contract for the extension of the Library was awarded in October 1999 in the sum of \$56.051M. As at 31 December 1999, amounts totalling \$6M were paid to the contractor.

879. An additional amount of \$987,450 was expended on consultancy services. The difference of \$10.683M was retained by the Library to be utilised in the year 2000. As a result, the Appropriation Account was overstated by this amount. It should be mentioned that in accordance with Section 36 of the FAA Act, all unspent balances at the end of the year were to be refunded to the Consolidated Fund. The Library is therefore in violation of the Law. Similar observations were made in my previous reports.

Subhead 12009 - Critchlow Labour College

880. The sum of \$632,000 was voted for the purchase of a telecommunication system. The full amount was expended. Physical inspection revealed that the system was purchased and installed.

Subhead 12011 - Teachers Training Complex

881. The sum of \$12.408M was allocated for the rehabilitation of the fence at Cyril Potter College of Education. Amounts totalling \$3.555M were expended. The contract was awarded in the sum of \$7.650M. At 31 December 1999, the work was not completed and was re-budgeted for in 2000. At the time of inspection in September 2000, the work was completed.

Subhead 12012 - University Of Guyana

882. The sum of \$35M was voted for the rehabilitation of (a) the Social Sciences (b) Technology and Arts classrooms (c) the National Sciences Laboratories (d) Natural Science and Health Science buildings (d) roofs and (e) rewiring of the Library. According to the appropriation account, the full amount was shown as having been expended.

883. An examination of the records of the University revealed rehabilitation works were undertaken in respect of the following: -

243	
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DESCRIPTION	AMOUNT \$
Social Sciences, Arts & Technology classrooms	9,742,190
Repairs to roofs -Faculties of Social & Natural Science	12,016,519
Rewiring of electrical system of Library building	4,048,201
Rehabilitation of laboratory facilities	4,856,883
Rehabilitation of Faculty of Agriculture building	2,263,050
Purchase of chairs - Faculty of Social Sciences	1,599,000
Supervision & consultancy services	467,894
TOTAL	34,993,737

- 884.** Approval was granted by the Chief Planning Officer for an extension of programme to include the enclosure of the lower level of the Faculty of Agriculture building. This building was rehabilitated at a cost of \$2.263M based on a contract awarded in the sum of \$2.471M. However, no such approval was seen in relation to the purchase of chairs for the Faculty of Social Sciences.
- 885.** The contract for the rehabilitation of the classrooms was awarded in March 1999 in the sum of \$10.060M. As at 31 December 1999, amounts totalling \$9.742M were paid to the contractor. Similarly, the contract for the re-wiring of the electrical system at the Library building was awarded in the sum of \$4.221M and as at 31 December 1999, amounts totalling \$4.048M were paid to the contractor. Laboratory facilities were also rehabilitated at a cost of \$4.857M based on a contract awarded in the sum of \$5.828M.
- 886.** In relation to the repairs to the roofs of the Faculty buildings, the contract was awarded in the sum of \$10.248M. However, payments to the contractor totalled \$12.017M. The difference of \$1.918M represents a variation and for which no approval was seen. The Registrar explained that he was unaware that prior approval should have been sought for any variation. The above works were physically verified while the chairs purchased were also verified as having been received and properly brought to account.

Subhead 19001 - Sector Programme (Education)

- 887.** The sum of \$3.680M was voted for the upgrading of science education and completion of the nursery school buildings at Blairmont and Truimph. The

full amount was expended. However, an examination of the records of the Executing Agency revealed an expenditure of \$2.884M. As a result, the Appropriation Account was overstated by \$796,117. This latter amount should have been refunded to the Consolidated Fund.

- 888.** Amounts totalling \$2.785M were expended on the completion of the Triumph Nursery School based on a contract awarded in 1997 in the sum of \$14.848M. Science modules were also acquired at a cost of \$125,834 and were distributed to several secondary schools in the Regions.

Subhead 26001 - Secondary Schools Reform Project

- 889.** The sum of \$292M 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 \$147.660M were expended.
- 890.** 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 was carried out by a private auditing firm contracted by the Audit Office.
- 891.** According to the audited financial statements for 1999, amounts totalling \$157.6M were expended, giving a difference of \$9.940M. This difference was due to foreign disbursements which had not yet been brought to account in the Public Accounts and hence the Appropriation Account. The following is a breakdown of the audited expenditure:-

DESCRIPTION	AMOUNT \$000
Procurement of goods	15,286
Payments to consultants	100,781
Training of teachers etc.	13,255
Operating expenses of PEU	28,278
TOTAL	157,600

- 892.** The procurement of goods valued at \$15.286M was in relation to office equipment such as computers, photocopiers, fax machine and furniture. These items were acquired for the refurbishment of the Project's Secretariat which was destroyed by fire at the Ministry of Education building at 68 Brickdam. The items purchased were verified as having been received and properly brought to account.
- 893.** The amount of \$100.781M represents the emoluments of senior staff of the Project's Secretariat as well as consulting services for the design of civil works construction, teacher training, design and implementation of the Ministry's management information system, school mapping and procurement. Some of these consultancies were completed during the calendar year while others continued into the year 2000. Final reports were submitted to the Project and the World Bank in respect of consultancies completed during the year. These were reviewed and accepted.
- 894.** The sum of \$13.255M was expended on improving teachers' skills and knowledge in the areas of content and methodology, curriculum development, CXC core subjects, item writing and school administration and management. Senior and junior teachers of pilot and non-pilot schools as well as Regional Education Officers benefited from these training programmes.

Subhead 26002 - Guyana Basic Education Training

- 895.** The sum of \$65M was allocated for (a) teacher training at all levels, (b) institutional strengthening and (c) upgrading of facilities at CPCE, Corriverton and Linden. According to the Appropriation Account the full amount was expended.
- 896.** The Project, which commenced on the 1 April 1999, is funded by Canadian International Development Agency. According to the records of the Project sums totalling \$78.469M were expended, giving a difference of \$13.469M which had not yet been brought to account in the Public Accounts. The following gives a breakdown of the latter expenditure:-

DESCRIPTION	AMOUNT
246	

	\$
Teacher training	35,622,902
Institutional strengthening	27,578,488
Upgrading facilities	2,780,670
Administration costs	12,487,350
TOTAL	78,469,410

- 897.** Included in the figure of \$35.623M shown as teacher training, were amounts totalling \$30.162M incurred on training for teachers on the Foundation Programme. The training relates to the development, delivery, monitoring and evaluation of the Programme. The balance of \$5.461M was expended on the revision, development, piloting, monitoring and evaluation of the Teacher's Certificate and the Education Management programmes. Adequate documentation existed in support of the above expenditure.
- 898.** The expenditure of \$27.598M relates to the cost for study tour of professional staff to Belize, development of administrative and financial systems, seminars, workshops, establishment of trainee support systems, etc. The Guyana Basic Education Teacher Training Project's Office in CPCE building was also rehabilitated at a cost of \$2.781M.

Subhead 26003 - New Amsterdam Technical Institute

- 899.** The sum of \$3M was voted for the purchase of computers and accessories and office furniture for the New Amsterdam Technical Institute. Amounts totalling \$67,770 were expended on the purchase of paint and drawer handles. The items purchased were verified as having been received and properly brought to account.

Subhead 26004 - Other Equipment

- 900.** The sum of \$3M was voted for the purchase of filing cabinets, risograph, communication system, computer and air conditioning units. Amounts totalling \$601,330 were expended. However, the risograph and the telecommunication system were not acquired. The Project Manager explained that submissions were made to the Central Tender Board but the contract was not awarded. A perusal of the Estimates for 2000, however, revealed that no amounts were allocated to acquire these items. The items

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

Subhead 26005 - Government Technical Institute

- 901.** The sum of \$5M was voted for (a) the rehabilitation of the roof of the quadrangular building and (b) purchase of equipment, machinery and tools. Amounts totalling \$4.824M were expended as follows:-

DESCRIPTION	AMOUNT \$
Carpentry & painting	2,391,707
Purchase of paint & wood	1,436,950
Electrical installation	995,137
TOTAL	4,823,794

- 902.** As can be noted, no work was done on the rehabilitation of the roof of the quadrangular building and no equipment, machinery and tools were acquired. However, only the roof was re-budgeted for in 2000. The works undertaken were physically verified while the items purchased were verified as having been received and properly brought to account.

Subhead 26007 - Guyana Industrial Training Centre

- 903.** The sum of \$4.1M was voted for the purchase of a crankshaft grinder and radical arm-drilling machine. However, no expenditure was incurred. The Project Manager explained the amount allocated was inadequate to acquire the above items. A perusal of the Estimates for 2000 revealed that an amount of \$3M was allocated for the purchase of tools and equipment.

Subhead 26008 - Carnegie School Of Home Economics

- 904.** The sum of \$2.4M was voted for (a) the purchase of an air conditioning unit and (b) the rehabilitation of the roof of the main building. The full amount

was expended on the rehabilitation of the roof. The works were physically verified.

Subhead 26009 - School Furniture & Equipment

- 905.** The sum of \$18M was allocated for the purchase of furniture and equipment for schools. Amounts totalling \$10.889M were expended as follows:-

DESCRIPTION	AMOUNT \$
Purchase of 1,158 type 'A' desk and benches	4,408,304
" " 460 type 'B' chairs and tables	1,592,739
" " nursery tables and chairs	1,564,395
" " 255 teachers tables	1,274,320
Miscellaneous purchases	1,841,194
TOTAL	10,888,677

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

Subhead 26010 - Resource Development Centre

- 906.** The sum of \$11.365M was voted for (a) the rehabilitation of the NCERD building and fence (b) GUIDE office and (c) the purchase of office furniture and equipment, including air conditioning units and music equipment. Amounts totalling \$8.348M were expended as follows: -

DESCRIPTION	AMOUNT \$
Rehabilitation of NCERD building	2,097,690
" " NCERD fence	1,308,325
" " GUIDE office	2,148,970
249	

Purchase of office equipment & furniture	2,399,234
“ “ musical equipment	394,200
TOTAL	8,348,419

907. The contracts for the rehabilitation of NCERD building, NCERD fence and the GUIDE office were awarded in the sums of \$2.108M, \$1.820M and \$2.147M respectively. The works were physically verified while the items purchased were verified as having been received and properly brought to account.

Subhead 26011 - Development of Text Books

908. The sum of \$15M was voted for (a) editing and printing of text books in two subject areas, namely Social Studies and English Language for Year II students and (b) the development of Mathematics and Science books for Year II students. Amounts totalling \$10.161M were expended as follows:-

DESCRIPTION	AMOUNT \$
Printing of 17,000 Social Studies & English text books	9,415,290
Editing of Social Studies & English text books	480,000
Workshop on development of Maths & Science text books	99,000
Servicing of computer	92,220
Purchase of stationery	73,990
TOTAL	10,160,500

909. The books and other items acquired were verified as having been received and properly brought to account while the other expenditure was verified as having been properly incurred.

Subhead 45003 - Linden Technical Institute

910. The sum of \$2.663M was voted for the installation of rain water system and refurbishing the stores. Amounts totalling \$2.597M were expended on the

carpentry and sheet metal work at the Institute. The works were undertaken by two(2) contracts valued at \$387,720 and \$2.210M respectively and were physically verified.

Subhead 45004 - Adult Education Association

- 911.** The sum of \$885,000 was voted for the purchase of braille machines and typewriters. Amounts totalling \$542,494 were expended on the purchase of four(4) braille machines. The machines were received by the Ministry on the 12 January 2000 and were handed over to the Adult Education Association on the 20 January 2000. Physical verification revealed that only one(1) machine was on hand. The Finance Officer of the AEA explained that the other three(3) machines were handed over to the Blind Institute but were stolen. It is understood that the Police were investigating the matter.

HEAD 42 & DIVISION 515

MINISTRY OF HEALTH & LABOUR

Current Expenditure

Employment Costs

- 912.** 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. In fact, for the period under review, amounts totalling \$10.622M were reflected as unclaimed salaries, resulting mainly from this problem. 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 adjustments to the payrolls.

- 913.** A comparison of the authorised staffing of the Ministry with the actual staffing as shown in the December 1999 payroll, revealed an actual staffing of 65%, as shown below:-

DESCRIPTION	AUTHORISED	ACTUAL	VACANT
Administrative	84	45	39
Senior technical	673	219	454
Other technical & craft skilled	886	454	432
Clerical & office support	296	183	113
Semi-skilled	1,204	1,104	100
Contracted employees	0	29	(29)
TOTAL	3,143	2,034	1,109

- 914.** 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. It is recommended that the staffing situation of the Ministry be carefully reviewed with a view to ensuring that adequate numbers exists.
- 915.** The salaries bank account No. 945, which became non-operational in July 1996, was overdrawn by \$6.984M as at 31 December 1999. 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.
- 916.** The present salaries bank account No. 3083 reflected a balance of \$18.448M as at 31 December 1999 while the cash book balance at this date was \$53.253M. However, as at 31 December 1999, the account was only reconciled to December 1998. The failure to reconcile bank accounts in a timely manner can lead to irregularities. The Accounting Officer is therefore

advised to ensure that this important activity is carried out with due diligence. At the time of reporting, the account has since been reconciled to August 2000.

- 917.** 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 (a) a deposit of \$43.981M made on 25 May 1999, which was incorrectly credited to the main bank account No. 3079 and (b) delays in depositing the monthly salaries cheques. The following gives the overdraft position at the end of the respective months:-

MONTH	OVERDRAFT \$	MONTH	OVERDRAFT \$
May	31,084,890	August	30,512,741
June	13,246,886	September	43,366,472
July	21,090,014	October	9,225,599

- 918.** In addition, several other items appearing on the reconciliation statements have been coming forward for a considerable period of time. For example, deposits totalling \$35.737M dating back to 1997 and 1998 had not been credited to the account. Evidence was seen that the Bank was written to in relation to these items, and it was not until 14 June 2000 that an adjustment was made to the account in the sum of \$34.559M. It is nevertheless important that balances on bank accounts be monitored on a daily basis so as to avoid accounts being overdrawn. It should be mentioned that the incurrence of overdraft without the specific approval of the Minister of Finance is a breach of Section 22 of the FAA Act.

- 919.** It is a requirement for the salaries cash book to reflect a 'nil' balance 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 \$
	253		

January	10,837,630	July	13,603,014
February	9,331,220	August	15,803,754
March	12,961,361	September	14,607,743
April	13,039,468	October	47,749,146
May	15,515,820	November	63,732,458
June	19,751,699	December	53,252,522

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 established procedures.

Other Charges

- 920.** In my previous reports, mention was made of an overdraft of \$102.899M in the old main bank account No. 946, a situation which continued in 1999. The Accounting Officer is again advised to investigate the reason(s) for this large overdraft and to take steps to close the account.
- 921.** The new main bank account No. 3079 reflected a large balance of \$668.261M as at 31 December 1999. The cash book balance at this date was \$242.314M. However, at the time of reporting, this account was only reconciled to December 1998. The failure to reconcile bank accounts in a timely manner can lead to irregularities. The Accounting Officer is therefore advised to ensure that this important activity is carried out with due diligence.
- 922.** During the period 4 January to 14 January 2000, a total of 175 cheques valued at \$258.941M were drawn but were backdated to 31 December 1999. It is evident that these payments were made to exhaust the voted provisions. It should be noted that all appropriations lapse on the 31 December of each year and all unspent balances are to be surrendered to the Consolidated Fund, as required by Section 36 of the FAA Act. Therefore, any payment made beyond 31 December in respect of a particular year would represent a breach of the Law.
- 923.** 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 1999. Steps should be taken to close this account and to transfer the balance to the Consolidated Fund.

924. Amounts totalling \$698.175M were expended on the Materials, Equipment & Supplies, of which sums totalling \$587.148M relate to the purchase of drugs and medical supplies. Of the latter amount, \$537.452M relates to overseas purchases. Invoices and/or schedules in support of eleven(11) overseas purchases were, however, not produced for audit. As a result, it could not be satisfactorily determined whether the items purchased were received and properly brought to account.

925. In respect of drugs and medical supplies purchased locally, the following is an analysis under the various authority limits:-

AUTHORITY LIMIT	NO. OF PURCHASES	AMOUNT \$
Below \$90,000	210	6,311,836
\$90,000 - \$180,000	75	10,381,841
\$180,000 - \$600,000	32	11,530,002
\$600,000 - \$6M	17	21,472,252
TOTAL	334	49,695,931

926. 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 seven(7) purchases valued at \$2.090M nor was a system of competitive bidding followed before the purchases were made. In addition, there was no evidence of the involvement of the Central Tender Board in respect of two(2) purchases valued at \$4.954M and falling within the limits of \$600,000 and \$6M.

927. The following is a breakdown of the remainder of the purchases made under this subhead by authority limits:-

AUTHORITY LIMIT	NO. OF PURCHASES	VALUE \$
Below \$90,000	1,047	35,436,561
\$90,000 - \$180,000	150	16,009,757
\$180,000 - \$600,000	54	25,015,727
\$600,000 - \$6M	23	33,565,405

TOTAL**1,274****110,027,450**

- 928.** Included in this expenditure were amounts totalling \$20.150M representing the purchase of vehicles, office furniture and equipment such as computers, facsimile machine and refrigerator, as shown below:-

DESCRIPTION	AMOUNT \$
Four(4) 4 x 4 double cab vehicles	14,296,500
Six(6) photocopiers	1,965,400
Fifteen(15) refrigerators	1,428,095
Two(2) computer monitors	679,383
Two(2) air-conditioning units	498,000
Ten(10) executive chairs	340,250
Six(6) filing cabinets	326,125
Six(6) writing desks	264,490
One(1) printer	205,254
One(1) television	146,100
TOTAL	20,014,597

- 929.** The above items are of a capital nature and should have been acquired under subheads 24001 and 25001. Had these items been acquired under the Ministry's capital programme, the voted provisions would have overrun by \$15.536M. It is evident that the purchases were effected under current expenditure to avoid exceeding the voted provisions under the Ministry's capital programme. A similar observation was made in my 1998 Report where it was stated that amounts totalling \$25.181M were expended under this subhead on the purchase of capital items.
- 930.** 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.

- 931.** Amounts totalling \$31.537M were expended on Fuel & Lubricants, of which sums totalling \$7.238M relate to fuel and lubricants purchased for the fifty-one(51) vehicles and twelve(12) motor cycles under the control of the Ministry. The difference of \$24.299M relates to the purchase of oxygen, acetylene, cooking gas, kerosene and dieselene for the Georgetown Hospital.
- 932.** Log books were, however, not presented in respect of nine(9) vehicles. In addition, an examination of the log books presented revealed that they were not properly maintained. For example, fuel purchased was not always recorded and journeys were sometimes not authorised. In the circumstances, it could not be determined whether all journeys undertaken were authorised and whether there was effective control over the use of these vehicles.
- 933.** Amounts totalling \$137.436M were expended on Rental & Maintenance of Buildings. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$
Cleaning & janitorial supplies	11,097,124
Rental of buildings	10,739,220
Repairs to eight(8) buildings at PHG Compound	45,564,864
“ “ eight(3) health centres	5,583,538
“ “ Ministry of Health building - Head Office	18,516,248
“ “ Food & Drugs Department	8,884,153
“ “ Vaccination Clinic	6,783,038
“ “ Pharmacy & Vector Control bonds	9,603,412
Miscellaneous repairs	8,171,530
Purchase of building materials	12,493,217
TOTAL	137,436,344

- 934.** The above maintenance works were undertaken by two hundred and thirty-

two(232) contracts valued \$103.996M. The following is an analysis of these contracts by authority limits:-

AUTHORITY LIMIT	NO. OF CONTRACTS	AMOUNT \$'000
Below \$180,000	164	8,606
\$180,000 - \$450,000	34	11,613
\$450,000 - \$900,000	18	10,388
Above \$900,000	16	73,389
TOTAL	232	103,996

935. There was, however, no evidence that a system of quotations was applied in respect of eleven(11) contracts falling within the limits of \$180,000 and \$450,000. A similar observation was made in respect of two(2) 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.

936. The following table shows the list of buildings/structures which were maintained at a cost of \$103.966M and which were physically verified:-

DESCRIPTION	CONTRACT SUM \$	PAYMENTS TO 31.12.1999 \$
Maternity Wing	5,844,965	5,844,965
Radiotherapy Department	368,720	368,720
Surgical Block	364,720	364,500
Seaman's Ward	245,500	245,000
Gum Clinic	985,723	914,203
Paediatric Ward	27,410,405	26,076,103
Blood Transfusion Unit	549,130	549,130
Administration building	690,000	546,000
Three(3) health centres	5,721,062	5,583,538
Statistics building	1,278,820	1,278,820
Maternity & Child Care – Min. of Health	689,480	689,480
Administration building – Min. of Health	16,547,941	16,547,941
Vaccination Centre	6,783,038	6,783,038

Two(2) bonds	9,603,412	9,603,412
Food and Drugs Department	8,884,153	8,884,153
Infrastructure works	9,598,516	9,598,516
Others	9,030,930	9,030,930
Miscellaneous repairs	1,057,227	1,057,227
TOTAL	105,653,742	103,965,676

937. Amounts totalling \$5.912M were expended on Maintenance of Infrastructure. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$
Construction of three(3) driveways and fences	1,978,924
Weeding and maintenance of compound	2,682,525
Plumbing works .	575,104
Miscellaneous	675,643
TOTAL	5,034,370

The above works were physically verified.

938. Amounts totalling \$91.690M were expended on Transport, Travel & Postage. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$
Travelling & subsistence	59,645,145
Repairs to vehicles and purchase of spares	21,054,103
Postage & telex	556,221
Others	10,435,001
TOTAL	91,690,470

939. An examination of the expenditure on the repairs to vehicles for the period under review revealed that three hundred and thirty(330) contracts valued at \$11.586M were awarded for the said repairs while sums totalling \$9.468M were expended on the cost of spares. Some of these maintenance costs (which do not include the cost of spares mentioned above) appeared to be excessive, as can be seen from the following:-

DESCRIPTION	AMOUNT \$	DESCRIPTION	AMOUNT \$
PDD 4831	592,320	PBB 7170	461,744
PFF 8036	811,997	PGG 7028	309,076
PCC 7089	483,947	PDD 209	434,050
PCC 7091	388,810	PFF 3038	341,555
PEE 8037	494,735	PDD 4265	391,060
PCC 8435	493,050	GCC 8496	303,480
PDD 3533	393,600	PCC 3613	371,160
PFF 8035	353,034	PCC 8945	390,467
PGG 7027	556,984	PCC 9862	612,000

940. It should be mentioned that the Ministry was required to maintain a historical record for each vehicle to monitor the cost of maintenance. This record is necessary for control purposes and will assist whether it is economical to maintain a particular vehicle or to dispose of it. However, for the period under review, no such record was kept. As a result, the Ministry was no in a position to monitor the cost of maintenance of its vehicles. In view of the above observation, it is strongly recommended that this record be introduced as early as possible.

941. The sum of \$181.999M was expended on Other Services Purchased. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
260	

Maintenance of equipment	60,246
Services rendered at various hospitals	23,545
Cleaning services	9,457
Transportation of patients from Interior	19,563
Security services	52,573
Purchases of acetylene	6,517
Other	10,098
TOTAL	181,999

- 942.** The amount of \$60.246M shown as expenditure on the maintenance of equipment, represents the purchases of spares, repairs for the steam plant, refrigerators, generators and other equipment. In relation to the amount of \$23.545M shown as payments for services rendered by various hospitals, this represents the cost surgery, x-rays and other medical treatment to individuals where the facilities were not available at the Georgetown Hospital.
- 943.** The amount of \$52.573M shown as security services was paid to seven(7) security services firms. However, the contracts for rendering the service had not been renewed since 1995 although there was provision for annual renewal. It is recommended that the services be advertised on the basis of which the contracts are awarded, since there may be cost savings in so doing.
- 944.** Amounts totalling \$61.247M 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.
- 945.** Amounts totalling \$214.415M 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	137,732
Fort Canje Mental Hospital	10,000
Ptolemy Reid Rehabilitation Centre	8,000
261	

Caribbean Food and Nutrition Institute	6,330
Caribbean Epidemiology Surveillance Centre	8,877
Caribbean Regional Drug Testing Laboratory	5,032
AIDS Secretariat	1,171
Commonwealth C'bean Medical Research Council.	2,890
Board of Industrial Training	5,000
Kwakwani Hospital	6,000
Guyana Trades Union Congress	4,500
Guyana Responsible Parenthood Association	3,750
Others	15,133

TOTAL **214,415**

- 946.** 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.
- 947.** The amount of \$137.732M 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 \$
Employment costs	104,773,601
Operating cost of Nursing school	9,051,413
Purchase of drugs and medical supplies	6,227,087
Dietary items	5,476,685
Security services	5,133,476
Other services purchased	4,761,096
Maintenance of building	4,348,202
Equipment maintenance	4,233,781
Utility charges	3,265,350
Janitorial and cleaning supplies	3,053,286
Vehicle spares and services	3,004,611
Miscellaneous	8,343,003
TOTAL	161,671,591

- 948.** According to the National Estimates, the sum of \$137.732M was voted as contribution to the Wismar/Mc Kenzie Hospital. Therefore, payments to the Hospital exceed its budgetary allocation by \$23.940M. 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.
- 949.** 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.
- 950.** 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.
- 951.** Excess expenditure totalling \$25.654M 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

- 952.** 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.

953. Audit inspection carried out at the Pharmacy Bond revealed the following discrepancies:-

- (a) Items stored in cartons were not opened and checked in the presence of the “in-take” officer as well as individual bond clerks to verify the quality and quantity received prior to the items being posted in the respective records;
- (b) The general condition and layout of the building housing the bond were such that it could not be considered suitable for storing drugs and medical supplies. The bond lacked proper ventilation as well as adequate air conditioning facilities, which could adversely, affect the potency and shelf life of drugs stored;
- (c) There were no facilities in place for the testing of drugs to ensure that they meet the required quality control standards. Instead, the Analyst Department sends drugs for testing in Jamaica. However, in most cases the results were received one(1) year later and by that time most of the drugs would have been distributed; and
- (d) The Stock Verifier carried out routine checks on related bonds for identification of expired drugs. A list of the expired drugs would be prepared and the Government Analyst notified periodically. However, expired drugs were not kept in a separate bond due to the shortage of storage space. In addition, there was no strict monitoring of the expiry dates of drugs. They were only written off the bin cards upon receipt of the destruction certificates from the Government Analyst Department.

954. The master inventory was not updated for the period under review, and sectional inventories were not maintained. In view of the numerous assets under the control of the Ministry, it is important that adequate inventory records are maintained. The Accounting Officer is strongly urged to ensure that these essential records are kept to accounts for all the assets of the Ministry.

Other Matters

955. The imprest bank account No. 944, which became non-operational in July 1996, reflected a balance of \$22,284 as at 31 December 1999. At the time of reporting this balance was, however, transferred to the Consolidated Fund.

Capital Expenditure

Subhead 12014 - Buildings (Health)

- 956.** The sum of \$40M was allocated for (a) the continued rehabilitation to the tuberculosis clinic and maternity wing and (b) repairs to pharmacy bond and procurement unit, Linden Hospital Complex, Drug Demand Reduction Centre and Head Office at Brickdam. Amounts totalling \$34.197M were expended as follows:-

DESCRIPTION	AMOUNT \$
Rehabilitation to Tuberculosis clinic	3,107,982
" " Maternity wing	18,000,000
Repairs to Pharmacy Bond	2,000,684
" " Linden Hospital Complex	7,169,585
" " Head Office	3,918,450
TOTAL	34,196,701

- 957.** The contract for the rehabilitation of the Tuberculosis Clinic was awarded in the sum of \$2.818M. There was an approved variation of \$1.948M for additional works to be undertaken, giving a revised contract sum \$4.766M. As at 31 December 1999, amounts totalling \$4.660M were expended. However, only \$2.966M was charged to the capital appropriation account. The difference of \$1.694M was incorrectly met from current expenditure. According to correspondence seen, when the request for the variation was sent to the Central Tender Board, the Accounting Officer had suggested that the additional funding would be met from current expenditure. However, this treatment is in breach of accounting principles. The works were nevertheless physically verified.
- 958.** In relation to the rehabilitation of the Maternity Wing, the contract was awarded in the sum of \$17.481M. There was an approved variation of \$1.507M for additional works, giving a revised contract sum of \$18.988M.

As at 31 December 1999, the full amount was paid to the contractor. In addition, sums totalling \$987,891 were incorrectly paid from current expenditure. Further, physical verification of the works in May 2000 revealed the following unsatisfactory features:-

- The walls which were painted were still wet;
- Cracks appeared on the concrete walls;
- There was leakage of water from the Maternity Ward above;
- There were broken tiles in the toilet and bathroom areas;
- There were broken taps on sinks and toilet flushers;
- Sewerage overflowed from outside the building, resulting in the interior being flooded constantly;
- An inadequate nursing station was established; and
- There were broken panel runners due to use of inferior materials;

959. These discrepancies were brought to the attention of the Accounting Officer and at the time of reporting, the walls were repainted and the flushers on toilet bowls and taps on sinks were replaced by the contractor at no additional cost.

960. The contract for the repairs to the Pharmacy Bond was awarded in the sum of \$1.978M. However, the Engineer's Estimate was not produced for audit examination, despite several requests. Physical inspection in May 2000 revealed that the entire valley at the eastern end of the building was not renovated and no work was done to the roof at the southern section of the building, as provided for in the contract.

961. The following four(4) contracts were awarded for the repairs to the Linden Hospital Complex:-

DESCRIPTION	CONTRACT SUM \$	AMOUNT PAID \$
266		

Interior walls	4,855,155	4,369,639
Exterior walls	851,656	756,498
Repairs/fencing (staff house)	1,901,136	1,711,022
Rehabilitation of store room	326,083	293,475
Consultancy services	38,951	38,951
TOTAL		7,169,585

- 962.** In relation to interior modification works, the contract was awarded in the sum of \$4.855M based on a system of selective tendering while the contract for the repairs to the staff houses was awarded to the second lowest bidder in the sum of \$1.901M. However, no reason was stated why the lowest bid was not favourably considered. The works were nevertheless physically verified.
- 963.** The repairs to Head Office at Brickdam was undertaken through the award of a contract in the sum of \$3.918M. There was an approved variation of \$890,000, giving a revised contract sum of \$4.808M. The variation was, however, improperly paid from current expenditure. The works were nevertheless physically verified.

Subhead 19001 - Sector Programme (Health)

- 964.** The sum of \$11M was voted for remedial works at the National Dental Centre, Blood Transfusion Service and the BV Health Centre. The full amount was expended. 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 1999.
- 965.** An examination of the audited accounts for 1999 revealed an expenditure of \$12.798M, as shown below:-

DESCRIPTION	AMOUNT \$
Completion of National Dental School	8,267,857
Rehabilitation of Blood Transfusion Unit	2,167,317
Construction of BV Health Clinic	2,262,561
Rehabilitation of Suddie & Moruca hospitals	100,000
TOTAL	12,797,735

The difference of \$1.798M was due expenditure incurred by the Project, which had not been brought to account in the Public Accounts. The works were physically verified, except in the case of the Moruca Hospital.

Subhead 24001 - Land & Water Transport

- 966.** An amount of \$10M was voted for the purchase of three(3) 4 x 4 double cab vehicles for Vector Control, National Blood Transfusion Service and Drug Rehabilitation Centre. According to the Appropriation Account, amounts totalling \$8.578M were expended. Investigations, however, revealed that eight(8) double cab vehicles valued at \$22.874M were purchased. The difference of \$14.296M was met from current expenditure under Subhead 122 - Field Materials & Supplies. This represents a misallocation of expenditure as well as a manipulation of the voted provision.
- 967.** The contract for the purchase of the three(3) 4 x 4 double cab vehicles, was awarded by Cabinet on the recommendation of the Central Tender Board (CTB) to the lowest of five(5) bidders in the sum of \$8.475M. Subsequent to this approval, the Ministry of Health requested an additional five(5) 4 x 4 double cab vehicles. The request was forwarded to the CTB for approval. However, the CTB did not invite bids for the supply of the additional five(5) vehicles. Instead, the CTB recommended to Cabinet that the same contractor who was awarded the contract for the supply of the three(3) vehicles be asked to supply the five(5) additional vehicles. As a result, on 17 August 1999 Cabinet was awarded the contract for the supply of the five(5) vehicles to the same contractor in the sum of \$14.298M.
- 968.** In addition, there was no evidence that approval was granted for a change in programme to acquire the additional five(5) vehicles. At the time of the audit, only four(4) vehicles were delivered by the supplier who was paid an amount of \$15.726M. The difference of \$7.148M represents two(2) cheques which were drawn on 30 and 31 December 1999. These cheques were cancelled in April 2000 and were reissued to commercial bank to be held in escrow account. At the time of reporting, all eight(8) vehicles were verified as having been received.

Subhead 25001 - Office Furniture & Equipment

969. The sum of \$5M was allocated for the purchase of computers, desks, chairs, photocopier, fans, filing cabinets and refrigerators. Amounts totalling \$1.944M were expended. The items purchased were verified as having being received. However, they were not inventorised nor were they marked to identify them as Government property.

Subhead 25002 – Equipment (Medical)

970. The sum of \$15M was allocated for the purchase of equipment for PHG Operating Theatre, Regional X-ray services, Food & Drugs Administration, National Blood Transfusion Service and National Dental Centre. Amounts totalling \$8.475M were expended in the acquisition of three(3) AFP mini-medical/90 x-ray film processors, one(1) micro plate reader and washer and one(1) high performance liquid chromatograph. The items purchased were verified as having been received and properly brought to account but the chromatograph had not yet been installed. In 1998, a liquid chromatograph was also acquired, and at the time of reporting, it was also not installed.
971. 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 thirty-seven(37) 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

972. The sum of \$3M was voted for the purchase of equipment for the Occupational Safety and Health Division. Amounts totalling \$2.955M were expended. The items purchased were verified as having been received.

Subhead 44001 – Technical Assistance

973. The sum of \$119.8M was allocated for (a) reorganisation and strengthening of the institutional structure of the health sector (b) development of an integrated health service delivery (c) health financing options and resource allocation strategy and (d) development of human resources and managerial capacity. There was a supplementary provision of \$38.9M, giving a revised allocation of \$158.7M. Amounts totalling \$152.059M were shown as having been expended.

974. 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 1999 and an examination of these accounts revealed an expenditure of \$156.157M, giving a difference of \$4.098M. This difference was due to fluctuations of the official exchange rate which varied between \$165.25 to \$180.50.

975. The following gives a breakdown of the audited expenditure of \$156.157M:-

DESCRIPTION	AMOUNT \$
Consultancy services	124,895,832
Emoluments of Project Co-ordinator	12,190,875
Training	283,421
General support	16,469,079
Salaries for counterpart staff	2,317,737
TOTAL	156,156,944

976. In relation to the consulting services valued at \$124.896M, the Project Executing Unit had contracted the services of a management consulting firm in February 1999 at a cost of US\$1,695,747. The firm was required to re-organise and strengthen the health sector, to develop an integrated health service delivery strategy, including managerial capacity and human resources, and to provide institutional development of the Public Hospital Georgetown. The expenditure relates to direct disbursements made by the IDB from the resources of the financing.

977. Included in the amount of \$16.469M shown as General Support were two(2) payments for \$6.125M and \$3.185M representing the purchase of two(2) vehicles and computer equipment respectively. These items were verified as having been received and properly brought to account.

HEAD 43 & DIVISIONS 503 – 504

MINISTRY OF HUMAN SERVICES AND SOCIAL SECURITY

Current Expenditure

- 978.** The Ministry had two(2) non-operational salaries bank accounts (A/c Nos. 942 & 3037) which reflected balances totalling \$3.208M. These balances should be transferred to the Consolidated Fund and steps taken to close the accounts.
- 979.** The present salaries bank account No. 3166, which was established in April 1998, was only reconciled to May 1999 at the time of reporting. It should be 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.
- 980.** Amounts totalling \$15.165M were expended on Subsidies & Contributions to Local and International Organisations. The following is a breakdown of the payments made:-

DESCRIPTION	AMOUNT \$000
Women's Leadership Institute	3,600
Guyana Relief Council	3,850
Legal Aid Centre	903
National Commission for Women	625
International Association of Social Security	549
United Nations Development for Women	178
Sixty-two(62) charitable and needy organisations	5,460
TOTAL	15,165

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

- 981.** Amounts totalling \$684.814M were expended on old age pensions and social assistance. This figure, however, does not include \$52M in payments which were 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. Approval was granted for the discharge of this liability in 2000.
- 982.** 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 1999. This state of affairs was due to inadequate provisions made over the years in the National Estimates to facilitate the payment of old age pensions 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.
- 983.** 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 re-organised. The account reflected a balance of \$19.424M as at 31 December 1999. This balance should be transferred to the Consolidated Fund and steps taken to close the account.
- 984.** The ordinary imprest bank account No. 3038, which ceased to be operational in April 1998, reflected a balance of \$161,195 at 31 December 1999. This balance should be transferred to the Consolidated Fund and steps taken to close the account.

Capital Expenditure

Subhead 19001 - SIMAP (PHASE 1)

- 985.** The sum of \$44.885M was allocated for the rehabilitation of schools and the development of technical and vocational skills. Amounts totalling \$48.226M were shown as having been expended, giving an excess expenditure of \$3.341M. The excess was met from an advance from the Contingencies Fund. This advance was cleared by way of supplementary estimates in April 2000.

986. 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 1999 and an examination of these accounts revealed an expenditure of \$56.661M, giving a difference of \$8.435M. This difference was due to disbursements made in 1999 which had not yet been brought to account in the Public Accounts and hence the Appropriation Account.

987. The following gives a breakdown of the audited expenditure:-

DESCRIPTION	AMOUNT \$'000
Rehabilitation of Berbice Educational Institute	32,117
Development of technical and vocational skills	11,937
General support	12,607
TOTAL	56,661

988. Two(2) contracts valued at \$27.217M were awarded for the rehabilitation of the Berbice Educational Institute. Variations totalling \$4.9M were approved, giving a revised contract sum of \$32.117M. The works were physically verified.

989. The amount of \$12.811M expended on the development of technical and vocational skills relates to training courses conducted at nine(9) training institutes. In relation to the amount of \$12.607M expended on general support, this represents emoluments and other costs associated with general administration of the Project.

Subhead 19002 - SIMAP Phase II

990. An amount of \$1.003 billion was allocated for (a) rehabilitation of the

economic and social infrastructure (b) community projects in Amerindian and depressed areas (c) emergency infrastructural works and (d) technical and vocational training and nutritional programmes. Amounts totalling \$845.480M were shown as having been expended.

991. The Project is funded by the Government of Guyana and the Inter American Development Bank under Loan Agreement No. 985/SF-GY as well as the World Food Programme and is subject to separate financial reporting and audit. An examination of the audited accounts for 1999 revealed an expenditure of \$939.654M, giving a difference of \$94.174M. The difference was due to:

- (a) disbursements totalling \$143.584M made in 1998 which were brought to account in the Public Accounts in 1999;
- (b) disbursements totalling \$125.717M made in 1999 which had not yet been brought to account in the Public Accounts;
- (c) expenditure totalling \$105.003M on the World Food Programme which was not brought to account in the Appropriation Account; and
- (d) exchange differences totalling \$7.038M.

992. The following is a breakdown of the audited expenditure of \$939.654M:-

DESCRIPTION	AMOUNT \$'000	AMOUNT \$000
Rehab. of Economic & Social Infrastructure		
Education institutions	397,684	
Water and sanitation	159,230	
Roads	34,636	
Health sector infrastructure	20,317	
Food and nutrition	11,996	
Drainage and irrigation	5,479	
Social infrastructure	2,605	631,947
Community Projects		
Community development	124,069	
Others	8,014	132,083
Others		
Emergency infrastructure work		5,625
274		

Technical and vocational training	4,702
Administration and technical assistance	165,297
TOTAL	939,654

- 993.** Ninety-one(91) contracts valued at \$706.463M were awarded for the rehabilitation/construction of twelve(12) secondary schools, forty-four(44) primary schools and thirty-five(35) nursery schools. Twenty-five(25) of these contracts valued at \$112.9M were awarded in 1999. As at 31 December 1999, amounts totalling \$454.838M were paid to the respective contractors. Thirty-two(32) schools were completed as at this date.
- 994.** Physical inspection of seven(7) of the schools which were completed revealed discrepancies in respect of three(3) schools. At the St. John's College, the louvre windows were found to be defective while at Zeelandia Primary/Nursery School, sections of the roof were leaking. Sections of the border to the ground floor were also broken in several places and eighteen(18) single instead of twenty(20) double fluorescent lamps were installed. At the St. Ignatius Secondary School, three(3) dividing walls were detached from the concrete beam and there were shrinkages to the gabling and hand rails.
- 996.** The amount of \$159.230M was expended on the supply of pipelines and potable water supply system in Regions 2, 4 and 6. Thirty-seven(37) contracts valued at \$301.828M were awarded, eight(8) of which valued at \$155.163M were awarded prior to 1999. As at 31 December 1999, amounts totalling \$200.288M were paid to the respective contractors. Twenty-one(21) of these contracts were completed as at this date.
- 997.** The amount of \$34.636M was expended on the rehabilitation of twenty-four(24) roads. The contract sums involved totalled \$93.538M. As at 31 December 1999, amounts totalling \$43.038M were paid to the respective contractors. Fifteen(15) of these roads were completed as at this date.
- 998.** The sum of \$124.069M was expended in 1999 on the following community development projects:-

DESCRIPTION	AMOUNT
275	

	\$
Infrastructural works	109,942,574
Basic sanitation	4,633,550
Markets rehabilitation	3,630,911
Agricultural rehabilitation	3,317,845
Water and drainage rehabilitation	2,544,340
TOTAL	124,069,220

999. The amount of \$109.943M shown as expenditure on infrastructural works relates mainly to the rehabilitation of seventy-three(73) multi-purpose community centres. The total contract sums involved amounted to \$184.525M. As at 31 December 1999, amounts totalling \$134.857M were paid to the respective contractors. Twenty-nine(29) of these works were completed as at this date.

1000. The amount of \$4.634M expended on basic sanitation represents the construction/rehabilitation of sanitary blocks at Kumaka, Sacred Heart School and Smithfield Nursery School. The Success Market was also rehabilitated at a cost of \$3.631M.

Subhead 12001 - Buildings

1001. An amount of \$16M was allocated for the rehabilitation Guyana Women's Leadership Institute, Night Shelter and completion of works to Head Office. Amounts totalling \$3.368M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Rehabilitation of building at Cornhill Street	935
Rehabilitation Women Leadership Institute	2,188
Night Shelter	245
TOTAL	3,368

1002. In my 1998 Report, it was stated that amounts totalling \$13.935M were expended on the rehabilitation of the building at Cornhill Street. Physical verification revealed a number of unsatisfactory features. The amount of

\$935,000 was expended to remedy the defects.

- 1003.** In 1998, the Women Leadership Institute was rehabilitated at a cost of \$1.901M. Five(5) contracts were 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 had 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.
- 1004.** For the period under review, seventeen(17) contracts were awarded to ten(10) individuals for additional rehabilitation works to the Women's Leadership Institute. Again, had one(1) contract been awarded, this would have required adjudication by the Central Tender Board. The works were nevertheless physically verified.

Subhead 25001 - Office Equipment

- 1005.** The sum of \$1.5M was allocated for the purchase of computers, air conditioning units, filing cabinets and desks. Amounts totalling \$1.494M were expended. The items purchased were verified as having been received and properly brought to account.

Subhead 25002 - Equipment

- 1006.** An amount of \$1.5M was provided for the purchase of beds, mattresses, fire extinguisher and telephone system for the Guyana Women's Leadership Institute. Amounts totalling \$1.415M were expended. The items purchased were verified as having been received and properly brought to account.

HEAD 44 & DIVISION 541

MINISTRY OF CULTURE, YOUTH AND SPORTS

Current Expenditure

1007. It is a requirement for the salaries cash book to reflect a ‘nil’ balance at the end of each month as a control mechanism for the payment of wages and salaries. However, during the period under review, the cash book reflected significant balances, as shown below:-

MONTH	AMOUNT \$	MONTH	AMOUNT \$
January	285,823	July	896,370
February	331,046	August	4,674,644
March	624,504	September	5,260,680
April	817,643	October	5,575,879
May	1,629,861	November	6,361,879
June	1,539,075	December	4,476,582

1008. This state of affairs was due to the failure of the Ministry to pay over in a timely manner deductions to the relevant agencies. A similar observation was made in my 1998 Report. The Accounting Officer is again urged to ensure strict compliance with the regulations.

1009. Amounts totalling \$9.862M 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 sixty-one(61) contracts, fifty-six(56) of which totalling \$4.296M fell below the \$180,000 limit and therefore did not require a system of competitive bidding. 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 as well as the dilapidated nature of the building. A similar observation was made in my 1998 Report where it was stated that thirty-one(31) contracts falling below the \$180,000 limit were awarded for the rehabilitation of the BIDCO building.

1010. Amounts totalling \$18.190M were expended on 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 that corrective action was taken in 2000.

1011. Amounts totalling \$88.859M were expended on Subsidies & Contributions etc. The following gives a breakdown of the payments made:-

278	
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NAME OF ORGANISATION	AMOUNT \$000
National Sports Commission	50,000
Castellani House	5,328
Guyana Museum	9,812
National Trust	6,794
Mashramani activities	6,349
Mayor & City Council	2,193
Commonwealth Youth Programme	1,600
National Youth Council	1,980
Theatre Guild	600
Others	4,203
TOTAL	88,859

- 1012.** The National Sports Commission is subject to separate financial reporting and audit. The last set of audited accounts was in respect of 1999. The amount of \$50M was verified as having been received by the Commission and properly expended.
- 1013.** The operations of the Castellani House were being managed by a committee and the amount of \$5.328M represents the payment of salaries, janitorial services and the purchase of artefacts.
- 1014.** 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 \$9.812M was verified as having been received by the Museum but in the absence of audited accounts for 1999, it could not be determined whether it was properly expended.

Other Matters

- 1015.** The Ministry continued to operate 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.
- 1016.** Amounts totalling \$53.997M were received from the Guyana Lotteries Commission during 1999 and deposited into this account. The funds were

to be used for the upgrading of sports facilities in the various Regions, construction of fence at Bourda and changing room at the national Park, among others. As at 31 December 1999, the account reflected a balance of \$1.617M. The balance of this account at the beginning of 1999 was \$27.248M. It therefore meant that sums totalling \$80.708M were expended but were not recorded as expenditure in the Appropriation Accounts.

- 1017.** 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 1999 was \$1.550M. During the year, amounts totalling \$30.480M were deposited into this account. As at 31 December 1999, the account reflected a balance of \$1.263M, indicating that \$31.127M 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 is in the process of conducting a special exercise to evaluate the operations of the Centre.

Capital Expenditure

Subhead 12001 – Buildings (Cultural Centre)

- 1018.** The sum of \$8.940M was provided for (a) the installation of the air conditioning system (b) rehabilitation works to the roof, internal and external walls and drainage system (c) fencing of compound and (d) replacement/repairs of seats. Amounts totalling \$2.655M were expended on the painting of the building, welding and upholstering of seats and repairs to television. The works undertaken were physically verified.

Subhead 12002 - Buildings

- 1019.** An amount of \$8.5M was allocated for the rehabilitation works to the Main Office and the purchase of office equipment. Amounts totalling \$6.781M were expended as follows:-

DESCRIPTION	AMOUNT \$
Repairs to main office	3,041,851
280	

Purchase of equipment	2,775,057
Painting	964,190
<hr/>	
TOTAL	6,781,098

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

Subhead 18001 - Youth

- 1020.** The sum of \$5M was provided for the rehabilitation of youth camp sites at Onverwagt, Madewini and Den Amstel. Amounts totalling \$2.555M were expended for the rehabilitation works at Madewini. The works undertaken were physically verified.

Subhead 25001 - Museum Development

- 1021.** The sum of \$6M was provided for the rehabilitation works at Walter Roth Museum. Amounts totalling \$238,400 were expended on consultancy services. The works were re-budgeted for in 2000.

Subhead 44001 - Burrowes School of Art

- 1022.** The sum of \$1.5M was voted for the rehabilitation of the Burrowes School of Art building. Amounts totalling \$1.496M were expended on carpentry, electrical and painting works. The works undertaken were physically verified.

Subhead 45001 - National Trust

- 1023.** A provision of \$6M was made for the restoration of the 1763 Monument. Amounts totalling \$1.745M were expended.

Subhead 45003 - National Sports Commission

- 1024.** The sum of \$2M was approved for the development of sporting facilities and guard huts. Amounts totalling \$745,000 were expended. This amount was paid over to the Guyana Rugby Union to host the Caribbean Rugby championship.

HEAD 45 & DIVISION 523, 524 AND 525

MINISTRY OF HOUSING & WATER

Current Expenditure

- 1025.** Amounts totalling \$915,000 were expended on telephone charges. However, a register of overseas telephone calls was not kept for the period January to July 1999. A register had since been introduced with effect from August 1999.
- 1026.** Amounts totalling \$735M were allocated for Subsidies & Contributions to Local Organisations. The full amount was expended as follows:-

NAME OF ORGANISATION	AMOUNT \$'000
Guyana Water Authority	500,000
Georgetown Sewerage & Water Commissioners	200,000
Central Housing & Planning Authority	35,000
TOTAL	735,000

- 1027.** 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 1999 and an examination of these accounts revealed that amounts totalling \$512.876M were received as subvention from Central Government, giving a difference of \$12.876M. 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.
- 1028.** An examination of the audited accounts of GUYWA for 1999 revealed the following unsatisfactory features:-
- Included in the fixed assets figure of \$3.588 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 when compared with prevailing market prices. In addition, certificates of

title attesting to the ownership of the land were not produced for audit scrutiny; and

- Included in the trade creditors and accruals figure of \$73.567M was an amount of \$53.240M representing a liability to Guyana Power and Light (GPL). However, the amount confirmed by GPL was \$267.785M, resulting in a difference of \$214.545M.

As a result of these two(2) issues, the accounts for GUYWA for the year 1999 were qualified.

1029. The following is a breakdown of revenues and expenditure of GUYWA for the year ended 31 December 1999:-

PARTICULARS	1999 \$	1998 \$
INCOME		
Tariffs: non-metered customers	250,262,473	67,146,120
Tariffs: metered customers	11,610,463	0
Total Income from Water Rates	261,872,936	67,146,120
Government subsidy	512,876,426	463,855,756
Gain from sale of service connections	105,046,010	77,843,000
Other income	29,272,949	14,161,418
	909,068,321	623,006,294
EXPENDITURE		
Payroll and benefits	211,936,303	209,318,539
Travelling	22,850,769	21,674,672
Outside services	31,054,821	27,630,804
Office supplies	7,970,751	8,024,154
Electricity	318,655,005	356,297,958
Fuel	26,022,413	44,834,651
Chemicals	696,685	0
Repairs and maintenance	56,734,742	152,587,796
Depreciation	150,396,519	64,135,172
Stock adjustments	18,823	(1,936,012)
Other administrative	28,967,153	11,663,841
	855,303,984	894,231,575
Net Surplus/(Deficit) for the year	53,764,337	(271,255,281)

1030. The Georgetown Sewerage and Water Commissioners is subject to separate financial reporting and audit. The last set of audited accounts was in respect of 1999 and an examination of these accounts revealed the following income and expenditure:-

PARTICULARS	AMOUNT \$'000
OPERATING INCOME	
Government subvention	200,647
Non-metered customers	205,121
Metered customers	124,529
Other income	9,182
	539,488
EXPENDITURE	
Employment	128,031
Electricity and other power	132,205
Supplies and services	41,752
Chemicals and raw water	41,052
Administrative	17,597
Transport costs	8,003
Depreciation	39,125
	407,766
Net Surplus/(Deficit) for the year	(271,255,281)

1031. The accounts of GS & WC for 1999 were qualified on the following two(2) counts:-

- (a) According to the General Ledger, the stock balance at year end was \$283.698M while the stock cards showed a balance of \$393.867M. In addition, a physical count carried out at the end of the year

revealed a balance of \$303.797M while the closing stock on the Balance Sheet was stated as \$85.787M. A reconciliation was not done to determine the correct balance of stock at 31 December 1999. As a result, the completeness, accuracy and validity of the amount of \$85,786,625 shown as stock in the Balance Sheet could not be determined; and

- (b) Included in the debtors figure of \$244,041,922 were amounts totalling \$143,090M which represent sums owing by unmetered customers. No provision was, however, made in the accounts for doubtful debts. As a result, the completeness, accuracy and validity of the amount of \$244,041,922 shown as debtors in the Balance Sheet, could not be satisfactorily determined.

1032. 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. Financial statements for 1996 were received and at the time of reporting, the audit was in progress. The subvention of \$35M was verified as having been received by the Authority, but in the absence of audited accounts for 1999, it could not be determined whether this amount was properly expended.

Capital Expenditure

Division 523

Subhead 12001 - Buildings

1033. The sum of \$3M was allocated for the rehabilitation of the main building. Amounts totalling \$46,000 were expended on consultancy fees for the construction of a car port. An examination of the Estimates of Expenditure for 2000, however, revealed no amounts were allocated for the rehabilitation of the main building and in particular the car port.

Subhead 19001 - Infrastructure Development & Buildings

1034. An amount of \$160M was voted for the continuation of upgrading works at Tuschen, Diamond/Grove, Good Hope and the development of New 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 \$61.567M were expended,

giving a difference of \$98.433M 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.

1035. The Accounting Officer explained that the unspent balance was retained for the completion of the land clearing project at Diamond, East Bank Demerara and the main access road at Tuschen, East Bank Essequibo. She further explained that these projects were ongoing, 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 2000.

1036. The following is a breakdown of the expenditure of \$61.567M:-

DESCRIPTION	AMOUNT \$'000
Block X Diamond	
Road construction	28,800
Bridge construction	6,784
Water distribution	10,278
Supervision	250
Block Y Golden Grove	
Bridge construction	3,487
Supervision	50
Tuschen	
Water distribution	11,918
TOTAL	61,567

1037. In relation to Block X Diamond road construction, the contract was awarded in the sum of \$71.521M. As at 31 December 1999, amounts totalling \$28.8M were expended. At the time of reporting, approximately 92% of the construction work was completed.

1038. Four(4) contracts valued at \$27.844M were awarded for the construction of bridges at both Block X Diamond and Block Y Golden Grove. As at 31

December 1999, amounts totalling \$10.271M were expended. At the time of reporting, the four(4) bridges were completed.

- 1039.** Two(2) separate contracts were awarded in the sum of \$71M for the construction of the water distribution at Block X Diamond and Tuschen. As at 31 December 1999, amounts totalling \$22.197M were expended. At the time of reporting, the work was still in progress.

Subhead 24002 - Land Transport

- 1040.** The sum of \$3.7M was voted for the purchase of two(2) vehicles for enforcement/investigation and administration. The full amount was expended in the purchase two(2) Hilux 4x4 Pickup. The vehicles were verified as having been received and properly brought to account.

Subhead 25002 - Equipment

- 1041.** An amount of \$1M was allocated for the purchase of office furniture and equipment including fire extinguishers, filing cabinets, fans, chairs and workstations. Sums totalling \$999,940 were expended. The items purchased were verified as having been received and properly brought to account.

Subhead 28004 - Rural Water Supply (Hinterland)

- 1042.** The sum of \$10M was provided for the installation of hand pumps and windmills in Regions 1, 2, 7, 8 and 9. The full amount was transferred to GUYWA and according to the records of GUYWA, amounts totalling \$10.177M were used for the installation of hand pumps and windmill in Region 9, as shown below:-

DESCRIPTION	AMOUNT \$'000
Fencing of Lethem pump station compound	8,675

Refurbishing of wells at Barabina – Region 1	904
Upgrading of Kamarang water system	441
Installation of water system infrastructure – Siparuta	85
Procurement and installation of pump at St. Ignatius	72
TOTAL	10,177

Documentary evidence was seen at the GUYWA Head Office attesting to the satisfactory completion of the works.

Subhead 28005 - Coastal Water Supply

- 1043.** The sum of \$75M was provided for (a) the purchase and installation of pipelines at Essequibo, East Bank Demerara and Corentyne and (b) the rehabilitation of wells on the Essequibo Coast, West Demerara, East Bank Demerara, East Coast Demerara, West Coast Berbice and Corentyne. The amount was paid to the Guyana Water Authority (GUYWA) for it to execute the works.
- 1044.** According to the records of GUYWA, amounts totalling \$32.521M were expended, giving a difference of \$42.479M which should have been refunded to the Consolidated Fund. The expenditure relates mainly to the rehabilitation of the pump station and the acquisition and installation of a generator at Haslington. The total cost involved was \$29.390M. The works were physically verified.

Subhead 28006 - Pure Water Supply (New Amsterdam)

- 1045.** The sum of \$76.5M was provided for the purchase and installation of pipelines and rehabilitation of the distribution network at New Amsterdam. Amounts totalling \$52M were shown as having been expended. The amount \$52M was transferred to GUYWA on 31 December 1999 for it to undertake the works.
- 1046.** It is obvious that no expenditure could have been incurred during the period under review. In the circumstances, it would have been more appropriate for the amount to be refunded to the Consolidated Fund. As a result, the

Appropriation Account was overstated by \$52M.

- 1047.** According to the records of GUYWA, the amount of \$52M was received and brought to account in the year 2000. The amount was used as part funding for a contract valued at \$262.235M for the upgrading and rehabilitation of the secondary distribution network system at New Amsterdam.

Division 524

Subhead 28001 - Water Supply Technical Assistance/Rehabilitation

- 1048.** The sum of \$455.6M 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 \$379.567M were shown as having been expended.
- 1049.** 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 \$519.660M, giving a difference of \$140.093M. This difference was due mainly to foreign disbursements in 1999 which had not yet been brought to account in the Public Accounts and hence the Appropriation Account.
- 1050.** The following is a breakdown of the audited expenditure:-

DESCRIPTION	FOREIGN FUNDING \$'000	LOCAL FUNDING \$'000	TOTAL \$'000
Civil Works	441,540	7,020	448,560
Goods	7,560	4,140	11,700
Consultancy Services	31,860	10,800	42,660
Training	1,260	180	1,440
	289		

Administration Expenditure	-	15,300	15,300
TOTAL	482,220	37,440	519,660

- 1051.** Included in the amount of \$448.560M shown as civil works, were six(6) payments totalling \$10.620M made on six(6) contracts entered into in 1996 and 1997. These payments were in relation to the installation of pumps and minor systems rehabilitation in Regions 3, 4, 5 and 6. Documentary evidence was seen at the GUYWA Head Office attesting to the satisfactory completion of the works.
- 1052.** Also included in the figure of \$448.560M, were expenditures of \$5.760M and \$425.160M relating to the replacement of pipe network, installation of new service connections and improving water supply in the various Regions.
- 1053.** The amount of \$7.560M expended under goods represents payments for laboratory equipment valued at \$6.136M and purchase of steel pipes and fittings valued at \$1.424M. The items were verified as having been received and properly brought to account.
- 1054.** The amount of \$42.660M shown as consultancy services represents the payment of salaries to senior management staff contracted by the Project.

Division 525

Subhead 28001 - Georgetown Remedial & Sewerage Project

- 1055.** An amount of \$346M was allocated for the rehabilitation of sewerage and lift stations, distribution system in North Ruimveldt, laying of trunk mains in Sophia, installation of water meters in Bel Air Park, Queenstown and Lamaha Gardens and institutional strengthening. According to the Appropriation Account, amounts totalling \$271.087M were expended.
- 1056.** 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 1999 and an examination of these accounts revealed an

expenditure of \$399.795M, giving a difference of \$128.708M. This difference was due to foreign disbursements which were brought to account in the Public Accounts in the year 2000.

1057. The following gives a breakdown of the audited expenditure of \$399.795M:-

DESCRIPTION	IDB G\$'000	GOG G\$'000	TOTAL G\$'000
Engineering & Admin.			
Project Management Firm	74,908	-	74,908
Admin. by Executing Agency	-	24,072	24,072
Direct Cost			
Pipes & accessories	152,206	591	152,797
Water Meters	61,197	-	61,197
Equipment & spares	65,224	1,272	66,496
Vehicles & Office Equipment	-	69	69
Financial Cost			
Interest	16,174	-	16,174
Credit Commission	-	3,861	3,861
TOTAL	366,069	29,865	399,795

1058. As can be noted, amounts totalling \$98.980M were expended to meet supervision and administrative costs of the Project. The expenditure of \$74.908M represents payments made to an Engineering Firm for consultancy services based on a contract awarded in July 1995 in the sum of \$508.2M. This contract was revised to \$574.332M by approval from the

Government of Guyana and the funding agency. As at 31 December 1999, amounts totalling \$494M were paid to the Firm.

- 1059.** The consultants were to develop and execute a comprehensive programme designed to improve the institutional needs of the GS&WC. They were also responsible for the day to day operations, maintenance and major rehabilitation work of the GS & WC. The amount of \$74.908M was paid quarterly for the completion of domestic usage survey, commencement of metering of residential customers in selected areas, rehabilitation of sewerage lift stations and the commencement of water main rehabilitation.
- 1060.** The administrative cost of \$24.072M relates to (a) the payment of salaries, telephone charges and other administrative expenses and (b) a final payment of \$9.303M for the drilling of portable water supply wells in North and Central Ruimveldt as well as Sophia. The construction works were physically verified.
- 1061.** The amount of \$152.07M expended on pipes and accessories relates to supplying and installation of trunk main, pumps and related civil works at several sewerage stations. The works were undertaken through the award of nine(9) contracts valued at \$577.450M. At 31 December 1999, construction work was on-going in relation to two(2) contracts. The items purchased were verified as having been received and properly brought to account.
- 1062.** In relation to the amount of \$61.197M expended on water meters, this represents the supply and installation of water meters, meter testing equipment and the supply and repairs of clamps and service saddles. The materials purchased were verified as having been received and properly brought to account.
- 1063.** The amount of \$66.496M expended on the supply of equipment and spares represents payments for the acquisition of water well casings and screws, drilling of two(2) portable water supply wells and the design and construction of a portable water ground storage tank and pump station at Ruimveldt. The casing and screws were verified as having been received and properly brought to account. At the end of 1999, an amount of \$3.069M was paid to the contractor for the drilling of the two(2) portable

water supply wells based on a contract valued at \$17.969M. At the time of reporting, the work was still in progress. The construction of the portable water ground storage tank was completed and was physically verified.

HEADS 11 AND 51 & DIVISION 507

ELECTIONS COMMISSION & MINISTRY OF HOME AFFAIRS (EXCLUDING POLICE)

Current Expenditure

Employment Costs

- 1064.** The old salaries bank account No. 508, which became non-operational in June 1996, reflected a balance of \$1.463M as at 31 December 1999. It is again recommended that the balance be transferred to the Consolidated Fund and steps taken to close the account.
- 1065.** The present salaries bank account No. 3022 reflected a balance of \$59.774M as at 31 December 1999. However, the cash book for the period under review was not presented for audit examination, despite repeated requests. As a result, the exact balance on this account could not be determined. The Accounting Officer explained that the cash book was misplaced and that efforts would be made to locate it. At the time of reporting, the position remained the same.
- 1066.** It should be noted that it is a requirement for the cash book to reflect a 'nil' balance at the end of each month as a control mechanism for the payment of wages and salaries. In the absence of this important record, it could not be determined whether there was compliance with this requirement.
- 1067.** The salaries bank account was not reconciled since its establishment in June 1996. The failure to reconcile bank accounts can lead to irregularities being perpetrated without detection. Every effort should therefore be made to ensure that this activity is carried out with due diligence and in a timely manner. This matter was drawn to attention in my previous reports.
- 1068.** Amounts totalling \$82.718M were expended on Benefits and Allowances of which sums totalling \$11.394M relate to the purchase of uniforms. The following is a breakdown of the latter expenditure by authority limits:-

AUTHORITY LIMIT	NUMBER OF PURCHASES	AMOUNT \$
Below \$90,000	85	4,186,129
\$90,000 - \$180,000	43	5,640,245
\$180,000 - \$600,000	6	1,567,500
TOTAL	134	11,393,874

1069. The following unsatisfactory features were, however, observed in relation to these purchases:-

- (a) There was no evidence that the six(6) purchases valued at \$1.568M 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 the forty-three(43) purchases valued at \$5.640M and 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 made; and
- (c) Supporting documents, such as bills and/or receipts, were not presented in respect of nineteen(19) purchases valued at \$2.843M.

1070. The Accounting Officer explained that the Ministerial Tender Board was not functioning for the period January to November 1999. 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. A satisfactory explanation was also not given why there was no adherence to a system of quotations for purchases falling within the limits of \$90,000 and \$180,000. Nevertheless, the uniforms purchased were verified as having been received and properly brought to account.

Other Charges

- 1071.** The main bank account No. 881, which ceased to be operational in June 1996, reflected a balance of \$4.461M as at 31 December 1999. It is again recommended that this balance be transferred to the Consolidated Fund and steps taken to close the account.
- 1072.** The present main bank account No. 3020, which was established in June 1996, was overdrawn on numerous occasions during the year and as at 31 December 1999, it reflected an overdraft of 26.754M. The cash book balance at this date was \$37.986M as at this date. In addition, the account was not reconciled since its establishment. The overdraft should be investigated with a view to clearing it. It should be noted also that the failure to reconcile bank accounts can result in irregularities being perpetrated without detection. Every effort should therefore be to ensure that this important activity is carried out with due diligence and in a timely manner.
- 1073.** 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 cheque orders were being cleared several months after they were issued. In addition, at the time of reporting, 1,663 cheque orders valued at \$171.629M remained outstanding for 1999. 1,456 of these valued at \$137.755M relate to purchases while the remainder was in respect of employment costs. A similar observation was made in my 1998 Report where it was stated that 690 cheque orders valued at \$56.241M remained outstanding.
- 1074.** In relation to the amount of \$137.755M representing outstanding cheque orders for goods supplied, alternative audit checks were carried out on a sample basis. However, because of the absence of the detailed descriptions of the items purchased, it was not possible to trace the items to the good received book and stock records. This state of affairs is considered most unsatisfactory and represents an apparent lack of accountability for large sums expended and for which a serious view should be taken. It is therefore again recommended that a special investigation be carried out 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 years.

1075. Amounts totalling \$31.531M expended on Materials, Equipment & Supplies. The following is a breakdown by various authority limits:-

AUTHORITY LIMIT	NUMBER OF PURCHASES	AMOUNT \$
Below \$90,000	543	15,539,232
\$90,000 - \$180,000	62	10,679,139
\$180,000 - \$600,000	21	4,567,139
\$600,000 - \$6M	1	744,750
TOTAL	627	31,531,000

1076. In relation to the twenty-one(21) 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. 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. Notwithstanding this, based on test-checks carried out the items purchased were verified as having been received and properly brought to account.

1077. Amounts totalling \$12.053M were expended on Fuel & Lubricants. However, bills/receipts in support of forty-two(42) payments totalling \$5.925M were not attached to the payment vouchers nor were they submitted for audit examination. In addition, out of fifty-one(51) vehicles under the control of the Ministry, log books were only presented in respect of thirteen(13) vehicles. In the circumstances, it could not be satisfactorily determined whether effective control was exercised over the use of the Ministry's vehicles.

1078. Amounts totalling \$19.553M were expended for the Rental & Maintenance of Buildings. The following is a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$
Rehabilitation of N/A & G'town prisons	3,098,808
" " NRC building	1,314,788
" " Central Fire Service building	558,700
Rental of buildings	4,004,500
Purchases of janitorial/cleaning supplies	9,765,596
Miscellaneous purchases	810,486
TOTAL	19,552,878

- 1079.** The amount of \$3.099M was expended on the purchase of building materials, and the work was undertaken using prison labour. In relation to the rehabilitation of NRC building, there was no evidence that a system of quotations was followed in the awarding of three(3) contracts falling within the limits of \$180,000 and \$450,000. The basis of the award of these contracts as well as whether due economy was exercised, could not therefore be determined. Nevertheless, the works were physically verified.
- 1080.** The amount of \$4.005M 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.
- 1081.** In respect of the purchase of janitorial and cleaning supplies, there was no evidence that a system of quotations was followed in relation to twelve(13) purchases totalling \$1.407M falling within the limits of \$90,000 and \$180,000. In addition, there were twenty(20) purchases totalling \$5.129M falling within the limits of \$180,000 and \$600,000 which were not adjudicated by the Ministerial Tender Board for reasons already mentioned. Nevertheless, based on test-checks carried out, the items purchased were verified as having been received and properly brought to account.
- 1082.** Amounts totalling \$1.992M were expended on the Maintenance of Infrastructure, mainly relating to the rehabilitation of fences, cleaning of compounds and minor purchases. However, twenty-eighty(28) payment vouchers totalling \$1.126M were not presented for audit examination.

- 1083.** Included in the amount of \$20.235M expended on Transport, Travel & Postage were sums totalling \$13.577M expended on vehicle spares and maintenance. However, two(2) purchases totalling \$431,476 falling within the limits of \$180,000 and \$600,000 were not adjudicated by the Ministerial Tender Board for reasons already mentioned. Nevertheless, based on test-checks carried out, the spares purchased were verified as having been received and properly brought to account, while there was documentary evidence that the maintenance works were satisfactorily completed.
- 1084.** Amounts totalling \$7.053M were expended on Telephone Charges. However, only six(6) of the seven(7) departments maintained a telephone register. In addition, amounts totalling \$913,528 were expended on overseas calls. However, a register of overseas calls was not maintained to monitor these calls. In the absence of this record, 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 overseas calls. A format of this register has been given to the Accounting Officer for implementation.
- 1085.** Amounts totalling \$10.445M were expended on Electricity Charges. However, twenty-three(23) payment vouchers totalling \$4.057M were not presented for audit. In addition, the Electricity Register was not properly maintained in that the locations of the meters were not stated therein.
- 1086.** Amounts totalling \$13.189M were expended on Other Goods and Services Purchased. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$
Security services	5,018,720
Equipment maintenance	4,776,959
Preservation of GRO records	1,615,125
Cleaning & exterminating services	840,916
Miscellaneous	937,677
TOTAL	13,189,443

1087. The amount of \$5.019M expended on security services was in respect of services provided by the Commissioner of Police at the Ministry's Head Office, the Elections Commission and the National Registration Centre. An amount of \$4.777M was also expended on the maintenance of mainlt computers, photocopiers, fax machine and typewriters. Twenty-three(23) payments vouchers totalling \$1.233M were, however, not presented for audit.

1088. Amounts totalling \$114.662M were expended on Other Operating Expenses. The following is a break down of the expenditure:-

DESCRIPTION	AMOUNT \$
Dietary items	67,313,690
Refreshment and meals	16,166,812
Purchase of electoral materials	16,253,166
Repairs to electrical & photographic equipment	4,582,567
Rates and taxes	1,518,750
Overseas travel	1,397,820
Security charges	1,382,928
Purchase of office equipment	1,199,874
National Events	1,022,990
Miscellaneous	3,787,004
TOTAL	114,625,601

1089. In relation to the dietary items purchased, there was no evidence of adherence to Tender Board procedures. It is recommended that the annual requirements for dietary items be determined after which public invitation to tender should be solicited. This approach is likely to yield significant cost savings. Nevertheless, based on test-checks carried out, the items purchased were verified received and properly brought to account.

1090. In respect of the purchase of electoral materials and repairs to electrical and photographic equipment, there were seven(7) payments totalling \$5.271M. However, there was no evidence of adherence to the Tender Board procedures in relation to the acquisition and the services rendered.

Other Matters

1091. The balances on the following bank accounts, which became non-operational several years ago, remained static throughout the year:-

ACCOUNT NO.	DESCRIPTION	BALANCE \$
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)

1092. It is again 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.

1093. Although the Ministry was in possession of a large quantity of gifts received from various donor agencies, there was no evidence that the gifts were valued and the Accountant General so informed so that they could be recorded in the Public Accounts.

Capital Expenditure

Subhead 12001 - Buildings (Prisons)

1094. The sum of \$34M was voted for the continued rehabilitation to Mazaruni, Georgetown and Timehri prisons. Expenditure totalling \$16.660M was incurred, as follows:-

DESCRIPTION	AMOUNT \$
Rehabilitation of Mazaruni Prison	6,005,676
“ “ Georgetown Prison	5,715,591
Purchase of cell locks for Mazaruni Prison	4,626,939
Consultancy	311,991
TOTAL	16,660,197

1095. The amount of \$6.006M expended on the rehabilitation of the Mazaruni Prison, represents payment on a contract which was awarded in 1997 in the sum of \$20.392M. The works involved the construction of a two-storey concrete building and rehabilitation of existing building at Mazaruni. As at 31 December 1999, amounts totalling \$18.507M were paid to the contractor. However, at the time of reporting, two(2) cheques valued at \$2.465M payable to the contractor was still on hand. These cheques were dated 31 December 1999. At the time of reporting, the work was still in progress.

1096. The rehabilitation work to the Georgetown Prison involved the acquisition of 375 coils of razor wire for security fence and the installation of security lights. The item purchased was verified as having been received and properly brought to account while the work undertaken was physically verified. In relation to the cell locks for the Mazaruni Prison, these were received in August 2000.

Subhead 12002 - Police Stations & Buildings

1097. The sum of \$39M was provided for the rehabilitation of buildings at FAPC, Marine Wharf, TSU, Western Barracks - Brickdam, Administrative Building - Suddie, and Police Stations at Morawhanna, Enachu, Issano, Cane Grove and Orealla. Amounts totalling \$33.137M were expended in the rehabilitation of the following:-

DESCRIPTION	AMOUNT \$
Felix Austin Police Complex	6,362,190
Tactical Service Unit	6,921,601
Western Barracks - Brickdam	2,913,210
Administrative Building 'G' Division, Suddie	2,469,673
Cane Grove Police Station	6,066,180
Cane Grove Post Office	2,213,870
Central Police Station - New Amsterdam	5,212,175
Consultancy Fees	588,236
Miscellaneous	213,350
TOTAL	33,137,485

- 1098.** As can be noted above, no work was done on the rehabilitation of buildings at the Marine wharf and police stations at Morawhanna, Enachu, Issano and Orealla. Instead, rehabilitation works were carried out at the Central Police Station in New Amsterdam to the value of \$5.212M. However, there was no evidence that approval was granted for a change in programme to undertake the works.
- 1099.** The bases of the awards of the contracts for the rehabilitation of the Felix Austin Police Complex, Tactical Services Unit, Western barracks at Brickdam, Administration building at Suddie and the Central Police Station in New Amsterdam, could not be determined since the related tender documents were not presented by the Central Tender Board.
- 1100.** The contracts for the rehabilitation of the Felix Austin Police Complex, and the Administration building at Suddie and Central Police Station in New Amsterdam were awarded in the sums of \$6.362M, \$2.470M and \$5.217M respectively.
- 1101.** In respect of the rehabilitation of the Tactical Services Unit, the contract was awarded in the sum of \$4.067M. There was an approved variation of \$893,700, giving a revised contract sum of \$4.961M. A further contract was awarded in the sum of \$1.838M for additional works. There was also a variation of \$122,458, giving a revised contract sum on the second contract of \$1.961M.

- 1102.** In relation of the rehabilitation of the Western Barracks at Brickdam, the contract was awarded in the sum of \$2.591M. There was an approved variation of \$322,130, giving a revised contract of \$2.913M. The rehabilitation of the Cane Grove Police Station was also undertaken through the award of two(2) contracts valued at \$6.066M and \$2.124M.
- 1103.** The above works were physically verified and conformed generally to the specifications contained in the respective bills of quantities.

Subhead 12003 - Fire Ambulances and Stations.

- 1104.** The sum of \$15M was allocated for the rehabilitation to quarter master store, canteen and ground floor of Headquarters, living quarters at West Ruimveldt and fire station at Alberttown. Amounts totalling \$14.190M were expended as follows:-

DESCRIPTION	AMOUNT \$
Rehabilitation of quarter master stores and canteen	9,412,634
“ “ living quarters, West Ruimveldt	2,008,698
Construction of driveway and pathway - Alberttown Fire Station	817,397
Rehabilitation of timehri Fire Hall and Central Fire Station	343,090
Consultancy Fees	607,892
TOTAL	14,189,711

- 1105.** The contract for the rehabilitation of the quarter master store and canteen was awarded in October 1998 in the sum of \$7.913M. There was an approved variation of \$1.5M, giving a revised contract sum of \$9.413M. Similarly, the contract for the rehabilitation of the living quarters at West Ruimveldt was awarded in the sum of \$2.798M. There was an approved variation of \$500,000, giving a revised contract sum of \$3.298M.
- 1106.** Included in the expenditure of \$2.009M shown as expenditure on the living quarters at West Ruimveldt, were two(2) payments totalling \$640,134 which were withheld by the Ministry. The Accounting Officer explained that the contractor died before he could have received payment.

1107. The contract for the rehabilitation works at the Alberttown Fire Station was awarded in the sum of \$637,397. There was an approved variation of \$180,000, giving a revised contract sum of \$817,397. However, there was no evidence of adjudication by the Ministerial Tender Board for reasons already mentioned.

1108. The above works were physically verified and conformed generally to the specifications contained in the respective bills of quantities.

Subhead 12004 – Buildings (Home Affairs)

1109. The sum of \$6M was voted for the extension to the Ministry of Home Affairs building. However, no expenditure was incurred for the period under review, and the work was re-budgeted for in the year 2000. It was explained that the estimated cost of the work was \$12M and therefore the \$6M provision was inadequate to carry out the extension.

Subhead 17001 - General Registrar's Office

1110. The sum of \$6.5M was allocated for the preservation and binding of records, reconciliation of births and deaths registers and the purchase of office equipment, including a computer. Amounts totalling \$5.516M were expended as follows:-

DESCRIPTION	AMOUNT \$
Preservation and binding of records	3,013,315
Purchase of office furniture & equipment	2,298,912
Reconciliation of births and deaths registers	203,549
TOTAL	5,515,776

1111. In respect of the amount expended on the preservation and binding of records, materials were purchased and the labour cost was incurred at a rate of \$500 per volume. At the time of the audit, the records were bound up to 1998.

- 1112.** The amount expended on the reconciliation of registers represented payments to individuals 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.
- 1113.** In relation to the purchase of office furniture and equipment, there was no evidence of the involvement of the Central Tender Board in respect of one(1) purchase valued at \$876,320. Nevertheless, the items were verified as having been received and properly brought to account.

Subhead 24001 - Land and Water Transport (Police)

- 1114.** An amount of \$20M was provided for the purchase of a dump truck, a pick-up, a mini bus, two(2) cars, four(4) fibre glass boats and ten(10) balahoos. Amounts totalling \$19.928M were expended in the purchase of the following:-

DESCRIPTION	AMOUNT \$
One(1) Toyota Land Cruiser Station Wagon	5,927,500
Two (2) 15-Seater mini-buses	5,713,666
One(1) 30-Seater bus	6,535,133
Part payment for one(1) sedan motor car	1,751,201
TOTAL	19,927,500

- 1115.** As can be noted the dump truck, one(1) car, four(4) fibre glass boats and the ten(10) balahoos were not acquired. Instead, two(2) other mini buses were purchased for which approval for change of programme was not seen. As a result, the funds were insufficient to pay for the car which was acquired. This has resulted in an amount of \$721,333 being charged to Subhead 24002 - Land Transport (Home Affairs). The Accounting Officer explained this was due to the inadequacy of the voted provision under this subhead. The assets purchased were nevertheless verified as having been received and properly brought to account.

Subhead 24002 - Land Transport (Home Affairs)

- 1116.** The sum of \$4.5M was provided for the purchase of a motor car. Amounts totalling \$3.194M were expended. However, as indicated above, included in this figure is an amount of \$721,333 representing the balance on the payment for a vehicle acquired under Subhead 24001 – Land & Water (Police). The asset was nevertheless verified as having been received and properly brought to account.

Subhead 24003 - Land and Water Transport (Fire)

- 1117.** The sum of \$4.5M was voted for the purchase of a 30-seater bus. An amount of \$3.662M was expended in the purchase of a double cab pick-up. The asset purchased was verified as having been received and properly brought to account.

Subhead 24005 - Land and Water Transport (Prisons)

- 1118.** The sum of \$10.8M was provided for the construction of a motor launch for the Mazaruni Prison and the purchase of a lorry. However, no expenditure was incurred. A similar observation was made in my 1998 Report where an amount of \$6.6M was allocated for the construction of a motor launch and the acquisition of life jackets but no expenditure was incurred. The works were re-budgeted for in 2000.

Subhead 25001 - Equipment and Furniture (Police)

- 1119.** An amount of \$10.127M was voted for the purchase of office chairs, desks, cabinets, beds, typewriters, photocopiers and fax machines. Expenditure totalling \$9.495M 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(15) suppliers.) and it would appear that this was done to avoid adjudication by the Central Tender Board. There was also no evidence of competitive bidding.

Subhead 26001 - Equipment (Police)

1120. The sum of \$25.286M was provided for the purchase of traffic, fingerprint and photographic equipment, computer and arms and ammunition. Amounts totalling \$25.280M were expended in the purchase of the following:-

DESCRIPTION	AMOUNT \$
Traffic equipment	3,640,527
Fingerprint & photographic equipment	1,835,978
Computers & accessories	4,053,218
Arms & ammunitions	13,955,000
Miscellaneous	1,795,000
TOTAL	25,279,723

1121. There was, however, no evidence that two(2) purchases falling within the limits of \$600,000 and \$6M were adjudicated by the Central Tender Board. In addition, sixteen(16) purchases totalling \$6.668M were not adjudicated by the Ministerial Tender Board for reasons already mentioned. The items purchased were nevertheless verified as having been received and properly brought to account.

Subhead 26002 - Communication Equipment (Fire)

1122. The sum of \$2M was voted for the purchase of radio sets, pagers, telephone and batteries. Amounts totalling \$1.978M were expended. The items purchased were verified as having been received and properly brought to account.

Subhead 26003 - Tools and Equipment (Fire)

1123. An amount of \$7M was voted for the purchase of delivery hoses, pumps, hydrant fittings, metal strainer and lighting plant. The full amount was expended. The items purchased were verified as having been received and properly brought to account.

Subhead 26004 - Other Equipment (Prisons)

- 1124.** The sum of \$5M was provided for the purchase of computers, scales, typist chairs, typewriters, air conditioning units, filing cabinets, fans, writing desks and video cameras. Expenditure totalling \$4.837M was incurred. The items purchased were verified as having been received and properly brought to account.

Subhead 26005 - Agriculture Equipment (Prisons)

- 1125.** The sum of \$4M was voted for the purchase of motor blowers, power saw, fans, spades and cutlasses. Expenditure totalling \$1.095M was incurred. The items purchased were verified as having been received and properly brought to account.

Subhead 26006 - Equipment (Home Affairs)

- 1126.** An amount of \$1.5M was provided for the purchase of a fax machine, computers, chairs, desks, fans, cabinets, radio tape and calculators. The full amount was expended. The items purchased were verified as having been received and properly brought to account.

Subhead 26007 - Office Equipment and Furniture (Fire)

- 1127.** The sum of \$600,000 was provided for the purchase of chairs, desks, typewriters, fans and refrigerators. Amounts totalling \$598,450 were expended. The items purchased were verified as having been received and properly brought to account.

HEAD 51

MINISTRY OF HOME AFFAIRS

PROGRAMME 2 – GUYANA POLICE FORCE

Current Expenditure

- 1128.** It is a requirement for the salaries cash book to reflect a ‘nil’ balance at the end of each month as a control mechanism over the payment of wages and salaries. However, an examination of the cash book for the period under review revealed significant balances at the end of each month, as shown below:-

MONTH	AMOUNT \$	MONTH	AMOUNT \$
January	10,145,599	July	338,114
February	2,647,550	August	2,946,910
March	1,786,601	September	1,753,180
April	6,771,573	October	1,190,604
May	4,663,037	November	3,698,446
June	14,036,941	December	1,737,134

- 1129.** The Accounting Officer explained that ranks interdicted from duty were paid on the first day of the following month and this has resulted in the cash book not reflecting a ‘nil’ balance. It is therefore recommended that the related cheques be drawn before the close of the month so as to ensure compliance with the laid down procedures.
- 1130.** An examination of the Register of Contributors to the National Insurance Scheme revealed that 616 employees were without NIS numbers. The Accounting Officer explained these relate to ranks who are stationed in remote areas. Since registration with the NIS has implications for social security and other benefits, every effort should be made to ensure prompt registration of employees.

- 1131.** Amounts totalling \$17.983M were expended on Telephone Charges. However, the Register of Overseas Telephone Calls 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.
- 1132.** 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 shortcoming has since been rectified.
- 1133.** The balances of the following inactive bank accounts held at the Bank of Guyana remained static throughout the period under review:-

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

- 1134.** It is again recommended that these balances be transferred to the Consolidated Fund and steps taken to close the accounts.

HEAD 52 & DIVISION 514

MINISTRY OF LEGAL AFFAIRS

Current Expenditure

- 1135.** The old salaries bank account No. 468, which became non-operational in October 1996, reflected a balance of \$460,794 as at 31 December 1999. 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 1999. 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.
- 1136.** 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 positive balances in the last three(3) months of the year. The Accounting Officer gave the assurance that these discrepancies would be investigated.
- 1137.** Supporting documents, such as bills and receipts, in respect of nineteen(19) payments totalling \$2.556M were not presented for audit. The Accounting Officer explained that these documents were submitted to the Ministry of Finance to be attached to the related cheque orders. Efforts should be made to locate the documents and to have them affixed to the related cheque orders.
- 1138.** Excess expenditure totalling \$414,000 was incurred in respect of seven(7) subheads. Since there were savings in other subheads, it would have been more appropriate for a virement of funds to be sought.

Stores and Other Public Property

- 1139.** The permanent stores register was not properly maintained in that pertinent information, such as date of acquisition, brand name and serial number of equipment, was not stated. In addition, sectional inventories were not kept for the Deeds Registry and the State Solicitor's Department. Assets were also not marked to readily identify them as State property. Efforts should be made to ensure strict compliance with the Stores Regulations.

Other Matters

- 1140.** The State Solicitor's bank account No. 120 reflected a balance of \$35.2M as at 31 December 1999, compared with \$37.148M at the end of 1998. However, it could not be determined when last the account was reconciled. In addition, the ledger accounts were not written up for the period under review, and a number of incorrect entries were made in the cash book, indicating a lack of supervisory checks. Further, five(5) payment vouchers valued at \$4.498M were not presented for audit.
- 1141.** The Public Trustee's bank account No. 270 and the Official Receiver's Insolvency Estates bank account No. 330 reflected balances of \$13.425M and \$3.965M respectively as at 31 December 1999. However, it could not be determined when last these accounts were reconciled. In addition, the cash books were not cast and balanced for a greater part of the year. The related ledgers were also not properly written up. These matters were drawn to attention in my previous reports.
- 1142.** Payment vouchers in respect of the above-mentioned accounts were not pre-numbered for control purposes. A register of used and unused receipts and cheques was also not maintained.
- 1143.** A total of 6,059 applications were received by the Deeds Registry for the period under review in respect of the registration of business names. However, out of a sample of 300 applications selected for audit examination, eighty(80) were not produced for audit examination.
- 1144.** In relation to trade marks, a total of 692 applications were received for the period under review. However, no 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.
- 1145.** One hundred and twelve(112) files in respect of land titles were requested from the Land Registry Section in order to verify the accuracy of the amounts collected as fees and duties. However, fifty(50) of these files were not produced for audit. As a result, a proper verification of the amounts received could not have been carried out.

- 1146.** The Deeds Registry imprest bank account No. 3122 reflected an overdraft of \$392 and was last reconciled to December 1998. In addition, there was evidence of several advances granted from the imprest. However, despite several requests, advance forms were not presented for audit examination.
- 1147.** The imprest bank account No. 3121 (Attorney General’s Department) was last reconciled to December 1998 and the related record-keeping was also unsatisfactory, especially relating to granting and clearing of advances.

Capital Expenditure

Subhead 12001 - Buildings

- 1148.** The sum of \$500,000 was voted for the construction of a water trestle at the Ministry. Amounts totalling \$484,846 were expended. The works were physically verified.

Subhead 12002 – Supreme/Magistrate Court

- 1149.** The sum of \$31M was allocated for (a) the construction of bailiff bond in Georgetown and Suddie Supreme Court and (b) the renovation of the New Amsterdam Land Court. Amounts totalling \$2.639M were expended as follows:-

DESCRIPTION	AMOUNT \$
Renovation of New Amsterdam Land Court	885,130
Construction of new office - Judicial Section	846,825
“ “ holding cell - Georgetown Magistrate Court	843,790
Advertising fees	63,600
TOTAL	2,639,345

- 1150.** As can be noted, no expenditure was incurred in the construction of the bailiff bond in Georgetown and the Suddie Supreme Court. The latter was re-budgeted for in 2000. In addition, a new office at the Judicial Section and the holding cell at Georgetown Magistrates’ Court were constructed. However, there was no evidence that approval was granted for a change in

programme to accommodate these expenditures. A similar observation was made in my 1998 Report where a number of works were undertaken without approval. The works undertaken were nevertheless physically verified.

Subhead 12003 - Buildings (Deeds Registry)

1151. The sum of \$4.1M was voted for (a) the completion of vault and the rehabilitation of book shelves at New Amsterdam and (b) the construction of water trestle in Georgetown. However, no expenditure was incurred for the period under review. It should be mentioned that prior to 1999, amounts totalling \$4.2M 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 still no evidence of any recoveries being made from the contractor.

Subhead 15001 - Justice Improvement Programme

1152. The sum of \$39.5M was voted for the completing of law revision and the construction of Vreed-en-Hoop Magistrate’s court. Amounts totalling \$9.404M were expended, as follows:-

DESCRIPTION	AMOUNT \$
Construction Vreed-en-Hoop Magistrate Court	7,487,564
Payment of retention - Georgetown Magistrate Court	1,211,584
" " " - Whim Magistrate Court	664,167
Miscellaneous purchases	41,000
TOTAL	9,404,315

1153. As can be noted, no expenditure was incurred on law revision, and a perusal of the Estimates of Expenditure for 2000, indicated that no amounts were allocated for this activity.

- 1154.** The contract for the construction of the Vreed-en-Hoop Magistrate's Court was awarded in the sum of \$15.980M. As at 31 December 1999, amounts totalling \$7.488M were paid to the contractor. At the time of inspection in August 2000, the work was still in progress.
- 1155.** In my 1998 Report, it was stated that 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. Up to the time of reporting, there was no evidence of any action taken in relation to this matter.

Subhead 25002 - Equipment (Supreme Court)

- 1156.** The sum of \$5M was voted for the purchase of office furniture, photocopier, air conditioning units, desks, chairs, fans, calculators, typewriters and a generator. Amounts totalling \$4.983M were expended. However, three(3) purchases falling within the limits of \$90,000 and \$180,000 were effected without a system of quotations being followed. The items purchased were nevertheless verified as having been received and properly brought to account, except two(2) chairs valued at \$17,988. Up to the time of reporting, these had not yet been delivered by the supplier.

Subhead 25003 - Equipment (Deeds Registry)

- 1157.** The sum of \$900,000 was allocated for the purchase of typewriters, cabinets and air conditioning units. Amounts totalling \$892,832 were expended. The items purchased were verified as having been received and properly brought to account.

Subhead 25004 - Furniture and Equipment

- 1158.** The sum of \$1.5M was allocated for the purchase of computers, a switch board and air conditioning units. Amounts totalling \$1.497M were expended. The items purchased were verified as having been received and properly brought to account.

Subhead 25005 - Equipment (State Solicitor)

- 1159.** The sum of \$500,000 was voted for the purchase of photocopier, typewriters and air conditioning units. Amounts totalling \$497,110 were expended. The items purchased were verified as having been received and properly brought to account.

HEAD 53

GUYANA DEFENCE FORCE

Current Expenditure

Employment Costs

- 1160.** The salaries bank account No. 212005891 held at the Guyana National Co-operative bank reflected a balance of \$19.757M as at 31 December 1999. However, the account was not reconciled since June 1996, the date it was established. This matter was drawn to attention in my 1998 Report. It should not be over-emphasised that the failure to reconcile bank accounts can lead to irregularities being perpetrated without detection. The Accounting Officer is therefore advised that this activity is carried out with due diligence and in a timely manner.
- 1161.** 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 book reflected significant balances at the end of each month, as shown below:-

MONTH	AMOUNT \$	MONTH	AMOUNT \$
January	1,890,415	July	21,180,119
February	2,277,524	August	5,491,964
March	3,800,578	September	3,729,126
April	7,726,547	October	27,004,736
May	7,611,352	November	3,911,163
June	5,306,207	December	4,400,176

- 1162.** This state of affairs was due to the failure to prepare before the close of the month (a) the salaries cheques for officers stationed in the interior locations and (b) deductions cheques to the relevant agencies. Efforts should be made to ensure compliance with the laid down procedures.
- 1163.** The unpaid salaries bank account No. 436 reflected a balance of \$9.832M as at 31 December 1999, resulting mainly from the accumulation of unclaimed salaries over the years. The cash book balance at this date was \$9.160M. It is again recommended that the balance relating to previous years be established so that transfers can be made to the Consolidated Fund. At the time of reporting, an amount of \$3.491M was paid over to the Sub-Treasury and was subsequently transferred to the Consolidated Fund.
- 1164.** 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, up to the time of reporting, there was no evidence of any action taken to settle this matter.

Other Charges

- 1165.** Amounts totalling \$36.340M 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	617	13,837,813
\$90,000 - \$180,000	45	5,388,952
\$180,000 - \$600,000	29	7,270,581
\$600,000 - \$6,000,000	6	9,842,344
TOTAL	697	36,339,690

- 1166.** In relation to the purchases falling within the limits of \$90,000 and \$180,000, there was no evidence that a system of quotations was followed before the purchases were effected. In addition, there was no evidence of the involvement of the Departmental Tender Board in respect of nine(9) purchases valued at \$2.383M. The Central Tender Board was also not

involved in relation to five(5) purchases valued at \$9.208M. Similar breaches were observed in my 1998 Report. Notwithstanding these observations, based on test-checks carried out, the items purchased were verified and properly brought to account.

- 1167.** Amounts totalling \$62.584M were expended on Fuel & Lubricants. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$
Cooking and welding gas	16,652,277
Aviation gas for aircraft	24,550,520
Gasolene and dieselene	7,761,315
Lubricants	1,370,127
Charcoal	2,250,000
TOTAL	62,584,239

- 1168.** In my 1998 Report, it was stated that a physical verification of fuel and lubricants carried out on 29 July 1999 revealed shortages totalling \$176,900 and that two (2) ranks of the Force had been dismissed. However, it was observed that the stock records were adjusted without first ensuring that a losses report is filed with the Secretary to the Treasury so that the relevant approval can be given. It is recommended that covering approval be sought.
- 1169.** An examination of the Fuel & Lubricants Register revealed that motor car No. DFB 1339 was issued with fifty-four(54) pints of No. 40 lubricating oil in February 1999. A similar observation was made in March 2000 where thirty-nine(39) pints of No. 40 lubricating oil and eight(8) pints of No. 90 oil were issued to this vehicle. The Accounting Officer explained that this was due to the vehicle not working properly and that a decision was taken to board it. Notwithstanding the explanation given, the amount of issues appeared to be excessive and as such this apparent discrepancy should be investigated.
- 1170.** An amount of 60 gallons of gasolene was issued to a vehicle which was hired by the Department. Up to the time of reporting, this amount was not recovered. The Accounting Officer should take steps to recover the amount involved.

1171. Amounts totalling \$21.067M were expended on the Maintenance of Buildings. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$
Purchase of building materials	12,326,830
Janitorial & cleaning services	5,179,634
Repairs to Coast Guard Building	1,188,660
“ “ pens at Garden of Eden	1,000,000
Miscellaneous repairs	1,371,789
TOTAL	21,066,913

1172. In relation to the amount of \$12.327M shown as purchases of building materials, there was no evidence that a system of quotations was followed in respect of nine(9) purchases falling within the limits of \$90,000 and \$180,000. There was also no evidence that the Departmental Tender Board adjudicated on nine(9) purchases falling within the limits of \$180,000 and \$600,000.

1173. A similar observation was made in relation to the purchase of cleaning materials in that there was no evidence of the involvement of the Departmental Tender Board in respect of eleven(11) purchases falling within the limits of \$180,000 and \$600,000.

1174. In relation to the repairs to the various buildings, there was no evidence that a system of quotations was followed in respect of three(3) contracts falling within the limits of \$180,000 and \$450,000. There was also one(1) contract falling within the limit of \$450,000 and \$900,000 which was not adjudicated upon by the Departmental Tender Board. The above works were nevertheless physically verified while the items purchased were verified as having been received and properly brought to account.

1175. Amounts totalling \$10.574M were expended on Maintenance of Infrastructure. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$
Weeding of compounds	7,626,173
Purchase of materials	1,488,011
Repairs to walkway at Camp Stephenson	655,104
Drainage & irrigation works	581,808
Miscellaneous works	223,400
TOTAL	10,574,496

1176. 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 eleven(11) contracts. There was also no evidence of involvement of the Departmental Tender Board in respect of repairs to the walkway at Camp Stephenson nor was there evidence that a system of competitive bidding was followed before the contract was awarded.

1177. Amounts totalling \$68.669M were expended on Transport, Travel & Postage. The following gives a breakdown of the expenditure :-

DESCRIPTION	AMOUNT \$
Hire of vehicles	51,920,000
Purchase of spares	11,146,552
Overseas conferences and visits	3,528,150
Travelling and subsistence	1,628,531
Postage and telex	446,262
Rental of photocopier	28,000
TOTAL	68,669,495

- 1178.** As can be noted, sums totalling \$51.920M were expended on the hire of vehicles, compared with \$43.723M expended in 1998. 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.
- 1179.** 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, especially in relation to the application of a system of quotations.
- 1180.** 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.
- 1181.** Amounts totalling \$16M were expended on Telephone Charges. However, a register of overseas telephone calls (as opposed to the Telephone Register) was not maintained to monitor all overseas telephone calls and to ensure that refunds are made in respect of private telephone calls. In this regard, a format was given to the Accounting Officer for implementation.
- 1182.** In relation to the amount of \$36.734M expended on Other Services Purchased, the following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$
Maintenance of equipment	30,440,968
Cleaning & extermination services	3,311,951
Miscellaneous services	2,981,351
TOTAL	36,734,270

1183. The amount of \$30.441M shown as Maintenance of Equipment includes six(6) payments totalling \$2.742M to one(1) supplier for the purchase of four(4) marine engines and spares. These purchases appeared to have been sub-divided to avoid adjudication by the Central Tender Board, as can be seen from the following. In addition, these items are of a capital nature and should have been met from the Department’s capital programme. Further, there was no evidence that a system of tendering was applied before the purchases were made:-

DATE	P.V. NO.	DESCRIPTION	AMOUNT \$
09.08	7156	Purchase of marine engine	501,000
09.08	7155	“ “ “ “	495,000
13.08	7289	“ “ “ oil	521,000
13.08	7290	“ “ engine cooler	540,000
16.08	7309	“ “ spares for DFS 1018	367,260
16.08	7310	“ “ “ “ “ “	317,740
TOTAL			2,742,000

1184. Amounts totalling \$311.506M were expended for Other Operating Expenses. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$
Dietary supplies	173,520,224
Clothing and equipment	87,684,211
Agriculture Farm supplies	26,757,119
Purchase of accommodation items	11,460,218
Entertainment and sports	9,883,665
Funeral expenses	1,356,773
Hire of vehicles for security services	700,000
Maintenance of music band corps	143,701
TOTAL	311,505,911

- 1185.** In relation to the amount of \$173.520M expended on Dietary Supplies, Cabinet had approved of a list of suppliers. However, purchases were also made from other suppliers. In respect of these suppliers, there was no evidence of adherence to a system of quotations in respect of one hundred and twenty seven(127) purchases totalling \$16.463M falling within the limits of \$90,000 and \$180,000. In addition, sixty two(62) other purchases totalling \$29.681M were made without adjudication by the Departmental Tender Board. Further, there was no evidence that twenty two(22) purchases totalling \$22.582M were adjudicated by Central Tender Board.
- 1186.** A similar observation was made in relation to agriculture farm supplies and clothing and equipment where two(2) purchases totalling \$1.520M and thirteen(13) purchases totalling \$30.851M, were made without the involvement of the Central Tender Board and Departmental Tender Board respectively.
- 1187.** It is to be noted that the operations of the Departmental Tender Board did not conform with the procedures for the guidance of Tender Board as outlined in the Secretary to the Treasury Circulars No. 4/1991 dated 18 June 1991 and 4/1983 dated 4 February 1983. Of particular importance is the fact that, the minutes of meetings held did not make reference to the other bidders and the bases of the awards, raising doubts as to whether a system of competitive bidding was being applied before contracts are awarded.
- 1188.** Amounts totalling \$59.828M were expended on Education Subvention & Training. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$
Allowances, meals and accommodation	42,590,092
Training and tuition fees	9,734,588
Airline tickets, transportation and visas	4,961,810
Warm clothing and books	1,557,928
Miscellaneous purchases	983,369
TOTAL	59,827,787

1189. The above expenditure relates to academic training, both local and overseas. However, information relating to the conditions under which the beneficiaries were granted awards was not seen. The Accounting Officer explained that interviews were conducted and suitable personnel were selected on the basis of seniority and suitability for training. Notwithstanding the explanation given, there should be adequate documentation to facilitate an independent review.

Revenue Accounting and Control

1190. 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.

1191. 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 \$72.428M were received as revenue while payments totalled \$6.541M.

1192. The GDF had two(2) helicopters, an islander and a skyvan which were used for chartered 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 account 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 Prosecutions and the Defence Board.

Stores and Other Public Property

- 1193.** 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. Efforts should be made to ensure full compliance with these regulations.

HEAD 54

GUYANA NATIONAL SERVICE

Current Expenditure

Employment Costs

- 1194.** 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 1999. 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.
- 1195.** 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. It is recommended that the matter be followed up with the Secretary to the Treasury so that the overdraft can be liquidated and steps taken to close the account.

1196. It is a requirement for the salaries cash book to reflect a ‘nil’ balance 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 present salaries bank account reflected significant balances at the end of each month, as can be seen from the following:-

MONTH	AMOUNT \$	MONTH	AMOUNT \$
January	1,398,899	July	3,824,785
February	4,344,621	August	2,335,433
March	3,589,808	September	3,201,048
April	4,016,237	October	4,028,686
May	3,406,495	November	(3,598,167)
June	4,296,438	December	439,273

1197. 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. In relation to the negative balance shown at the end of November, the Accounting Officer explained that this was due to remittances being received late from the Sub-Treasury. Every effort should therefore be made to ensure that the laid down procedures are strictly observed. In particular, the net salaries and deductions cheques should be drawn before the end of each month so that the cash book can reflect a ‘nil’ balance.

1198. As at 31 December 1999, the present salaries bank account reflected a balance of \$3.707M, of which \$439,273 represented unclaimed salaries which was paid over to revenue in January 2000. 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. A similar observation was made in my 1998 report.

Other Charges

- 1199.** Amounts totalling \$7.857M were expended on Fuel & Lubricants, of which sums totalling \$5.673M 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. The Accounting Officer gave the assurance that every effort would be made to ensure compliance with the Regulations.
- 1200.** Amounts totalling \$2.848M were expended on Telephone Charges. However, the Telephone Register was not presented for audit examination. The Accounting Officer explained that this record was misplaced and that efforts would be made to locate it.

HEAD 55

SUPREME COURT

PROGRAMME 1 – SUPREME COURT OF JUDICATURE

Current Expenditure

Employment Costs

- 1201.** The salaries bank account No. 455, which became non-operational in July 1996, was overdrawn by \$4.471M as at 31 December 1999. It is again recommended that efforts be made to investigate the overdraft and steps taken to close the account.
- 1202.** The present salaries account No. 4002 was not reconciled since it was established. This matter was drawn to attention in my previous reports. Since the 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.

- 1203.** It is a requirement for the salaries cash book to reflect a 'nil' balance at the end of each month as a control mechanism for the payment of wages and salaries. However, at the end of the months of February, June and November, the cash book reflected balances of \$292,291, \$2.081M and \$4,861 respectively. Efforts should be made to ensure strict compliance with laid down procedures.
- 1204.** Amounts totalling \$1.978M were refunded as unpaid salaries. However, the Department did not maintain an unpaid salaries register 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. This matter was drawn to attention in my 1998 Report, and the Accounting Officer had given the assurance that a register would be introduced. However, up to the time of reporting, this was not done.

Other Charges

- 1205.** The main bank account No. 880, which became non-operational in July 1996, reflected a balance of \$91,425 as at 31 December 1999. This balance should be transferred to the Consolidated Fund and steps taken to close the account.
- 1206.** The present main bank account No. 4004 reflected a large balance of \$62.45M as at 31 December 1999 but was not reconciled since it was established in July 1996. In addition, the cash book was not satisfactorily maintained as several omissions, alterations and incorrect entries were observed.
- 1207.** One hundred and twenty-eight(128) payment vouchers valued at \$15.601M were not presented for audit examination. The Accounting Officer, in her response, contended that the vouchers were available for examination. A recheck was made twice, and vouchers in question could still not be located by the staff of the Accounts Section.
- 1208.** In my 1998 Report, it was stated that amounts totalling \$222,996 were short-deposited into account No. 4004 and that an employee was charged and placed before the Court. At the time of reporting, this matter was still not finalised.

- 1209.** Amounts totalling \$9.062M were expended on Materials, Equipment & Supplies. However, fifteen(15) payments totalling \$986,875 for the purchase of stationery could not be traced to the Goods Received Book and the Stock Ledger. The Accounting Officer disputed this observation, as a result of which a recheck was made. The recheck confirmed the Audit Office’s observation on the matter.
- 1210.** Two(2) 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.
- 1211.** Amounts totalling \$22.796M were expended on Maintenance of Buildings. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$
Court room and chambers	10,708,119
Supreme Court and law library	2,673,491
Court of Appeal building	2,250,425
N/A Supreme Court & Judges’ quarters	1,745,329
Judicial, Accounting, Probate & Personnel Units	1,123,550
Jury rooms	855,875
Miscellaneous repairs	1,640,920
Janitorial & cleaning supplies	1,798,163
TOTAL	22,795,872

- 1212.** An examination of the contracts relating to the above works revealed apparent subdivision to avoid a system of quotations and/or public advertisement and adjudication by the Departmental and/or Central Tender boards. In particular, the following three(3) sets of contracts were awarded to the same individual and on the same date:-

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT \$
07/07	169/99	Repairs to Court VI	426,190
07/07	171/99	Repairs to Court V	413,090
TOTAL			839,280

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT \$
13/07	184/99	Wash, putty & paint stairway - Courts VIII & IX	412,650
13/07	185/99	Repairs & paint stage of Courts VIII & IX	417,490
TOTAL			830,140

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT \$
27/10	277/99	Carpentry works at Court 3A & Registrar's Section	164,660
27/10	278/99	Carpentry works at Court 2	174,660
TOTAL			339,320

Similar breaches were observed in my previous reports. Despite this, the Accounting Officer continued to defend this practice.

- 1213.** Twenty-four(24) cheques valued at \$5.539M were uplifted by an individual other than the contractor without authorisation. The Accountant explained that one authorisation would cover several payments. However, an examination of the authorisation revealed no reference to individual contracts. Efforts should be made to minimise the use of authorisations. Where this becomes necessary, individual authorisations should be issued.
- 1214.** Liabilities were not recorded in the Votes Ledger whenever contracts were awarded so as to commit the required funds to meet the expenditure of such contracts. The Accounting Officer explained that liabilities for contracts were recorded, but a recheck by the Audit Office did not confirm this.

1215. Physical verification of the above works revealed the following discrepancies:-

- (a) Contract No. 2/99 for plumbing works at the Court of Appeal Police Lockup required six(6) lengths of 1” PVC pipes and four(4) lengths of 4” PVC pipes. However, only two(2) 1” and one(1) 4” PVC pipes were used. In addition, six (6) 1” PVC bends, six (6) reducers and six(6) 4” PVC pans, as was stated on the bill of quantities, were not used. The total value of the materials short-supplied was \$33,950;
- (b) In relation to Contract No. 11/99 for repairs to Court of Appeal washroom, one (1) ordinary painted door was used instead of two(2) panel doors. Similarly, two(2) heavy-duty locks were used instead of three(3). Rubber tiles were also used instead of eighty (80) ceramic tiles and one (1) heavy duty tower bolt was placed instead of three(3). The total value of the materials short-supplied was \$59,280;
- (c) Contract No. 165/99 was awarded for the repairs to windows and supplying and installing of doors at the Court of Appeal in the sum of \$341,990. However, only one(1) door costing \$9,750 was installed. No other work was done on this contract although the contractor was paid the full contract sum;
- (d) In relation to contract No.166/99 for painting of the garage floor and the fence at Court of Appeal, according to competent advice, approximately six(6) gallons of white, three(3) gallons of red and two(2) pints of silver paint were used to carry out the above work instead of thirty-two(32) gallons as stated in the bill of quantities. Ten (10) wire brushes stated in the bills of quantities were also not used. The total value of the materials not supplied was \$74,575; and
- (e) Contract No. 184/99 was awarded for painting of stairway leading to Courts XIII and IX. According to competent advice, approximately twelve(12) gallons were used instead of sixty-one(61) gallons as per bill of quantities.

1216. Amounts totalling \$2.048M were expended on Maintenance of Infrastructure, mainly weeding of compound and repairs to fence. However, certificates attesting to the satisfactory completion of the works were not appended to twelve(12) payment vouchers totalling \$269,281.

1217. In addition, physical verification in respect of two(2) contracts for repairs and painting of the fence of the Land Court at Brickdam and judges quarters in New Amsterdam, revealed shortages totalling \$70,995. Fifty-two(52) corrugated sheets were to have been used on the fence at Brickdam. However, only thirty-four(34) were placed. Similarly, twelve(12) gallons oil paint was to have been used on the fence. However, based on competent advice, approximately three(3) gallons were actually used. In relation to the fence in New Amsterdam, sixty(60) wallaba posts were to have been planted. However, only thirty-three(33) were placed.

1218. Amounts totalling \$2.424M were expended on Transport, Travel & Postage. Included in this amount were two(2) payments of \$39,960 and \$43,600 which were made on 19 April 1999 and 10 November 1999 respectively for the purchase of two(2) sets of four(4) tyres each for vehicle PDD 5855. In addition, there was no evidence that the old tyres were returned to the store nor were the new ones subject to storekeeping procedures. The purchase of eight(8) tyres within such a short time would therefore seem unrealistic. The Accounting Officer, in her response, however, felt otherwise. She did not explain why the new tyres were not subject to storekeeping procedures nor why the old tyres were not retained for audit purposes.

1219. Amounts totalling \$24.191M were expended on Other Goods & Services Purchased. Included in this amount were two(2) contracts valued at \$338,000 which were awarded to the same individual. It is evident that the contracts were sub-divided to avoid application of a system of quotations. The following are the details:-

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT \$
21/12	318/99	Cleaning of carpets and floors in Accounts and Judicial Sections	160,000
22/12	320/99	Cleaning of tiles in Accounts Section	178,000
TOTAL			338,000

- 1220.** In addition, a system of quotations and adjudication by the Departmental Tender Board were not followed in respect of two(2) purchases valued at \$552,712. Further, certificates attesting to the satisfactory completion of the works were not attached to seven(7) payment vouchers totalling \$600,200. There were also twelve(12) instances where cheques valued at \$1.575M were uplifted without authorisations from the payee.
- 1221.** Amounts totalling \$7.315M were expended on Other Operating Expenses. Included in this figure were sums totalling \$2.263M which were paid an individual for the supply of meals. Twenty-three(23) contracts were awarded and these were drawn up after the meals were supplied and after the related invoices were submitted for payment. Twelve(12) of these contracts would have required a system of quotations while another would have required adjudication by the Departmental Tender Board. It is recommended that at the beginning of each year, tenders be invited from reputable caterers for the supply of meals and the adjudication and award be made by the Central Tender Board in view of the annual cost involved.
- 1222.** Amounts totalling \$5.290M were paid to the Mayor & City Council as rates and taxes for 1999. However, a register of properties under the control of this Department was not maintained in order to verify the basis under which the payments were made. The Accounting Officer explained that such a record was being compiled.

Revenue Accounting and Control

- 1223.** 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 1999, the main bank account reflected a balance of \$63.311M representing revenues for the period 1995 to 1999 which had not yet been transferred to the Consolidated Fund. The Accounting Officer explained that these amounts represent revenues for the period 1995 to 1999 which had 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, revenue for these years would have been understated.

1224. Revenue totalling \$1.724M 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, revenue would have been understated by this amount.

Stores and Other Public Property

1225. At the time of the audit in June 2000, several receipts and issues vouchers were not posted to the stock ledgers. As a result, a comparison could not have been made between the physical stock and the stock ledger balances. In addition, fixed assets acquired in 1999 were not recorded in the master inventory. Further, except for vehicles, the assets of the Department were not marked to readily identify them as the property of the Government.

Other Matters

1226. The execution sales bank account No. 4000 reflected a balance of \$25.123M as at 31 December 1999. 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 at the end January 1999 by \$1.347M.

1227. As mentioned in my previous reports, amounts totalling \$17.598M and \$5.335M for 1997 and 1998 respectively were misappropriated from the Execution Sales bank account through the falsification of deposits slips. At the time of reporting, the matters were still pending in the Courts.

1228. The Witness Money bank account No. 4001 reflected a balance of \$727,162 as at 31 December 1999. The account was, however, not reconciled since its establishment in July 1996. In addition, the cash book was not properly maintained since receipts and cheque numbers were not recorded therein.

1229. In my 1997 Report, an irregularity of \$22,000 was uncovered in respect of account No. 4001. At the time of reporting, the matter was still pending in the Courts.

1230. Twenty-three (23) used receipt books issued to the Accounts and Marshal sections were not produced for audit. Eight(8) receipt books were also not recorded in the controlled forms register, and a register of used and unused receipts was not kept for the period under review.

PROGRAMME 2 – MAGISTRATES’ DEPARTMENT

1231. Amounts totalling \$4.843M were expended on Materials, Equipment & Supplies. However, nine(9) purchases valued at \$542,410 were not subject to storekeeping procedures. The Accounting Officer disputed this observation as a result of which a recheck was carried out. The recheck confirmed the Audit Office’s observation. Efforts should be made to ensure strict compliance with the Stores Regulations.

1232. Amounts totalling \$12.472M was expended on Rental & Maintenance of Buildings, as follows:-

DESCRIPTION	AMOUNT \$
Carpentry works at G’town Magistrate’s Court	6,378,942
Plumbing works “ “ “ “	685,610
Repairs to Suddie Magistrate’s Court	831,335
“ to Mahaicony Magistrate’s Court	602,643
“ to Providence Magistrate’s. Court	550,045
Miscellaneous works	1,245,964
Rental of buildings	181,500
Janitorial & cleaning service	1,995,061
TOTAL	12,471,100

1233. Physical verification of the above works revealed the following discrepancies:-

- (a) In relation to contract No.10/99 for repairs and painting in Magistrate Chambers and valued at \$457,040, according to competent advice, approximately three(3) gallons of paint were used to carry out the work instead of twelve(12) gallons as stated in the bill of quantities. In addition, eleven(11) sheets plywood were stated in the bill of

quantities. However, only one sheet was used. Further, six(6) wooden lattice sliding blinds and fourteen(14) yards rubber matting were stated in the bill of quantities. These were, however, not used. The total value of the materials not supplied was \$150,980;

- (b) Contract No.56/99 valued at \$436,180 for painting of janitors room required six(6) gallons of paint and four(4) gallons of primer. However, according to competent advice, approximately three(3) gallons of paint and four(4) pints of primer were used. The value of the materials not supplied was \$16,140 ; and
- (c) In relation to Contract No. 158/99 valued at \$400,000 for the recapping of Suddie Magistrate's Court Access Bridge, according to competent advice, approximately six(6) sacks of cement, one(1) ton stone, 1.5 cubic yards of sand were used instead of 100 sacks cement, 10 tons stone and 2.5 cubic yards of sand, as stated in the bill of quantities. In addition, 200 bm of form board was not used, as specified in the bill of quantities. The value of materials not supplied was \$232,000.

1234. Amounts totalling \$11.325M were expended on Transport, Travel & Postage. However, supporting documents were not seen in respect of two(2) payments totalling \$414,800. In addition, in respect of twelve(12) purchases valued at \$190,678, there were no evidence of adherence to storekeeping procedures. The Accounting Officer explained that the items purchased were put into immediate use. The Stores Regulations nevertheless provide for all items purchased to be subject to storekeeping procedures and therefore every effort should be made to ensure strict compliance with these regulations.

1235. Amounts totalling \$3.030M were expended on Other Goods & Services Purchased. However, certificates attesting to satisfactory completion of the works were not attached to four(4) payment vouchers valued at \$547,220. The Accounting Officer disputed this observation but a recheck confirmed the Audit Office's observation on the matter. In addition, there were seven(7) cheques valued at \$838,205 which were uplifted by an individual other than the payee, without the necessary authorisation. Further, an amount of \$263,250 was paid on contract No. 71/99 for the reconstruction of case jackets for the years 1997 and 1998. However, the amount of case

jackets was not stated in the contract, and the case jackets reconstructed were not presented for audit examination.

- 1236.** An amount of \$1.150M was paid to the Mayor and City Council as rates and taxes for 1999. However, a register of properties was not maintained. The Accounting Officer explained that such a record was being compiled.

Stores and Other Public Property

- 1237.** At the time of the audit in June 2000, several receipts and issues vouchers were not posted to the stock ledgers. As a result, a comparison could not have been made between the physical stock and the balances on the stock ledgers. In addition, a master inventory to account for all assets under the control of the Department was not kept. Further, assets were not marked to readily identify them as the property of the Government.

Georgetown Magisterial District

- 1238.** The salaries bank account No. 159, which became non-operational in August 1996, was overdrawn by \$11.698M as at 31 December 1999. It is again recommended that the overdraft be investigated and steps taken to close the account.
- 1239.** The present 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, it is again recommended that efforts should be made to ensure that this important activity is carried out.
- 1240.** During 1998, 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 in, and at the time of reporting the matter was still engaging the attention of the Courts.
- 1241.** Case jackets in respect of criminal cases were not filed in numerical sequence. As a result, it could not be determined whether all jackets were produced for audit. In addition, in respect of civil cases, 1,261 cases were filed during 1999. However, 188 case jackets were not produced for audit examination.

- 1242.** Out of a sample of thirty(30) criminal case jackets selected for audit examination, fines imposed in respect of nine(9) cases were not recorded in the Fines Register. In addition, when commitment warrants were issued by the Magistrate for fines due, annotations were not made in the Register to determine whether the fines were paid or defendants were subsequently imprisoned. 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.
- 1243.** The Traffic Ticket Record Book was not written up for the period September to December 1999. 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. The Accounting Officer explained that this record had since been written up but a recheck on 13 October 2000 did not confirm this.
- 1244.** The old suitors' deposits account No. 157, which became non-operational in October 1996, reflected a balance of \$79.979M as at 31 December 1999. It is again recommended that this amount be transferred to the present account No. 3114 and steps taken to close the account.
- 1245.** The present suitors' deposits account No. 3114 was not reconciled since it was established in October 1996. The cash book was also not produced for audit examination. It is understood that this record was with the Police. The Deposits Ledger was also not written up for the period 7 December 1999 to the time of the audit on 28 July 2000, and no entries were made in respect of the refund of bail money. As a result, the indebtedness to bailers/defendants could not be determined.
- 1246.** Irregularities totalling \$818,250 were also uncovered in 1998 in respect of suitors' deposits account, resulting from the tampering of receipts as well as short-banking. This matter was still engaging the attention of the Courts at the time of reporting.
- 1247.** The maintenance and bastardy account No. 158, which became non-operational in October 1996, reflected an overdraft of \$972,403 as at 31 December 1999. It is again recommended that the overdraft be investigated and steps taken to close the account. Although a new account No. 3115 was opened in October 1996, this account was not reconciled since its establishment and was overdrawn at the end of February and March by

\$375,913 and \$1.957M respectively. 1,144 affiliation cases were also filed during 1999. However, 439 case jackets were not produced for audit.

- 1248.** In relation to fees and fines, the original copies of 100 general receipts totalling \$853,825 were still in the receipt books at the time of the audit, instead of being submitted to the Supreme Court. Five(5) receipt books used during 1999 were also not produced for audit. In addition, collectors cash book/statements for the period 28 May 1999 to 19 July 1999 were not presented for audit examination.
- 1249.** 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.
- 1250.** A sample of forty(40) transports lodged as security for bail was selected for audit examination and the following discrepancies were observed:-
- (a) Twenty-one(21) transports could not be traced in the Register of Transports Lodged;
 - (b) There were two(2) instances where both the original and replacement transports were lodged as security for bail money on two(2) separate occasions;
 - (c) A check at the Deeds Registry revealed that replacement transports were issued in respect of ten(10) which were lodged as security for bail; and
 - (d) Bail bonds were not attached to the transports.
- 1251.** An examination of the Bailiff's Record of Writs revealed that sixty-nine(69) writs were filed during 1999. However, six(6) of these writs were not produced for audit. In addition, this record was not written up to indicate whether writs were satisfied or withdrawn between the plaintiff and defendant. As such, it could not be readily determined whether cases were finalised or were still pending.
- 1252.** A master inventory and sectional inventories to account for all fixed assets were not produced for audit, despite repeated requests. The Accounting Officer disputed this observation, and a recheck confirmed the Audit

Office's observation on the matter. In addition, assets were not marked to readily identify them as Government property.

- 1253.** An examination of the records relating to the collection of fines, revealed irregularities totalling \$242,100 due to the tampering of receipts to show lesser amounts collected. At the time of reporting, the matter was being investigated by the Police.

East Demerara Magisterial District

- 1254.** The salaries bank account No. 142, which became non-operational several years ago, reflected an overdraft of \$321,064 as at 31 December 1999. It is again recommended that this overdraft be investigated and steps taken to close the account.
- 1255.** An examination of the Civil/Criminal Record Book revealed that a total of 5,338 cases were filed during 1999. However, the case jackets in respect of 145 criminal cases and 8 civil cases were not produced for examination. In the circumstances, the outcome of these cases could not be determined.
- 1256.** In respect of commitment warrants, a total of 87 warrants valued at \$530,025 were issued during 1999. However, only amounts totalling \$5,075 were paid and there was no indication whether the defendants were subsequently imprisoned for the outstanding amounts totalling \$524,950.
- 1257.** The present suitors' deposits account No. 3101, which was opened in October 1996, reflected a balance of \$24.105M as at 31 December 1999. However, an examination of the reconciliation statement for December 1999, revealed an unreconciled difference of \$157,060 which had been coming forward for a considerable period of time. The reconciliation statements were also prepared and certified by the same person.
- 1258.** The maintenance and bastardy account No. 392, which became non-operational several years ago, reflected a balance of \$73,309 as at 31 December 1999. This balance should be transferred to the present account No. 3103. In addition, an examination of the reconciliation statement of the latter account for December 1999 revealed an unreconciled difference of \$27,195 which was coming forward for a considerable period of time. The reconciliation statements were also prepared and certified by the same person.

1259. Two amounts of \$2,000 and \$1,000 received on behalf of a beneficiary were entered in the related ledger card and banked in the Maintenance and Bastardy account No. 3103. However, an examination of the paid cheques and the bank statements revealed that the amounts of \$22,000 and \$21,000 respectively were paid, resulting in an overpayment of \$40,000. At the time of reporting, the matter was still under Police investigation.

West Demerara Magisterial District

1260. The salaries bank account No. 191, which became non-operational several years ago, reflected an overdraft of \$4.957M as at 31 December 1999. It is again recommended that the overdraft be investigated and steps taken to close the account. The present bank account No. 3110 was also not reconciled since it was established in October 1996.

1261. An examination of the civil and criminal records revealed that 3,545 and 116 cases respectively were filed during 1999. However, case jackets were not filed in numerical sequence. In the circumstances, it could not be determined whether all the case jackets were accounted for.

1262. The suitors' deposits bank account No. 192, which became non-operational several years ago, reflected a balance of \$3.499M as at 31 December 1999. It is again recommended that this balance be transferred to the present bank account No. 3111. This latter account was also reconciled since it was established.

1263. The suitors' deposit bank account was established for the purpose of depositing and refunding of bail money. However, during the period 1989 to 1998, payments totalling \$7.447M were made 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, and this bank account should have been reimbursed by the amount of \$7.447M.

1264. 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 \$6.221M could not be accounted for by way of vouchers, receipts or any other form of documentation. The matter was referred to the

Director of Public Prosecutions by the Police and at the time of reporting, it could not be determined what further action was taken.

- 1265.** Two(2) personal cheques valued at \$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 was therefore owed to the suitors' deposit account. The matter was referred to the Director of Public Prosecutions who recommended that the amount be refunded by the two(2) concerned officers. The Accounting Officer explained that the said amount was recovered but there was no documentary evidence that this was so. The concerned officers have also confirmed that no repayments had yet been made.
- 1266.** Sixteen(16) instances were observed in the Suitors' Deposits Ledger where amounts received as per the general receipts were altered to show higher amounts, resulting in sums totalling \$2.447M being overpaid to the bailer/defendants. This matter was referred to the Police for investigation.
- 1267.** Two(2) instances were observed where bail monies amounting to \$70,000 were collected and were refunded. However, the amounts in the deposits ledger in respect of these two(2) transactions were adjusted to read \$570,000 and were again subsequently refunded. This matter was also referred to the Police for investigation.
- 1268.** Two(2) amounts totalling \$28,000 were received as bail money. However, according to disbursement receipts amounts totalling \$83,000 were refunded, resulting in an overpayment of \$55,000. This matter was referred to the Police for investigation.
- 1269.** An examination of the suitors' deposits ledger for the period 1994 to 1997 revealed that there were thirty(30) instances where amounts received were adjusted upward. The amounts shown in the general receipts in respect of these transactions totalled \$355,000. However, the amounts recorded in the deposits ledger totalled \$3.920M, resulting in a difference of \$3.565M. It could not be determined what amounts were refunded to the bailers since the deposits ledger was not written up to reflect any refund.

- 1270.** The old maintenance and bastardy account No. 442 was overdrawn by \$123,771 as at 31 December 1999. 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 and reflected an overdraft of \$470,285.
- 1271.** A cash survey was carried out on the 30 July 2000 on the maintenance and bastardy account. According to the cash composition book, cash, cheques and money orders on hand amounted to \$3.458M. This was in agreement with the cash book balance. However, actual cash, cheques and money orders amounted to \$719,530 resulting in an apparent shortage of \$2.738M. The Accounting Officer disputed this finding as a result of which a recheck was made on 17 October 2000. The recheck confirmed the Audit Office's observation on the matter.
- 1272.** Another cash survey was carried out on 18 October 2000. Actual cash, cheques and money orders on hand totalled \$3.742M. However, the cash composition book was not written up since 31 August 2000. The cash book was also not written up beyond this date. In the circumstances, it could not be determined what amount should have accounted for. In addition, included in the figure of \$3.742M were nineteen(19) cheques and money orders valued at \$103,650 which had become stale-dated. It is evident that banking was not being done in a timely manner. This practice can result in irregularities being perpetrated.
- 1273.** The following records in relation to salaries and wages were not kept during the period under review:-
- (a) Salaries control register;
 - (b) Register of unpaid salaries;
 - (c) Diary of pay changes; and
 - (d) NIS deduction register.
- 1274.** The Accounting Officer contended that such records were being maintained at the Supreme Court. A recheck was made at the Supreme Court, and the only salaries records maintained were those relating to the Supreme Court. At the time of reporting, efforts were being made to introduce these records at the Magisterial District.

- 1275.** An examination of the register of remittances through the post revealed the following unsatisfactory features:-
- (a) There was no documentary evidence that mails were opened in the presence of two(2) officers, as required by financial instructions;
 - (b) The register was not written up for the period January to February 1999; and
 - (c) The register was not subject to supervisory checks.
- 1276.** The register of used and unused receipts was only written for the period 22 March 1999 to 21 April 1999. The register of controlled forms was also not written up for the period January to February 1999. In addition, receipt book numbers 3H756801 to 3H757000 used during the period 17 December 1999 to 11 February 2000 was not presented for audit examination.
- 1277.** A traffic ticket record book was not kept for the period under review. As a result, the number of traffic offences filed could not be determined. A commitment warrant register was also not kept. As such, it could not be determined how many fines were settled and whether defendants were subsequently imprisoned. The Accounting Officer contended that these records were in place. However, a recheck confirmed the Audit Office's observation on this matter.
- 1278.** Out of a sample of 60 case jackets selected for audit examination in respect of fines and traffic tickets, 22 were not recorded in the fines register. As a result, the total fines imposed and amounts paid and outstanding could not be determined.
- 1279.** Half-yearly statements of the arrears of revenue was not prepared and submitted to the Secretary to the Treasury and Accountant General, as required by financial instructions.

1280. Inventory records to account for all assets under the control of the Magisterial District were not kept for the period under review nor were the assets marked to readily identify them as Government property. The Accounting Officer contended that these records were available. However, a recheck by the Audit Office confirmed its original observation on the matter. Stock records were also not maintained to monitor stocks transferred from the Supreme Court.

Essequibo Magisterial District

1281. The old salaries bank account No. 337 was overdrawn by \$603,114 as at 31 December 1999. The overdraft should be investigated and steps taken to close the account. The present bank account No. 3107 was also not reconciled since it was established in June 1996.

1282. An examination of the civil/criminal records revealed that a total of 3,387 cases were filed during 1999. However, case jackets in respect of 146 criminal cases and 9 civil cases were not produced for examination. In addition, 80 warrants totalling \$545,920 were issued for the year. However, only amounts totalling \$46,625 in respect of 12 warrants were paid. There was no indication whether the defendants were subsequently imprisoned for the outstanding amounts totalling \$499,295.

1283. The old suitors' deposits account No. 287 was overdrawn by \$1.164M as at 31 December 1999. The overdraft should be investigated and steps taken to close the account. The present suitors' deposit account No. 3108 was also not reconciled since it was established and the cash book bore no evidence of supervisory checks.

1284. The suitors' deposit bank account was established for the purpose of depositing and refunding of bail money. However, during the year 1997, advances were issued from this account to defray expenses of magistrates and clerks for travelling and subsistence. At the time of the audit in August 2000, thirty-six(36) such advances totalling \$243,950 were still outstanding. 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 the year 1997 would have been understated.

1285. The old maintenance and bastardy account No. 475 reflected a balance of \$108 as at 31 December 1999. The balance should be transferred to the present account No.3109 and steps taken to close the account. The present account was also not reconciled since it was established and the cash book bore no evidence of supervisory checks.

Corentyne Magisterial District

1286. The salaries bank account No. 299, which became non-operational several years ago, was overdrawn by \$1.132M as at 31 December 1999. The overdraft should be investigated and steps taken to close the account.

1287. An examination of the civil/criminal records revealed that a total of 4,032 cases were filed during 1999. However, case jackets in respect of 107 criminal cases were not produced for examination. In the circumstances, the outcome of these cases could not be determined.

1288. According to the commitment warrants register, 776 warrants totalling \$1.999M were issued during 1999. However, only amounts totalling \$247,200 were paid, and there was no indication whether the defendants were subsequently imprisoned for the outstanding amounts totalling \$1.752M.

1289. The suitors' deposits account No. 300, which became non-operational several years ago, reflected a balance of \$4.880M as at 31 December 1999. It is again recommended that the balance 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

1290. The salaries bank account No. 297, which ceased to be operational in June 1996, reflected an overdraft of \$2.490M as at 31 December 1999. It is again recommended that the overdraft should be investigated and steps taken to close the account. The present salaries bank account No. 3105 was also not reconciled since it was established in June 1996.

- 1291.** The suitors' deposits account No. 296, which became non-operational several years ago, was overdrawn by \$3.589M as at 31 December 1999. The overdraft should be investigated and steps taken to close the account. The present suitors' deposit account No. 3104 was also not reconciled since it was established in June 1996.
- 1292.** The maintenance and bastardy account No. 298, which became non-operational several years ago, reflected a balance of \$153,556 as at 31 December 1999. This balance should be transferred to the present bank account No. 3106. This latter account was also not reconciled since it was established in June 1996. It should be mentioned that three(3) fraudulent transactions totalling \$54,000 were uncovered in 1998. As a result, an officer was charged by the Police, and at the time of reporting the matter had not yet been finalised.

HEAD 56 & DIVISION 505

PUBLIC PROSECUTIONS

Current Expenditure

- 1293.** The salaries bank account No. 3173 was not reconciled since December 1998 and reflected a balance of \$33,110 at 31 December 1999. The failure to reconcile bank accounts can lead to irregularities being perpetrated without detection. The Accounting Officer is therefore urged to ensure this important activity is carried out with due diligence and in a timely manner.
- 1294.** The old salaries bank account No. 456, which ceased to be operational in June 1998, was overdrawn by \$497,113 as at 31 December 1999. It is again recommended that the overdraft be investigated and steps taken to close the account.

Stores and Other Public Property

- 1295.** 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. At the time of reporting, it is understood that this record had since been introduced.

Capital Expenditure

Subhead 25007 - Buildings

- 1296.** 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 this was due to the late award of the contract by the Central Tender Board. The works were re-budgeted for in 2000.

HEAD 57

OFFICE OF THE OMBUDSMAN

Current Expenditure

- 1297.** The expenditure of \$2.539M was verified as having been properly incurred and there were no material findings.

Capital Expenditure

Subhead 25005 - Furniture & Equipment

- 1298.** 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 58 & DIVISION 505

PUBLIC SERVICE APPELLATE TRIBUNAL

Current Expenditure

- 1299.** The salaries bank account No. 892, which became no-operational in July 1999, reflected a balance of \$99,938 as at 31 December 1999. This balance should be transferred to the Consolidated Fund and steps taken to close the account.

1300. The present salaries bank account No. 3069, which reflected a balance of \$893,872, was not reconciled since it was established in July 1996. The failure to reconcile bank accounts can lead to irregularities being perpetrated without detection. The Accounting Officer is therefore urged to ensure this important activity is carried out with due diligence and in a timely manner.

Capital Expenditure

Subhead 25009 – Public Service Appellate Tribunal

1301. The sum of \$1.5M was allocated for (a) grill and electrical works and (b) the purchase of office furniture and equipment. Amounts totalling \$1.483M were expended. The works undertaken were physically verified while the items purchased were verified as having been received and properly brought to account.

HEADS 71 & DIVISION 531

REGION 1 - BARIMA/WAINI

Current Expenditure

Employment Costs

- 1302.** 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 both positive and negative balances. 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. While there has been an improvement over 1998 in that the balances were not significant, the Accounting Officer is advised to ensure that strict controls are exercised over the payment of wages and salaries.
- 1303.** The salaries bank account Nos. 674 and 860, which became non-operational in July 1996, reflected overdrafts of \$18,479 and \$896,060 respectively as at 31 December 1999. It is again recommended that the overdrafts be investigated and steps taken to close these accounts. Another non-operational account No. 675 reflected a positive balance of \$12,351 as at the same date. This balance should be transferred to the Consolidated Fund.
- 1304.** The present salaries bank account No. 3084 reflected a large balance of \$22.939M as at 31 December 1999. However, it was only reconciled to December 1997 at the time of reporting. The Accounting Officer explained that this was due to staff constraints.
- 1305.** An examination of the Register of Contributors to the National Insurance Scheme and related records revealed that thirty-six(36) employees were not registered with the Scheme. This represents an improvement over 1998 where it was reported that 132 employees were not registered. Efforts should nevertheless be made to ensure that all employees are properly registered since registration with the Scheme has implications for social security and other benefits.

Other Charges

- 1306.** Amounts totalling \$27.709M were expended on fuel and lubricants. Of the twenty-seven(27) vehicles and equipment under the control of the Region, log books were only produced for six(6) of the vehicles and equipment. In the circumstances, it could not be determined whether effective control was exercised in the use of these assets. This matter was drawn to attention in my 1998 Report.
- 1307.** The power plant at Mabaruma consumed an average of one hundred and twenty-six(126) gallons of fuel per day in providing electricity to the Administration and communities at Mabaruma, Kumaka and Hosororo. Electricity supplied to the communities was not metered but monthly charges were made at \$100 per bulb, \$800 per fridge and \$1,200 per freezer regardless of wattage. However, the basis under which these charges were made could not be determined. The Accounting Officer explained that technical advice would be sought on this matter before new charges are introduced.
- 1308.** Amounts totalling \$23.101M were expended on Rental & Maintenance of Buildings, as follows:-

DESCRIPTION	AMOUNT \$
Public Hospital at Maburama	2,069,850
Nurses Hostel at Mabaruma	1,350,000
St. Ninian Primary School	895,000
Yarakita Primary School	890,000
Primary School at Aruka River	800,000
St. Anthony's Primary School	800,000
Teachers' Hostel at Mabaruma	740,000
St. Mary's Primary School	700,000
Primary School at Mabaruma	691,840
St. Dominique Primary School	618,870
Miscellaneous repairs (\$180,000 - \$450,000)	2,923,885
“ “ below \$180,000	1,893,346
Purchase of building materials	6,161,300
Janitorial and cleaning supplies	2,377,000
Rental of buildings	190,000
TOTAL	23,101,091

- 1309.** The contract for the repairs to the Mabaruma Hospital was awarded to the second lowest bidder in the sum of \$2.068M on the grounds that the lower bid of \$900,000 was unrealistic, compared with the Engineer's Estimate of \$3.5M. A similar observation was made in relation to the repairs to the Nurses' Hostel and St. Ninian Primary School.
- 1310.** The works undertaken at Mabaruma were physically verified. However, because of the remoteness of the other areas, the other works could not have been physically verified. The materials purchased were also verified as having been received and properly brought to account.
- 1311.** Excess expenditure totalling \$7.252M was incurred in respect of seven(7) subheads. Since there were savings under other subheads, it would have been more appropriate for a virement of funds to have been sought to cover the excess expenditure.

Stores and Other Public Property

- 1312.** 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

- 1313.** The imprest bank account No. 992, which became non-operational in August 1996, reflected a balance of \$5,010 as at 31 December 1999. There is also an old imprest account No. 676 which reflected a balance of \$5,196. These balances should be transferred to the Consolidated Fund. The present imprest account No. 3099 was also last reconciled to 31 December 1997 at the time of audit.

Capital Expenditure

Subhead 11001 - Bridges

- 1314.** The sum of \$800,000 was voted for the rehabilitation of San Jose Bridge at Moruca. Amounts totalling \$789,294 were expended. Because of the remoteness of the area, the works were not physically verified.

Subhead 12001 - Buildings (Health)

- 1315.** The sum of \$9M was budgeted for (a) the construction of health posts at Chinese Landing, Kokerite, Kariaka, Waicarabi, Kamwatta, Red Hill and Yakarita (b) extension of theatre at Mabaruma and (c) rehabilitation of the X-ray unit at Mabaruma. Amounts totalling \$8.949M were expended in the construction/extension/rehabilitation of the following:-

DESCRIPTION	AMOUNT \$
Health Post at Waicarabi	1,493,269
" " " Kamwatta	1,194,900
" " " Kariaka	1,189,700
" " " Yarakita	1,085,500
" " " Red Hill	1,000,000
" " " Chinese Landing	995,984
" " " Kokerite	990,000
X-ray unit at Mabaruma Public Hospital	499,960
Theatre at Mabaruma Public Hospital	499,815
TOTAL	8,949,128

- 1316.** A labour contract in the sum of \$215,780 was awarded for the construction of the health post at Waicarabi with the Region providing materials costing \$1.277M, giving a total cost of \$1.493M to the complete building.
- 1317.** In relation to the construction of the health post at Kamwatta, the contract was awarded for \$1M. There was an approved variation of \$194,900, giving a revised contract sum of \$1.195M. The contract for the construction of the Kariaka Health Post was awarded for \$994,250. There was also a variation of \$195,450, giving a revised contract sum of \$1.190M.
- 1318.** Two(2) contracts valued at \$1.085M were awarded for the construction and painting of the health post at Yarakita while in relation to the construction of the health post at Red Hill, the contract was awarded in the sum of \$1M.

1319. The works on the health posts at Chinese Landing and Kokerite were undertaken by four(4) contracts valued at \$1.986M while the rehabilitation of the X-ray Unit at Mabaruma Public Hospital was undertaken at a cost \$499,960. The theatre at Maburama Hospital was also rehabilitated at a cost of \$499,815.

1320. The works undertaken in the Mabaruma area were physically verified. However, because of the remoteness of the other areas, the other works could not have been physically verified.

Subhead 12002 - Buildings (Administration)

1321. The sum of \$2M was allocated for the extension of agricultural building to accommodate administrative officers at Moruca. However, no expenditure was incurred. The Accounting Officer explained that the works were undertaken by the Ministry of Crops and Livestock.

Subhead 12003 - Buildings (Education)

1322. The sum of \$7M was allocated for (a) the extension of primary schools at Manawarin, Waramuri and Baramita (b) the construction of headmaster’s quarters at Karaika and Red Hill and (c) the construction of nursery school at White Water. Amounts totalling \$6.994M were expended in the extension and/or construction of the following:-

DESCRIPTION	AMOUNT \$
Nursery school at White Water	1,700,000
Headmaster’s quarters at Red Hill	1,200,000
Headmaster’s quarters at Karaika	1,199,095
Waramuri Primary School	1,000,000
Barimita Primary School	998,800
Headmaster’s quarters at Manwarin	895,930
TOTAL	6,993,825

- 1323.** The contract for the construction of the nursery school at White Water was awarded to the second lowest bidder for \$1.695M on the grounds that the lowest bid of \$450,000 was unrealistic compared to the Engineer's Estimate of \$1.9M. In relation to the construction of the headmaster's quarters at Red Hill and Kariaka, the contracts were awarded in the sums of \$1.990M and \$1.155M respectively. Approved variations of \$10,000 and \$44,095 were also paid for the completion of the buildings.
- 1324.** With regard to the works at the Waramuri and Baramita primary schools, the contracts were awarded in the sums of \$900,000 and \$998,800 respectively. There was an approved variation of \$100,000 for the Waramuri Primary School.
- 1325.** The amount of \$895,930 expended on the construction of the headmaster's quarters at Manawarin relate to a labour contract of \$275,000 and the cost of materials (\$620,930) was supplied by the Region. However, there was no evidence that approval was granted for a change in programme to undertake the works.
- 1326.** The works undertaken at the nursery school at White Water were physically verified. However, because of the remoteness of and inaccessibility to the other locations, the related works could not have been verified.

Subhead 14001 - Roads

- 1327.** The sum of \$7.4M was allocated for the construction of Kumaka/Kwebanna road, Airstrip main road and Hospital Water Front road. Amounts totalling \$7.385M were expended in the construction of the following:-

DESCRIPTION	AMOUNT \$
Kumaka/Kwebana Road	2,999,972
Hospital Water Front Road	2,385,050
Airstrip Main Road	1,999,833
TOTAL	7,384,855

1328. The works at the Kumaka/Kwebana road were undertaken by five(5) contracts valued at \$3M and involved cleaning the roadway and grading, levelling and filling potholes. The construction of the other two(2) roads was undertaken by the Region using force account. The work on the airstrip main road was physically verified. However, because of the remoteness of the area, the other works could not have been physically verified.

Subhead 19001 - Agricultural Development

1329. An amount of \$4.2M was voted for the construction of revetment at Morawhana, Barima End Road, Kumaka Water Front and clearing of 13 miles of the Moruca River. The full amount was expended, as follows:-

DESCRIPTION	AMOUNT \$
600 feet revetment at Morawhanna	1,440,000
600 feet revetment at Barima End Road	1,258,850
344 feet revetment at Kumaka	899,798
Clearing of Moruca River	600,000
TOTAL	4,198,648

1330. The contracts for the revetment works at Morawhanna and Barima End Road were awarded in the sums of \$1.29M and \$1.2M respectively. There were approved variations of \$150,000 and \$58,850 respectively. The revetment work at Kumaka was undertaken by two(2) contracts valued \$899,978. The works were physically verified.

Subhead 24002 - Land & Water Transport

1331. The sum of \$950,000 was allocated for the purchase of four(4) balahoos and one(1) motor cycle. The full amount was expended. The items purchased were verified as having been received and brought to account.

Subhead 25001 - Equipment & Furniture (Administration)

- 1332.** An amount of \$500,000 was allocated for the purchase of writing desks, chairs, calculators, typewriters and fans. The full amount was expended. The items purchased were verified as having been received and properly brought to account.

Subhead 25003 - Furniture & Equipment (Education)

- 1333.** The sum of \$1M was voted for the purchase of desks, cupboards, tables, chairs and typewriters. The full amount was 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)

- 1334.** The sum of \$1.2M was allocated for the purchase of tables and chairs, double and single bed mattresses and gas stoves. The full amount was expended. The items were verified as having been received and properly brought to account.

Subhead 25005 - Furniture & Equipment (Health)

- 1335.** The sum of \$2.5M was voted for the purchase of medical instruments for x-ray and dental units, theatre, health posts and a radio set. Amounts totalling \$2.496M were expended. The 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

- 1336.** 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 1999. 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.
- 1337.** 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.
- 1338.** A comparison of the authorised staff strength of the Region in 1999 with the actual staff strength in December 1999, revealed an excess of 861, as shown below:-

DESCRIPTION	AUTHORISED	ACTUAL	EXCESS
Administrative	26	138	112
Senior technical	86	306	220
Other technical & craft skills	225	176	-
Clerical & office support	92	88	-
Semi-skilled operatives etc.	400	302	-
Contracted employees	0	383	383
Temporary employees	0	146	146
TOTAL	829	1,539	861

- 1339.** 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 802 as per December 1999 Payroll. Taking this in account, there is an unexplained difference of 59.
- 1340.** An examination of the bank reconciliation statement for the present salaries bank account No. 3066 for December 1999, revealed that there were 38 stale-dated cheques valued at \$69,903 which were shown as unpresented. These should be cancelled and the cash book adjusted accordingly. At the time of reporting the number of stale dated cheques has been reduced to fourteen (14) with a total value of \$62,508.

Other Charges

- 1341.** 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 41 days after they were issued. In addition, at the time of reporting, twenty-five(25) cheque orders totalling \$2.843M in respect of salaries and wages remained outstanding. The Accounting Officer explained that sixteen(16) of these orders valued at \$1.863M were lost as a result of an accident involving the paymaster while the remainder were in respect of salaries for schools in the Pomeroun area. He indicated that efforts would be made to clear them.
- 1342.** Amounts totalling \$26.287M were expended under Materials, Equipment & Supplies. Included in this figure were sums totalling \$9.384M expended in the acquisition of following capital items:-

DESCRIPTION	AMOUNT \$
One(1) morgue refrigerator	4,469,060
One(1) generating set	2,337,400
Five(5) computers	875,000
One(1) photocopier	825,000
Six(6) filing cabinets	360,000
One(1) overhead projector	180,000
One(1) fax machine	140,000
One (1) lectern table	197,940
TOTAL	9,384,400

- 1343.** This represents a misallocation of expenditure. The Accounting Officer, however, explained that funds under the Region's capital programme were not adequate to purchase the above items and that approval was sought and obtained for these items to be acquired under this subhead. Notwithstanding the explanation given, the purchase of capital items from current allocation is a breach of accounting practice, and it would have been more appropriate for a supplementary provision to have been sought under the Region's capital programme to meet the expenditure.
- 1344.** 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. It is recommended that a losses report be filed with the Secretary to the Treasury so that the loss can be written off.
- 1345.** According to the Appropriation Accounts, amounts totalling \$8.030M were expended fuel and lubricants. However, of the forty-five(45) serviceable vehicles and equipment for which log books were required to be maintained, log books were not presented for twenty-five(25) vehicles while there were partial submission in respect of eighteen(18). The Accounting Officer had 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 had given the assurance that efforts would be made to locate these books. It should be noted that a similar comment was made in my 1997 and 1998 reports.

- 1346.** 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 in some cases 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.
- 1347.** Amounts totalling \$13.240M were expended on rental and maintenance of buildings. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$
Repairs to State House	903,375
“ “ HM quarters at Cabacaburi	593,150
Miscellaneous repairs (\$180,000 - \$450,000)	4,741,732
Miscellaneous repairs (below \$180,000)	1,301,710
Purchase of cleaning supplies	2,627,547
“ “ lumber & other building material	2,018,981
“ “ electrical items	857,984
Rental of buildings	101,000
Miscellaneous	94,950
TOTAL	13,240,429

- 1348.** There was, however, no evidence of competitive bidding for the repairs to the State House. The Accounting Officer explained that this was due to the emergency nature of the works. In relation to the repairs to the HM quarters at Cabacaburi, the contract was awarded to the second lowest bidder in the sum of \$593,150 on the grounds that the lowest bidder was not mobilised to undertake the work in the area. The various works undertaken were physically verified while the purchases were verified as having been received and properly brought to account.
- 1349.** Amounts totalling \$5.773M were expended on maintenance of infrastructure. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$
Desilting and cleaning of trenches	2,457,388
Construction of three(3) fences	985,896
Upgrading of two(2) streets	567,595
Miscellaneous works	381,495
Purchase of lumber & other items	1,381,020
TOTAL	5,773,394

The various works undertaken were physically verified while the purchases were verified as having been received and properly brought to account.

- 1350.** Amounts totalling \$9.688M were expended on electricity charges. However, the Electricity Charges Register reflected a total of \$9.714M, giving a difference of \$25,623. 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.
- 1351.** Amounts totalling \$2.9M were expended on the payment of rates and taxes on Government buildings 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.
- 1352.** Amounts totalling \$9.364M were expended on Transport, Travel & Postage. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$
Travelling expenses	5,556,572
Purchase of spares	3,294,918
Hire of vehicles	297,700
Repairs to vehicles	137,725
Postage	24,812
Miscellaneous	51,840
TOTAL	9,363,567

The purchases were verified as having been received and properly brought to account while the other expenditures were verified as having been properly incurred.

- 1353.** Amounts totalling \$1.955M were expended on Other Services Purchased. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$
Repairs to equipment	447,800
Supervision of examinations	441,440
Honorarium	369,500
Disposal of garbage	275,500
Miscellaneous	420,485
TOTAL	1,954,725

These expenditures were verified as having been properly incurred.

- 1354.** Amounts totalling \$1.092M were as Subsidies and Contributions to 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 \$27.704M and \$27.795M respectively. The bank account was also not reconciled for the period under review. It is again 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 Fund and steps taken to effect its closure.

Stores and Other Public Property

1355. 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 GRN's were 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. At the time of reporting, corrective action was, however, taken; 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, and at the time of reporting, it is understood that this facility was no longer being used.

1356. 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.

1357. Despite the disposal of a number of unserviceable items in 1999, 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.

1358. 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. At the time of reporting, there was evidence that a losses report was submitted to the Secretary to the Treasury for a consideration of the matter and for the loss to be written off.

- 1359.** A physical verification of dieselene on 26 October 1999 had revealed an apparent shortage of 2,558 gallons of dieselene valued at \$741,820. The Accounting Officer explained that the matter was engaging the attention of the Police. It is recommended that a losses report be filed with the Secretary to the Treasury so that the loss can be written off.. At the time of the audit of the 1999 accounts, dieselene was being stored in the Engineering Compound. However, a physical verification of dieselene on hand could not have been undertaken because of the absence of a calibration dip stick. It is recommended that urgent steps be taken to calibrate the fuel storage tank.
- 1360.** 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;
 - (b) A physical verification of a sample of thirty-four(34) items on 16 August 2000 revealed discrepancies in respect of eleven (11) items when comparison was made with bin card balances. In addition, the Stores Ledger had not been adjusted for a considerable period of time to take into account discrepancies over the years. It is recommended that a comprehensive physical verification of all stocks be carried out, and after investigation of the discrepancies, a losses report filed with the Secretary to the Treasury so that the stock records can be adjusted;
 - (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 on 16 August 2000 revealed that amounts totalling \$113,105 have not been supplied. It is recommended that purchases be effected on a more manageable basis in order to avoid the problem outlined above.
- 1361.** An inspection of the records of the Suddie Hospital Drug Bond revealed that large quantities of drugs were being written off the stock records as being expired and were subsequently destroyed by the Analyst Department. However, a losses report was not submitted to the Secretary to the Treasury so that approval can be obtained for the loss to be written off. It is recommended that the covering approval of the Secretary to the Treasury be sought.

- 1362.** A master inventory was not kept to record fixed assets held by the Region and to provide for independent check on sectional inventories. It is recommended that this record be introduced without delay.
- 1363.** 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, these gifts were not being valued and the Secretary to the Treasury not informed so that they could be brought to account in the public accounts.
- 1364.** During the period under review, seventy-four(74) officers were occupying Government quarters. However, only twenty-three(23) officers were paying rentals. Evidence was seen that the officers concerned were written to in May 2000. At the time of reporting, however, it could not be determined whether these officers have commenced rental payments to the Region.

Other Matters

- 1365.** The Imprest Bank Account No. 679, which became non-operational in July 1996, was overdrawn by \$395,209 as at 31 December 1999 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 steps taken to close the account.
- 1366.** Eleven(11) instances were observed where advances granted from the Imprest were not cleared within the stipulated periods. Eight(8) instances were also noted where advances were cleared by instalments. Efforts should be made to avoid a recurrence of these lapses.

Capital Expenditure

Subhead 11001 - Bridges

- 1367.** The sum of \$4M was voted for the construction of a bridge at Red Lock, Anna Regina. Amounts totalling \$3.943M were expended. The contract was awarded to fourth lowest bidder in the sum of \$3.940M on the grounds that the lower bidders did not have valid compliance certificates from the Commissioner of Inland Revenue. The lowest bid was \$3.508M while the Engineer's Estimate was \$3.440M. The works were physically verified.

Subhead 12001 - Buildings (Health)

- 1368.** The sum of \$8M was provided for (a) the rehabilitation of the Suddie and Charity hospitals (b) construction of incinerator at Charity and statistical records office at Suddie and (c) rehabilitation of health post at St. Monica. Amounts totalling \$7.991M were expended as follows:-

DESCRIPTION	AMOUNT \$
Rehabilitation of Suddie Hospital	3,757,844
“ “ Charity Hospital	1,736,961
Construction of storage bond at Suddie Hospital	1,526,875
Rehabilitation of health post at St. Monica	955,007
Travelling and subsistence	14,240
TOTAL	7,990,927

- 1369.** The contract for the rehabilitation of the Suddie Hospital was awarded to the eleventh lowest bidder in the sum of \$2.394M on the grounds that he had a good track record and that the six lowest bids were unrealistic compared with the Engineer’s Estimate of \$2.729M. The lowest bid was \$1.820M. There was a variation of \$1.364M, giving a revised contract sum of \$3.758M.
- 1370.** In relation to the rehabilitation of the Charity Hospital, two(2) contracts were awarded in the sum of \$1.737M. The original contract was for \$1.575M while the other was in effect a variation. The contract for the construction of the storage bond was awarded to the second lowest bidder in the sum of \$1.527M on the grounds that the lowest bidder whose tendered sum was \$1.490M, did not have a track record with the Region.
- 1371.** The contract for the rehabilitation health post at St. Monica was awarded without any form of competitive bidding. The Accounting Officer explained that the contractor was closest to the job site. All the above works were physically verified.

Subhead 12002 - Buildings (Education)

1372. The sum of \$20M was voted for (a) the extension of the Cotton Field Nursery School (b) the rehabilitation of the Golden Fleece primary, Abrams Zuil CHS, Lylidale Primary School and Charity primary annex and (c) construction of HMs quarters at Siriki, Lima Sands and Cabacaburi and Malborough primary school annex. Amounts totalling \$17.332M were expended as follows:-

DESCRIPTION	AMOUNT \$
Extension of Cotton Field Nursery School	1,336,505
Rehabilitation of Golden Fleece Primary School	806,660
" " Abrams Zuil Community High School	2,788,645
" " Lilydale Primary School	1,990,844
" " Charity Primary School Annex	929,270
Construction of HM's quarters at Siriki	1,403,580
" " " " " Lima Sands	1,305,866
" " " " " Anna Regina Mult. School Dorm.	2,003,688
Repairs to Aurora Primary School	4,596,040
Advertising of Tenders	121,380
Travelling and Subsistence	49,860
TOTAL	17,332,284

1373. Approval was granted for a change on programme for the repairs to Aurora Primary School. However, no such approval was seen in respect of the rehabilitation of the Anna Regina Multilateral School dormitory.

1374. The contract for the extension of Cotton Field Nursery School was awarded to the third lowest bidder in the sum of \$1.301M on the grounds that the lowest bidder, whose tendered sum was \$1.173M, was engaged in another job while the second lowest bidder was earmarked for another project. In relation to the rehabilitation of the Golden Fleece Primary School, the contract was awarded to the third lowest bidder in the sum of \$806,606 on the grounds that the other lower bids were engaged in other work.

- 1375.** Four(4) contracts were awarded to three(3) contractors for the rehabilitation of the Abrams Zuil Secondary School. The main contract was awarded to the fifteenth lowest bidder in the sum of \$1.627M without any reasons being stated why the other lower bids were not considered. The lowest bid was \$1.047M while the Engineer's Estimate was \$1.975M.
- 1376.** Two(2) contracts were awarded for the rehabilitation of Lilydale Primary School. The first contract was for \$1.731M while the other was in effect a variation. A similar observation was made in respect of the rehabilitation of the Anna Regina Multilateral School dormitory. The first contract was awarded to the seventeenth lowest bidder in the sum of \$1.832M on the grounds that the lower bids were unrealistic compared with the Engineer's Estimate of \$2.037M. The lowest bid was \$1.008M.
- 1377.** The contract for the repairs to the Aurora Primary School was awarded to the twelfth lowest bidder in the sum of \$3.932M without any reasons being stated why the lower bids were not considered. The lowest bid was \$3.008M while the Engineer's Estimate was \$4.879M. There was an approved variation of \$664,380, giving a revised contract sum of \$4.596M.

Subhead 12003 - Buildings (Administration)

- 1378.** The sum of \$3M voted for the rehabilitation of the Regional Democratic Council and Sub-Treasury offices. Amounts totalling \$2.904M were expended. Two(2) contracts valued at \$2.021M were awarded for the rehabilitation of the RDC buildings. These contracts were awarded to the third and fourth lowest bidders on the grounds that the other lower bidders were engaged in other work. A similar observation was made in relation to the award of the contract for the rehabilitation of the Sub-Treasury offices. The works were nevertheless physically verified.

Subhead 13004 - Miscellaneous D & I Works

- 1379.** The sum of \$90M was voted for (a) desilting of D & I canals at locations including Cullen, Bremen, Adventure, Affiance and Paradise and (b) construction of D & I structures, including bridges, revetments, tail walls and sluice gates at Dartmouth, Onderneeming, Zorg, Somerset & Berks, Good Intent and Fairfield. Amounts totalling \$89.591M were expended as follows:-

DESCRIPTION	AMOUNT \$
Desilting of D & I canals at Dartmouth to La Belle Alliance	6,182,640
" " " " " Reliance	3,918,500
" " " " " La Belle Alliance	3,077,000
" " " " " Anna Regina	2,971,600
" " " " " Paradise	2,502,400
" " " " " Evergreen	3,056,900
" " " " " Abram Zuil	2,181,100
" " 21 other canals	17,428,606
Construction of 5 bridges	9,689,690
" " 14 irrigation checks	16,045,180
" " 6 tail walls	7,301,485
" " 2 culverts	2,559,100
Revetment works at Hibernia, Anna Regina & Maria Lodge	4,435,210
Purchase of tractor, traylor, chain saw	4,876,350
Purchase of timber for 6 sluice gates	2,297,045
Miscellaneous	1,067,705
TOTAL	89,590,511

1380. Fifteen(15) contractors tendered for the desilting of twenty-eight(28) D & I canals, and the Regional Tender Board agreed to allocate the work to these contractors at an agreed price of \$850 per rod. In relation to the construction of the bridges, five(5) contracts were awarded to four(4) contractors, two(2) of which were awarded to the lowest bidders while in respect of three(3) other contracts, the lower bids were either unrealistic or the bidders did not have valid compliance certificates from the Commissioner of Inland revenue. Similar observations were made in respect of (a) two(2) contracts which were awarded for the revetment works to the third and fourth lowest bidders and (b) two(2) contracts which were awarded to the fifth and sixth lowest bidders for the construction of culverts.

1381. Five(5) contracts were awarded to four(4) contractors for the construction of five(5) bridges, of which only two(2) were awarded to the most competitive bids while the rest were awarded to sixth and seventh bidders on the grounds that the other lower bids were either unrealistic or the bidders did not produce valid compliance certificates from the Inland Revenue Department. A similar observation was made in respect of the construction of the irrigation checks where of the fourteen(14) contracts which were awarded, only one was awarded to the most competitive bid.

1382. The construction of the tail walls was undertaken by six(6) contracts, none of which were awarded to the most competitive bids and no reasons were stated why the lower bids were not considered. There was also a variation of \$605,000 on one contract.

1383. In relation to the purchase of a tractor, trailer and chain saw, approval was granted for a change in programme to acquire these items. All the above works were physically verified and conformed generally to the specifications as contained in the respective bills of quantities.

Subhead 14001 - Roads

1384. The sum of \$25M was voted for the rehabilitation of roads at Cotton Field, Maria’s Lodge, Anna Regina, Coffee Grove, Dartmouth, Affiance and Better Success. Amounts totalling \$23.390M were expended in the rehabilitation of roads at the following locations:-

LOCATION	AMOUNT \$
Devonshsire Castle	5,343,800
Golden Fleece	3,534,575
Dartmouth	3,393,400
Affiance	3,090,500
Henrietta	2,369,641
Coffee Grove	1,647,250
Aurora	1,146,057
Hampton Court	1,631,313
Bush Lot	423,400
Onderneeming	375,850
Miscellaneous	434,794
TOTAL	23,290,490

1385. Of the nine(9) contracts which were awarded for the above works, only two(2) were awarded to the most competitive bidders. The reasons stated include the submission of unrealistic bids, lack of experience and bidders were engaged in other jobs. In relation to the works undertaken at Hampton Court, the amount of \$1.631M represents an unpaid liability and for which approval was granted to discharge. Approval was also granted for a change in programme to undertake the other works not reflected in the Capital Profile. All the works undertaken were physically verified.

Subhead 19001 - Land Development

1386. The sum of \$10M was voted for the upgrading of streets in new housing schemes at Jib, Henrietta, Pomona, La Belle Alliance, Anna Regina and Richmond. Amounts totalling \$9.290M were expended in the upgrading of streets at the following locations:-

LOCATION	AMOUNT \$
Jib	1,455,740
Henrietta	1,934,065
Pommona	2,387,050
La Belle Alliance	881,352
Anna Regina	864,745
Richmond	1,764,495
Travelling and Subsistence	2,400
TOTAL	9,289,747

1387. Six(6) contracts were awarded for undertaking the above works, only two(2) of which were awarded to the most competitive bidders, for reasons already mentioned. The works were nevertheless physically verified.

Subhead 24002 - Land & Water Transport

1388. The sum of \$5M was voted for the purchase of a 5-ton and a 2-ton truck. Amounts totalling \$4.450M were expended. The items purchased were verified as having been received and properly brought to account.

Subhead 25001 - Furniture & Equipment (Education)

- 1389.** The sum of \$3M was provided for the purchase of furniture for schools, including desks, benches, tables, chairs and chalk boards. Amounts totalling \$1.684M were expended. However, no furniture was acquired and at the time of the audit in July 2000, the cheque for this amount was at the Sub-Treasury. The transaction was subsequently cancelled and the amount refunded to revenue.

Subhead 25002 - Furniture & Equipment (Administration)

- 1390.** The sum of \$300,000 was voted for the purchase of office furniture, including office chairs and desks. Amounts totalling \$289,000 were expended. The items purchased were verified as having been received and properly brought to account.

Subhead 26002 - Furniture & Equipment (Health)

- 1391.** The amount of \$2M was provided for the purchase of a steriliser set, spectrophotometer, ECG machine and a mortuary freezer. The full amount was expended in the purchase of a spectrophotometer, twenty-two(22) chairs, sixteen(16) writing desks, twelve(12) couches, two(2) refrigerators and five(5) fire extinguishers . There was, however, no evidence that approval was granted for a change in programme to purchase the items not listed in the capital profile. The items purchased were nevertheless verified as having been received and properly brought to account.

HEAD 73 & DIVISION 533

REGION 3 - ESSEQUIBO ISLANDS/WEST DEMERARA

Current Expenditure

Employment Costs

- 1392.** An examination of the Diary of Changes revealed seventy-three(73) 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.
- 1393.** Amounts totalling \$9.914M 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 \$894,141 were recovered from the relevant agencies. A similar observation was made in 1998 where amounts totalling \$13.025M were refunded to the Sub-Treasury but the related deductions totalling \$545,025 had not been recovered. The failure to recover the deductions would result in overpayments to the agencies concerned. In addition, the appropriation accounts would have been overstated by \$894,141. It is again recommended that efforts be made to recover these amounts involved.
- 1394.** Of the amounts reflected as unclaimed salaries, sums totalling \$8.578M relate to the Education Department. However, as previously reported, an unclaimed salaries register was not maintained by this department to provide for an independent check and to monitor all unpaid salaries originating from the department. It is again recommended that this record be introduced urgently.

- 1395.** 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 1999. These balances should be transferred to the Consolidated Fund and steps taken to close the accounts.
- 1396.** The salaries bank account No. 854, which also became non-operational in July 1996, was overdrawn by \$9.366M as at 31 December 1999. The Accounting Officer had 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.
- 1397.** 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 over the payment of wages and salaries. 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.
- 1398.** 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 \$812,268 as at 31 December 1999. 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.
- 1399.** An examination of the Register of Contributors to the National Insurance Scheme(NIS) revealed 284 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 1999 revealed that there were 1,114 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.

1400. It is a legal requirement for NIS deductions to be paid over to the Scheme not later than the 15th of the following month. However, during the period under review, twenty(20) instances were noted where payments totalling \$10.817M were made after the stipulated period. This has resulted in penalties and related interest totalling \$1.203M being levied against the Region.

1401. An examination of a sample of personal files revealed the following discrepancies:-

- (a) An officer of the Health Department was overpaid amounts totalling \$27,659. Refunds were to have been made in the months of May, June and July 1999. However, as at 31 December 1999, this was not done; and
- (b) Two(2) officers were overpaid sums totalling \$114,259 in 1998 as duty and acting allowances. However, as at 31 December 1999, there was no evidence that recoveries were made.

1402. A comparison of the authorised staff shown in the 1999 Estimates of Expenditure with the actual staff employed by the Region in December 1999, revealed that the authorised staff was substantially exceeded, as shown below:-

DESCRIPTION	AUTHORISED	ACTUAL	EXCESS
Administration	27	208	181
Senior technical	101	526	425
Other technical & craft skilled	200	313	113
Clerical & office support	102	143	41
Semi-skilled	491	1,091	600
TOTAL	921	2,281	1,360

1403. Explanations obtained indicated that the National Estimates did not include teachers. It is therefore recommended that all categories of employees be included in the Estimates to provide a basis against which it can be ascertained whether or not the authorised staff strength is exceeded.

1404. Amounts totalling \$2.812M were expended on travelling allowances. However, the Travelling Register was not satisfactorily maintained and there was no evidence of supervisory checks on this record. Two(2) officers had also exceeded their mileage ceilings by 160 miles without the approval of the Regional Executive Officer.

Other Charges

1405. Amounts totalling \$30.1M were expended on Materials, Equipment & Supplies. The following unsatisfactory features were, however, noted in relation to these purchases:-

- (a) There was no evidence that a system of quotations was followed in respect of four(4) purchases falling within the limits of \$90,000 and \$180,000;
- (b) A supplier of drugs was overpaid \$121,316, and up to the time of reporting, the amount was not recovered;
- (c) The following purchases of record cards for schools, which were made from the same supplier, appeared to have been subdivided to avoid adjudication by the Regional Tender Board:-

DATE	QUANTITY	AMOUNT \$
20/12	2,245	449,000
28/12	2,800	448,000
31/12	2,200	440,000
TOTAL		1,337,000

1406. Amounts totalling \$7.875M were expended on fuel and lubricants. However, of the thirty-nine(39) vehicles and equipment for which log books were required to be maintained, log books were only presented in respect of twenty-five (25) vehicles and for varying periods in the year. The log books presented were also not properly maintained, except in five(5) cases, in that no account was given for the use of vehicles during certain periods of time and signatures of authorising and checking officers were not seen.

1407. In addition, an examination of the related vouchers and records kept at the Region’s stores revealed the following shortcomings:-

- (a) there was no evidence of receipt of fuel in respect of a purchase for \$102,225;
- (b) diesel purchased for stock at the Vreed-en-Hoop Store could not be verified, since no basis of measurement existed at the Store. This situation can lead to irregularities;
- (c) a physical verification of lubricants at the Region’s stores between 25 February 2000 and 3 March 2000 revealed both shortages and excesses, as shown below:-

DESCRIPTION	BIN CARD / STOCK LEDGER BALANCE	PHYSICAL COUNT	SHORTAGE/ (EXCESS)
WDRH STORE:			
Brake fluid	164 tins	192 tins	(28 tins)
Lubricating oil No. 90	1056 pints	896 pints	160 pints
Engine oil 2c	70 bottles	64 bottles	6 bottles
Lubricating oil No. 40	1921 pints	1504 pints	417 pints
CRANE STORES:			
HDX-50 oil	1228 pints	1256 pints	(28 pints)
Lubricating oil No. 40	45 pints	64 pints	(19 pints)
GX 90 oil	643 pints	688 pints	(45 pints)
Lubricating oil No. 140	747 pints	804 pints	(57 pints)

- (e) a loss of 40 pints of lubricating oil No. 40 due to a damaged pail was not adjusted in the stock book of the WDRH Store as there was no evidence that approval was sought for the write-off.

1408. Amounts totalling \$22.593M were expended on the Maintenance of Buildings, as follows:-

DESCRIPTION	AMOUNT \$
Rehabilitation of Out Patients Department, WDRH	1,199,693
Repairs, painting, etc. to Drugs Bond, WDRH	1,036,240
Repairs to Princess Carolina Headmaster's quarters	939,230
Rehabilitation of Greenwich Park Primary	931,725
Construction of concrete trestle at WDRH	561,160
Installation of carpet	553,700
Construct concrete trestle, Leguan Cottage Hospital	227,620
Miscellaneous works \$180,000 – \$450,000	7,740,697
Miscellaneous works below \$180,000	6,075,563
Purchases \$180,000 - \$6M	388,870
Purchases below \$180,000	2,857,230
Travelling & subsistence	81,389
TOTAL	22,593,117

1409. The contract for the rehabilitation of Out Patients Department at the West Demerara Regional Hospital was awarded for \$826,660. There was a variation of \$417,700, giving a revised contract sum of \$1.244M. In relation to the repairs, painting and other works on the Drugs Bond at the West Demerara Regional Hospital, the contract was awarded for \$1.099M.

1410. The repairs to Princess Carolina Headmaster's quarters was undertaken through the award of a contract for \$939,230 while the contract for the rehabilitation of Greenwich Park Primary School was awarded to the second lowest bidder for \$782,055 because of superior performance. There was a variation of \$152,740, giving a revised contract sum to \$931,725.

1411. The contract for the construction of concrete trestle at West Demerara Regional Hospital was awarded for \$298,920. There was a variation of \$262,240, giving a revised contract sum of \$561,160.

1412. The concrete trestle was constructed at a cost of \$227,620. The original works included, among other things, eighty(80) lengths of steel of three(3) different grades costing \$72,000, thirty(30) sacks of cement for \$24,000 and three(3) tons of stone valued at \$21,000. There was a variation which required an increase in these quantities by fifteen(15) lengths of steel rods, ten(10) sacks cement and one-half($\frac{1}{2}$) ton of stone. However, when the actual requirements for the job were computed and verified by an engineer of the Ministry of Public Works, the following differences were observed:

DESCRIPTION	QUANTITIES ON BILL	REQUIRED AMOUNTS	DIFFERENCE
Steel	95 lengths	67 lengths	28 lengths
Cement	40 sacks	16 sacks	24 sacks
Stone	3½ tons	3½ tons	-

1413. In relation to the expenditure of \$7.741M for miscellaneous works falling within the limits of \$180,000 and \$450,000, thirty-one(31) contracts were awarded. However, there was no evidence that a system of quotations was followed in respect of five(5) contracts totalling \$1.476M.

1414. The contract for the repairs to sections of La Retraite Nursery was awarded for \$447,824. Inspections by both the Regional Overseer and the Draftsman on 12 November 1999, however, revealed the following discrepancies:-

- (a) The floor was not completed and reinforced concrete was of poor mix;
- (b) Paint on walls was not drying, even after six(6) weeks; and
- (c) There was a shortage of five(5) wallaba posts to the fence out of a requirement of forty(40) such posts.

1415. Although the authorities were aware of these discrepancies, the contractor was paid an additional amount of \$199,007. Work ceased on 16 November 1999 for unsatisfactory performance and a new contract valued at \$346,195 was awarded to complete the works.

1416. The following expenditures were incorrectly charged to Rental & Maintenance of Buildings:-

- (a) Payments for repairs to the living quarters of Regional Administration personnel amounting to \$356,814 were charged to the Education Delivery programme, in addition to being split between the maintenance of buildings and janitorial and cleaning supplies sub categories of the programme;
- (b) Repairs to sixty-seven(67) sitting chairs amounting to \$126,500 were charged to the rental and maintenance of buildings subhead instead of Other Services Purchased;
- (c) Two(2) contracts for construction of concrete trestles at the West Demerara Regional Hospital and Leguan Cottage Hospital, which cost a total of \$788,420, were incorrectly charged to maintenance of buildings under the current expenditure programme. These should have been charged to related capital expenditure programme; and
- (d) The installation of carpets at the offices of the Regional Chairman, Regional Vice Chairman and Regional Executive Officer, which cost \$265,100, was charged to the Education Delivery programme instead of the Regional Administration and Finance programme. This was also compounded by the inclusion of \$11,100 for the washing and ironing of the Regional Executive Officer's office blinds and chair backs and \$51,263 for a new staircase to the Sub-Treasury Officer living quarters under the said programme.

The Accounting Officer explained that the above observations were as a result of a lack of funds under the correct programmes.

1417. Amounts totalling \$34.765M were expended for the Maintenance of Infrastructure, as follows: -

DESCRIPTION	AMOUNT \$'000
Maintenance of roads	2,820
Maintenance of bridges	2,881
Maintenance of Drainage & Irrigation	23,165
Maintenance of Other Infrastructure	5,899
TOTAL	34,765

1418. The amount of \$2.820M expended on the maintenance of roads was mainly in relation to the purchase of crusher run for roads in Wakenaam and in the construction of a bridge in Zeelandia, Wakenaam. The crusher run was verified as having been received and properly brought to account.

1419. In relation to the construction of bridge at Zeelandia, Wakenaam in the sum of \$448,720, the work is of a capital nature and the cost should have been met from the Region's capital appropriations. Notwithstanding this, the work was physically verified.

1420. An amount of \$200,000 which was paid for operating the Region's hymac to do excavation works at Palmyra. However, this amount was not recorded in the Votes Ledger, resulting in the understatement of expenditure in the Appropriation Account. A payment of \$75,000 relating to the weeding of the playground of Philadelphia Nursery School and both shoulders of the Philadelphia Road was also not included in the Votes Ledger.

- 1421.** Amounts totalling \$2.881M were expended on the Maintenance of Bridges. The following gives a breakdown of the expenditure: -

DESCRIPTION	AMOUNT \$
Repairs to Bella Dam Bridge, W.B.D	913,750
Miscellaneous repairs to ten(10)bridges	1,162,070
Purchases \$180,000 - \$6M	462,400
Purchases \$90,000 - \$180,000	214,300
Purchases below \$90,000	128,900
TOTAL	2,881,420

- 1422.** The contract for the repairs to the Bella Dam Bridge was awarded for \$394,700. A variation of 519,050 was approved to enable revetments to be constructed on both shoulders of the bridge, giving a revised contract sum of \$913,750. The above works were physically verified while the items purchased were verified as having been received and properly brought to account.

- 1423.** According to the Appropriation Account, amounts totalling \$23.165M as expended on the maintenance of D & I works. However, the Votes Ledger reflected a balance of \$23.443M, resulting in an understatement of reported expenditure by \$278,000. The following is a breakdown of the latter expenditure:-

DESCRIPTION	AMOUNT \$
Miscellaneous works below \$180,000	12,747,127
Miscellaneous works (\$180,000 - \$450,000)	6,426,120
Construction of new sluice door at Hague	981,350
Purchase timber & diesel	936,740
Dismantle and rebuild drainage sluice door at Parika	862,380
Purchases below \$90,000	760,012
Purchases (\$90,000 - \$180,000)	729,000
TOTAL	23,442,729

- 1424.** The expenditure of \$12.747M for miscellaneous works relate to the award of five hundred and thirty-six(536) contracts for various works. However, a payment of \$151,326 for the repairs to the La Jalousie Sea Sluice, which relates to a contract of \$673,692 included under the capital programme, was charged to the current expenditure.
- 1425.** Twenty-six(26) contracts valued at \$6.426M were awarded for works falling within the limits of \$180,000 and \$450,000. A system of quotations was, however, not followed in respect of six(6) contracts valued at \$1.596M. In addition, no Engineer's Estimate was seen in respect of twenty(20) contracts valued at \$4.820M. Twenty-one(21) contracts valued at \$4.998M were also for weeding, cleaning and excavation. Further, the cost of the construction of a greenheart box koker at Hogg Island for \$333,680 should have been charged to the Region's capital programme.
- 1426.** The contract for construction and installation of a new sluice door at Hague, W.C.D was awarded for \$748,150. There was an approved variation of \$233,200, giving a revised contract sum of \$981,350. Notwithstanding the above observations, the works were physically verified while the items purchased were verified as having been received and properly brought to account.
- 1427.** According to the Appropriation Account, amounts totalling \$5.899M were expended on Maintenance of Other Infrastructure. However, the Votes Ledger reflected a balance of \$6.569M, resulting in an understatement of the reporting expenditure by \$670,000. The following gives a breakdown of the actual expenditure:-

DESCRIPTION	AMOUNT \$
Miscellaneous works (\$90,000 -\$180,000)	2,347,417
Construction of fence & revetment at New Anglet Nursery School, Canal No. 2	626,660
Clearing area for furnace at WDRH Compound	448,500
Construction of revetment at Parika Nursery	435,920
“ “ fence at Den-Amstel Nursery	380,900
“ “ two (2) concrete culvert at Kastev	378,319
“ “ fence at Zeelugt Nursery	370,600
“ “ fence around Male Surgical WDRH	252,650
Grading of dam at Hague/Den-Amstel & Fellowship	248,500
Constr. of water tank trestle at Cottage Hospital, Wakenaam	218,020
Purchases of hardwood & zinc sheets	216,650
Construction of fence around WDRH laundry & kitchen	196,511
“ “ concrete culvert at Kastev	189,159
“ “ bridge approach WDRH gate	187,550
Miscellaneous purchases	71,585
TOTAL	6,568,941

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

- 1428.** Amounts totalling \$17.925M were expended as Transport, Travel & Postage, as follows: -

DESCRIPTION	AMOUNT \$,000
Local Travel & Subsistence	10,794
Postage, Telex & Cablegrams	1,015
Vehicle Spares & Maintenance	6,116
TOTAL	17,925

- 1429.** The following observations were made in relation to the above expenditure:-

- (a) Thirteen (13) payment vouchers totalling \$186,880 were not entered in the Votes Ledger, resulting in an understatement of expenditure. There was also an understatement of the expenditure of the Education Programme by \$5,180;
- (b) Amounts totalling \$9.421M were expended on overtime, meal and travelling allowances. However, there was no evidence that the Public Service Management had given 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. An overtime register was also not kept to monitor overtime work undertaken; and
- (c) Amounts totalling \$6.116M were expended on the repairs to vehicles. However, historical records were not maintained for vehicles to monitor the cost of repairs for each vehicle.

1430. Amounts totalling of \$1.204M were expended on Telephone Charges. However, the Telephone Register reflected recordings totalling \$443,658, resulting from the failure to update this record with all the bills from the Telephone 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 \$16,034 out of the \$25,688 recorded in the Register, represented all amounts due to be refunded for the period.

1431. Amounts totalling \$3.223M were expended on Electricity Charges. However, an examination of the transactions revealed that an amount of \$16,300 was expended on water charges but was included as electricity charges under the Education Programme. In addition, the Electricity Charges Register reflected a balance of \$2.307M, due to the failure to update the record. Supervisory checks were also not evident in the record.

1432. Amounts totalling \$9.414M were expended for Other Goods & Services Purchased, as follows: -

DESCRIPTION	AMOUNT \$'000
Security Services	728
Repairs & Maintenance of Equipment	3,689
Cleaning & Extermination Services	1,760
Other	3,237
TOTAL	9,414

1433. Included in the expenditure of \$728,000 for security services were amounts totalling \$422,990 relating to travelling and subsistence and refreshments. This represents a misallocation of expenditure.

1434. In relation to the amount of \$3.689M expended on the repairs and maintenance of equipment, it was observed that the laundry machine at West Demerara Regional Hospital was repaired at a cost of \$414,000 but there was no evidence that a system of quotation was followed before the contract was awarded.

1435. Excess expenditure totalling \$5.778M was incurred under the five(5) expenditure programmes. Since there were savings under other subheads, it would have been more appropriate for a virement of funds to be sought to accommodate the excess expenditure.

Stores and Other Public Property

1436. Three(3) separate stores were 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.

- 1437.** During the year, the Region disposed of one hundred and ten(110) unserviceable items. However, there was no evidence that the approval of the Secretary to the Treasury was sought for their disposal nor were the items sold by way of any form of competitive bidding. The sale realised \$1.599M. Included in this amount was the sale of a lowbed for \$150,000. The equipment was repaired by the new owner in the Region's premises within hours of the sale.
- 1438.** An independent record of stocks i.e. the stores ledger, was not maintained for the Regional Hospital Store, and a physical verification of a sample of items in September 2000 revealed several instances where items were either short or were in excess. In relation to the Crane Store, the stores ledger was computerised but could not be accessed because of hardware problems.
- 1439.** The Region's inventory records were not updated since they were last checked in August 1997. In addition, a physical inspection carried out in September 2000 revealed that several items seen were not recorded on the inventory.

Capital Expenditure

Subhead 11001 - Bridges

- 1440.** The sum of \$4.8M was allocated for the construction of bridges at De Kendren (West) and Thompson Dam, Vergenoegen. Amounts totalling \$600,140 were expended in the construction of a bridge at De Kendren which was physically verified.

Subhead 12001 - Buildings (Education)

- 1441.** The sum of \$30M was voted for construction of nursery schools at Farm, Hague, Crane and Hydonie. Amounts totalling \$22.003M were expended in the construction of the following:-

DESCRIPTION	AMOUNT \$
Nursery School at Tuschen	5,868,197
“ “ at Hydronie	5,523,024
“ “ at Farm	5,962,867
“ “ at Parika	3,400,239
“ “ at Den Amstel	675,999
Painting of Nursery School at Den Amstel & Parika	446,890
Rehabilitation of Patentia Nursery School	125,935
TOTAL	22,002,951

- 1442.** Approval was given for the change of programme to construct a Nursery School at Tuschen instead of at Hague. However, no approval was seen for the construction of nursery schools at Den Amstel and Parika.
- 1443.** The contract for the construction of Nursery School at Tuschen was awarded to the fifth lowest bidder in the sum of \$5.399M on the grounds that he had a good track record with the Region compared with the other bidders. The lowest bid was \$4.827M. There was a variation of \$469,320, giving a revised contract sum to \$5.868M.
- 1444.** In relation to the construction of Nursery School at Hydronie, the contract was awarded to the second lowest bidder in the sum of \$5.315M on the grounds that the lowest bid of \$3.058M was unrealistic compared with the Engineer’s Estimate of \$6.217M. A variation of \$210,585 was approved, giving a revised contract sum to \$5.526M.
- 1445.** The contract for the construction of nursery school at Farm was awarded to the seventh lowest bidder in the sum of \$5.453M because of his good track record with the Region compared with the other lower bidders. The lowest bid of \$3.407M while the Engineer’s Estimate was \$6.309M. There was a variation of \$517,873, giving a revised the contract sum to \$5.971M.

1446. In relation to the construction of Parika/Salem Nursery School, the contract was awarded in 1998 in the sum of \$5.301M. There was an approved variation of \$314,678, giving a revised contract sum of \$5.616M. The contract for the construction of Den Amstel Nursery School was awarded in 1998 in the sum of \$5.120M. There was also an approved variation of \$314,675, giving a revised contract sum of \$5.434M. The amount of \$675,999 shown as payment in 1999 represents the balance due to the contractor.

1447. The above works were physically verified and conformed generally to the specifications contained in the respective bills of quantities.

Subhead 12002 – Buildings (Health)

1448. The sum of \$13M was allocated for (a) construction of ramp to connect the Theatre and Maternity Ward and the Theatre and Paediatric Ward (b) construction of specialised Aids Clinic and furnace at West Demerara Regional Hospital and (c) rehabilitation of the Administration building. Amounts totalling \$3.217M were expended as follows: -

DESCRIPTION	AMOUNT \$
Electrical works on Tuberculosis Ward	1,536,813
Construction of furnace	967,726
Painting of male medical and maternity wards	541,943
Purchase of refrigerator	95,000
“ “ gas stove	76,000
TOTAL	3,217,482

1449. As can be noted, the construction of the ramps to connect the theatre and maternity ward and the theatre and Paediatric ward and the specialised Aids Clinic were not undertaken. In addition, there was no evidence that approval was granted for a change of programme to undertake the electrical works on the Tuberculosis Ward.

- 1450.** In respect to electrical works on Tuberculosis Ward, the contract was awarded for \$1.536M. It should be noted that in addition to the electrical repairs, the Ward had undergone rehabilitative works since 1997 in the sum of \$9.595M. However, up to the time of reporting, the Ward was not utilised. In addition, at the time of the inspection, the ablution area and floors were unkempt, revealed signs of decay and there were signs of bat infestation.
- 1451.** The contract for the construction of furnace at West Demerara Regional Hospital was awarded for \$653,576. There was a variation of \$314,160 to facilitate the building of a walk way to the furnace, giving a revised the contract sum to \$967,726. At the time of the inspection in August 2000, the furnace was completed but was not put to use by the Hospital Administration.
- 1452.** The contract for the repairs, painting and plumbing of the male medical and maternity wards at the West Demerara Regional Hospital was awarded for \$1,187,696. The related works were completed and was physically verified.

Subhead 12003 – Administration Building

- 1453.** The sum of \$1.5M was voted for the rehabilitation of the Administration Building at Vreed-en-Hoop. Amounts totalling \$939,197 were expended. The works were physically verified.

Subhead 13001 - Agricultural Development

- 1454.** The sum of \$20M was voted for the rehabilitation of drains and construction of box kokers at Hogg Island and Potosi. Amounts totalling \$20.262M were expended resulting in an over-expenditure of \$262,000. The following is a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$
Carrying out works on Phoenix koker, Leguan	7,805,940
Rehabilitation of the Potosi escape channel	3,708,800
Construction of green heart box at Western Hogg Island	2,710,669
“ “ dams across creeks at Hogg Island	1,722,280
Repairs to Potozi Sea Sluice	1,642,500
Construction of sea sluice door at La Jalousie	825,018
“ “ greenheart box at Hogg Island	445,740
“ “ mats for hymac and dragline	261,000
“ “ 20 foot boat	110,000
“ “ guard hut at Hogg Island School	90,375
Rental of one(1) hammer to build dam	40,000
Total cost related to works	19,362,322
Other Expenditure:	
Payment for Travelling & Subsistence	585,930
Payment for fuel	267,400
Payment for overtime	46,206
	899,536
TOTAL	20,261,858

1455. The contract for the construction of koker at Phoenix in Leguan was awarded in 1998 for a sum of \$5.945M. There was an approved variation in 1998 of \$648,000, giving a revised contract sum of \$6.593M. In 1999, there was a further variation of \$7.305M, giving a further revised contract sum of \$13.898M. The variation was to facilitate revetment works on the inlet and outlet of the out-fall channel, together with additional works on the foundation of self-outing door, piling and general concrete works. As at 31 December 1999, amounts totalling \$12.974M were paid to the contractor.

1456. The contract for the construction of greenheart box koker at Western Hogg Island was awarded to the second lowest bidder in the sum of \$2.617M on the grounds of superior performance. The lowest bid was \$2.198M while the Engineer’s Estimate was \$3.221M. There was also a variation of \$93,763 which increased the contract sum to \$2.711M.

- 1457.** The construction of dams across creeks at Hogg Island was undertaken by four(4) contracts valued at \$1.748M while the contract for the rehabilitation of Potosi Sea Sluice was awarded to the second lowest bidder for \$1.643M because of superior performance. The lowest bid was \$1.530M while the Engineer's Estimate was \$1.733M.
- 1458.** The contract for the construction of sluice door at La Jalousie was awarded in the sum of \$673,692 without any form of competitive bidding. This was due to an emergency whereby residents had been experiencing severe flooding due to a broken sluice door. There was an approved variation of \$151,326, giving a revised contract sum of \$825,018.
- 1459.** The above works were physically verified and conformed generally to the specifications as contained in the respective bills of quantities.

Subhead 14001 - Roads

- 1460.** The sum of \$36.5M was voted for the construction of roads at La Retraite, Kastev, Unity, Uitvlugt and Hogg Island, together with the rehabilitation of Fort Island school road. Amounts totalling \$29.398M were expended, as follows:-

DESCRIPTION	AMOUNT \$
Purchases of crusher run	13,561,419
Grading & constructing road at N/Hogg Island	6,600,000
Rehabilitation of road at Kastev, Meten-Meer-Zorg	3,032,840
Construction of road at Unity	4,999,216
Outstanding liabilities for 1998	1,096,945
Sub-total	29,290,420
Other Expenditure: -	
Payment for meals	1,200
Travelling and Subsistence	106,600
	107,800
TOTAL	29,398,220

- 1461.** As can be noted, the construction of roads at La Retraite, Uitvlugt and the Fort Island School road was not undertaken. Approval was granted for a change in the programme to utilise savings to pay 1998 outstanding liabilities totalling \$1.097M.
- 1462.** In relation to the purchases of crusher run, a total of 3,830 tons were ordered of which 3,758.95 tons valued at \$13.561M were received, as shown below:-

LOCATION DELIVERED	DESCRIPTION	TONS ORDERED	TONS SUPPLIED	AMOUNT \$
Leonora	3"minus crusher run	1000	1,000	3,764,998
Wakenaam	3"minus road base	1330	1,259	4,149,600
Crane	1 st grade crusher run	1000	999.95	3,265,820
Fort Island	3"minus Road base	500	500	2,500,000
TOTAL		3830	3,758.95	13,680,418

At the time of inspection in July 2000, an amount of 71.05 tons remained to be supplied in respect of the order for Fort Island.

- 1463.** The contract for the construction of road at Northern Hogg Island was awarded \$6M. An over payment of \$600,000 was, however, made to the contractor. Up to the time of reporting, the latter amount was not recovered.
- 1464.** In relation to the construction of 1,410ft road at Kastev, Meten-Meer-Zorg, the contract was awarded for \$2.591M. A variation of \$441,640 was approved to facilitate the construction of an extra 683ft of roadway, giving a revised contract sum of \$3.033M. The contract for the construction of road at Unity Dam, La Grange was awarded for \$4.999M. The above works were physically verified.

Subhead 19001 - Land Development

- 1465.** The sum of \$10.5M was allocated for the construction of roads in squatting areas at Zeelugt, Tuschen, Vergeneogen, Crane, Belle Vue and construction of bridge at Kastev. According to the Appropriation Account, amounts totalling \$7.654M were expended as follows:-

DESCRIPTION	AMOUNT \$
Construction of road at Belle Vue	2,831,000
“ “ bridge at Kastev	1,623,860
Spreading of crusher run at Crane	819,500
Sub-total	5,274,360
Other works:	
Supplying and spreading white sand at Pouderoyen 123,500	
Cleaning/distilling of drain at Jai Dam, Tuschen 67,500	
Sealing of emergency work at Phoenix Park 150,000	
Construction of culvert at Meten-Meer-Zorg 189,159	530,159
Outstanding liabilities for 1998	1,249,844
TOTAL	7,054,363

- 1466.** As can be noted, the construction of the roads at squatting areas at Zeelugt, Tuschen and Vergeneogen was not undertaken. In addition, there was no evidence that approval was granted for a change in programme to accommodate (i) the spreading of crusher run at Crane (ii) supplying and spreading of white sand at Pouderoyen (iii) the cleaning and distilling of the drain at Jai Dam, Tuschen (iv) the sealing of emergency work at Phoenix Park and (v) the construction of a culvert at Meten-Meer-Zorg.
- 1467.** The amount of \$7.654M reflected in the Appropriation Account was not in agreement with that shown in the Votes Ledger. The latter showed a balance of \$7.054M. As a result, the Appropriation Account was overstated by \$600,000.

1468. In July 1999, the Accounting Officer requested and received approval for a change of programme to utilise savings under the subhead to pay outstanding liabilities totalling \$\$2.049M for the supplying and spreading of white sand in Crane Housing Scheme. However, only amounts totalling \$1.250M were paid.

1469. The contract for the rehabilitation of Bell Vue squatting area road was awarded in the sum of \$2.581M. There was an approved variation of \$250,000, giving a revised contract sum of \$2.831M. In relation to the construction of the bridge at Kastev, Meten-Meer-Zorg, the contract was awarded to the second lowest bidder for \$1.624M on the basis of superior performance. The above works were physically verified.

Subhead 25001 - Equipment (Health)

1470. The sum of \$6M was voted for the purchase of dental instruments, theatre equipment, a microscope, gas stove and refrigerator. Amounts totalling \$2.654M were expended as follows: -

DESCRIPTION	AMOUNT \$
1 - BCI capriocheck pulse charger	1,008,000
1 - propaq encore cardiac monitor	1,369,260
1 - burdick pulse oximeter	277,020
TOTAL	2,654,280

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

Subhead 25002 - Equipment & Furniture (Administration)

1471. The sum of \$500,000 was allocated for the purchases of one(1) fax machine, typewriters, chairs and filing cabinet. Amounts totalling \$493,000 were expended. However, no fax machine or typewriters were acquired. The items purchased were verified as having been received but were not inventorised.

Subhead 25003 - Furniture & Equipment (Education)

1472. The sum of \$2M was allocated for the purchases of furniture for nursery, primary and secondary schools and practical instruction centres. An amount of \$1.973M was expended as follows: -

DESCRIPTION	AMOUNT \$
Construction and supply of furniture	1,003,800
Purchase of office equipment	548,900
Construction of sixty(60) combination chair	420,000
TOTAL	1,972,700

1473. As can be noted, office equipment valued at \$548,900 was acquired but there was no evidence that approval was granted for a change of programme to accommodate this expenditure.

1474. The contract for the construction of school furniture was awarded for \$1.004M. An examination of the contract document, however, revealed that the quantity of furniture to be constructed was not stated. An account submitted by the contractor, however, indicated that the following were supplied to the Region:-

DESCRIPTION	AMOUNT \$
140 "A" type benches	378,000
140 "A" type desks	378,000
126 wooden nursery chairs	189,000
21 wooden nursery tables	58,800
TOTAL	1,003,800

1475. The contract for the construction of sixty(60) combination chairs was awarded for \$420,000 without a system of quotations being adhered to. At the time of the inspection, twelve(12) chairs were in a state of disrepair as a result of a failure to use properly dressed wood in their construction. It is understood that the contractor had promised to remedy these defects.

HEAD 74 & DIVISION 534

REGION 4 - DEMERARA/MAHAICA

Current Expenditure

Employment Costs

- 1476.** The salaries bank account Nos. 683 and 864, which became non-operational in May 1996, were overdrawn by \$1.024M and \$6.298M respectively as at 31 December 1999. It is again recommended that the overdrafts be investigated and steps taken to close these accounts. Another non-operational bank account No. 684 reflected a balance of \$1,110 which should be transferred to the Consolidated Fund.
- 1477.** The two(2) present salaries accounts Nos. 3029 and 3030, which were established in June 1996, were overdrawn on numerous instances and as at 31 December 1999 they reflected overdrafts of \$6.0M and \$4.098M respectively. Another salaries bank account No. 3036 reflected a large balance of \$35.180M as at this date. In addition, these accounts were not reconciled since they were established. These matters were drawn to attention in my previous reports, and despite this, there was no evidence of remedial action taken to avoid the accounts being overdrawn and to effect their prompt reconciliation.
- 1478.** 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 reflected significant 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	8,387,128	1,774,504	55,553
February	4,026,284	1,150,216	41,889
March	9,163,884	1,988,465	80,165
April	9,126,097	2,001,191	89,572
May	9,288,604	2,210,236	164,047
June	9,204,722	2,115,039	238,267
July	14,695,831	2,187,643	121,332
August	9,073,874	2,114,416	131,206
September	10,421,964	2,192,973	131,700
October	345,041	387,177	145,036
November	10,554,647	2,811,669	38,670
December	Not balanced	Not balanced	72,619

- 1479.** 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. 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.
- 1480.** Several persons, who reached the retirement age of 60, continued in the employ of the Region on a full-time basis. However, no authority for their continued employment was seen. This matter was drawn to the attention of the Accounting Officer.
- 1481.** During the period under review, the Region employed approximately 2,300 persons. However, the NIS numbers for 1,154 employees were not quoted in the related records. Since contributions to the Scheme have implications for social security and other benefits, every effort should be made to ensure that employees are properly registered with the Scheme.

Other Charges

- 1482.** Cheque orders are required to be cleared within sixteen(16) days through the submission of bills, receipts and other supporting documents. However, cheque orders were being cleared on average twenty-six(26) days later. In addition, at the time of reporting, twenty-seven(27) cheque orders valued at \$5.869M had not yet been cleared. In the circumstances, it could not be determined whether value was received in respect of these payments.

1483. Amounts totalling \$6.723M were expended on fuel and lubricants. However, of the ten(10) vehicles and equipment for which log books were required to be maintained, log books were presented in respect of only two(2) vehicles. In the absence of log books, it could not be determined whether effective control was exercised over the use of these vehicles. In addition, an analysis of fuel consumption revealed that the average weekly consumption per vehicle was forty-four(44) gallons. This level of consumption appears to be high. It is therefore recommended that a review be carried to determine whether or not it can be reduced to a more realistic level.

1484. Amounts totalling \$30.022M were expended for the Rental & Maintenance of Buildings. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$
Repairs to H/M Quarters at Timehri	2,837,009
“ “ B/V Community High	2,270,825
“ “ Teachers Quarters at Bladen Hall	2,125,107
“ “ Annandale Primary School	1,967,445
“ “ Quamina Primary School	1,781,769
“ “ Silver Hill Primary School	1,684,620
“ “ Vryheid’s Lust Nursery School	1,589,835
“ “ Silver Hill Teachers Quarters	1,268,510
“ “ Health Centre at Herstelling	1,227,755
“ “ Phildonia Nursery School	1,091,570
“ “ Haslington Nursery School	1,027,000
Miscellaneous repairs (\$450,000 - \$850,000)	4,958,687
Miscellaneous “ (\$180,000 - \$450,000)	1,637,841
Miscellaneous “ (below \$180,000)	1,988,790
Purchase of building materials	870,237
Janitorial and cleaning supplies	654,000
Rental of buildings	1,041,300
TOTAL	30,022,300

- 1485.** The contract for the repairs to the headmaster's quarters at Timehri was awarded in the sum of \$1.252M. There was an approved variation for \$1.585M, giving a revised contract sum of \$2.837M. In relation to the repairs to the Beterverwagting Community High School, the contract was awarded to the second lowest bidder in the sum of \$1.521M on the grounds that the lowest bid of \$1.207M was considered too low. There was an approved variation for \$749,620, giving a revised contract sum of \$2.271M.
- 1486.** The contract for the repairs to the teacher's quarters at Bladen Hall was also awarded to the second lowest bidder in the sum of \$2.131M in preference of the lower bidder whose tender of \$1.690M was considered too low. In respect of the repairs to the, the Annandale Primary School, the contract was awarded to the fifth lowest bidder in the sum of \$1.615M on the grounds that the lower bids were too low compared with the Engineer's Estimate of \$1.703M. The lowest bid was \$1.2M. There was an approved variation for \$352,570, giving a revised contract sum of \$1.967M.
- 1487.** The contract for the repairs to the Quamina Primary School was awarded to the third lowest bidder in the sum of \$1.638M in preference of the two lower bidders whose tenders were considered too low when compared with the Engineer's Estimate of \$1.911M. The lowest bid was \$...M. There was an approved variation for \$143,809, giving a revised contract sum of \$1.782M. A similar observation was made in relation to the repairs to the Silver Hill Primary School. The contract was awarded to the fourth lowest bidder in the sum of \$1.668M on the grounds that the other lower bids were too low compared with the Engineer's Estimate of \$1.846M. There was an approved variation for \$77,060, giving a revised contract sum of \$1.745M.
- 1488.** The contract for the repairs to the Vryheid's Lust Nursery School was awarded to the fourth lowest bidder in the sum of \$1.355M. No reason was stated as to why the lower bids were not considered. The lowest bid was \$1.283M. There was an approved variation of \$185,300, giving a revised contract sum of \$1.540M.
- 1489.** In relation to the repairs to the Silver Hill teachers' quarters, the contract was awarded to the second lowest bidder in the sum of \$1.274M because the lowest bid of \$1.206M was considered too low compared with the Engineer's Estimate of \$1.685M. A similar observation was made in respect of the repairs to the health centre at Herstelling which was awarded to the second lowest bidder in the sum of \$861,820. There was an approved

variation of \$365,935, giving a revised contract sum of \$1.228M.

- 1490.** The Phildonia Nursery School was repaired through the award of a contract to the third lowest bidder in the sum of \$1.092M for reasons already mentioned. Similarly, the contract for the repairs to the Haslington Nursery School was awarded to the third lowest bidder in the sum of \$627,640. There was an approved variation in the sum of \$397,360, giving a revised contract sum of \$1.027M. In this case, the two(2) lower bidders were disqualified without any reasons being stated in the minutes of the Tender Board meeting.
- 1491.** Notwithstanding the above observations, the works were physically verified while the items purchased were verified as having been received and properly brought to account.
- 1492.** Amounts totalling \$41.027M were expended on the maintenance of infrastructure. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$
D & I Works	19,994,400
Rehabilitation of Haslington North access road	2,001,790
" " Enterprise - Croal street	1,208,920
" " Peters Hall school & middle streets	2,315,024
" " Mahaica disco dam	1,582,772
" " " - Jonestown access road	3,342,204
" " Cane Grove - Strathavon timber bridge	1,523,918
" " Timehri stelling	1,376,570
" " Timehri sub office fence	1,740,465
Miscellaneous rehab. (\$450,000 - \$1M)	3,068,181
Miscellaneous rehab. (\$180,000 - \$450,000)	960,925
Miscellaneous rehab. (below \$180,000)	910,596
Purchases of materials	1,001,731
TOTAL	41,027,496

- 1493.** Included in the amount of \$19.994M expended for D & I works were sums totalling \$12.410M in respect of eleven(11) contracts which awarded to three(3) NDCs for the weeding and cleaning of trenches and canals. Two(2) contracts valued at \$1.340M were also awarded for the cleaning of trenches

and canals while one(1) contract was entered into for the grading and leveling of access dams in Cane Grove in the sum of \$501,000.

- 1494.** Also included in the amount of \$19.994M was a payment of \$220,000 in respect of a contract valued at \$2.080M for the grading and levelling of access dams at Cane Grove. As at 31 December 1999, the work was completed but enough funds were not available for the full payment on the contract. The balance \$1.860M was paid in July 2000 upon approval by the Secretary to the Treasury.
- 1495.** The contract for the rehabilitation of the Jonestown access road was awarded to the fourth lowest bidder in the sum of \$3.402M on the grounds that the lower bidders did not submit compliance certificates, record of past performance and information on equipment owned.
- 1496.** The contract for the rehabilitation of the Peters Hall school and middle streets was awarded to the second lowest bidder in the sum of \$2.315M on the grounds that the lowest bid of \$2.299M was considered too low compared with the Engineer's Estimate of \$2.827M. A similar observation was made in relation to the contract for the rehabilitation of the Haslington North access road which was awarded to the fifth lowest bidder in the sum of \$2.002M. In this case, three(3) of the lower bids did not submit tax compliance certificates and lacked experience.
- 1497.** The rehabilitation of the Mahaica disco dam was undertaken through the award of a contract to the fourth lowest bidder in the sum of \$2.986M. The three(3) lower bidders were disqualified because of non-submission of method statements and defective tender documents. In respect of the repairs of the fence at the Timehri Sub-office, the contract was awarded to the third lowest bidder in the sum of \$1.740M, in preference to the two lowest tenders whose bids of \$940,410 and \$942,018 were considered too low compared with the Engineer's Estimate of \$1.760M.
- 1498.** In relation to the rehabilitation of the timber bridge at Strathavon, Cane Grove, the contract was awarded in the sum of \$1.450M. However, there was a variation of \$73,520, for which no approval was seen. The contract for the rehabilitation of the Timehri stelling was also awarded in the sum of \$1.377M.

- 1499.** The contract for the rehabilitation of the Enterprise road was awarded to the fifth lowest bidder for \$1.452M. Although there were reasons as to why the second, third and fourth lowest bidders were not considered, no reason was stated why the lowest bid of \$1.079M was not considered. The Engineer's Estimate was \$1.209M.
- 1500.** Notwithstanding the above observations, the works were physically verified while the items purchased were verified as having been received and properly brought to account.

Stores and Other Public Property

- 1501.** At the time of the audit, 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.
- 1502.** 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. The Accountant General was also not advised of these gifts so that their values can be reflected in the Public Accounts.
- 1503.** The Stores Regulations provide for the maintenance of a stores ledger to provide for an independent check on the bin cards maintained by the storekeeper. However, only one record was being maintained at both the Triumph and Timehri stores, that is the stock ledger kept by the storekeeper. Efforts should be made to ensure full compliance with the Stores regulations.

Other Matters

- 1504.** The imprest bank account No.850, which became non-operational in May 1996, reflected a balance of \$64,604 as at 31 December 1999. 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

1505. The sum of \$4M was voted for the construction of one bridge at Good Hope and another at Eccles. Amounts totalling \$2.274M were expended as follows:-

DESCRIPTION	AMOUNT \$
Construction of one bridge at Good Hope H/S	647,410
“ “ additional bridge at Good Hope H/S	775,398
“ “ bridge at Eccles	851,320
TOTAL	2,274,128

1506. The contract for the construction of the first bridge at Good Hope was awarded to the second lowest bidder for \$619,020 on the grounds of experience. The lowest bid was \$490,120 while the Engineer's Estimate was \$666,780. There was a variation of \$28,200, giving a revised contract sum of \$647,220.

1507. In relation to the construction of the additional bridge at Good Hope, the contract was also awarded to the second lowest bidder for \$705,170 on the grounds that the lowest bid of \$582,088 was too low when compared with the Engineer's Estimate of \$666,780. A variation of \$70,228 was approved, giving a revised contract sum of \$775,398. The works was physically verified.

1508. The contract for the construction of the bridge at Eccles was awarded to the sixth lowest bidder for \$762,720 on the grounds that it was within 10% of the Engineer's Estimate of \$851,040. The lowest bid was \$567,208,800. A variation of \$88,600 was approved, giving a revised contract sum of \$851,320.

1509. The above works were physically verified and conformed generally to the specifications as contained in the respective bills of quantities.

Subhead 12001 - Buildings (Education)

1510. The sum of \$18.5M was allocated for (a) construction of Sub-Office and Resource Centre at Friendship (b) rehabilitation of Friendship Community High School, including fence and (c) extension of Eccles and Mon Repos nursery schools. Amounts totalling \$16.628M were expended as follows:-

DESCRIPTION	AMOUNT \$
Construction of Resource Centre at Friendship	4,474,511
Rehabilitation of Friendship CHS fence	2,931,840
Extension of Mon Repos Nursery School	5,423,021
Rehabilitation of Friendship industrial arts building	237,800
Consultancy services	580,434
Miscellaneous	40,000
Sub-total	13,687,606
Construction of Samatta Point Nursery School	293,555
Addition to Friendship CHS	219,600
Construction of Enterprise Nursery School	743,160
“ of Victoria Nursery School	967,616
Consultancy services	716,255
	2,940,186
TOTAL	16,627,792

1511. The contract for the construction of the Resource Centre at Friendship was awarded to the second lowest bidder in the sum of \$7.415M on the grounds that the lowest bid of \$7.298M was below the Engineer’s Estimate of \$7.561M. However, this was only 3.5 % below the Engineer’s Estimate. As at 31 December 1999, amounts totalling \$4.475M were paid to the contractor, and a perusal of the Estimates for 2000 revealed that the works were not re-budgeted for.

1512. In respect of the rehabilitation of the Friendship Community High School fence, the contract was awarded to the highest of seven(7) bidders for \$4.896M on the grounds that the lower bids were unrealistic compared with the Engineer’s estimate of \$4.905M. The lowest bid was \$1.907M. As at 31 December 1999, amounts totalling \$2.932M were paid to the contractor. The works were re-budgeted for in 2000.

- 1513.** The contract for the extension of the Mon Repos Nursery School was awarded for \$8.159M. As at 31 December 1999, amounts totalling \$5.423M were paid to the contractor. The works were re-budgeted for in 2000.
- 1514.** Approval was granted for a change in programme to rehabilitate the Friendship Industrial Arts building. The contract was awarded to the third lowest bidder for \$3.393M without any reasons being stated why the lowest bid was not favourably considered. As at 31 December 1999, amounts totalling \$237,800 were paid to the contractor. The works were re-budgeted for in 2000.
- 1515.** The amount of \$2.940M shown as having been expended on various works, represents the discharge of 1998 liabilities and for which approval was granted.

Subhead 12002 - Buildings (Administration)

- 1516.** The sum of \$4M was voted for (a) the construction of Craft Centre at Grove and (b) rehabilitation of Land Development Office at Kuru Kururu. Amounts totalling \$3.4M were expended as follows:-

DESCRIPTION	AMOUNT \$
Construction of Craft Centre at Grove	1,444,000
Rehabilitation of Land Development Office at Kuru Kururu	1,137,920
Construction of Craft Centre at Cane Grove	547,891
Consultancy services	269,902
TOTAL	3,399,713

- 1517.** The contract for the construction of the Craft Centre at Grove was awarded in the sum of \$2.733M. As at 31 December 1999, amounts totalling \$1.444M were paid to the contractor. The works were re-budgeted for in 2000.

1518. With respect to the rehabilitation of the Land Development Office at Kuru Kururu, the contract was awarded to the second lowest bidder in the sum of \$1.136M in preference to the lowest bid of \$1.076M because of experience.

The works were physically verified.

1519. The expenditure of \$547,891 for the construction of the Craft Centre at Cane Grove was in respect of a 1998 liability. However, no approval was seen for a change in programme to accommodate this expenditure.

Subhead 12003 - Buildings (Health)

1520. The sum of \$3M was provided for the rehabilitation of the mid-wife quarters at Sand Hills. Amounts totalling \$2.918M were expended. Included in this sum was an amount of \$416,119 representing unpaid liabilities for 1998. The works were physically verified.

Subhead 14001 - Roads

1521. The sum of \$20M was allocated for the rehabilitation of roads at Good Hope, Kuru Kururu, Annandale South, Virginia, Nabaclis, Friendship, Paradise and Bachelor's Adventure. Amounts totalling \$18.634M were expended in the rehabilitation of the following access roads:-

DESCRIPTION	AMOUNT \$
Good Hope	1,828,627
Kuru Kururu	2,508,295
Virginia	2,647,496
Nabaclis	2,018,805
Friendship	1,170,695
Paradise	2,130,898
Bachelor's Adventure	2,376,452
Buxton sideline	2,209,336
Ogle old road	518,030
Consultancy services	1,225,200
TOTAL	18,633,834

- 1522.** As can be noted from the above, the rehabilitation of the road at Annandale South was not done because of inadequacy of funds. In addition, the Buxton sideline dam was rehabilitated at a cost of \$2.209M but there was no evidence that approval was granted for a change in programme to accommodate this expenditure.
- 1523.** With regard to the rehabilitation of the Virginia access road, the contract was awarded to second lowest bidder for \$2.692M without any reasons being stated why the lowest bid was not favourably considered.
- 1524.** The rehabilitation of the Nabaclis Access Road was undertaken through the award of a contract valued at \$6.579M to the highest of four(4) bidders because the other three bids of \$6.233M, \$6.247M and \$6.,471M were considered too low, compared with the Engineer's Estimate of \$6.680M. However, these three(3) bids were within 7% of the Engineer's Estimate. As at 31 December 1999, amounts totalling \$2.019M were paid to the contractor. The works were re-budgeted for in 2000. However, at the time of the inspection in July 2000, the work was not re-started.
- 1525.** In respect of the rehabilitation of the Paradise Access Road, the contract was awarded to the second lowest bidder in the sum of \$2.366M on the grounds that his bid was closest to the Engineer's Estimate of \$2.446M. The lowest bid was \$2.350M which was only 4% lower than the Engineer's Estimate.
- 1526.** The Bachelor's Adventure access road was rehabilitated at a cost of \$2.377M. The contract was awarded to the third lowest bidder because the two(2) lower bids were not accompanied by valid compliance certificates.
- 1527.** The rehabilitation of the Buxton sideline dam was undertaken through the award of a contract to the third lowest bidder for \$4.269M on the grounds that the other two bids were too low compared the Engineer's Estimate of \$4.371M. The two lower bids were \$4.056M and \$4.215M which were within 7% of the Engineer's Estimate. As at 31 December 1999, amounts totalling \$2.209M were paid to the contractor. The work was re-budgeted for in 2000. However, at the time of inspection in July 2000, the work was not re-started.
- 1528.** The rehabilitation of the Ogle old road was undertaken in 1998 at a cost of \$5.180M. However, there was an outstanding liability of \$518,030 as at 31 December 1998 and for which approval was granted to discharge in 1999.

Subhead 17001 - Agricultural Development

- 1529.** The sum of \$20M was voted for (a) construction of sluices at Friendship and Supply South and (b) construction of revetment at Supply North, Supply South, Golden Grove and Cane Grove main irrigation canal. Amounts totalling \$19.681M were expended in the construction of the following:-

DESCRIPTION	AMOUNT \$
Sluice & revetment at Supply South	2,043,490
Revetment at Supply North	4,144,600
“ “ Golden Grove	8,061,400
“ “ Cane Grove	5,431,310
TOTAL	19,680,800

As can be noted, the sluice at Friendship was not constructed because of the adequacy of funds.

- 1530.** The contract for the construction of sluice and revetment at Supply South was awarded to the sixth lowest bidder for \$2.022M because the lower bids were considered too low compared with the Engineer's Estimate of \$2.574M. The lowest bid was \$1.206M.
- 1531.** In respect of the construction of the Supply North revetment, the contract was awarded to the sixth lowest bidder for \$4.148M because the other lower bids were considered unrealistic, compared with the Engineer's Estimate of \$4.092M. The lowest bid was \$2.290M.
- 1532.** The contract for the construction of the revetment at Golden Grove was awarded to the third lowest bidder for \$7.976M because the lowest bid was considered to low compared with the Engineer's Estimate of \$8.946M while the second lowest bid was not accompanied by a method statement. There was a variation of \$85,600, giving a revised contract sum of \$8.061M.

- 1533.** In relation to the construction of the revetment at Cane Grove, the contract was awarded to the fourth lowest bidder for \$5.431M on the grounds that the lowest bid was considered too low compared with the Engineer's Estimate of \$6.251M. However, no reasons were stated why the other two lower bids were not favourably considered.
- 1534.** The above works were physically verified and conformed generally to the specifications as contained in the respective bills of quantities.

Subhead 19001 - Land Development

- 1535.** An amount of \$3M was allocated for the construction of Plaisance market drains and pavements. Sums totalling \$2.634M were expended. The works were physically verified.

Subhead 25001 - Furniture and Equipment (Education)

- 1536.** The sum of \$3.5M was allocated for the purchase of benches, desks, chairs and tables for schools. Amounts totalling \$3.357M were expended. The contract for the construction of school furniture was awarded to the fifth lowest bidder for \$2.992M on the grounds that the lower bids were unrealistic compared with the Engineer's Estimate of \$3.255M. The lowest bid was \$1.022M. All items were verified as having been received and properly brought to account.

Subhead 25002 - Office Furniture and Equipment

- 1537.** The sum of \$500,000 was voted to purchase one(1) fax machine and(1) photocopier. Amounts totalling \$493,000 were expended. The items purchased were verified as having been received and properly brought to account.

Subhead 25003 - Equipment (Health)

- 1538.** The sum of \$1.5M was voted for the purchase of filing cabinets, chairs, fans, dental chairs and a computer. Amounts totalling \$992,000 were expended, including the purchase of four(4) refrigerators. However, there was no evidence that approval was granted for a change in programme to purchase the refrigerators. The items were nevertheless verified as having been received and properly brought to account.

HEAD 75 & DIVISION 535

REGION 5 - MAHAICA/BERBICE

Current Expenditure

Employment Costs

- 1539.** 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 1999. It is again recommended that these overdrafts be investigated and steps taken to close the accounts. Another non-operational salaries bank account No. 862 reflected a balance of \$8.874M at the end of 1999. This balance should be transferred to the Consolidated Fund and steps taken to close the account.
- 1540.** 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 book for account No. 3096 reflected significant balances at the end of each month, as shown below:-

MONTH	AMOUNT \$	MONTH	AMOUNT \$
January	2,771,164	July	5,279,554
February	2,879,579	August	6,957,989
March	2,879,497	September	7,505,683
April	9,069,020	October	3,432,550
May	16,408,959	November	4,762,234
June	18,925,982	December	5,511,409

- 1541.** This state of affairs was due to the failure to prepare the deduction cheques to the relevant agencies. Every effort should therefore be made to ensure that the net salaries and the related deductions transactions are processed before end of the month so that the cash book can reflect a 'nil' balance.

1542. At the time of reporting, account No. 3096 was only reconciled to April 2000, and an examination of the reconciliation statements for December 1999 revealed several items which were coming forward for a considerable period of time. The Accounting Officer explained that the Bank was written to in relation to this matter but no response was received. In addition, there was no evidence to indicate who prepared the statement nor was there evidence of checking and certification.

Other Charges

1543. Cheque orders are required to be cleared within sixteen(16) days of their issue through the submission of bills and receipts. However, for the period under review, cheque orders were being cleared on average eighty-five(85) days later. In addition, at the time of reporting, six(6) cheque orders valued at \$670,871 had not yet been cleared.

1544. Amounts totalling \$16.642M were expended on the Rental & Maintenance of buildings. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$
Carpentry works on twenty-eight(28) buildings	5,258,608
Extension of sanitary block at Yeoville Nursery School	2,776,049
Purchases of building materials	2,772,699
Extension of ground floor at Mahaicony Primary	2,496,324
Electrical and plumbing works on eighteen(18) buildings	1,903,795
Rehabilitation of Shieldstown Nursery School	1,091,628
Rental of Buildings	343,000
TOTAL	16,642,103

1545. Thirty-six(36) contracts were awarded for carpentry works on the twenty-eight(28) buildings while the contract for the extension of the sanitary block at Yeoville Nursery School was awarded in the sum of \$2.776M. The works were physically verified while the building materials were verified as having been received and properly brought to account.

1546. In relation to the Mahaicony Primary School, the contract was awarded in the sum of \$2.505M while the plumbing and electrical works were executed by eighteen(18) contracts. The contract for the Shieldstown Nursery School was awarded in the sum of \$1.553M. The works were physically verified.

1547 Amounts totalling \$63.377M were expended on the Maintenance of Infrastructure. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$
Rehabilitation of Burma Branch Road	7,532,000
Repairs to four (4) bridges	6,879,920
" " Mahaicony Branch Road	4,952,174
" " Champayne Road	3,062,366
" " De Hoop Branch Road	2,493,235
" " thirteen(13) other roads	8,877,488
Maintenance of drainage and irrigation systems	19,960,689
Other infrastructure	4,793,604
Revetment at Zeskendren	1,937,940
Photocopying	1,323,209
Publication of tender notices	528,110
Purchase of stationery	615,112
Travelling and subsistence	374,095
Purchase of typist chairs	48,244
TOTAL	63,377,176

1548. The contract for the rehabilitation of the Burma Branch Road was awarded to the fourth lowest bidder for \$7.360M on the basis that the lowest and the second lowest bids of \$5.290M and \$5.392M respectively were far below the Engineer's Estimate of \$8.942M. The third lowest bidder was considered inexperienced. The works undertaken were physically verified.

1549. Four(4) contracts valued at \$6.778M were awarded for repairs to the four(4) bridges, while the rehabilitation of Mahaicony Branch, Champayne and De Hoop Branch roads were awarded in the sums of \$4.253M, \$7.890M and \$1.791M respectively. In relation to Mahaicony and De Hoop Branch Roads, there were approved variations of \$698,378 and \$702,000 respectively, thereby giving revised contract sums of \$4.952M and \$2.493M. The works were physically verified.

- 1550.** In relation to the rehabilitation of the Champagne Road, as can be noted, amounts totalling \$3.062M were paid to the contractor based on the value of the work completed. The contract was mutually terminated since there were not adequate funds to execute the full contract.
- 1551.** Sixty-three(63) contracts valued at \$33.632M were awarded for repairs to thirteen(13) roads, drainage and irrigation systems and other infrastructure. In relation to the revetment work at Zeskendren, the contract was awarded to the second lowest bidder in the sum of \$1.938M on the basis that the lowest bidder had other works to complete.
- 1552.** The above works were physically verified and conformed generally to the specifications contained in the respective bills of quantities.

Stores and Other Public Property

- 1553.** 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) Goods received notes were not prepared to record the receipt of goods. Entries were, however, made in the Goods Received Book;
 - (c) Requisitions to Purchase (RTP's) were not always approved prior to the purchases being made; and
 - (d) Thirty-three instances totalling \$168,000 were noted where items purchased were not recorded in the Goods Received Book.

Capital Expenditure

Subhead 11001 - Bridges

- 1554.** The sum of \$10M was allocated for the construction of concrete structures at Mahaicony and De Hoop branch roads. Amounts totalling \$7.659M were expended in the construction of two(2) reinforced structures at Broomlands, Mahaicony and De Hoop Branch Road.

- 1556.** The contract for the construction of the structure at Broomlands was awarded to the fourth lowest bidder in the sum of \$6.860M on the grounds that he was more experienced in the type of work involved, compared with the other lower bidders. The lowest bid was \$5.895M while the Engineer's Estimate was \$7.222M. As at 31 December 1999, amounts totalling \$6.064M were paid to the contractor. The works were physically verified.
- 1557.** In relation to the construction works at De Hoop Branch Road, the contract was awarded in the sum of \$1.970M. As at 31 December 1999, amounts totalling \$1.467M were paid to the contractor. The works were physically verified.

Subhead 12001 – Buildings (Administration)

- 1558.** The sum of \$3M was voted for the extension of the administrative building (annex). Amounts totalling \$2.957M were expended. The contract was awarded to the second lowest bidder in the sum of \$2.955M on the grounds that the lowest bidder, whose tendered price was \$2.803M, was not known to the Region. As at 31 December 1999, amounts totalling \$2.843M were paid to the contractor. The works undertaken were physically verified.

Subhead 12003 - Buildings (Education)

- 1559.** The sum of \$16M was allocated for the extension of Belladrum Nursery School and the rehabilitation of Esau and Jacob, Karamat and Gordon Table primary schools. Amounts totalling \$15.832M were expended as follows:-

DESCRIPTION	AMOUNT \$
Extension of Belladrum Nursery School	5,284,349
Rehab. of Esau and Jacob Primary School	3,311,560
“ “ Karamat Primary School	2,909,188
“ “ Gordon Table Primary School	2,613,347
Consultancy fees	1,694,783
TOTAL	15,831,539

- 1560.** The contract for the extension of Belladrum Nursery School was awarded to the third lowest bidder in the sum of \$5.420M. The reason for not favourably considering the lowest and the second lowest bidders was that their tendered sums of \$4.550M and \$4.756M respectively were too low, compared to the Engineer's Estimate of \$5.948M.
- 1561.** In relation to the rehabilitation of the Esau and Jacob Primary School, the contract was awarded in the sum \$2.441M. There was an approved variation of \$871,000, giving a revised contract sum of \$3.312M.
- 1562.** The contract for the rehabilitation of the Karamat School was awarded in the sum \$2.985M. As at 31 December 1999, amounts totalling \$2.909M were paid to the contractor. In relation to the rehabilitation of the Gordon Table Primary School, the contract was awarded in the sum \$2.326M. There was an approved variation of \$287,000, giving a revised contract sum of \$2.613M.
- 1563.** The above works were physically verified and conformed generally to the specifications as contained in the respective bills of quantities.

Subhead 12004 - Buildings (Health)

- 1564.** The sum of \$8M was voted for (a) the extension of the health centre and rehabilitation of the living quarters at Strath Campbell (b) extension of the health centre and rehabilitation of the living quarters at Lichfield (c) construction of health centre at Belladrum. Amounts totalling \$6.959M were expended, as follows:-

DESCRIPTION	AMOUNT \$
Construction of Belladrum Health Centre	3,068,988
Rehabilitation of Strath Campbell Health Centre	1,759,583
Extension & renovation of Health Centre & living quarters at Lichfield	1,644,900
Consultancy Fees	485,855
TOTAL	6,959,326

- 1565.** The contract for the construction of the Belladrum Health Centre was awarded to the third lowest bidder in the sum of \$4.096M without any reasons being stated why the first and second lowest bids of \$3.629M and \$3.845M respectively were not favourably considered. The Engineer's Estimate was \$4.489M. The works undertaken were nevertheless physically verified.
- 1566.** In relation to the rehabilitation works at Strath Campbell Health Centre, the contract was awarded to the second lowest bidder in the sum of \$1.757M on the basis that the lowest bidder, whose tendered price was \$1.741M, had no track record in the Region. The Engineer's estimate was \$1.975M. The works undertaken were physically verified.
- 1567.** With regard to the extension and renovation works at Lichfield Health Centre and living quarters, the contract was awarded to the second lowest bidder in the sum of \$1.674M on the basis that the lowest bidder, whose tendered price was \$1.649M, did not provide evidence of track record. The Engineer's Estimate was \$1.874M. The works undertaken were physically verified.

Subhead 13001 - Drainage and Irrigation

- 1568.** The sum of \$40M was voted for (a) the excavation of the Perth/ Biaboo Main Canal, canal to link Mahaica River to Perth/Biaboo Canal and Waterloo/D'Edward facade and (b) rehabilitation of RC structures and revetments at Perth, Rutherford canal, Handsome Tree, Bellamy canal, and D'Edward. Amounts totalling \$35.199M were expended as follows:-

DESCRIPTION	AMOUNT \$
Rehabilitation of RC structure at D'Edward	5,565,860
“ “ “ “ “ Rutherford Canal	5,379,165
“ “ “ “ “ Handsome Tree	3,823,600
“ “ greenheart revetment at Bellamy Canal	3,808,050
Excavation of canal Perth/Biaboo to Mahaica River	2,902,968
Construction of RC structure at Perth	2,846,860
Rehabilitation of Perth/Biaboo Main Canal	2,443,700
Construction of greenheart revetment at Perth	2,007,800
“ of greenheart revetment at D'Edward	1,979,100
Extension of Perth/Biaboo Main Canal	1,830,300
Rehabilitation of the Waterloo/D'Edward Facade	1,816,000
Consultation fees	795,528
TOTAL	35,198,931

- 1569.** The contract for the rehabilitation of RC structure at D'Edward was awarded in the sum of \$6.252M. In relation to the construction of the RC structure at Rutherford Canal, the contract was awarded to the third lowest bidder in the sum of \$5.729M on the basis that he was a competent and experienced contractor, compared with the other lower bids of \$4.577M and \$4.620M.
- 1570.** The contract for the RC structure at Handsome Tree was awarded to the fifth lowest bidder in the sum of \$4.270M on the basis that the lowest and second lowest bids of \$3.502M and \$3.683M respectively were considered too low compared with the Engineer's Estimate of \$4.628M. The third lowest bidder, whose tendered sum was \$4.078M, did not provide the Regional Tender Board with his track record while the fourth lowest bid of \$4.144M was not considered because the contractor failed to complete work given to him in the Handsome Tree area.
- 1571.** The revetment work at Bellamy canal was awarded to the third lowest bidder in the sum of \$3.862M on the basis that the lowest and second lowest bids in the sums of \$2.364M and \$3.238M respectively were too low compared with the Engineer's estimate of \$4.293M. In relation to the excavation of canal linking Perth/Biaboo to Mahaica River and rehabilitation of the RC structure at Perth, the contracts were awarded in the sums of \$2.910M and \$3.429M respectively.

- 1572.** The rehabilitation works of the Perth/Biaboo Main Canal were awarded in two lots to the second and fifth lowest bidders in the sums of \$1.210M and \$1.445M respectively, in order to complete the works within eight(8) weeks. According to the minutes of the Regional Tender Board, had the contract been awarded to the second lowest bidder, the rehabilitation works would have taken sixteen weeks in view of the fact that the contractor had only one(1) 22RB dragline and the eight weeks time-frame needed two 22RB draglines. The reason stated for not favourably considering the lowest bid of \$2.240M. was that the contractor was occupied with extension works at De Hoop road. No reason was, however, stated why the third and fourth lowest bids of \$2.320M and \$2.720M were not favourably considered.
- 1573.** The contract for the revetment works at Perth was awarded to the third lowest bidder in the sum of \$2.008M on the basis that he was awarded the contract for the RC structure at Perth and that both works were integrally related. The lowest bid was \$1.835M while the Engineer's Estimate was \$2.585M.
- 1574.** In relation to the revetment works at D'Edward, the contract was awarded to the second lowest bidder in the sum of \$1.979M on the basis that the lowest bidder, whose tendered sum was \$1.967M, was inexperienced in revetment work. The Engineer's Estimate was \$2.585M.
- 1575.** The contract for the extension of the Perth/Biaboo Main Canal was awarded to the third lowest bidder in the sum of \$5.035M on the grounds that the lowest bid of \$3.936M was too low compared with the Engineer's Estimate of \$5.693M. The second lowest bid of \$4.990M was not considered because the contractor was inexperienced in excavation works. As at 31 December 1999, amounts totalling \$1.830M were paid to the contractor. However, the works were not re-budgeted for in 2000. In relation to the rehabilitation of the Façade from Waterloo to D'Edward, two(2) contracts were awarded in the sums of \$968,000 and \$848,000 respectively.
- 1576.** The above works were physically verified and conformed generally to the specifications as contained in the respective bills of quantities.

Subhead 14001 - Roads

1577. The sum of \$30M was voted for the rehabilitation of roads at Ithaca, Blairmont, Shieldstown, Rosignol, Woodley Park, Hopetown, Bush Lot, Belladrum, Catherinville, Airy Hall, No. 10 and No. 30 villages. Amounts totalling \$28.922M were expended on the rehabilitation of the following roads:-

DESCRIPTION	AMOUNT \$
Abary Farm to Market Road	2,500,000
Rosignol	3,917,690
Hopetown	3,553,838
No. 12 Village at Woodley Park	2,265,867
Bush Lot	2,099,627
Blairmont	2,024,365
Catherinville	1,990,438
Ithaca	1,945,294
No. 10 Village	1,855,456
Shieldstown	1,809,700
Airy Hall	1,766,432
No. 30 Village	1,606,014
Consultancy Fees	1,542,650
Publication of advertisement	44,800
TOTAL	28,922,171

1578. As can be noted, the rehabilitation of the Belladrum Road was not undertaken. Approval was granted for a change in programme to construct the Abary Farm to Market Road instead. An inter departmental warrant was issued to the Ministry of Local Government to undertake the works. However, financial returns were not seen to support the expenditure of \$2.5M, and a physical verification revealed that no work was done in 1999. As a result, the Appropriation Account was overstated by this amount.

Subhead 14002 – Roads

- 1579.** The sum of \$20M was voted for the extension of De Hoop road by one(1) mile and Mahaicony Branch Road from Esau and Jacob to Gordon Table. Approval was granted for a change in programme to rehabilitate the road from Wash Clothes to Esau and Jacob instead of the extension of the road from Esau and Jacob to Gordon Table.
- 1580.** Amounts totalling \$10.794M were expended as follows:-

DESCRIPTION	AMOUNT \$
Extension of De Hoop branch road	5,118,664
Rehab. of Mahaicony road from Wash Clothes to Esau & Jacob	5,144,850
Consultancy fees	530,913
TOTAL	10,794,427

- 1581.** The contract for the extension of the De Hoop branch road was awarded in the sum of \$5.118M. In relation to the rehabilitation of Mahaicony Branch Road from Wash Clothes to Esau and Jacob, the contract was awarded to the second lowest bidder in the sum of \$5.905M on the basis that the lowest bidder's price of \$2.736M was too low compared to the Engineer's Estimate of \$8.870M.
- 1582.** It should be noted that amounts totalling \$6.943M were expended in 1998 for the extension of the Wash Clothes to Esau and Jacob road. The Accounting Officer explained that the extension work was done with limited funds and as a result, the road deteriorated quickly.
- 1583.** The above works were physically verified and conformed generally to the specifications as contained in the respective bills of quantities.

Subhead 17001 - Land development

- 1584.** The sum of \$10M was voted for the development of lands at Bath, Bush Lot and Zorg-en-Hoop housing schemes. Amounts totalling \$9.858M were expended in the construction of the following:-

DESCRIPTION	AMOUNT \$
Eight(8) R.C. culverts at Waterloo, Bath	5,066,330
Four(4) RC structures at Experiment, Bath	2,395,971
Four(4) RC structures at Hope, Bath	2,395,791
TOTAL	9,857,912

1585. As can be noted, no work was done at Bush Lot and Zorg-en-Hoop housing schemes. The Accounting Officer explained that because of the extent of the work to be done at Bath, enough funds were not available to undertake the other works. Accordingly, the works were re-budgeted for in 2000. The works were physically verified.

Subhead 25001 - Furniture (Education)

1586. The sum of \$3M was voted for the purchase of school furniture for improved accommodation for staff and students in the Region. Amounts totalling \$2.975M were expended. The items purchased were verified as having been received and properly brought to account.

Subhead 25002 - Office Furniture & Equipment

1587. The sum of \$500,000 was voted for the purchase of one computer with printer and furniture for office and staff quarters. Amounts totalling \$460,000 were expended. The items purchased were verified as having been received and properly brought to account.

Subhead 25003 - Furniture & Equipment (Health)

1588. The sum of \$3M was voted for the purchase of one photocopier, one computer and staff furniture and equipment. Amounts totalling \$2.914M were expended. The items purchased were verified as having been received and properly brought to account.

HEADS 76 & DIVISION 536

REGION 6 - EAST BERBICE/CORENTYNE

Current Expenditure

Employment Costs

- 1589.** The salaries bank account Nos. 689 and 863, which became non-operational in 1991, were overdrawn by \$468,694 and \$899,158 respectively as at 31 December 1999. Another non-operational bank account No. 690 was overdrawn by \$916,617 while account No. 870 reflected a balance of \$1.386M. It is again recommended that the overdrafts be investigated and steps taken to close the accounts while the balance on account No. 870 should be transferred to the Consolidated Fund.
- 1590.** The following sets out the position at the time of reporting with regard to the reconciliation of the present salaries bank accounts which were opened in May 1996:-

ACCOUNT NO.	RECONCILED TO	BALANCE AT 31/12/99 \$
3070	November 1996	(10,742,304)
3071	December 1998	10,673,712
3072	November 1996	(567,490)

- 1591.** Since failure to reconcile bank accounts can lead to irregularities being perpetrated without detection, every effort should be made to ensure the prompt reconciliation of bank accounts. As can be noted, account Nos. 3070 and 3072 reflected overdrafts at the end of 1999.
- 1592.** Overdrawn balances were also noted in the bank statements of all three(3) salaries bank accounts at the end of the following months:-

MONTH	A/C NO. 3070	A/C NO. 3071	A/C NO. 3072
January	12,688,550	-	898,368
February	12,787,367	-	2,227,746
March	12,771,227	-	3,503,997
April	7,171,097	-	2,095,789
May	1,213,096	13,960,029	2,141,973
June	9,340,415	-	1,709,256
July	10,243,974	-	1,606,254
August	9,498,672	-	98,743
September	9,774,517	-	1,159,788
October	12,868,444	-	1,189,423
November	-	-	830,118
December	10,742,304	-	567,490

1593. It is a requirement for a register of contributors to the National Insurance Scheme to be maintained to monitor both employers' and employees' contributions to the Scheme. However, no such record was being maintained. In addition, an examination of the December 1999 pay sheets revealed that 1,548 employees were without NIS numbers. Since contributions to the Scheme have implications for social security and other benefits for employees, efforts should be made to introduce the register and to ensure that all employees are properly registered with the Scheme.

Other Charges

1594. Cheque orders are required to be cleared within sixteen(16) days of their issue through the submission of bills and/or receipts and other supporting documents. However, based on sample checks carried out, cheque orders were being cleared on average forty-nine(49) days later. At the time of reporting, thirteen(13) cheque orders valued at \$933,713 and relating to purchases were outstanding for 1999.

1595. Amounts totalling \$9.464M were expended on Fuel & Lubricants. This figure, however, does not include fuel and lubricants valued at \$17.992M purchased for the use by the Black Bush and Manarabisi pump stations and other drainage and irrigation plants and equipment. The latter amount was charged to Subhead 231- Subventions & Contributions to Local Organisations. Therefore, the total purchase of fuel and lubricants for the period under review amounted to \$27.456M.

1596. Of the thirty-five(35) vehicles and equipment under the control of the Region, log books for only ten(10) vehicles and equipment were presented for examination. In the absence of log books for the remaining vehicles and equipment, it could not be determined whether effective control was exercised over the use of these assets. Every effort should be made to ensure strict adherence to the requirement to maintain log books for all vehicles and equipment under the control of the Region.

1597. Fuel purchased for the Black Bush pump was being stored in bulk at the pump station. The log book for this pump was being used to record receipts and utilisation of fuel. However, this record was not satisfactorily maintained in that there were arithmetical inaccuracies relating to the running balance. This running balance was recomputed and compared with the physical balance of 1,000 gallons on hand as at 27 October 2000. The results revealed an apparent shortage of 10,044 gallons valued at \$2.180M. This discrepancy was drawn to the attention of the Accounting Officer who gave the assurance that an immediate investigation would be launched.

1598. Amounts totalling \$33.289M were expended on Rental & Maintenance of Buildings as follows:-

DESCRIPTION	AMOUNT \$
Rehabilitation of seven(7) staff quarters & two(2) offices	10,632,056
“ “ four(4) health centres	3,417,459
“ “ three(3) schools	3,211,024
“ “ Port Mourant Hospital	2,504,918
Miscellaneous works (\$180,000-\$450,000)	2,685,575
“ “ below \$180,000	1,812,360
Purchases of building materials	2,362,531
Janitorial and cleaning services	6,117,486
Other	545,613
TOTAL	33,289,022

1599. Nine(9) contracts valued at \$10.632M were awarded for the rehabilitation of staff quarters and offices, three(3) of which were not awarded to the lowest bidders without any reasons being stated in the minutes of the Regional Tender Board. A similar observation was made with regard to four(4) contracts which were awarded for the rehabilitation of the health centres and the schools. The following are the details:-

DATE	CONTRACT NO.	DESCRIPTION OF WORK	CONTRACT SUM \$'000	LOWEST BID \$'000
09-11	222	Repairs to 69 VSO quarters	1,562	1,189
28-09	153	” ” teachers quarters at Schepmoed	1,083	920
02-12	257	Repairs to doctors quarters at Asylum Street	668	660
10-11	227	Repairs to health centre at Goed Banannen Land	1,176	1,079
01-11	194	Repairs to health centre at Schepmoed	769	764
28-09	154	Repairs to Leeds Primary School	1,211	1,118
11-10	176	Repairs to Scheldon N'sy School	1,912	1,634

1600. The works were nevertheless physically verified while the items purchased were verified as having been received and properly brought to account.

1601. Amounts totalling \$33.937M were expended on the Maintenance of Infrastructure. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$
Maintenance of D & I systems in the Region	17,391,705
Repairs to East Canje Public Road	2,840,800
“ “ community road from Everton to Essen Dam	1,199,100
“ “ Lesbeholden No.2 Flat Bridge	1,051,670
“ “ Fyrish Branch Road	798,000
“ “ West Canje Public Road	573,500
“ “ three(3) sluice doors	1,519,200
“ :Everton Bridge	490,220
Miscellaneous repairs (\$180,000- \$450,000)	1,911,958
“ “ below \$180,000	1,954,769
Purchases of building materials	4,027,125
Consultancy fees	179,865
TOTAL	33,937,912

1602. The maintenance of the D & I systems relates to weeding and cleaning of the Canje Creek and distributories, drains and canals at Black Bush Polder, No.52-74 area and Crabwood Creek. These works were undertaken by thirty-one(31) contracts valued at \$17.699M. Works at the Canje Creek involved 6,600 rods of weeding and cleaning at a cost of \$528,000. Work of a similar nature was done in relation to 44,380 rods at Black Bush Polder at a total cost of \$12.768M, 19,563 rods at No. 52-74 area at a total cost of \$3.458M and 1,170 rods at Crabwood Creek valued at \$637,649.

1603. In relation to the maintenance works at East Canje Public Road, Community Road at Everton to Essen Dam, Lesboldhen No.2 Flat Bridge, Fyrish Branch Road and West Canje Public Road, five(5) contracts valued at \$10.927M were awarded. However, these contracts were not awarded to the most competitive bidders without any reasons being stated why the lower bids were not favourable considered. The following are the details:

DATE	CONTRACT NO.	DESCRIPTION OF WORK	CONTRACT SUM \$'000	LOWEST BID \$'000
23-09	144	East Canje Public Road.	2,492	2,322
31-12	388	Road from Everton to Essen Dam	5,996	4,746
15-09	117	Repairs to bridge at Lesbeholden	1,063	843
23-09	137	Fryish Branch Road	798	729
15-09	112	West Canji Public Road.	578	452

- 1604.** The contracts for the repair works for the three(3) sluices were awarded to one(1) contractor although his tendered price in all three cases were not the lowest. Again, no reasons were stated in the tender records why the lowest tenders were not accepted. However, the Accounting Officer explained that contractor who was awarded the jobs has the necessary experience in the construction of sluice doors.
- 1605.** Notwithstanding the above observations, the works undertaken were physically verified and conformed generally to the specifications contained in the respective bills of quantities.
- 1606.** The sum of \$3.325M was expended on Electricity Charges. However, a register was not maintained to indicate the meter numbers and their locations. Efforts should be made to introduce this record.

Stores and Other Public Property

- 1607.** In my 1998 Report, attention was drawn to the failure to maintain a stores ledger for the Canje Store. This record is necessary to provide for an independent check on the bin cards maintained by the storekeeper. This situation remained unremedied for the period under review. Every effort should be made to introduce this record.
- 1608.** Stores items valued at \$41,930 were reported stolen from a break and entry into the dietary stores at Fort Canje Hospital on 9 June 1999. This matter was reported to the Police who were still investigating the matter.

1609. As mentioned in my 1998 Report , there were quantities of expired drugs at New Amsterdam, Fort Canje, Port Mourant and Skeldon hospitals. Recommendations were made for their disposal. However, the Region took no action in this regard. It is again recommended that the expired drugs be disposed of in the approved manner.

1610. The Stores Regulations require the maintenance of a master as well as sectional inventories. However, only sectional inventories were maintained for the period under review. The Accounting Officer explained that efforts would be made to introduce a master inventory as early as possible.

Capital Expenditure

Subhead 12001 - Buildings (Administration)

1611. The sum of \$4M was voted for the rehabilitation of the Regional Administration Office Building. The full amount was shown as having been expended as follows:-

DESCRIPTION	AMOUNT \$
Rehabilitation of Administration Office	3,330,187
Rehabilitation of the REO and Regional Chairman's offices	448,946
Consultancy fees	199,811
Photocopy of tender documents	21,056
TOTAL	4,000,000

1612. The contract for the rehabilitation of the Administration building was awarded in the sum of \$3.637M. As a 31 December 1999, amounts totalling were \$3.330M was paid to the contractor. In relation to the rehabilitation of the REO and Regional Chairman's offices, the amount of \$448,946 was paid for works executed in 1998 based on a contract valued at \$2.158M. Both works were physically verified.

1613. The sum of \$199,811 was paid to a consultancy firm for the preparation of bills of quantities for the rehabilitation of the Administration Building. This is despite the fact that the Region has an Engineer's Department which is staffed by an engineer and three(3) superintendents of works in addition to support staff.

Subhead 12002 - Buildings (Education)

1614. The sum of \$35M was allocated for the construction of Canefield Nursery School, resource and home economics centre at No. 48 Village and resource centre at New Amsterdam. Amounts totalling were \$20.808M expended, as follows:-

DESCRIPTION	AMOUNT \$
Construction of resource & home economics centre at No.48	9,132,000
" " Canefied Nursery School	6,310,484
Consultancy fees	2,080,000
Construction of resource centre at New Amsterdam	1,979,614
Rehabilitation of Gangaram Primary School	549,847
Other	756,041
TOTAL	20,807,986

1615. The contract for the construction of the resource and home economics centre at No.48 Village was awarded in the sum of \$10.370M. However, the basis of the award of the contract could not be determined since the related documents were not presented for audit examination by the Central Tender Board. As at 31 December 1999, amounts totalling \$9.132M were paid to the contractor. The works were re-budgeted for in 2000, and the time of reporting, they were completed.

1616. In relation to the construction of the Canefield Nursery School, the contract was awarded to the sixth lowest bidder in the sum of \$7.070M in December 1998 without any reasons stated why the lower bids ranging between \$5.250M and \$7.05M were not favourably considered. The works were completed at a cost of \$6.310M and were physically verified.

- 1617.** The amount of \$2.080M represents consultancy fees in relation to works to be undertaken at the All Saints and Siparuta Primary schools and Alness Nursery School. However, these works were not reflected in the capital programme of the Region and a perusal of the Estimates of Expenditure for 2000 revealed that there was no budgetary allocation for the All Saints Primary School. In addition, the contract was entered into on 31 December 1999, the date on which payment was effected.
- 1618.** The contract for the construction of a Resource Centre at New Amsterdam was awarded in the sum of \$9.296M. However, the basis of the award could not be determined since the related documents were not presented for audit by the Central Tender Board. As at 31 December 1999, amounts totalling \$1.980M were paid to the contractor. The works were re-budgeted for in 2000 and at the time of reporting, they were completed.
- 1619.** The amount of \$549,847 expended on the rehabilitation of the Gangaram Primary School, represents retention money due to the contractor. However, this amount was not budgeted in 1999 and there was no evidence that approval was granted for a change in programme to incur the expenditure

Subhead 12003 - Buildings (Health)

- 1620.** The sum of \$25M was budgeted for the rehabilitation of Skeldon and New Amsterdam hospitals and Skeldon Nurses' Hostel. Amounts totalling \$10.368M were expended. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$
Rehabilitation of Skeldon Hospital	6,102,120
" " nurses' hostel at Skeldon Hospital	1,979,614
" " New Amsterdam Hospital	1,127,709
Consultancy Fees	973,000
Rehabilitation of medex quarters at Brothers Village	99,168
Photocopying and advertisement	86,323
TOTAL	10,367,934

- 1621.** The contracts for the rehabilitation of Skeldon Hospital and Nurses' Hostel at Skeldon Hospital were awarded in the sums of \$6.970M and \$2.079M respectively. As at 31 December 1999, amounts totalling \$6.012M and \$1.8M were paid to the contractors. The works were physically verified.
- 1622.** The contract for the rehabilitation of the New Amsterdam Hospital was awarded on 23 December 1999 in the sum of \$9.925M. However, the basis of the award could not be determined since the related documents were not presented for audit by the Central Tender Board. The contractor was paid a mobilisation advance of \$992,464 on 31 December 1999. The work was re-budgeted for in year 2000. The contractor was paid a further sum of \$4.619M in 2000 based on measured work. He failed to complete the contract which was terminated on 30 June 2000. However, only \$198,493 of the mobilisation advance was recovered. At the time of reporting, the balance of \$793,971 was not recovered.

Subhead 13002 - Drainage and Irrigation

- 1623.** The sum of \$60M was budgeted for (a) rehabilitation of canals at Black Bush, Alness, Liverpool, Crabwood Creek, Limplair, Kildonan, Nurney, Friendship, No. 54/74, Maida and Macaw to Lighttown (b) construction of check boxes and sluice doors and revetments (c) reconditioning of outfall channels and (d) construction of heavy duty bridges at Yakusari, Mibicuri, Johanna, Lesbeholden and No. 52/74. Amounts totalling \$25.034M were expended as follows:

DESCRIPTION	AMOUNT \$
Rehabilitation of ten (10) canals	15,013,756
Construction of four (4) sluice doors	2,534,091
Construction of three(3) heavy duty bridges	7,272,174
Transportation of water pump	124,320
Advertising and photocopying	89,890
TOTAL	25,034,231

- 1624.** As can be noted from the above, the outfall channels were not rehabilitated. In addition, no rehabilitation of canals was done at Alness, Limplair and Macaw to Lighttown and no heavy duty bridges were constructed at Mibikuri and Lesbholden.
- 1625.** Included in the amount of \$15.014M spent on the rehabilitation of ten(10) canals, is the sum of \$1.6M expended on the rehabilitation of Whim canal. However, a change of programme was not obtained to accommodate the latter expenditure.
- 1626.** Three(3) instances were noted where the contract was not awarded to the lowest bidder and no reason was stated why the lower bids were not favourably considered. The first case relates to Friendship frontlands irrigation canal where the contract was awarded to the third lowest bidder at his tendered price of \$2.066M. The others relate to Nurney and Maida frontlands irrigation canals where the awards were made to the fourth and second lowest bidders in the sums of \$2.077M and \$2.012M while the bids for these works were \$2.044M and \$1.940M respectively.
- 1627.** With regard to the amount of \$2.543M expended on the construction of the four sluice doors, works were executed at No. 47, Adventure, Black Bush Polder and Crabwood Creek. Amounts totalling \$711,621 were paid for works completed at the No. 47 sluice door based on three(3) 1998 contracts awarded in the total sum of \$4.043M. The amount of \$3.009M was already paid in 1998 and as at 31 December 1999, the total amount paid for the No. 47 sluice door was \$3.721M.
- 1628.** Three contracts were awarded in the sum of \$1.822M for the other three(3) sluice doors and as at 31 December 1999, the full amount was paid to the contractors for works completed at Adventure, Black Bush Polder and Crabwood Creek.
- 1629.** With regard to the three(3) heavy duty bridges, three(3) contracts in the sum of \$7.272M were awarded for the construction of the bridges at Johanna, Yakusari south and No. 67 Façade. The contracts for the Johanna and Yakusari bridges were awarded to the third and fifth lowest bidders in the sums of \$2.475M and \$2.610M respectively without any reason stated in the minutes of the Regional Tender Board why the lowest bids of \$2.156M in each case were not favourably considered. The contractors were paid the full amount of \$7.272M as at 31 December 1999.

1630. The above works were physically verified and conformed generally to the specifications contained in the respective bills of quantities.

Subhead 14001 - Roads

1631. The sum of \$40M was voted for (a) the rehabilitation of community roads at Ankerville, Port Mourant market road, No. 54 Nursery School Street, Mara Road and Overwinning Road and (b) construction of New Forest Road. Amounts totalling \$33.266M were expended in the rehabilitation of the following:-

DESCRIPTION	AMOUNT \$
New Forest Road	6,187,127
Mara Road	4,237,095
Ankerville Road	3,083,729
Consultancy fees	1,172,489
Photocopying and advertising	128,568
	14,809,008
Miscellaneous purchases	5,424,850
Independence Ave. Rose Hall Town	4,708,395
Cinema and Train Line streets, Port Mourant	2,697,107
No. 73 Middle-walk dam	1,558,922
Bloomfield Community Road	935,316
8 th Street, Tain	901,542
No. 51 North Road	795,990
All weather road at Williamsburg	539,805
Topo Road at Nigg	422,274
No.48 Cemetery Road	355,228
Concrete structure at Crab Wood Creek	118,000
	18,457,429
TOTAL	33,266,437

1632. As can be noted, no work was done at Port Mourant Market Road, No 54 Nursery School Road and Overwinning Road. In addition, amounts totalling \$18.457M were expended on miscellaneous purchases, the rehabilitation of nine(9) roads and one(1) concrete structure. However, with the exception of Independence Avenue, there was no evidence that

approval was granted for a change in programme to accommodate these expenditures.

- 1633.** The contract for the construction of the New Forest Road was awarded in the sum of \$6.701M. However, the basis of the award could not be determined because the related tender documents were not presented for audit examination by the Central Tender Board. As at 31 December 1999, amounts totalling \$6.187m were paid to the contractor.
- 1634.** With regard to the rehabilitation of the Mara Road, the contract was awarded in the sum of \$4.647M and as at 31 December 1999, amounts totalling \$4.237M were paid to the contractor for works completed.
- 1635.** The rehabilitation of the Ankerville Road was contracted to the second lowest bidder in the sum of \$3.293M on the basis that the lowest bid of \$1.297M was too low compared to the Engineer's Estimate of \$3.713M. As at 31 December 1999, the contractor was paid the sum of \$13.048M.
- 1636.** The amount of \$5.524M expended on miscellaneous purchases relates to payments of \$3.031M, \$1.5M and \$894,000 for the supply of stones, bauxite capping and bitumen respectively. At the time of reporting, 20 drums of bitumen and 652 tons of bauxite capping were still to be uplifted from the suppliers. The other items were received and properly brought to account.
- 1637.** The amount of \$4.708M paid for the rehabilitation of the Independence Avenue, Rose Hall Town relates to a 1998 contract valued \$8.612M. The amount charged to the 1998 Appropriation Account was \$8.137M. However, included in that amount was the sum of \$4.649M which was withheld pending the completion of the work. This amount was subsequently refunded to revenue in 2000. In effect, the actual amount of works completed and paid for in 1998 was valued \$3.668M. The total amount of money paid to complete the rehabilitation of Independence Avenue was therefore \$8.376M.
- 1638.** With regard to the rehabilitation of Cinema and Train Line streets in Port Mourant and No. 73 Middle-Walk Dam, the contracts were awarded to the second lowest bidders in the sums of \$5.333M and \$3.857M respectively. The lowest bids of \$4.995M and \$3.646M were considered too low compared with the Engineer's Estimates of \$5.904M and \$4.588M. The

contractors were paid the sums of \$2.697M and \$1.555M as at 31 December 1999 for works completed.

- 1639.** The amount of \$935,316 paid for the rehabilitation of the Bloomfield Community Road represents retention money in relation to a 1998 contract that was undertaken through an inter-departmental warrant issued by the Ministry of Public Works and Communication. A similar observation was made with regard to the payments of \$795,990, and \$422,274 in connection with No. 51 North Road and Topo Road at Nigg respectively.
- 1640.** Two(2) contracts valued at \$1.563M were awarded for the rehabilitation of the all weather road at Williamsburg and 8th Street, Tain. Amounts totalling \$1.441M were paid to the contractors as at 31 December 1999.
- 1641.** The expenditure of \$355,228 on No. 48 Cemetery Road relates to a 1998 contract in the sum of \$1.832M on which amounts totalling \$1.233M were paid in 1998. The amount of \$118,000 expended on the concrete structure at Crabwood Creek represents retention money in relation to a 1997 contract in the sum of \$5.133M. This contract was entered into by way of an inter-departmental warrant issued in 1997 by the Ministry of Public Works and Communication. The total amount paid, inclusive \$118,000, was \$6.982M. The difference of \$1.851M represents an approved variation.
- 1642.** The above works were physically verified and conformed generally to the specifications contained in the respective bills of quantities.

Subhead 19001 - Land Development

- 1643.** The sum of \$10M was voted for the development of housing areas at Adelphi, Cumberland, Chesney/Kilcoy, Albion, Williamsburg, Ankerville, Glasgow and Bloomfield. An inter-departmental warrant was issued to the Ministry of Local Government for it to undertake the works. The amount was subsequently paid over to Central Housing and Planning Authority(CH&PA) to execute the works in year 2000. As a result, the Appropriation Account was overstated by \$10M which should have been refunded to the Consolidated Fund.

Subhead 25001 - Furniture & Equipment (Education)

- 1644.** The sum of \$4M was voted for the purchase of desk, benches, chalk boards, teachers' tables, chairs and typewriters for schools. Amount totalling \$3.981M was expended. The items acquired were verified as having been received and properly brought to account.

Subhead 25002 - Furniture and Equipment (Administration)

- 1645.** The sum of \$500,000 was allocated for the purchase fans, chairs and one(1) refrigerator. 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)

- 1646.** The sum of \$3M was voted for the purchase of tables and chairs, refrigerator for Blood Bank, anaesthesia machine, stoves, and typewriters. Amounts totalling \$2.999M were expended. However, an ECG machine and filing cabinets valued at \$1.020M were acquired but there was no evidence that approval was granted for a change in programme to accommodate this expenditure. The items purchased were nevertheless verified as having been received and properly brought to account.

Subhead 26004 - Power Supply (Health)

- 1647.** The sum of \$3M was voted for the rehabilitation of the solar systems at Orealla, Bara Cara and Bush Lot health centres. A contract in the sum of \$2.910M was awarded to Institute of Applied Science and Technology (IAST) to undertake the works. The difference of \$90,000 represents the cost of transportation.
- 1648.** According to a report from the IAST, the scope of the work involved (a) evaluation of the operational status of the systems (b) immediate repairs to alleviate the current state (c) preparation of evaluation report (d) acquisition and installation of new equipment and replacement parts and (e) post-rehabilitation performance evaluation test.

1649. According to the said report, the following works were executed:-

BUSH LOT

- Replacement of defective board on inverter;
- Disconnection of Power outlets to prevent overloading;
- Installation of transformer for operation of dual powered refrigerator;
- Servicing of battery bank; and
- Replacement of blown lights.

BARA CARA

- Removal and re-gassing of vaccine refrigerator;
- Overhaul of the entire circuit;
- Acquisition and installation of the new battery bank;
- Installation of isolators; and
- Provision of auxiliary circuit for power to the living quarter.

OREALLA

- Rearrangement of the PV array to give an output of 48 volts DC;
- Reconfiguration of battery bank to 48 volts arrangement;
- Installation of new charge controller, inverter and power panel;
- Replacement of array to battery cable;
- Replacement of array junction box;
- Replacement of array and battery isolators;
- Reconfiguring of the lighting system to operate on 240V AC power;
and
- Replacement of blown lights.

HEAD 77 & DIVISION 537

REGION 7 - CUYUNI/MAZARUNI

Current Expenditure

Employment Costs

- 1650.** 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 1999. It is again recommended that these amounts be transferred to the Consolidated Fund and steps taken to close the accounts.
- 1651.** The present salaries bank account No. 3147 was 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 therefore be made to ensure that deposits are made in a timely manner to avoid the accounts being overdrawn.
- 1652.** 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 book for the present salaries bank accounts reflected both positive and negative balances during the year. 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 can reflect 'nil' balances at the end of each month.
- 1653.** An examination of the Register of Contributors to the NIS revealed that seventy-six(76) 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

- 1654.** Amounts totalling \$10.929M were expended on fuel and lubricants. A physical count of fuel and lubricants carried out on the 15 August 2000, however, revealed shortages valued at \$1.411M 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	4,349	1,206	3,143	968,095
Dieselene	"	582	165	417	88,614
Kerosene	"	1,442	567	875	354,083
Oil 37	pint	73	72	1	175
Oil 40	pint	174	172	2	364
TOTAL					1,411,331

- 1655.** In relation to gasolene, in my 1998 Report, it was stated that there was an apparent shortage of 1,843 gallons at the time of inspection on 22 July 1999. It therefore means that during the period 23 July 1999 to 15 August 2000 there was an additional shortage of 1,300 gallons. In addition, during the same period, the shortage of kerosene moved from 33 gallons to 875 gallons.
- 1656.** The Accounting Officer explained that the shortages were due to pilferage over the years. It is recommended that an investigation be carried out to determine culpability and a losses report filed with the Secretary to the Treasury with a view to writing off the loss.
- 1657.** 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 had revealed that two storage tanks were installed above ground level but these were to be pressurised and calibrated before they are put into use. However, at the time of inspection in August 2000, this had not been done. As a result, fuel was still kept in the drums and exposed to the weather. In order to minimise the extent of pilferage, it is again recommended that urgent steps be taken to have the tank pressurised, calibrated and put into use.

1658. The sum of \$24.272M was expended on the Rental & Maintenance of Buildings. The following is a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$
Construction of nursery school at Bartica	3,477,986
Rehabilitation of four(4) teachers' quarters	5,134,487
" " three(3) schools	3,160,728
Rehabilitation of five(5) health posts	6,244,754
Completion of Bartica Dormitory	1,686,680
Rehabilitation of two(2) quarters Bartica & Quenebang	1,944,770
Miscellaneous repairs (\$180,000 - \$450,000)	592,073
" " (below \$180,000)	1,375,437
Rental of buildings	90,000
Purchases	565,064
TOTAL	24,271,979

1659. As can be noted, the construction of the nursery school at Bartica and the completion of the dormitory at Bartica are of a capital nature. The related costs should have therefore been met from the Region's capital programme under Subhead 12001 – Buildings (Education) where savings totalling \$15.183M were recorded.

1660. 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.

1661. Amounts totalling \$15.958M were expended on the Maintenance of Infrastructure. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$
Rehabilitation of sections of Bartica/Potaro Road	4,916,178
Miscellaneous road repairs (\$180,000 - \$450,000)	2,302,948
“ “ “ below \$180,000	346,226
Rehabilitation of bridges	1,157,000
" " river & sea defence	1,461,331
Revetments works	4,129,981
Others	1,644,679
TOTAL	15,958,343

1662. Six(6) contracts were awarded for the rehabilitation of sections of the Bartica/Potaro Road, two(2) of which valued at \$2.880M were awarded for rehabilitation of the roads between First and Seventh Avenue, Bartica. Three(3) contracts were also awarded for revetment works at Fourth Avenue and Byderabu. The works were physically verified, except those located in the remote areas.

Stores and Other Public Property

1663. In my 1998 Report, it was stated that that there was an apparent shortage of 238 tons of stone. Based on the explanation given by the Accounting Officer, it was recommended that a losses report be filed with the Secretary to the Treasury so that the loss can be written off. At the time of reporting, the Region was yet to act on the said recommendation.

1664. The Stores Regulations provide for the maintenance of a master inventory in addition to sectional inventories. However, at the time of inspection in August 2000, only the latter was maintained. The master inventory was in the process of being compiled.

Other Matters

1665. The old ordinary imprest account No. 694, which became non-operational in February 1997, reflected a balance of \$561,787 as at 31 December 1999. It is again recommended that this balance transferred to the Consolidated Fund and steps taken to close the account.

1666. The present imprest bank account No. 3146 with an allocation of \$1M was overdrawn on numerous occasions during the year, and as at 31 December 1999, the account was overdrawn by \$682,727. The Accounting Officer offered the same explanation as that relating to the salaries bank accounts. In addition, the imprest was short-retired by \$181,900, as a result of which the allocation for 2000 was reduced to \$818,100. It was explained that the vouchers were sent to the Ministry of Local Government for approval but they were misplaced.

Capital Expenditure

Subhead 12001 - Buildings (Education)

1667. The sum of \$16M was allocated for the completion of the Resource Centre at Bartica and Skull Point primary annex at Botavia. Amounts totalling \$817,405 were expended in the completion of the latter which was physically verified.

1668. The construction of the Resource Centre was programmed to have been completed over a two(2) year period commencing 1995 at an estimated cost of \$28M. 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 but the building was substantially incomplete in that only the foundation, columns and retaining wall were constructed. Funds were provided in 1998 to complete the building but no work was done. In 1999, provision was again made to complete the Centre. It is, however, again disappointing to report that no further work was done. After a period of five(5) years, the Resource Centre remained substantially incomplete.

1669. The construction of the dormitory facilities at Bartica 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, no amounts were allocated in 1999 to complete the dormitory although a period in excess of four and a half years had elapsed since the works commenced. An amount of \$1.687M was nevertheless expended under current expenditure to complete the building.

Subhead 12002 - Buildings (Health)

- 1670.** The sum of \$10M was allocated for the construction of a mortuary at Bartica Hospital, medex quarters at Phillipai and Kurupung and an examination room at Isseneru health post. Amounts totalling \$4.667M were expended in the construction of the following:-

DESCRIPTION	AMOUNT \$
Medex quarters at Phillipai	1,925,053
“ “ “ Kurupung	1,825,345
Examination room at Isseneru Health Post	866,682
TOTAL	4,667,080

- 1671.** As can be noted, the mortuary was not constructed at the Bartica Hospital. In relation to the other works, physical verification was not carried out because of the inaccessibility of the area.

Subhead 12003 - Buildings (Administration)

- 1672.** The sum of \$10M was allocated for the construction of rest houses at Kamarang and Imbaimadai. Amounts totalling \$6.330M were expended. The contract for the construction of the rest house at Kamarang was awarded in the sum of \$3.352M. There was an approved variation of \$301,725, giving a revised contract sum of \$3.894M. In addition, a trestle was constructed at a cost of \$256,593.
- 1673.** In relation to the construction of the rest house at Imbaimadai, the contract was awarded in the sum of \$2.035M. Because of the remoteness of the area, the works could not have been physically verified.

Subhead 14001 - Roads

- 1674.** The sum of \$10M was provided for the rehabilitation of the Kamarang/Waramadong and Agatash roads. Amounts totalling \$5.320M were expended. However, no work was done on the Agatash Road. Because of the remoteness of the area, the works could not have been physically verified.

Subhead 24002 - Water Transport

- 1675.** The sum of \$300,000 was voted for the purchase of one(1) boat and engine. Amounts totalling \$145,000 were expended. However, the engine was not acquired because, according to the Accounting Officer, the remaining funds were inadequate to do so. The boat acquired could not have been physically verified because it was stationed at the time inspection at a remote area.

Subhead 25003 - Furniture and Equipment (Education)

- 1676.** The sum of \$3M was voted for the purchase of (a) desks and benches, typewriters and gas stove and (b) solar panels and fittings for Waramadong School complex. Amounts totalling \$2.994M were expended. However, no solar panels and fittings were acquired. The Accounting Officer explained that this was due to the unavailability of these items at the time the funds were released. The assets purchased were verified as having been received and properly brought to account.

Subhead 26001 - Furniture and Equipment (Health)

- 1677.** The sum of \$1M was allocated for the purchase of gas stoves, refrigerators, washing machine and dryer and radio set. Amounts totalling \$995,879 were expended. The items purchased were verified as having been received and properly brought to account.

Subhead 26002 - Furniture and Equipment (Administration)

- 1678.** The sum of \$500,000 was provided for the purchase of desks, filing cabinets, double beds and cooking utensils. Amounts totalling \$486,000 were expended. The items purchased were verified as having been received and properly brought to account.

Subhead 26003 - Power Extension

- 1679.** The sum of \$4M was voted for the installation of generators and distribution network at Kamarang and Waradamong. Amounts totalling \$3.983M were expended. Due to the remoteness of the area the works were not physically verified.

HEAD 78 & DIVISION 538

REGION 8 - UPPER POTARO/SIPARUNI

Current Expenditure

Employment Costs

- 1680.** A diary of pay change and a salaries control register were not maintained for the period under review. These records are essential for control purposes and facilitate the preparation of the payroll. The Accounting Officer explained that this was due to staff constraints and that efforts would be made to maintain these records. This matter was drawn to attention in previous reports.
- 1681.** The two(2) wages and salaries bank accounts Nos. 698 and 699, which became non-operational in 1997, were overdrawn by \$1.339M and \$1.130M respectively as at 31 December 1999. 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 again 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.
- 1682.** The two (2) present salaries and wages bank account Nos. 3134 and 3135, which became operational in 1997, were not reconciled since they were established. The Accounting Officer again attributed this to staffing difficulties. In addition, these accounts were overdrawn on several occasions during the year, and as at 31 December 1999, the overdrafts were \$4.441M and \$283,768 respectively.

- 1683.** 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 again 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.
- 1684.** An examination of the NIS records kept by the Region revealed that eighty-two(82) employees were not registered with the Scheme. Since contributions to the National Insurance Scheme have implications for social security and other benefits for employees, efforts should be made to ensure that all employees are properly registered with the Scheme.

Other Charges

- 1685.** Amounts totalling \$2.404M were expended on fuel and lubricants for the period under review. However, of fifteen(15) vehicles and equipment under the control of the Region for which log books were required to be maintained, log books were only presented for three(3). In the absence of logs books, it could not be determined whether effective control was exercised over the use of the vehicles and equipment. The Accounting Officer explained that these log books were inadvertently misplaced and that steps would be taken to locate and present them for audit examination.
- 1686.** Amounts totalling \$21.539M were expended on the maintenance of buildings. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$
Construction of nurses' hostel bottom flat at Madhia	5,050,748
Repairs to mortuary at Madhia Hospital	2,296,505
" " health post at Tumatumari	1,934,215
" " teachers' quarters at Paramakatoi	1,644,606*
" " teachers' quarters at Kurukubaru	1,485,985*
Construction of shelves, cupboards etc. at Madhia Hospital	1,295,132
Painting of Kurukubaru Primary School	1,037,975*
Repairs to RAU Office at Madhia	1,012,495
" " Madhia Primary School	998,560
Painting of Kanapang Health Post	698,195*
" " Monkey Mountain Health Post	670,195*
" " Environmental Health Officer's quarters at Madhia	485,100
Repairs to Madhia Primary School	472,320
" " living quarters at Madhia	254,520
Miscellaneous repairs (below \$180,000)	1,247,876
Purchases	865,790
TOTAL	21,538,997

1687. The construction of the bottom flat of the nurses' hostel at Madhia is of a capital nature, and should have been met from Subhead 12003 - Buildings (Health). However, this would have caused the voted provision under this subhead to be exceeded by \$4.795M. It is evident that the charging of \$5.051M to current expenditure was done to avoid overrunning the voted provision under Subhead 12003. In the circumstances, it would have been more appropriate for a supplementary provision to be sought.

1688. The above works were physically verified, with the exception of those shown in asterisks where reliance was placed on certificates issued by teachers and health officers attesting to the satisfactory completion of the works.

Stores and Other Public Property

1689. 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.

1690. The Stores Regulations provide 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

1691. The imprest account No. 3136 was overdrawn on several occasions during the year and 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

1692. The sum of \$3M was allocated for the rehabilitation of bridges on the Bartica/Potaro Road. Amounts totalling \$2.987M were expended on the rehabilitation of bridges Nos. 3 and 5. The works were physically verified.

Subhead 12001 - Buildings (Education)

1693. The sum of \$20M was voted for (a) the construction of education office at Kato and (b) construction of primary schools at Kamana, Kanapang and Taruka and a headmaster’s quarters at Paramakatoi. Amounts totalling \$18.868M were expended in the construction of the following:-

DESCRIPTION	AMOUNT \$
Primary school at Kamana	4,293,570
“ “ “ Taruka	4,292,980
“ “ “ Kanapang	4,163,873
Headmaster’s quarter at Paramakatoi	3,968,463
Education Office at Kato	2,148,918
TOTAL	18,867,804

1694. Because of the remoteness of the area, physical verification of the works could not have been carried out. Reliance had to be placed on certificates issued by headmasters and village captains attesting to their satisfactory completion.

Subhead 12002 - Buildings (Administration)

1695. The sum of \$5M was provided for the construction of guest houses at Kaieteur and Orinduik. Amounts totalling \$4.993M were expended. Because of the remoteness of the area, physical verification of the works could not have been carried out. Reliance had to be placed on certificates issued by village captains attesting to their satisfactory completion.

Subhead 12003 - Buildings (Health)

1696. The sum of \$12M was allocated for the construction of health posts at Taruka and Chiung-Mouth, and nurses' hostel at Mahdia. Amounts totalling \$11.744M were expended in the construction of the following:-

DESCRIPTION	AMOUNT \$
Health post at Taruka	3,999,469
Nurses' hostel at Madhia	3,995,043
Health post at Chuin-Mouth	3,749,786
TOTAL	11,744,298

1697. The hostel at Mahdia was physically verified while in respect of the other works, reliance was placed on certificates issued by community health workers attesting to their satisfactory completion.

Subhead 14001 - Roads

1698. The sum of \$5M was voted for the rehabilitation of Paramakatoi/Maikwak trail. The full amount was expended in the rehabilitation of the roadways linking Paramakatoi to Kato and Kuruhubaru to Itabac. However, there was no evidence that approval was granted for a change in programme to undertake these works, instead of the Paramakatoi/Maikwak trail. Because

of the remoteness of the area, physical verification could not have been carried out. Reliance had to be placed on certificates of village captains attesting to the satisfactory completion of the works.

Subhead 24001 - Land and Water Transport

- 1699.** The sum of \$6M was provided for the purchase of two(2) boats, one(1) four wheel motor cycle and a tractor and trailer. The full amount was expended in the purchase of a MF 4270 tractor. The Accounting Officer explained that because of the rough terrain, it was decided to purchase a bigger tractor. The acquisition of the two(2) boats was re-budgeted for in 2000.

Subhead 25001 - Furniture and Equipment (Education)

- 1700.** The sum of \$2.5M was allocated for the purchase of furniture and chalk boards for primary schools at Kaibarupai, Itabac, Orinduik, Maikwak, Chuing Mouth and Taruka. Amounts totalling \$2.320M were expended. The items purchased could not have been physically verified because of the remoteness of the area. Reliance had to be placed on certificates from headmasters attesting to the receipt of the items purchased.

Subhead 25002 - Furniture (Staff Quarters)

- 1701.** The sum of \$1M was provided for the purchase of furniture for duplex building at Mahdia and Chenapau, teachers' quarters and medex quarters. The full amount was expended. The items purchased were verified as having been received and properly brought to account.

Subhead 26004 - Other Equipment

- 1702.** The sum of \$1.5M was allocated for the purchase of kerosene stoves, microscope, kerosene oil refrigerator and one(1) radio set with solar panels. Amounts totalling \$1.435M were expended. However, instead of a kerosene refrigerator, four(4) electrical refrigerators were purchased, one of which was still to be supplied at the time of reporting.

HEAD 79 & DIVISION 539

REGION 9 - UPPER TAKATU/UPPER ESSEQUIBO

Current Expenditure

Employment Costs

- 1703.** The salaries bank account No. 695, which became non-operational in February 1997, was overdrawn by \$885,405 as at 31 December 1999. 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 the account. Another non-operational bank account No. 696 reflected a balance of \$319,357 which should be transferred to the Consolidated Fund.
- 1704.** The new salaries bank account No. 3125, which became operational in January 1997, was overdrawn on 239 occasions during 1999. The Accounting Officer explained that because of the remoteness of the area, deposits could not be made in a timely manner. In addition, at the time of inspection in August 2000, both salaries bank account Nos. 3125 and 3126 were only reconciled to November 1999. The Accounting Officer explained that this was due to staff constraints.
- 1705.** 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 for account No. 3125 reflected significant balances. 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.
- 1706.** According to the approved estimates of expenditure, the authorised staff strength of the Region was 357. However, audit checks revealed that a total of 556 persons were in position in December 1999, as shown below:-

SUB-HEAD	DESCRIPTION	AUTHORISED	ACTUAL	EXCESS
101	Administrative	19	59	40
102	Senior Technical	31	23	-
103	Other Tech. & Craft Skilled	117	24	-
104	Clerical & Office Support	45	348	303
105	Semi-skilled & unskilled	145	102	-
	TOTAL	357	556	343

1707. This state of affairs was due to the omission from the National Estimate of teachers employed in the Region. It is therefore recommended that the National Estimate reflect all authorised position. This will enable checks to be carried out to determine whether or not the authorised strength is exceeded.

1708. Amounts totalling \$1.275M 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

1709. Amounts totalling \$10.147M 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 \$12.775M 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.

1710. 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.

1711. Amounts totalling \$11.089M were expended on fuel and lubricants. However, of the thirty-five(35) serviceable vehicles and equipment for which log books were required to be maintained, log books were only presented in respect of eight(8) vehicles and equipment. 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. In addition, at the time of the audit in August 2000, a physical count of gasoline and dieselene on hand revealed apparent shortages of 60.5 and 171 gallons respectively. The Accounting Officer gave the assurance that these discrepancies would be investigated.

1712. Amounts totalling \$16.733M were expended on the maintenance of buildings. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Purchase of building materials	9,212
Repairs to eighteen(18) buildings	3,712
Construction of seven(7) health huts	2,737
Purchase of janitorial & cleaning items	1,072
TOTAL	16,733

1713. Because of the remoteness of the area, physical verification of the works undertaken could have only been carried out in respect of six(6) buildings and two(2) health huts. Reliance had to be placed on certificates issued by village captains attesting to the satisfactory completion of the works, where no physical verification was carried out.

1714. Amounts totalling \$4.017M were expended on the maintenance of infrastructure, including roads, fences and bridges. Again, reliance had to be placed on certificates issued by village captains attesting to the satisfactory completion of the works.

- 1715.** Amounts totalling \$15.756M were expended on Transport, Travel & Postage, of which sums totalling \$4.705M represented repairs to vehicles. However, a Toyota Hilux landcruiser, which was seven(7) years old, was repaired at a cost of \$1.905M. It would appear more economical for a new vehicle to be acquired instead of expending this large sum of money on the old vehicle.
- 1716.** 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 to the NDC but up to the time of reporting, no re-submission was made.

Stores and Other Public Property

- 1717.** 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 had not been timely in implementing this recommendation and at the time of inspection in August 2000, the exercise was still to be completed. In addition, office equipment and furniture were not marked to readily identify them as State property.
- 1718.** 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, although a stores ledger was introduced in 1999 it was written up and kept by the Storekeeper who also maintained the bin cards. Efforts should be made to ensure strict compliance with the Stores Regulations.

Other Matters

- 1719.** The imprest bank account No. 697, which became non-operational in December 1997, was overdrawn by \$272,848 as at 31 December 1999. The overdraft should be investigated with a view to clearing it and steps taken to close the account. The present imprest bank account No. 3127 was also only reconciled to November 1999.

Capital Expenditure

Subhead 11001 - Bridges

1720. The sum of \$10M was voted for the construction of bridges at Moco Moco, Achawib, Marakanata, Katoonarib and Turner Creek. Amounts totalling \$9.568M were expended in the construction of an acro-panel bridge which was physically verified. The Accounting Officer explained that due to insufficient funds, the other bridges could not have been constructed.

Subhead 12001 - Buildings (Education)

1721. The sum of \$11M was allocated for (a) the construction of dormitories and kitchens at Annai and Aishalton secondary schools (b) completion of primary schools at Tiperu, Tupukari and Awarewaunau and DDO's office and quarters at Sand Creek and (c) construction of HM quarters at Wowetta and Taushide. Amounts totalling \$10.998M were expended as follows:-

DESCRIPTION	AMOUNT \$
Construction of DDO's quarters and office at Sand Creek	779,600
" " primary school at Tiperu	806,455
" " " " at Yupukari	654,155
" " Headmasters quarters at Wometta	414,075
" " Headmaster quarters at Taushida	777,734
" " dormitories and kitchen at Aishalton	185,000
Purchase of building materials	7,381,053
TOTAL	10,998,072

1722. The materials purchased were verified as having been received while the primary school at Yupukari was physically verified. In respect of the other works, reliance was placed on certificates issued by village captains attesting to satisfactory completion of the works.

Subhead 12002 - Buildings (Health)

- 1723.** The sum of \$6M was allocated for the construction of (a) health posts at Yurong Peru, Kaicumbay, Rewa and Taushida and (b) fuel bond and laundry building at Lethem Hospital. Amounts totalling \$5.999M were expended in the construction of the following:-

DESCRIPTION	AMOUNT \$
Health post at Yurong Peru	491,300
" " " Kaicumbay	486,370
" " " Rewa	463,300
" " " Tanshiba	396,940
Fuel bond at laundry building at Lethem Hospital	150,400
Purchase of building materials	3,910,960
TOTAL	5,999,274

- 1724.** The materials purchased were verified as having been received while the health post at Yurong Peru was physically verified. In respect of the other works, reliance was placed on certificates issued by village captains attesting to satisfactory completion of the works.

Subhead 12003 - Buildings (Administration)

- 1725.** The sum of \$5M was voted for the construction of a guest house at Lethem. The full amount was expended. The contract was awarded to the second lowest bidder in the sum of \$3.743M on the grounds that the lowest bidder, whose tendered sum was \$3.511M, was involved in other work in the Region. The difference of \$1.256M represented the purchase of building materials. The works were physically verified.

Subhead 14001 - Roads

- 1726.** The sum of \$15M was allocated for the rehabilitation of Kurupukari/Lethem, Lethem/Aishalton and Toka/Tiperu road. Amounts totalling \$14.999M were expended as follows:-

DESCRIPTION	AMOUNT \$
Rehabilitation of Kurupukari/Lethem Road	3,321,368
“ “ Lethem/Aishalton Road	3,625,412
“ “ Toka/Tiperu Road	3,526,299
Purchase of building materials	4,525,602
TOTAL	14,998,681

1727. The works were undertaken by the Works Division of the Region. However, at the time of inspection in August 2000, 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 24001 - Land Transport

1728. The sum of \$2.8M was allocated for the purchase of seven(7) motor cycles, including two(2) for the agriculture sector. Amounts totalling \$2.713M were expended. Included in this figure were repairs to a Toyota Hi-lux landcruiser at a cost of \$1.033M and for which approval was granted for a change in programme to undertake the said repairs. The assets purchased were verified as having been received. However, they were not inventorised.

Subhead 25001 – Furniture (Staff Quarters)

1729. The sum of \$500,000 was allocated for the purchase of furniture for District Education Officer quarters at Annai and Karasabai. Amounts totalling \$498,000 were expended. The items purchased were verified as having been received but were, however, not inventorised.

Subhead 25003 – Furniture and Equipment (Administration)

1730. The sum of \$500,000 was allocated for the purchase of tables and chairs, stoves and beds. Amounts totalling \$498,674 were expended. The items purchased were verified as having being received. However, they were not inventorised.

Subhead 25003 - Furniture and Equipment (Agriculture)

- 1731.** The sum of \$500,000 was allocated for the purchase of a fog machine. Amounts totalling \$489,997 were expended. In addition, a computer and furniture were acquired and for which approval was granted for a change of programme to undertake the additional purchase. The items purchased were verified as having being received. However, they were not inventorised.

Subhead 25003 – Furniture and Equipment (Education)

- 1732.** The sum of \$1.5M was allocated for the purchase of dietary equipment and furniture at Annai and Aishalton secondary schools. Amounts totalling \$1.499M were expended. The items purchased for the Annai Secondary School were verified as having been received. However, they were not inventorised. In relation to purchases for Aishalton Secondary School, reliance was placed on certificates issued by the Headmaster attesting to the receipt of the items.

Subhead 25003 – Furniture and Equipment (Health)

- 1733.** The sum of \$3M was allocated for the purchase of furniture and equipment for health centres at Annai and Karabasai, doctors' quarters and nurses hostels. Amounts totalling \$1.907M were expended. The items purchased were verified as being received but were, however, not inventorised.

Subhead 26003 - Power Extension

- 1734.** The sum of \$6M was voted for the purchase of (a) four(4) step-up and step-down transformers (b) 100 - thirty(30) feet lamp posts (c) heavy duty electrical cable and (d) electrical hardware, including switches. Amounts totalling \$5.983M were expended. The items purchased were verified as having been received and were handed over to the Lethem Power Company.

HEADS 80 & DIVISION 540

REGION 10 - UPPER DEMERARA/BERBICE

Current Expenditure

Employment Costs

- 1735.** 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 1999. 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 1999. This balance should be transferred to the Consolidated Fund.
- 1736.** The two(2) present salaries account Nos. 3092 and 3094 were not reconciled since September 1998. The failure to reconcile bank accounts can lead to irregularities being perpetrated without detection and as such every effort should be made to bring the reconciliation up-to-date. In addition, account No. 3092 was overdrawn on numerous occasions during the year and as at 31 December 1999 it was overdrawn by \$714,317. The Accounting Officer explained that the overdrafts were as a result of late deposits into the account.
- 1737.** Seven (7) cheques valued at \$219,416 and representing salary deductions for the years 1996-1999 and payable to the National Insurance Scheme, were still on hand at the time of the inspection in August, 2000. The Accounting Officer explained that the NIS had declined to accept these cheques because the Region was unable to provide information relating to the contributors.
- 1738.** Amounts totalling \$7.745M were refunded as unclaimed salaries for the period under review. However, sums totalling \$221,371 were not credited to the Votes Ledger, resulting in an overstatement of expenditure by the latter amount. In addition, the Unclaimed Wages Register was only written up for the period January to August 1999. In view of the extent of salaries being unclaimed in the Region, every effort should be made to ensure that the Register is properly maintained.

1739. An examination of the Register of Contributors to the National Insurance Scheme revealed 141 instances where the employees' NIS numbers were not quoted in the Register. Since registration with the Scheme has implications for social security and other benefits, efforts should be made to ensure the prompt registration of employees.

Other Charges

1740. 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, twenty-five(25) instances were noted where such orders were cleared on average 92 days later. In addition, at the time of the audit in August 2000, 457 cheque orders valued at \$73.306M had not been cleared. Of this amount, 436 valued at \$70.830M relate to employment costs, while the remainder relates to purchases. Alternative auditing procedures had to be adopted to verify the receipt of the items purchased.

1741. Amounts totalling \$26.504M were expended on Materials, Equipment & Supplies. Included in this figure were two(2) purchases of drugs valued at \$4.818M for the Linden Hospital Complex. However, only approximately \$1M worth of drugs could have been traced to the stock records of the Hospital. The related stock cards could not have been located.

1742. Amounts totalling \$2.333M were expended on Fuel & Lubricants. However, of the six(6) vehicles for which log books were required to be maintained, log books were not presented for three(3) vehicles. In addition, at the time of inspection, there were sixteen(16) vehicles and three(3) trailers which were unserviceable and were lying at various workshops for a considerable period of time. It is recommended that urgent action be taken by the Council to dispose of these unserviceable items.

1743. Amounts totalling \$42.477M were expended on the Rental & Maintenance of Buildings. The following is a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$
Repairs to 34 officers' quarters	20,390,234
" " 15 schools	6,892,731
" " administrative buildings	1,315,376
Rehabilitation of Upper Demerara Hospital	3,402,765
" " 3 health centers	2,245,090
Purchase of building materials	876,052
Janitorial and cleaning supplies	3,212,645
Consultancy services	3,586,359
Rental of building	555,500
TOTAL	42,476,875

- 1744.** Included in the expenditure of \$42.477M were nine(9) contracts valued at \$2.838M for which the sums tendered were the same as the Engineer's Estimate. This raises concern regarding the confidentiality of the Engineer's Estimate.
- 1745.** Included in the amount of \$6.893M expended on the repairs to schools, were two(2) contracts for the construction of a water tank trestle and a sanitary block at the Burnham Drive Nursery School. Physical inspection carried out in August 2000 revealed that the trestle was constructed outside of the perimeter fence. In addition, at the time of inspection, the two(2) water tanks had not yet been installed on the trestle.
- 1746.** Also included in the sum of \$6.893M was a contract for the rehabilitation of the Watooka Primary Annex. The contract was awarded to the second lowest tender in the sum of \$3.973M on the grounds that it was closest to the Engineer's Estimate of \$4.283M. The lowest bid was \$3.735M. The work was physically verified with the exception of the interior of the building. The keys for the building were in the custody of the Headmistress who could not be located at the time of the inspection.
- 1747.** In relation to the rehabilitation of the Upper Demerara Hospital, the contract was awarded in the sum of \$3.582M. With the exception of the tiling of the paediatric ward and other areas for an amount of \$205,085, the work was physically verified. The Senior Superintendent of Works explained that this latter amount was used for painting and carpentry works in other areas of the hospital.

1748. Amounts totalling \$8.620M were expended on Transport, Travel & Postage. The following gives a breakdown of the expenditure:

DESCRIPTION	AMOUNT \$
Vehicles spares and maintenance	3,367,505
Travelling and subsistence	5,249,546
Postage	2,770
TOTAL	8,619,821

1749. Included in the expenditure of \$3.368M were twenty-one(21) contracts valued at \$2.140M awarded to a mechanic for the supply of vehicle spares and the maintenance of six(6) vehicles and three(3) motor cycles. The contracts provided for the mechanic to supply spares totalling \$1.640M. However, there was no evidence that old parts removed from the vehicles were returned to the stores. It is recommended that when parts are removed from vehicles, they be retained for audit purposes.

1950. An excess expenditure of \$1.448M was incurred under Programme 3 – Subhead 181. Since there were savings under the other subheads, it would have been more appropriate for a virement of funds to have been sought.

Stores and Other Public Property

1751. Master and sectional inventories were not kept by the Regional Administration for the period under review. 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.

1752. A physical verification of a sample of 30 items of stock kept at the Region Stores in August 2000 revealed discrepancies in respect of twenty-one(21) items when comparison was made with the stock records. In nineteen(19) instances there were shortages. This matter was drawn to the attention of the Accounting Officer for investigation.

1753. An examination of the stores records revealed that items valued at \$328,208 were issued to the Amerindian Hostel. However, a physical inspection carried out at the Hostel in September 2000 revealed that three(3) spindle beds, one(1) refrigerator and a quantity of kitchen utensils all valued at \$242,208, could not be located. This matter was also drawn to the attention of the Accounting Officer for investigation.

Other Matters

1754. The 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 present imprest bank account No. 3093 was also not reconciled since October 1997.

1755. At the time of inspection in August 2000, seventy-one(71) stale-dated cheques drawn on the old bank accounts Nos. 802, 804 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. It is recommended that the advice of the Accountant General be sought in relation to this matter.

Capital Expenditure

Subhead 12001 - Buildings (Administration)

1756. The sum of \$2.488M was voted for the extension of the administrative building at Christianburg. Amounts totalling \$1.704M were expended, as follows:-

DESCRIPTION	AMOUNT \$
Completion of hostel at Wismar	488,629
Rehabilitation of Sub-Treasury & Accounts Section	575,925
Purchase of 2 air conditioning units for Admin. Office	364,000
Consultancy services	275,310
TOTAL	1,703,864

- 1757.** The contract for the construction of the hostel at Wismar was awarded in 1997 in the sum of \$6.007M. There were three(3) variations totalling \$1.671M, giving a revised contract sum of \$7.678M. As at 31 December 1999, the full amount was paid to the contractor. However, there was no evidence that approval was granted for a change in programme to incur the expenditure of \$488,629.
- 1758.** 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 had explained that the area around the building becomes waterlogged during the rainy season and at high tides and this resulted in the floor becoming damp causing the tiles to raise. The tiles were subsequently removed and replaced by vinyl.
- 1759.** In relation to the rehabilitation of the Sub-Treasury and Accounts Section, although the works were physically verified, there was no evidence that approval was granted for a change in programme to undertake the works. A similar observation was made in relation to the purchase of air conditioning units. The consultancy service was in respect of the extension of the administrative building at Christianburg but, as indicated above, no physical work was done. A perusal of the Estimates of Expenditure for 2000 revealed that the works were also not re-budgeted for.

Subhead 12002 - Buildings (Education)

- 1760.** The sum of \$12.680M was allocated for the construction of teachers' quarters at Sand Hills, St. Thomas and Calcuni. Amounts totalling \$1.370M were expended in the completion of teachers' hostel at Amelia's Ward and for which approval was granted for a change in programme to undertake the works. However, in relation to the proposed works, a perusal of the Estimates of expenditure for 2000, revealed that the works were not re-budgeted for.
- 1761.** 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. At the end of 1998, the full amount was paid to the contractor. At the time of inspection in October 1999, the building had not yet been handed over to the Region. The Superintendent of Works had explained that the contractor had to do remedial work to the interior of the building before it could be handed over. The payment of \$1.370M was in

respect of additional works undertaken but no approved variation order was seen. The building has since been completed and was handed over to the Region.

- 1762.** In my 1998 Report, it was stated that 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 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. At the time of reporting, the position remained.

Subhead 12003 - Buildings (Health)

- 1763.** The sum of \$11.5M was voted for (a) the construction of staff quarters at Blue Berry Hill in Wismar and Kwakwani and (b) the extension of Amelia's Ward Health Centre. Amounts totalling \$8.031M were expended as follows:-

DESCRIPTION	AMOUNT \$
Completion of One Mile Health Centre	3,269,942
Extension of health post at Amelia's Ward	3,063,980
Construction of staff quarters at Blue Berry Hill	811,754
Rehabilitation of staff quarters at Blue Berry Hill	737,135
Consultancy services	147,729
TOTAL	8,030,540

- 1764.** As can be noted, the staff quarters at Kwakwani were not constructed. The work was re-budgeted for in 2000. In addition, the One Mile Health Centre was completed at a cost of \$3.270M but approval was granted for a change in programme for only \$1.2M to undertake the works. Therefore, the additional work valued at \$2.070M was unauthorised.

- 1765.** The contract for the extension of the health post at Amelia's Ward was awarded in 1998 in sum of \$8.103M. At the end of 1999, amounts totalling \$7.119M were paid to the contractor, representing 88% of the contract sum. Physical verification in September 2000, however, revealed that the health post was substantially incomplete. The building had not yet been plastered, windows, doors and toilets were not installed and plumbing and electrical works were still to be completed. In addition, an examination of the Estimates of Expenditure for 2000 revealed no funds were allocated for the completion of the building.
- 1766.** The contract for construction of staff quarters at Blue Berry Hill was awarded in the sum of \$2.256M to second lowest bidder because of his track record in the Region. The lowest bid was \$2.177M. As indicated above, amounts totalling \$811,754 were expended as at 31 December 1999. The work was re-budgeted for in 2000 and at the time of inspection, the works were completed.
- 1767.** In relation to the rehabilitation of staff quarters at Blue Berry Hill, there was no evidence that approval was granted for a change in programme to undertake the works. Notwithstanding this, the works were physically verified.

Subhead 14001 - Roads

- 1768.** The sum of \$20M was allocated for the rehabilitation of the Linden/Kwakwani and Anarika/Suribana roads. However, no expenditure was incurred. A perusal of the Estimates of Expenditure for 2000 revealed that only the Linden/Kwakwani road was re-budgeted for.

Subhead 19001 - Infrastructure Development

- 1769.** The sum of \$4M was voted for the development of lands for new housing areas at Amelia's Ward and Block 22, Wismar. However, no expenditure was incurred. The works were re-budgeted for in 2000.

Subhead 21002 - Land and Water Transport

- 1770.** The sum of \$1.350M was allocated for the purchase of three(3) boats, three(3) outboard motors and one(1) motor cycle. Amounts totalling \$1.338M were expended on the purchase of one(1) outboard motor and one(1) boat. The items purchased were verified as having been received but were not inventorised.

Subhead 25001 - Furniture and Equipment (Education)

- 1771.** The sum of \$2M was voted for the purchases of desks and benches for schools, furniture for HM's quarters and Education Department Office. Amounts totalling \$1.996M were expended. The items purchased were verified as having been received but were not inventorised.

Subhead 25003 - Furniture and Equipment (Health)

- 1772.** The sum of \$3M was provided for the purchase of medical equipment, including anaesthetic machine, incubators, dental chair and microscope. Amounts totalling \$2.950M were expended. The items purchased were verified as having been received but were not inventorised.

Subhead 25021 - Furniture and Equipment (Administration)

- 1773.** The sum of \$1M was voted for the purchase of filing cabinets, photocopying machines, typewriters, typist chairs, office chairs and desks. Amounts totalling \$992,000 were expended. However, a computer was acquired at a cost of \$397,000 but there was no evidence that approval was granted for a change in programme to effect this purchase. Notwithstanding this, the items purchased were verified as having been received but were not inventorised.

Subhead 28001 - Water Supply

- 1774.** The sum of \$40M was voted for the improvement of water supply system in Linden. Amounts totalling \$42.775M were expended, resulting in an over-expenditure of \$2.775M. This excess expenditure was met from an advance from the Contingency Fund. The entire amount of \$42.775M was paid over to the Linden Mining Enterprises Ltd. According to invoices submitted by LINMINE, the above amount represents payment for the purchase of alum and chlorinators and for the supply of water to residents in the area.

REPORT ON OTHER ENTITIES

Audits of Public Enterprises

- 1775.** 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.
- 1776.** 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.
- 1777.** 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.
- 1778.** 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.
- 1779.** 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 de-linking 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.

1780. 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. 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	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

- 1781.** 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.
- 1782.** 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.
- 1783.** 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.
- 1784.** It is against this background that I had 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.
- 1785.** 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.

1786. 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 six(6) 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.

1787. For the period under review, twenty-seven (27) audits have been finalised under the contracting out arrangements at a total cost of \$49.080M. 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	1997	6,000
2. Guyana Sugar Corporation Ltd.	1998	5,400
3. Berbice Mining Enterprise Ltd.	1997	5,094
4. Linden Mining Enterprise	1997	4,800
5. Guyana Electricity Corporation	1995	3,000
6. Guyana Stores Limited	1998	2,400
7. Guyana Post Office Corp.	1992	2,100
8. Guyana Post Office Corp.	1993	2,100
9. Guyana Post Office Corp.	1991	1,950
10. Guyana Oil Co. Ltd.	1998	1,800
11. Guyana Pharmaceutical Corp.	1998	1,700
12. Guyana Rice Dev. Board	1997	1,315
13. University of Guyana	1998/99	1,200
14. University of Guyana	1999	1,200
15. Guyana National Newspapers Ltd.	1998	1,160
16. Guyana Gold Board	1998	1,030
TOTAL		42,248

- 1788.** 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.
- 1789.** 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.
- 1790.** 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 and the Bauxite Industry Development Company Limited which are six(6) years in arrears. Such a situation should not be condoned since it does not auger well for public accountability.
- 1791.** An analysis of the opinions issued in respect of the audits of the twenty-seven(27) entities referred to above, reveals that nine(9) reports were disclaimers of opinion reflecting uncertainties of a fundamental nature in relation to amounts shown in the respective financial statements. Eight(8) 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. Sanata Textiles Ltd.	1995
2. Sanata Textiles Ltd.	1996
3. Guyana Post Office Corporation	1991
4. Guyana Post Office Corporation	1992
5. Guyana Post Office Corporation	1993
6. Berbice Mining Enterprise Ltd.	1997
7. Guyana National Printers Limited	1997
8. Linden Mining Enterprise	1997
9. Guyana Pharmaceutical Corporation	1998

QUALIFIED OPINIONS	
NAME OF ENTITY	YEAR OF ACCOUNTS
1. Mards Rice Milling Company	1995
2. Mards Rice Milling Company	1996
3. Guyana Oil Company Limited	1998
4. Guyana Marketing Corporation Limited	1996
5. Guyana Electricity Corporation	1995
6. University of Guyana	1998/99
7. Surapana Agricultural & Allied Services Limited	1996
8. Guyana Broadcasting Corporation	1998

Audits of Municipal and District Councils

- 1792.** 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 offense if he neglects to make up accounts as described above.
- 1793.** 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.
- 1794.** In relation to the Town Councils, there have been no changes with regard to state of financial reporting as was previously reported. However, at the time of reporting the Corriverton Town Council was able to produce accounts for the years 1994 to 1998. 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	1998
Linden Town Council	1984
New Amsterdam Town Council	1993
Rose Hall Town Council	1981

- 1795.** 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.

1796. 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 twenty-six(26) 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 totalling \$195M. Notwithstanding this, For the period under review, forty-seven(47) opinions were issued in respect of these entities.

Audits of Statutory Bodies

1797. I am also the External Auditor of some forty-three(43) 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. Notwithstanding this, thirty-one(31) audits were finalised for the period under review.

1798. 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:-

NAME OF ENTITY	YEAR LAST AUDITED
National Science Research Council	1982
Institute of Applied Science and Technology	1982
Guyana National Energy Authority	1984
National Dairy Development Project	1987
Center for the Study of Biological Diversity	1990
State Planning Commission	1991
Sugar Industry Labour Welfare Fund	1993
Guyana Relief Council	1994
President's College	1994
University of Guyana Pension Scheme	1994
Guyana Export Promotion Council	1994

1799. It is also a legal requirement for all statutory bodies to have their audited accounts laid in the National Assembly, and although thirty-one(31) such audits have been finalised in 1999, there was no evidence that such audited accounts were presented to the National Assembly.

Audits of Trade Unions

1800. 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.

1801. Although some unions have been making efforts to have their accounts audited, others were in severe arrears, and for the period under review, only four(4) audits for three(3) entities have been finalised. The following table shows the status of the audits of trade unions which have not had their accounts audited for five(5) years and over, at the time of reporting:-

	NAME OF ENTITY	YEAR LAST AUDITED
1.	National Workers Union	1990
2.	University of Guyana Senior Staff Association	1994
3.	Guyana Labour Union	1995
4.	Guyana Teachers' Union	1987
5.	General Workers Union	1995
6.	Guyana Local Government Officers Association	1990
7.	Guyana Public Service Union	1992
8.	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.	National Union of Public Service Employees	Unknown
16.	MACORP	1995
17.	Public Employees and General Workers Union.	1995

1802. 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

1803. Except in a few cases, all foreign funded projects are audited directly by the Audit Office which continues to be 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.

1804. For the period under review, it is with some degree of satisfaction that I should report that the Audit Office concluded fifty-one(51) audits of foreign funded projects, as shown below:-

FUNDING AGENCY	NO. OF OPINIONS
Inter American Development Bank	14
United Nations Development Programme	20
International Development Association	7
United Nations Environment Programme	1
United States Aid for International Development	9
TOTAL	51

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- 1805.** 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.
- 1806.** 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.