

30 April 2002

Hon. Ralph Ramkarran, S.C., M.P.,  
Speaker of the National Assembly  
Public Buildings,  
Avenue of the Republic,  
Georgetown.

Dear Mr. Speaker,

**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 2000**

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 2000.

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 2000**

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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 2000**

**AUDIT CERTIFICATE**

*I have audited the Public Accounts of Guyana and the Appropriation Accounts and the Receipts and Disbursements of Ministries, Departments and Regions for the fiscal year ended 31 December 2000, as set out in pages 2/1 to 2/235. 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) and the various funding agencies. 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 2000. 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 2000.*

***ANAND GOOLSARRAN  
AUDITOR GENERAL***

***30 April 2002***

**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 2000**

**EXECUTIVE SUMMARY**

***Financial Performance***

1. *For the period under review, a deficit of \$4.745 billion of current revenue over current expenditure was recorded. This performance compares adversely with that of 1999 where a deficit of \$868M was recorded. The increase of \$3.877 billion in the recorded deficit resulted mainly from a combination of the following:*
  - (a) *an increase of \$3.049 billion in the repayment and servicing of the Public Debt from \$12.796 billion to \$15.845 billion. This is in contrast to a decrease of \$2.183 billion in 1999;*
  - (b) *an increase in current expenditure (excluding the repayment and servicing of the Public Debt) of \$2.944 billion from \$29.345 billion to \$32.289 billion; and*
  - (c) *an increase of \$2.172 billion in current revenue from \$41.217 billion to \$43.389 billion.*
  
2. *The collection of current revenue exceeded projected levels by 13.23%, compared with a similar performance in 1999, i.e. and excess of \$15.36%, and a shortfall of 6.35% in 1998. Estimated current revenue in 2000 totalled \$38.319 billion while actual collections amounted to \$43.389 billion, giving a budgetary surplus of \$5.070 billion. Of particular importance is the fact that the two main revenue collecting agencies, the Inland Revenue and the Customs and Excise departments, exceeded their targets by \$1.726 billion and \$1.581 billion respectively.*



3. *Capital revenue collections from sale of assets, internal loans, external grants and loans, and from other sources, fell short of projected levels by \$385.889M. Actual amounts budgeted to be collected totalled \$17.679 billion while the recorded actual collections amounted to \$17.293 billion, giving a percentage shortfall of 2.18%. This is in contrast to the performance recorded in 1999 where capital revenue collections fell below the projected level of \$17.853 billion by \$7.112 billion or 39.83%. .*
4. *Capital expenditure also fell below estimated levels. Of a total amount of \$18.213 billion budgeted to be spent on capital projects, sums totalling \$16.785 billion were actually expended, giving a shortfall of \$1.428 billion or 7.84%, compared with a similar shortfall in 1999 of \$2,170 billion or 15.22% 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\$315.098 billion as at 31 December 2000, the external portion accounting for G\$197.775 billion. In equivalent United States dollars, the Public Debt was US\$1.698 billion, the external debt accounting for US\$1.066 billion.*
6. *Compared with 1999, the Public Debt has increased by G\$9.979 billion, the external portion accounting for G\$3.079 billion. However, in terms of US dollars, the external debt decreased by US\$18M from US\$1.084 billion to US\$1.066 billion. The internal debt has, however, increased from G\$110.423 billion to G\$117.322 billion. Expressed as a factor of current revenue, the Public Debt at the end of 2000 was 7.12 times current revenue, compared with a factor of 7.39 at the end of 1999 and 8.33 at the end of 1997.*
7. *As mentioned above, there was an increase of G\$3.049 billion in the repayment and servicing of the Public Debt. This increase resulted from (a) increases in interest on both internal and external debt by G\$2.291 billion from G\$7.542 billion to G\$9.833 and (b) increases in principal on both internal and external debt by G\$758M from G\$5.255 billion to G\$6.013 billion.*

8. *Expressed as a percentage of current revenue, the repayment and servicing of the Public Debt in 2000 represented 36.52% of current revenue, compared with 31% , 41.14% and 54.15% in 1999, 1998 and 1997 respectively.*

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

9. *The Consolidated Fund was overdrawn by \$54.263 billion as at 31 December 2000, compared with overdrafts of \$57.110 billion, \$52.568 billion and \$40.407 billion at the end of 1999, 1998 and 1997 respectively. These significant increases in overdraft over the years were mainly due to the failure to reconcile the various Government bank accounts and to pay over sums due to the Consolidated Fund. In addition, the ledgers relating to this account were not written up since September 1987 and the bank account was not properly reconciled since February 1988.*
10. *Notwithstanding the overdraft on the Consolidated Fund, the sum total of all the Government bank accounts (including the overdrawn balance on the Consolidated Fund but excluding the balances on the bank accounts of special projects) reflected a positive balance of \$22.143 billion at the end of 2000, compared with \$14.101 billion, \$12.437 billion and \$15.933 billion as at the end of 1999, 1998 and 1997 respectively. In the absence of the reconciliation of the vast majority of the Government's bank accounts, the positive balance of \$22.143 billion represents the best available estimate of the cash position of the Government as at 31 December 2000.*
11. *The following gives a breakdown of the bank balances in summarised form with comparative figures at the end of the preceding year:-*

<b>DESCRIPTION</b>	<b>AMOUNT 1999 \$M</b>	<b>AMOUNT 2000 \$M</b>
Consolidated Fund	(57,110)	(54,263)
Deposits Fund	1,856	2,311
Contingencies Fund	381	(728)
General Account	9,227	20,550
Non-Sub-Accounting Ministries/Departments	18,685	13,168
Other Ministries/Departments' Accounts	13,495	6,544
Monetary Sterilisation Account	27,567	34,561
<b>TOTAL</b>	<b>14,101</b>	<b>22,143</b>

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

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

13. *As can be noted, the combined Guyana dollar equivalent of these liabilities was G\$2.764 billion. Interest charges are several times the actual overdrafts which is an indicator of the length of time the overdrafts had been in existence. It should be noted that these overdrawn balances have been attracting interest*

*every six(6) months and unless urgent action is taken to liquidate the overdrafts, the indebtedness to the Bank would continue to increase significantly through the accumulation of interest charges.*

- 14.** *This matter was drawn to attention in my previous reports, and despite this, there was no evidence of any action taken to arrange for the discharge of these liabilities which increased in 1998 by G\$513M as a result of increased interest charges.*
- 15.** *According to the audited accounts of Bank of Guyana for 2000, the total amount held in special accounts on behalf of the Government as at 31 December 2000 was \$16.963 billion. Of this amount, sums totalling \$4.369 billion relate to the HIPC relief on the Bank of Guyana's liability to the CARICOM Multilateral Clearing Facilities while amounts totalling \$11.811 billion are funds which are transferrable to the Consolidated Fund. Had such funds been transferred, the cash position as at 31 December 2000 would increase to \$33.954 billion.*
- 16.** *The majority of bank accounts under the control of Ministries, Departments and Regions had not been reconciled for a considerable period of time. Some of them continued to be overdrawn by significant amounts. This state of affairs is indeed regrettable because on a number of occasions, new bank accounts were opened to start from a clean position with the specific understanding that bank accounts would be reconciled within thirty(30) days of the close of the month. It should be mentioned that several alleged fraudulent transactions were uncovered over the years, facilitated by 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, up to the time of reporting, Government's tendering procedures remained unchanged.*

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

19. *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.*
20. *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***

21. *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.*

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

22. *The majority of Ministries/Departments/Regions violated Section 36 of the FAA Act which requires all unspent balances as at 31 December of every*

*year to be surrendered to the Consolidated Fund. Cash books were kept open until 15 February 2001 and payments were backdated to 29 December 2000.*

- 23. Proceeds from the Guyana Lotteries continued to be retained in a special bank account to meet public expenditure without Parliamentary approval. Such proceeds are public revenues which are required to be paid into the Consolidated Fund. As at 31 December 2000, amounts totalling \$1.454 billion were received as the Government's share of the Lotteries while payments totalling \$654.239M were made.*
- 24. The Ministry of Home Affairs transferred unspent balances totalling \$17.561M on three capital programmes to the Deposits Fund bank account, instead of the Consolidated Fund, to be used in 2001. This is a serious breach of Parliamentary approval to incur expenditure.*
- 25. In relation to the foreign missions, monthly releases to meet current expenditure were often received close to the end of the month while funds to meet capital expenditure in most cases were also not remitted until April 2001.*
- 26. Significant breaches in the Tender Board Regulations at the Guyana Defence Force were again drawn to the attention of the Accounting Officer. These include the absence of a system of competitive bidding and numerous instances of contract splitting to avoid adjudication by the Central Tender Board. In addition, the involvement of the Departmental Tender Board appeared to be mere cosmetic to facilitate payments by the Sub-Treasury.*
- 27. There were numerous breaches in the Tender Board Regulations at the Supreme Court of Judicature. In particular, there was evidence of contract splitting to avoid adjudication by the Departmental and Central Tender boards. In addition, several instances of apparent misappropriation of funds were uncovered in Georgetown and other magisterial districts due to the absence of proper segregation of duties and failure to reconcile bank accounts.*
- 28. In relation to the Ministry of Agriculture, the basis of the award of several contracts adjudicated by the Central Tender Board could not be determined because of the unavailability of the related files. A number of statutory*

*bodies in receipt of subventions from the Ministry were also significantly in arrears in terms of financial reporting.*

- 29.** *At the Ministry of Education, the main bank account was improperly used to make advances, and at the time of reporting, 394 advanced totalling \$40.387M remained outstanding. There were also 494 payment vouchers valued at \$129.385M which were not presented for audit examination.*
- 30.** *In relation to the Customs and Excise Department, eighty-three(83) Permits for Immediate Delivery (PID's) valued at \$531.138M had not yet been perfected at the time of the audit in August 2001. In addition, a total of 1,069 cargo vessels arrived in port in 2000. However, completed ship's files in respect of only 213 were made available for audit examination. The remainder were still at the various transit sheds. These two issues are significant enough to affect the collectibility of revenue. In relation to the Inland Revenue Department, there were 3,547 registered companies. However, only 691 submitted annual returns.*
- 31.** *In relation to the Ministry of Public Works, a number of irregularities were uncovered mainly in relation to building contracts. An official of the Ministry was in collusion with certain contractors, and in a number of cases there were overpayments on the contracts. These matters were referred to the Police for investigation. The bridge at Mandella Avenue was also poorly constructed, resulting in a final construction cost of approximately \$25M, including rectification costs.*
- 32.** *At Region 2, storekeeping and stores accounting continued to be unsatisfactory while at Region 3, record keeping for expenditure was not of the desired level, resulting in overstatement/ understatement of reported expenditure. In addition, there was evidence of manipulation of voted provisions to avoid exhausting budgetary allocations.*

**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 2000**

**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 Speaker of the National Assembly, who shall cause them to be laid in the 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 Speaker 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 2001, the statutory deadline for the submission of the statements and accounts referred to above, none of the ten(10) sets of statements comprising the Public Accounts as well as one hundred and thirty-eight(138) 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 Balances held on Deposit by the Accountant General and Outstanding Advances Made which was received on 7 September 2001.
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 Speaker.
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 of Finance 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 these statements 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, the relevant sections of this report was discussed with Accounting Officers, Principal Receivers of Revenue and the Accountant General who were also provided with individual reports of my findings and recommendations. Responses were 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. However, these accounts had not been properly written up since 1981, the last year prior to the ten(10) year gap in financial reporting.

19. The Accountant General explained that the data processing of the Government's transactions prior to 1987 was done using a main frame computer. The computer had developed problems in 1987, and stored data could not have been retrieved. Since then, the processing of the Government's transactions was done manually. Entries were nevertheless made to 1987 in respect of the two(2) ledger accounts referred to in the preceding paragraph. The Accountant General further explained that preliminary work had commenced to reconstruct the transactions for the period 1988 to 1991 and to use the audited figures for the period 1992 to 2000, with a view to updating these accounts. The Audit Office urges that the process be accelerated.
20. Despite the Consolidated Fund being the single most important account of the Government, the bank account was not 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.
21. Attempts have nevertheless been made to reconcile the monthly transactions of the Consolidated Fund with effect from January 1994. However, such reconciliation cannot be relied upon since the bank account balance was not being reconciled with a cash book balance.
22. In addition, an examination of the reconciliation statements of the monthly transactions of the Consolidated Fund revealed the following unsatisfactory features:-
  - The reconciliation was hand-written and was done in a foolscap book. In the circumstances, copies could not have been forwarded to the Secretary to the Treasury and the Auditor General in keeping with circular instructions;
  - The reconciliation was prepared by an Accounts Clerk II and there was no evidence of checking and certification by senior officers. Certainly, one would have expected that the reconciliation of such an important bank account should have been the responsibility of a senior official; and

- Entries in the cash book relating to revenue and other receipts were not made in the relevant month but several months later. The Department explained that this was due to delays in the submission of the documentation of the related transactions by Ministries and Departments. This practice resulted in the reconciliation statement showing significant amounts of reconciling items. For example, the reconciliation statement for December 2000 showed amounts of \$4.078 billion and \$4.948 billion as “receipts in the cash book not in the bank statement” and “receipts in the bank statement not in the cash book” respectively. In addition, the cash book did not reflect accumulated balances.

**23.** Having regard to the above observations, the following recommendations should be given serious consideration:-

- (a) Attempts should be made to establish a cash book balance for the Consolidated Fund since it is unacceptable to have a situation where the balance on such an important bank account is not known;
- (b) All transactions relative to a particular month must be brought to account in the cash book in the said month in order to ensure that cash book reflects as accurately as possible opening and closing monthly balances. Such an approach will facilitate a proper reconciliation of the bank account;
- (c) The traditional approach to reconciling bank accounts should be adopted. However, because this was not done since 1988 in respect of the Consolidated Fund bank account, there is likely to be an unreconciled difference being shown in the reconciliation statement. This difference will be reduced, if not eliminated, over a six(6) month period since cheques become stale-dated after this period and hence are not valid. At the end of the six(6) month period, the cash book can then be adjusted to take account of any remaining difference; and
- (d) The reconciliation should be done by an officer at the level of at least a Chief Accountant and should be checked and certified by higher level officers. Copies of such reconciliation should also be sent to the Secretary to the Treasury and the Auditor General.

24. 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 the Fund. At the end of 2000, the overdraft on this account was \$54.263 billion, compared with overdrafts of \$57.110 billion and \$52.568 billion at the end of 1999 and 1998 respectively. At the end of 1997, the overdraft on this account was \$40.407 billion, compared with overdrafts of \$38.229 billion and \$22.457 billion at the end of 1996 and 1995 respectively. In other words, over the period 1995 to 2000, the overdraft on the Consolidated Fund increased by \$31.806 billion!
25. 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 \$22.143 billion as at 31 December 2000, compared with positive balances of \$14.101 billion, \$12.437 billion and \$15.933 billion at the end of 1999, 1998 and 1997 respectively.
26. In the absence of the reconciliation of the vast majority of these accounts, the positive balance of \$22.143 billion represents the best available estimate of the cash position of the Government as at 31 December 2000.
27. The following gives a breakdown of the bank balances in summarised form with comparative figures at the end of the preceding year:-

<b>DESCRIPTION</b>	<b>AMOUNT 1999 \$M</b>	<b>AMOUNT 2000 \$M</b>
Consolidated Fund	(57,110)	(54,263)
Deposits Fund	1,856	2,311
Contingencies Fund	381	(728)
General Account	9,227	20,550
Non-Sub-Accounting Ministries/Departments	18,685	13,168
Other Ministries/Departments' Accounts	13,495	6,544
Monetary Sterilisation Account	27,567	34,561
<b>TOTAL</b>	<b>14,101</b>	<b>22,143</b>

28. The figure of \$22.143 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 2000 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	-
<b>TOTAL</b>		<b>13,832,062</b>	<b>1,696,265</b>

29. 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 them, 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.
30. This matter was drawn to attention in my previous reports. At the Public Accounts Committee examination of the reports of the Auditor General for the years 1995 to 1998, the then Deputy Secretary to the Treasury had explained that the indebtedness to the Bank was being addressed within the broader framework of the HIPC Initiative. At the time of reporting, however, it could not be determined what further action was taken in relation to this matter.
31. 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



32. 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 2000 was \$16.963 billion. Of this amount, sums totalling \$4.369 billion relate to the HIPC relief on the Bank of Guyana's liability to the CARICOM Multilateral Clearing Facility (CMCF). The Bank's indebtedness to the CMCF prior to the relief was US\$108.5M. This debt was reduced by US\$28.6M and was rescheduled over a period of ten(10) years at an interest rate of 5%, commencing 1999. The Bank of Guyana gave the Government of Guyana credit to the extent of the debt reduction by the opening of account No. 201250. As instalments are paid to the CMCF, proportionate transfers are made to the Consolidated Fund.
33. The following balances held in the special accounts are, however, funds which appear to be transferable to the Consolidated Fund:-

ACCOUNT NO.	DESCRIPTION	AMOUNT \$'000
200880	Accountant General	1,531,330
200920	Accountant General - GEC Wartsila	127,138
200950	Agriculture Sector Loan	77,294
201000	UK Programme Aid - GEA	474,482
201010	UK Programme Aid: Rice	55,421
201050	Agriculture Rehabilitation Project	280,914
201090	SIMAP Phase II Sub-Account	213,750
201110	Infrastructural Development Fund A/c	371,573
201130	Financial Sector Reform Programme	4,765,667
201160	Agricultural Sector Programme – Lo. 965-SF/GY	2,397,000
201200	CPF-8 <sup>th</sup> EDF Structural Adjustment Programme	142,094
201210	EPDS – Buy Back Programme	551,556
201240	Special Deposit – Accountant General	823,011
<b>TOTAL</b>		<b>11,811,230</b>

34. 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 \$33.954 billion as at 31 December 2000.

- 35.** Account No. 200880 was established as a clearing account for revenues received as licences and application fees for cambios and treasury bills. Apart from the failure to pay over to the Consolidated Fund the balance held in this account, 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. This matter was drawn to attention in my previous reports, and despite this, there was no evidence of any action taken to address this significant breach of the law.
- 36.** The balance on A/c No. 200880 at the beginning of 2000 was \$1.478 billion. During the year, amounts totalling \$2.252 billion were received, of which sums totalling \$2.007 billion relate to debt relief under the HIPC Initiative. During the year, payments totalling \$2.199M were made of which sums totalling \$2.137 billion relate to transfers to the Consolidated Fund. This gives a closing balance of \$1.531 billion.
- 37.** Account No. 200950 (Agricultural Sector Loan) relates to the IDB loan Agreement No. 660-SF/GY which was entered into in October 1981. The components of loan included mainly (a) the procurement of agricultural supplies (b) rehabilitation and maintenance of water control and (c) the capitalisation of GAIBANK. Given that disbursements on this loan were chargeable to the Public Debt, then the balance of \$77.294M is due to the Consolidated Fund. It should be mentioned that the Government indebtedness of US\$15M on this loan as at May 1999 was written off as part of the HIPC Initiative.
- 38.** In relation to the balances on account Nos. 201000 and 201010, these represent local currency proceeds from a grant from the British government to purchase fuel and lubricants. The grant amount was used to pay foreign suppliers while local purchasers paid the equivalent in local currency. This programme came to several years ago.

- 39.** The balance held on account No. 201050 (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. It is again recommended that this account be closed, and the balance of \$280.914M transferred to the Consolidated Fund. It should also be mentioned that the Government's indebtedness of US\$26.8M on this loan as at May 1999 was written off as part of the HIPC Initiative.
- 40.** In relation to the amount of \$213.750M shown on account No. 201090 – SIMAP Phase 2 Sub-Account, neither the Ministry of Finance nor the SIMAP Agency was able to provide information on the nature of this account. Investigations however, revealed that this amount was transferred to this account from the ARSA Account in 1994.
- 41.** Account No. 201110 was established in 1994 through the transfer of \$2.110 billion from the Consolidated Fund to establish an infrastructural development fund. From this fund, it is understood that Wartsila engines were purchased for Region 2 and Wakenaam. In addition, this account was used to meet counterpart expenditure relating to an IDB loan to the electricity sector. As can be noted, the account reflected a balance of \$371.573M as at 31 December 2000. There was no movement since 1997.
- 42.** Account Nos. 201130 and 201160 were established to receive the local currencies proceeds of the first two(2) tranches on the IDB Loan No. 956 SF/GY - Sector Reform Programme and the first tranche of the IDB Loan No. 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. The IDB has confirmed that no restrictions have been placed on the local currency proceeds.

43. Account No. 201200 was set up to capture interest accrued from a grant from the European Commission to support Guyana's economic reforms. The agreement came to an end in June 1999. The balance on this account at the beginning of the year was \$85.104M. Interest totalling \$243.960M was received during the year while an amount of \$186.970M was transferred to a commercial bank on behalf of the Guyana Elections Commission.
44. In relation to account No. 201210, the Government of Guyana and the World Bank signed a grant agreement in November 1998 in respect of a commercial debt buy back programme. Under this agreement, the sum of US\$5.440M was provided for the settlement of arrears of the Bank of Guyana's External Payments Deposits Scheme. This programme came to an end in 1999 at which time amounts totalling US\$3.151M, equivalent to G\$551.556M, were disbursed to the Bank of Guyana's creditors. In view of the fact that the liabilities under the EPDS Scheme were those of the Bank of the Guyana, the Government of Guyana was credited with the relief from the World Bank through the opening of this account.
45. The amount of \$823.011M shown on account No. 201240 represents the Government's share of the profits of the Bank of Guyana in keeping with the Bank of Guyana Act.
46. 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.
47. The Statement of Receipts and Payments of the Consolidated Fund, comprising both capital and current accounts, is shown on pages 2/1 to 2/7 and is summarised below with comparative figures for the two(2) preceding years:-

	<b>2000 \$'000</b>	<b>1999 \$'000</b>	<b>1998 \$'000</b>
Current Receipts	43,389,404	41,216,899	36,095,199
Capital Receipts	17,293,048	10,741,513	11,120,425
	60,682,452	51,958,412	47,215,624
Current Payments	51,540,375	43,863,895	39,991,756
Capital Payments	17,110,479	13,634,844	13,244,447
	68,650,854	57,498,739	53,236,203
Excess of Receipts over Payments	(7,968,402)	(5,540,327)	(6,020,579)

- 48.** As can be noted, there has been a deficiency of receipts over payments of \$7.968 billion, compared with similar deficiencies of \$5.540 billion and \$6.021 billion in 1999 and 1998 respectively. The main reason for this deficiency was that payments to meet current expenditure (including the repayment and servicing of the Public Debt) exceeded current revenue by \$8.151 billion. 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 \$5.669 billion.
- 49.** An examination of the Cash Book of the Consolidated Fund kept by the Accountant General revealed that sums totalling \$68.251 billion were received and deposited into this account, compared with \$60.682 billion reported in the financial statements, giving a difference of \$7.568 billion.
- 50.** A similar observation was made in respect of payments. The cash book reflected an amount of \$84.072 billion while the financial statements showed \$68.651 billion, a difference of \$15.421 billion. Further examination revealed that proceeds from the issuing of Treasury Bills totalling \$13.110 billion and the redemption of Treasury Bills totalling \$12.467 billion were not reflected in the financial statements. Taking this into account, there still remains unexplained differences of \$5.542 billion and \$2.954 billion between the financial statements and the related cash book in terms of receipts and payments of the Consolidated Fund respectively.

- 51.** In my previous reports, reference was made to the undue delays in paying over to the Consolidated Fund amounts collected from the divestment of state entities. Although attempts were made in February 1999 to transfer sums due to the Fund, as at 31 December 2000, the divestment bank account No. 3179 reflected a balance of \$892.998M. In particular, for the period under review, amounts totalling \$1.316 billion were collected as proceeds from divestment but no amount was paid over 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.
- 52.** Amounts totalling \$938M 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.
- 53.** 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 \$758.020M 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**

54. The Statement of Revenue Actually paid into the Consolidated Fund as compared with the Estimates of Revenue, comprising both capital and current, is shown on page 2/8 and is summarised below with comparative figures for the two(2) preceding years:-

	<b>2000 \$'000</b>	<b>1999 \$'000</b>	<b>1998 \$'000</b>
<b>CURRENT REVENUE</b>			
Revenue Actually Paid into Consolidated Fund	43,389,404	41,216,899	36,095,199
Estimates of Revenue	38,319,465	35,773,729	38,875,407
Over/(Under) the Estimates	<b>5,069,939</b>	<b>5,443,170</b>	<b>(2,780,208)</b>
<b>CAPITAL REVENUE</b>			
Revenue Actually Paid into Consolidated Fund	17,293,048	10,741,513	11,120,425
Estimates of Revenue	17,678,937	17,853,272	16,338,807
Over/(Under) the Estimates	<b>( 385,889)</b>	<b>(7,111,759)</b>	<b>( 5,218,382)</b>

55. The collection of current revenue in 2000 exceeded projected levels by 13.23%, compared with a similar performance in 1999, i.e. an excess of 15.36%, and a shortfall of 6.35% in 1998. Estimated current revenue in 2000 totalled \$38.319 billion while actual collections amounted to \$43.389 billion, giving a budgetary surplus of \$5.070 billion. Compared with 1999, total current revenue collections, however, increased by only \$2.172 billion or 5.26%.

56. In relation to capital revenue, it is to be noted that amounts totalling \$1.056 billion were collected from the sale of assets but were not paid over to the Consolidated Fund. Taking this figure into account, capital revenue collections from sale of assets, internal loans, external grants and loans and from other sources exceeded projected levels by \$669.162M or 3.79%, compared with shortfalls of \$7.112 billion or 39.83% and \$5.219 billion or 31.94% in 1999 and 1998 respectively. Estimated capital revenue from all sources totalled \$17.679 billion while actual revenue collected was \$18.348 billion.
57. Proceeds from external loans exceeded projected levels by \$1.311 billion or 10.88%, compared with a shortfall of \$5.583 billion or 47.15% in respect of 1999. Of the amount of \$12.053 billion budgeted as inflows from external loans, actual inflows amounted to \$13.364 billion. In relation to external grants, of the amount of \$2.223 billion budgeted, actual inflows amounted to \$1.519 billion. 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. In addition, under the United Nations Development Programme, amounts totalling US\$1.713M, equivalent to \$317.909M were disbursed by way of grants to various Government agencies. These were reflected neither in the estimates of revenue and expenditure for 2000 nor in the public accounts.

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

58. The Statement of Expenditure from the Consolidated Fund as compared with the Estimates of Expenditure, comprising both current and capital, is shown on pages 2/9 to 2/14, and is summarised below with comparative figures for the two(2) preceding years:-



	<b>2000</b> \$'000	<b>1999</b> \$'000	<b>1998</b> \$'000
<b>CURRENT EXPENDITURE</b>			
Actual Expenditure	48,133,683	42,136,812	37,155,960
Revised Estimates	52,144,670	46,710,550	41,537,975
Over/(Under) the Estimates	<b>(4,010,987)</b>	<b>(4,573,738)</b>	<b>(4,382,015)</b>
<b>CAPITAL EXPENDITURE</b>			
Actual Expenditure	16,784,664	12,089,702	13,220,627
Revised Estimates	18,212,633	14,260,273	15,637,550
Over/(Under) the Estimates	<b>(1,427,969)</b>	<b>(2,170,591)</b>	<b>(2,416,923)</b>

59. There has been an overall increase of \$5.997 billion or 14.23% in current expenditure in 2000, compared with an increase of \$4.981 billion or 13.41% in 1999. This was due to the following:-
- (a) an increase of \$3.049 billion or 23.83% in the repayment and servicing of the Public Debt from \$12.796 billion to \$15.845 billion; and
  - (b) an increase of \$2.948 billion or 10.05% in expenditure by Ministries, Departments and Regions, compared with an increase of \$7.164 billion or 32.30% in 1999. 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 \$2.793 billion or 23.64% while expenditure on Other Charges increased by \$155M.
60. Capital expenditure has increased by \$4.695 billion or 38.83%, compared with a decrease of \$1.131 billion or 8.55% in 1999. Compared with the Revised Estimates, there has been a shortfall of \$1.428 billion or 7.84%. A similar shortfall of \$2.171 billion or 15.22% was noted in 1999. 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 there were several instances of disbursements made by funding agencies which had not been brought to account as capital expenditure.

61. The main Ministries which have not achieved their anticipated levels of capital expenditure activity in 2000 are as follows:-

<b>NAME OF MINISTRY/ DEPARTMENT</b>	<b>REVISED ESTIMATES \$'000</b>	<b>ACTUAL EXPEND. \$'000</b>	<b>SHORTFALL \$'000</b>
Office of the President – El Nino	446,264	302,464	143,800
Min. of Agriculture	1,452,950	1,340,620	112,330
Min. of Works – Bridges	191,473	40,529	150,944
Min. of Works – Sea Defences	1,339,128	1,099,452	239,676
Min. of Housing & Water	742,000	419,515	322,485
Min. of Housing – Water Supply	1,309,700	1,078,612	231,088
Min. of Education	660,434	432,949	227,485
<b>TOTAL</b>	<b>6,141,949</b>	<b>4,714,141</b>	<b>1,427,808</b>

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

62. 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.
63. 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.

- 64.** In addition to the Public Debt Section of the Accountant General's Department, the Ministry of Finance has a Debt Management Division. While much of the work performed by this division duplicates that of the Public Debt Section, the former nevertheless provides for an independent check on the work of the latter. However, documentation relating to new debts and the repayment, cancellation and rescheduling of debts was not received by the Accountant General's Department but by the Debt Management Division. As a result, the Accountant General's records had to be updated from the records of the Debt Management Division. It is recommended that copies of all the relevant documentation relating to the Public Debt be forwarded to the Accountant General for the updating of her records. In addition, there should be periodic reconciliation between the two(2) records.
- 65.** 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 updating the disbursement column of the Register. This column was being written up from monthly statements 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.
- 66.** The reported Public Debt as at 31 December 2000 (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 2/36 and is summarised below:-

<b>DESCRIPTION</b>	<b>EXTERNAL G\$'000</b>	<b>INTERNAL G\$'000</b>	<b>TOTAL G\$'000</b>
Unfunded	197,775,498	74,356,031	272,131,529
Funded	-	-	-
<b>Sub-total</b>	<b>197,775,498</b>	<b>74,356,031</b>	<b>272,131,529</b>
Treasury Bills			
(90 days)	-	3,900,000	3,900,000
(182 & 365 days)	-	39,066,350	39,066,350
<b>TOTAL</b>	<b>197,775,498</b>	<b>117,322,381</b>	<b>315,097,879</b>

67. As can be noted, the total Public Debt stood at \$315.098 billion, compared with G\$305.119 billion at the end of 1999, an increase of G\$9.979 billion. In equivalent United States dollars, the total Public Debt as at 31 December 2000 was US\$1.698 billion. Expressed as a factor of current revenue, the total Public Debt at the end of 2000 was 7.12 times current revenue, compared with a factor 7.39 at the end of 1999 and 8.33 at the end of 1998.
68. The External Debt at the end of 2000 was G\$197.775 billion, compared with G\$194.696 billion at the end of 1999, an increase of G\$3.079 billion. In equivalent United States dollars, the External Debt as at 31 December 2000 was US\$1.066 billion, compared with US\$1.084 billion at the end of 1999, a decrease of US\$18M. This decrease was due mainly to (a) repayments totalling US\$45.162M (b) disbursements totalling US\$66.482M in respect of loans contracted and (c) the movement of the exchange rate from US\$1 = G\$179.6 to US\$1 = G\$185.5583. The Internal Debt has, however, increased by G\$6.899 billion from G\$110.423 billion to G\$117.322 billion. In 1999, the Internal Debt had increased by G\$11.007 billion.
69. In my 1999 Report, it was stated that seven(7) additional external loans were contracted in 1999 but the related agreements were not laid in the National Assembly. These have since been laid in the Assembly in addition to the five(5) new loan agreements which were entered into in 2000.

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

70. 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.
71. 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.
72. According to the Statement of Outstanding Loans or Credits Guaranteed by the Government, as set out on page 2/37, the total outstanding liability as at 31 December 2000 was \$7.051M, compared with \$27.658M at the end of 1999, a decrease of \$20.607M. This decrease resulted mainly from the decrease in the liability in respect of three(3) loans to Berbice Mining Enterprise.
73. 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 2000, 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 2000. 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.

**74.** 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**

75. 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.
76. The statement of outstanding loans and advances made from the Consolidated Fund as at 31 December 1999 is shown on pages 2/38 to 2/42 and is summarised as follows:-

DESCRIPTION	AMOUNT \$'000
Public Corporations & Boards	5,249,689
Local Authorities	1,719
Municipalities	1,014
Other Statutory Bodies	856
Remigrated & Other Officers	680
Co-operative Societies	575
Other Loans & Advances	400
Students	146
Others	211
<b>TOTAL</b>	<b>5,255,290</b>

- 77.** Included in the figure of \$5.250 billion shown as Loans to Public Corporations are amounts totalling \$1.801 billion representing fifteen(15) loans granted to the Guyana Electricity Corporation and the Linden Mining Enterprise. In view of the financial difficulties of LINMINE as well as its impending privatisation, the recoverability of \$3.668 billion shown as outstanding as at 31 December 2000, may be in doubt. A similar observation was made in respect of the former Guyana Airways Corporation and the Guyana Electricity Corporation which are indebted to the Government in the sum of \$438.930M and \$609.901M respectively. Mards Rice Milling Company Ltd. is also indebted to the Government in the sum of \$500M.
- 78.** Also included in the figure of \$5.250 billion are amounts totalling \$5.601M which have been coming forward for a considerable period of time. No records were also maintained by the Accountant General in support of the latter amount, and there has been no movement in these accounts since 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 nineteen(19) years without evidence of any action being taken to recover them.
- 79.** 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.
- 80.** 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.



81. 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 \$5.255 billion shown as outstanding loans and advances made from the Consolidated Fund as at 31 December 2000 could not be determined.

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

82. 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.
83. The Statement of Statutory Expenditure for 2000 is shown on page 2/43, and is summarised below with comparative for the preceding two(2) years:-

DESCRIPTION	2000 \$'000	1999 \$'000	1998 \$'000
Internal Debt - Principal	2,398,037	1,666,615	315,736
"    "    - Interest	5,031,287	3,564,716	3,092,239
External Debt - Principal	3,614,428	3,588,214	5,102,088
"    "    - Interest	4,801,252	3,976,851	6,469,082
<b>Sub-Total</b>	<b>15,845,004</b>	<b>12,796,396</b>	<b>14,979,145</b>
Constitutional Offices	300,135	231,836	169,916
Pensions & Gratuities	703,807	440,162	458,293
Payments to Dependants' Pension Fund	6,955	6,206	4,964
<b>Total Statutory Expenditure</b>	<b>16,855,901</b>	<b>13,474,600</b>	<b>15,612,318</b>

84. As can be noted, the repayment and servicing of the Public Debt increased by \$3.049 billion or 23.82% from \$12.796 billion to \$15.845 billion, compared with a decrease of \$2.183 billion in 1999. This significant increase was due mainly to an increase of \$2.291 billion in interest on both internal and external debts.
85. Expressed as a percentage of current revenues, the repayment and servicing of the Public Debt in 2000 represented 35.79% of current revenue, compared with 31%, 41.14%, 54.15% and 40% in 1999, 1998, 1997 and 1996 respectively. In other words, over the last five(5) years, on average 40.42% of current revenues went towards the repayment and servicing of the Public Debt.
86. It should be noted that, for the period under review, interest charges relating to the servicing of the Public Debt totalled \$9.833 billion, representing 62.05% of the total payments thereof, compared with \$7.542 billion or 58.89% in 1999. In 1998, 63.83% of the repayment and servicing of the Public Debt represented interest charges. In other words, over the last three(3) years interest charges averaged 61.59% 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**

87. 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.
88. 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.

89. The Statement of Receipts and Payments of the Contingencies Fund for the year ended 31 December 2000 is shown on pages 2/44 to 2/49. Total payments of the Contingencies Fund amounted to \$3.366 billion, compared with \$1.340 billion in 1999, an increase of \$2.026 billion. Total receipts from the Consolidated Fund amounted to \$3.755 billion, compared with \$1.337 billion in 1999, an increase of \$2.418 billion. This gives an excess of receipts over payments of \$388.799M.
90. The following is a summary of the payments made from the Contingencies Fund for the period under review:-

DESCRIPTION	NO. OF ADVANCES	AMOUNT \$'000
To meet cash flow shortfall & to purchase fuel for LINMINE	13	951,975
To meet liabilities of GEC	2	600,000
RE: Ministry of Finance – to meet salary increases etc.	5	505,000
RE: Ministry of Works – to meet additional costs on roads, Demerara Harbour Bridge etc.	13	510,347
RE: Office of the President – purchase of equipment for the GDF etc.	4	349,029
RE: Ministry of Education – Berbice Campus & Essequibo Technical Institute etc.	7	172,688
RE: Ministry of Agriculture - increase in D & I costs, locust outbreak etc.	3	144,950
Other Ministries/Departments	23	132,171
<b>TOTAL</b>	<b>70</b>	<b>3,366,160</b>

91. As at 31 December 2000, thirty-eight(38) advances totalling \$641.842M remained outstanding. Taking into account the closing cash book balance of \$447.545M, the balance on the Contingencies Fund as at 31 December 2000 was \$1.089 billion.

92. Included in the amount of \$641.842M shown as outstanding advances, are eighteen(18) advances totalling \$7.634M relating to the period 1986 to 1989. Up to the time of reporting, the nature of these advances could not be determined. Given the time period involved and the fact that there was no financial reporting during that period, it is again recommended that a supplementary estimate be prepared and submitted to the National Assembly for its approval. In this way, the Contingencies Fund will be replenished with the amount involved.
93. In previous reports, the abuse of the Contingencies Fund was highlighted. There was clear evidence 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.
94. 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:-

<b>MINISTRY</b>	<b>PARTICULARS</b>	<b>AMOUNT \$</b>
Ministry of Information Supreme Court	Purchase of motor car & printing of booklets	4,000
	Benefits & allowances, local travel & subsistence etc.	13,548
GDF	Purchase of fuel and spares	15,000
Ministry of Works & Communications	Purchase of office equipment	3,000
Ministry of Local Govt.	Fencing of Waramandong Secondary School	3,000
	<b>TOTAL</b>	<b>38,548</b>

95. The Contingencies Fund bank account was overdrawn by \$727.523M as at 31 December 2000 while the cash book reflected a positive balance of \$447.545M as at this date. The overdraft was due to the delay in the banking of an amount \$1.814 billion representing the replenishment of advances from the Contingencies Fund.

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

- 96.** 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.
- 97.** 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.
- 98.** 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.

99. 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.
100. The Statement of Deposit held by the Accountant General and Outstanding Advances made therefrom is shown on pages 2/50 to 2/51 and is summarised below:-

<b>Balances Held on Deposit</b>	<b>\$'000</b>
Held for Investments	1,068,107
" on behalf of Ministries/Departments/Regions	1,028,471
" " " " Dependants' Pension Fund	134,834
" " " " Sugar Industry Welfare Committee	18,850
<b>TOTAL</b>	<b>2,250,262</b>

<b>Outstanding Advances</b>	<b>\$'000</b>
Motor Vehicles	108,358
Personal	12,171
Bicycles & Motor Cycles	963
Statutory Bodies	1,415,966
Furniture	137
<b>TOTAL</b>	<b>1,537,595</b>

- 101.** As can be noted, the balance on the Deposits Fund as at 31 December 2000 was \$2.250 billion while the bank account reflected a balance of \$2.311 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 properly 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.
- 102.** The amount of \$1.068 billion 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.
- 103.** 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.
- 104.** 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 \$1.538 billion shown as advances outstanding as at 31 December 2000 could not be substantiated.
- 105.** The Statement also includes an amount of \$134.834M 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 1998. As a result, the accuracy of this amount could not have been properly determined from the entity's records.
- 106.** 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 satisfactorily determined.

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

- 107.** 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.
- 108.** 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.
- 109.** Prior to 1999, the last statement of current assets and liabilities of the Government to be produced was in respect of 1981 and therefore there was a gap of seventeen(17) years. For the year ended 31 December 1999, based on a recommendation from the Audit Office, an alternative approach was used to produce the statement of current assets and liabilities. 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.
- 110.** The Statement of Current Assets and Liabilities of the Government for the year ended 31 December 2000 was prepared using the same approach adopted for 1999. It is shown on page 2/52 and is summarised as follows:-



	\$M	\$M
<b>CURRENT ASSETS</b>		
Cash at Bank of Guyana in respect of Central Government accounts		22,143
Cash at Bank of Guyana in respect of special accounts		11,811
		33,954
<b>LESS: CURRENT LIABILITIES</b>		
90 days Treasury Bills	3,900	
180 days Treasury Bills	8,453	
365 days Treasury Bills	30,613	
	42,966	
Sugar Industry Welfare, Labour, Rehabilitation, and Price Stabilisation funds	1,068	
Miscellaneous deposits	1,028	
Dependants' Pension Fund and Sugar Industry Welfare Committee	154	45,216
<b>NET CURRENT LIABILITY AS AT 31 DECEMBER 2000</b>		<b>11,262</b>

- 111.** As can be noted, current assets totalled \$33.964 billion while current liabilities amounted to \$45.216 billion, resulting in a net current liability of \$11.262 billion. This gives the best available estimate of the financial position of the Government as at 31 December 2000.
- 112.** In relation to the amount of \$22.143 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:-

<b>DESCRIPTION</b>	<b>AMOUNT 1999 \$M</b>	<b>AMOUNT 2000 \$M</b>
Consolidated Fund	(57,110)	(54,263)
Deposits Fund	1,856	2,311
Contingencies Fund	381	(728)
General Account	9,227	20,550
Non-Sub-Accounting Ministries/Departments	18,685	13,168
Other Ministries/Departments' Accounts	13,495	6,544
Monetary Sterilisation Account	27,567	34,561
<b>TOTAL</b>	<b>14,101</b>	<b>22,143</b>

**113.** 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 \$20.550 billion at the end of 2000. 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.

**114.** 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 \$13.168 billion as at the end of 2000, 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.

- 115.** 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.
- 116.** 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.
- 117.** 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.
- 118.** In respect of the bank accounts of Ministries, Departments and Regions, as can be noted, the total of all the bank balances amounted to \$6.542 billion at the end of 2000, of which the following reflected balances in excess of \$100M:-

<b>ACCOUNT NO.</b>	<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
102	Accountant General Int. on Bonds	3,589,673
404	Redemption of Treasury Bills A/c	(14,743,938)
489	Customs & Excise Revenue Account	169,165
902	Ministry of Labour – Public Asst. Imprest A/c	(270,586)
922	Primary Education Improvement Project	826,995
953	EEC Infrastructure Rehab. Programme	152,489
964	Gov't of Guyana Omai Royalties	353,523
981	Revenue & Deposits Fund Receipts	605,406
1010	Ministry of Public Works Main A/c	198,803
1012	Counterpart Funds Infra. Rehab. Project	453,117
3014	Customs & Excise Revenue A/c	526,503
3025	Inland Revenue Main A/c	4,361,309
3046	Region 6 Sub-Treasury A/c	415,202
3051	GDF Sub-Treasury A/c	686,177
3054	Ministry of Agriculture Main A/c	242,704
3079	Ministry of Health Main A/c	447,157
3119	New National Lotteries A/c	855,950
3129	SSRP– Local Main A/c	157,295
3179	Government of Guyana Divestment A/c	892,998
3195	Internal Revenue – Revenue A/c	2,953,329
3212	Guyana Elections Commission A/c	173,309
3215	Ministry of Health – Lotto Fund A/c	189,424
<b>TOTAL</b>		<b>3,236,004</b>

- 119.** As can be noted, the Redemption of Treasury Bills Account No. 404 was overdrawn by \$14.744 billion. It is evident that the balance on this account was not being carefully monitored. Transfers should have been made from the Consolidated Fund to Account No. 404 as and when Treasury Bills are redeemed.

- 120.** In my 1999 Report, it was stated that there was a large balance of \$9.341 billion in the Inland Revenue Main Account No. 3025. Inquiries had 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 were 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. It is recommended that urgent steps be taken to transfer this latter amount to the Consolidated Fund.
- 121.** 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 had reflected overdrafts totalling \$509.820M while forty-five(45) active accounts (excluding on the Consolidated Fund) were overdrawn by \$5.345 billion.
- 122.** Following persistent recommendations from the Audit Office, the Accountant General's Department decided to close most of the inactive accounts by transferring the balances to the Consolidated Fund. However, as at 31 December 2000, there were still sixteen(16) accounts with net balances totalling \$22.285M, six(6) of which had overdrawn balances totalling \$309.309M, as shown below:-

<b>ACCOUNT NO.</b>	<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
213	Ministry of Labour & Social Security	26,565
444	Ministry of Foreign Affairs – Imprest A/c	51,635
926	Ministry of Education & Culture – Salaries A/c	78,115
932	Office of the President & Cabinet – Main A/c	28,712
946	Ministry of Health – Main A/c	102,899
3076	District Commissioner – East Coast	20,915
	<b>TOTAL</b>	<b>308,841</b>

123. As at 31 December 2000, the number of active bank accounts totalled 307, 47 of which (excluding the Consolidated Fund) were overdrawn by amounts totalling \$15.929 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
403	Contingencies Fund	727,523
404	Redemption of Treasury Bills A/c.	14,743,938
478	SILWF Committee – Disbursement	4,422
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
3029	Region 4 Salaries A/c (Education)	9,848
3077	District Commissioner - East Bank	8,548
3089	Region 3 – Wages A/c	5,971
3112	West Dem. Magisterial District – Bastardy A/c	5,056
3125	Region 9 – Salaries A/c	6,592
3182	Georgetown Hospital - General A/c	34,208
3191	Min. of Human Services – Ord. Imprest A/c	21,528
	<b>TOTAL</b>	<b>15,900,917</b>

124. 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.

- 125.** 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.
- 126.** 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.
- 127.** 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.
- 128.** 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.
- 129.** As can be noted, the Monetary Sterilisation Account reflected a balance of \$34.561 billion as at 31 December 2000, compared with \$27.567 billion as at 31 December 1999 and \$24.297 billion at the end of 1998. However, according to the Public Debt Statement, as at 31 December 2000, amounts totalling \$39.066 billion were outstanding in respect of medium-term Treasury Bills, giving an unexplained difference of \$4.505 billion.

- 130.** 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 2000 was \$16.963 billion. Of this sum, amounts totalling \$11.811 billion appeared to be funds which are transferable to the Consolidated Fund, as discussed in an earlier part of this report. Accordingly, this latter amount was included as current assets of the Government.
- 131.** 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 2000, could not be satisfactorily determined.

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

- 132.** The appropriation accounts of Accounting Officers for the year ended 31 December 2000 in respect of the votes for which they were responsible, comprising both capital and current, are shown on pages 2/53 to 2/217. 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**

- 133.** The statements of receipts and disbursements by Principal Receivers of Revenue for the year ended 31 December 2000 are shown on pages 2/218 to 2/235. 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 & DIVISIONS 501 & 502**

#### **OFFICE OF THE PRESIDENT**

##### **Current Expenditure**

##### **Employment Costs**

- 134.** At the time of the audit in August 2001, the salaries bank account No. 3007, which had a balance of \$8.857M as at the end of 2000, was only reconciled to September 2000. Draft reconciliation was, however, seen up to March 2001. A similar observation was made in respect of the main bank account No. 3006 which reflected a balance of \$70.622M and which was only reconciled to February 1999. In the latter case, draft reconciliation was seen to December 2000. At the time of reporting, these accounts have since been reconciled to June 2001 and May 2001 respectively.
- 135.** An examination of the reconciliation statements for the period January to November 2000 in respect of account No. 3007 revealed unexplained differences totalling \$221,892. These differences should be investigated. In addition, the November 2000 reconciliation statement reflected thirty-three(33) unpresented cheques valued at \$201,189 which had become stale-dated. These should be written back to the cash book.
- 136.** An examination of the Register of Contributors to the National Insurance Scheme revealed that forty-two(42) 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**

- 137.** The main bank account No. 932, which ceased to be operational in June 1996, was overdrawn by \$28.712M as at 31 December 2000. It is again recommended that efforts be made to investigate the overdraft with a view to clearing it.

- 138.** Amounts totalling \$12.135M 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 not maintained by the Accounting Unit. It is again recommended that this record be introduced as early as possible to provide for an independent check on the stock records maintained by the storekeeper.
- 139.** Amounts totalling \$25.289M were expended on Rental & Maintenance of Buildings, as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Office of the President buildings	5,727,705
Amerindian Hostel	4,440,425
Janitorial and cleaning supplies	2,919,455
President's Residence	1,897,721
Public Service Ministry's building	1,445,320
Castellani House	901,325
Purchases of building material	6,398,084
Rental of buildings	1,558,837
<b>TOTAL</b>	<b>25,288,872</b>

- 140.** Five(5) buildings at the Office of President were repaired at a cost of \$5.728M. The works were executed by fifty(50) contracts valued at \$5.333M. Five(5) of these fell within the limits of \$180,000 and \$450,000 but there was no evidence of adherence to a system of quotations before the contracts were awarded.
- 141.** A similar observation was made in relation to the maintenance of the Amerindian Hostel. The works were executed by sixty-two(62) contracts. Three(3) of these fell within the limits of \$180,000 and \$450,000 but there was no evidence that a system of quotations was followed before the contracts were awarded. Efforts should be made to ensure full compliance with the Tender Board Regulations.

142. The amount of \$2.919M expended on janitorial and cleaning services represents the purchase of various cleaning items while the amounts expended on the President's Residence, the Public Service Ministry building and Castellani House were in relation to miscellaneous repairs.
143. As can be noted, building materials valued at \$6.398M were also purchased. These were for use by the Maintenance Division and were verified as having been received and properly brought to account. The maintenance works were also physically verified.
144. Amounts totalling \$16.545M were expended on vehicle spares and service. In my previous reports, the excessive maintenance costs of vehicles under the control of the Department were highlighted. This trend continued for the period under review, albeit to a lesser degree, as can be seen from the following table:-

VEHICLE NO.	ASSIGNED TO	1998 \$	1999 \$	2000 \$	TOTAL \$
PFF 3383	Presidential Guard	1,996,560	1,949,026	739,486	4,685,072
PDD 6819	Presidential Guard	1,441,653	1,436,113	400,860	3,278,626
PDD 1923	Administration. Pool	1,070,693	755,125	972,007	2,797,825
GDD 6696	Presidential Guard	1,267,000	956,538	453,793	2,677,331
PDD 6727	Political Adviser	1,580,563	103,536	720,486	2,404,585
PDD 6145	Presidential Guard	749,816	1,013,775	481,026	2,244,617
PDD 1921	PSM	741,574	1,200,323	226,300	2,168,197
PCC 5901	Presidential Guard	768,035	890,641	478,150	2,136,826
PDD 5913	Presidential Secretariat	713,632	368,967	723,031	1,805,630
PDD 4207	Administration Pool	1,436,964	287,997	-	1,724,961
PFF 3382	Presidential Guard	-	883,581	538,283	1,421,864
PDD 6729	PSM	-	715,330	339,964	1,055,294
PGG 1110	Presidential Guard	-	719,510	272,532	992,042
PCC 6917	Presidential Guard	943,990	-	-	943,990
	<b>TOTAL</b>	<b>12,710,480</b>	<b>11,280,462</b>	<b>6,345,918</b>	<b>30,336,860</b>

145. The Audit Office again wishes to re-iterate its previously stated position that in view of the high cost of maintenance of the above vehicles, consideration should be given to their disposal and the acquisition of new or reconditioned vehicles. The Accounting Officer has since indicated that a decision was taken to dispose of all vehicles acquired more than eight(8) years ago.

146. Included in the amount of \$65.207M expended on Other Goods & Services Purchased, were sums totalling \$28.032M which were expended on the printing of the Official Gazette. An amount of \$12.644M was also expended on security services while expenditures totalling \$5.242M and \$6.449M were incurred on equipment maintenance, and cleaning and extermination services respectively. Based on test-checks carried out, the expenditure of \$65.207M was verified as having been properly incurred.
147. Amounts totalling \$68.504M were expended on Training. The following is a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Allowances for overseas & local students	34,877
Tuition fees for UG & GSA students	15,059
Air fare and transportation costs (local & overseas)	6,705
PSM Career Training Programme	5,556
Tuition fees etc. for overseas students	3,215
Contribution to REPAHA	1,840
Others	1,252
<b>TOTAL</b>	<b>68,504</b>

148. Included in the figure of \$34.877M shown as allowances for overseas and local students, were amounts totalling \$21.771M 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 various educational institutions, including the University of Guyana. Also included in the figure of \$34.877M, were sums totalling \$7.126M which were expended on graduate allowance, airfare, in-transit and incidental allowances in respect of eighteen(18) overseas students. The difference of \$5.980M represents the payment of expenses for sixty-nine(69) students attending the University of Guyana.

- 149.** The amount of \$15.059M was expended on tuition fees for sixty-nine(69) students pursuing studies in various disciplines at the University of Guyana and the Guyana School of Agriculture. In relation to the amount of \$6.705M expended on airfare and transportation costs, this relates to students in the hinterland attending schools in Georgetown as well as costs associated with students attending courses overseas.
- 150.** In relation to the PSM Career Training Programme, the amount of \$5.556M was expended on various courses administered by the PSM while the sum of \$3.215M was expended on tuition fees for twelve(12) students pursuing studies in Trinidad. The contribution of \$1.840M to REPAHA also relates to tuition fees for five(5) students.
- 151.** In my 1999 Report, it was stated that eighteen(18) students pursuing studies in Brazil, Moscow, Canada and the United Kingdom 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.
- 152.** For the period under review, one(1) student completed her studies in Brazil but up to the time of reporting, had not returned home. This gives a total of nineteen(19) students who had not returned to fulfil their contractual obligations. The Accounting Officer explained that the related files were submitted to the Attorney General's Chambers for possible legal action.
- 153.** Amounts totalling \$342.804M were expended on Subsidies & Contributions to Local Organisations. The following gives a breakdown of the expenditure:-

<b>NAME OF ORGANISATION</b>	<b>AMOUNT \$'000</b>
Presidential Guard	115,327
National Parks Commission	56,200
Guyana Office for Investment	46,537
Environment Protection Agency	30,000
Guyana National Energy Authority	29,540
Guyana Natural Resources Agency	18,655
Institute of Applied Science and Technology	18,125
Castellani House	17,758
Integrity Commission	5,428
Joint Intelligence Co-ordinating Centre	5,036
Others	198
<b>TOTAL</b>	<b>342,804</b>

- 154.** The Presidential Guard, Castellani House 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.
- 155.** The National Parks Commission was established by Act 23 of 1977 and is subject to separate financial reporting and audit. An examination of the audited accounts for 2000, revealed the following expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Employment costs	77,104
Repairs and maintenance	7,346
Fuel and lubricants	1,575
Expendable supplies	5,435
Depreciation	5,617
Miscellaneous	746
Administrative expenses	2,390
<b>TOTAL</b>	<b>100,213</b>

156. As can be noted, the Commission received a subvention of \$56.2M from the Office of the President. It also received an additional allocation of \$10.091M from the Ministry of Finance to meet the increase in wages and salaries, giving a revised subvention of \$66.291M. The difference of \$33.922M was met from internally generated revenue. The Audit Office gave an unqualified opinion on these accounts.
157. Guyana Office for Investment was established by Order No. 38 of 1994 made under the Public Corporations Act of 1988. An examination of the audited financial statements for 2000, revealed the following expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Employment costs	18,478
Materials, equipment and supplies	3,922
Maintenance of building	4,230
Transport, travel and subsistence	1,685
Other services purchased	9,535
Miscellaneous	3,240
<b>TOTAL</b>	<b>41,089</b>

The Audit Office issued an unqualified opinion on these accounts.

158. The Environmental Protection Agency was established by Act No. 11 of 1996 and is subject to separate financial reporting and audit. The Agency only became self-accounting in 1999 and for which financial statements were received and the audit opinion issued. However, at the time of reporting, the Audit Office was still awaiting the submission of financial statements for 2000. The amount of \$30M was 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.

- 159.** 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 sixteen(16) years in arrears in terms of financial reporting. The amount of \$29.540M 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.
- 160.** The Guyana Natural Resources Agency (GNRA) was established by Order No. 37 of 1986. An examination of the audited accounts for 2000 revealed the following expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Employment costs	17,324
Contributions to international organisations.	4,546
Electricity	1,950
Security	1,408
Miscellaneous	5,976
<b>TOTAL</b>	<b>31,204</b>

The Audit Office issued an unqualified opinion on these accounts.

- 161.** 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 eighteen(18) years in arrears in financial reporting. The Institute made representations to the Audit Office indicating that it could only produce financial statements with effect from 1994 since accounting records and supporting documents were not available for earlier periods. In this regard, financial statements for the period 1994 to 1998 were submitted in October 2001, and at the time of reporting, the audit was in progress. The amount of \$18.125M was verified as having been received by IAST. However, in the absence of audited accounts, it could not be determined whether this amount was properly expended.



- 162.** The Integrity Commission was established by Act No. 20 of 1997 and is subject to separate financial reporting and audit. Prior to June 2000, payments were made directly by Office of the President. With effect from July 2000, the Commission received monthly subventions of \$3.537M. These amounts were verified as having been received by the Commission.
- 163.** Excess expenditure totalling \$595,000 was incurred in respect of three(3) 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**

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

### **Other Matters**

- 165.** Twenty-four(24) unused and partly used cheque books relating to five(5) inactive bank accounts were found in the safe at the time of the audit. These cheques should be cancelled and returned to the Accountant General.

### **Capital Expenditure**

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

- 166.** The sum of \$42M was voted for the rehabilitation of (a) buildings at Mabaruma and officers’ annex at Makouria (b) office complex and other accommodation at Tacama and (c) Camp Ayanganna ARSC complex, Ordinance Corps, auditorium roof, military boardroom, female officers’ flat, senior officers’ flat, officers’ mess roof and boardroom. Amounts totalling \$41.996M were expended, as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Rehabilitation of six(6) buildings at Camp Ayanganna	16,340,500
” ” four(4) buildings at Camp Stephenson	7,402,890
Purchase building materials for fifteen(15) buildings	17,918,000
Miscellaneous	334,363
<b>TOTAL</b>	<b>41,995,753</b>

- 167.** The six(6) buildings which were rehabilitated at Camp Ayanganna are the band corps accommodation, senior officers’ quarters, senior NCO’s quarters, and female and two(2) male officers’ accommodation. The band corps building was rehabilitated at a cost of \$2.896M. However, the contract was awarded by the Departmental Tender Board instead of the Central Tender Board. In addition, there was no evidence of public advertisement nor was there any reference to other bidders. In the circumstances, the basis of the award of the contract could not be determined. An Engineer’s Estimate was not submitted for audit examination. A waiver of the tender procedures was, however, subsequently obtained from Cabinet in 2001 in relation to this contract.
- 168.** Similar observations were made in respect of amounts of \$2.712M, \$2.558M and \$2.420M expended on the senior NCO’s quarters and the female officers’ and one(1) male officers’ accommodation respectively. Notwithstanding these observations, the works were physically verified.
- 169.** The four(4) buildings rehabilitated at Camp Stephenson are Dyer’s Flat, Jaguar barrack room, Thompson’s Flat and Pirai barrack room. The contract for the rehabilitation of the Dyer’s Flat was awarded in the sum of \$2.250M by the Departmental Tender Board instead of the Central Tender Board. Cabinet subsequently approved of a waiver in 2001 in relation to this contract. A similar observation was made in respect of the rehabilitation of Jaguar barrack room and the Thompson’s Flat. The former was executed by three(3) contracts valued at \$1.931M without any form of competitive bidding while the latter was executed at a cost of \$2M. Notwithstanding these observations, the works were physically verified.

**170.** As can be noted, amounts totalling \$17.918M were expended in the purchase of building materials for the rehabilitation of fifteen(15) buildings. The works were undertaken by the 4<sup>th</sup> Engineer Battalion. However, there was evidence of apparent subdivision of the purchases to avoid adjudication by the Departmental and Central Tender boards. For example, a number of purchases of the same items were made on the dates from the same suppliers. Cabinet subsequently gave covering approval in 2001 for a waiver of the tender procedures. The items purchased were nevertheless verified as having been received and properly brought to account.

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

**171.** The sum of \$3M was voted for upgrading of the Office of the President and Residence. A supplementary provision of \$2.220M was approved, giving a revised allocation of \$5.220M. Amounts totalling \$5.215M were expended as follows:-.

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Purchase of items for President’s Residence	4,102,120
Repairs to President’s Residence	917,655
Purchase of office equipment	194,863
<b>TOTAL</b>	<b>5,214,638</b>

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

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

**172.** The sum of \$25M was allocated for the completion of the upper flat of the southern wing of the Ruimveldt coast guard station and site preparation and construction of the eastern and northern wings. Amounts totalling \$43.806M were expended, resulting in an over-expenditure of \$18.806M. The excess expenditure was met from an advance from the Contingencies Fund. The following is a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Completion of Ruimveldt Coast Guard Building	19,800,321
Construction of Coast Guard Wharf	18,808,557
Supervision & consultancy services	2,772,935
Purchase of air conditioning unit, paint etc.	2,474,257
<b>TOTAL</b>	<b>43,806,070</b>

- 173.** The contract for the construction of the Coast Guard Building 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 had explained that there was a variation to the contract but documentary evidence was not produced in support of the explanation. In addition, physical verification in September 2000, had 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.
- 174.** The contract for the completion of the above-mentioned building was awarded in May 2000 in the sum of \$15.403M. However, the basis of the award could not be determined and there was no evidence of the involvement of the Central Tender Board. Documentary evidence was nevertheless seen indicating that Cabinet approved of a waiver of the tender procedures in September 2000. Cabinet also approved of a variation of \$4.397M, giving a revised contract sum of \$19.8M. As at 31 December 2000, the full amount was paid to the contractor, and the works were physically verified.
- 175.** In relation to the construction of the Coast Guard Wharf, the contract was awarded in November 2000 in the sum of \$20.898M. The same observations were made as those mentioned in the preceding paragraph in that there was no evidence of adherence to the tender procedures before the contract was awarded. Cabinet, however, granted covering approval for a waiver of these procedures in December 2000. As at 31 December 2000, amounts totalling \$18.809M were paid to the contractor, and the works were physically verified.

176. Seven(7) contracts valued at \$2.722M were executed for supervision and consultancy services through a waiver of the tender procedures approved by Cabinet in January 2001. A similar observation was made in relation to the purchase of air conditioning units, paint and other building materials. The items purchased were nevertheless verified as having been received and properly brought to account.

**Subhead 14015 - Amerindian Development Fund**

177. The sum of \$65M was voted for (a) the land demarcation programme (b) the purchase of equipment and (c) the purchase of outboard motors, sewing machines, beds and mattresses. Amounts totalling \$62.528M were expended, as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Demarcation surveys	28,000,000
Purchase of outboard engines, sewing machines etc	21,805,826
Purchase of equipment	5,101,875
Amerindian captains & village conference	3,509,942
Funeral expenses & heritage month expenses	1,549,689
Purchase of office equipment and furniture	1,341,625
Miscellaneous	1,218,819
<b>TOTAL</b>	<b>62,527,776</b>

178. In relation to the demarcation surveys, three(3) inter departmental warrants valued at \$28M were issued to the Ministry of Agriculture to carry out surveys in ten(10) Amerindian villages in Regions 1, 2 and 9. However, financial returns received from the Ministry accounted for \$26.517M, resulting in the Appropriation Account being overstated by \$1.483M.
179. Twenty(20) outboard engines, thirty(30) sewing machines, thirteen(13) transmitting sets and ten(10) chain saws valued at \$17.610M were also acquired. In addition, inter departmental warrants valued at \$4.196M were issued to the various Regions for the purchase of furnishings for hostels. However, financial returns were submitted to the Office of the President in respect of only \$3.126M, resulting in the Appropriation Account being overstated by \$1.070M.

180. Included in the amount of \$5.102M expended in the purchase of equipment is the acquisition of one(1) tractor. This and the other items acquired under this subhead 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**

181. The sum of \$25M was provided to finance activities that are critical and essential to national development. A supplementary provision of \$3M was approved, giving a revised allocation of \$28M. Amounts totalling \$27.999M were expended. The following is a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$
Contributions and subventions to various organisations	15,631,689
Gifts and donations	6,343,312
Funeral Expenses	1,471,894
Hotel accommodation, transportation, airfares etc.	1,442,524
Purchase of household items for President's Residence	828,080
Purchase of office equipment	449,185
Others	1,831,817
<b>TOTAL</b>	<b>27,998,501</b>

182. Included in the amount of \$15.632M expended on contributions to various organisations, were sums totalling \$4.628M representing Guyana's contribution to relief efforts to Caribbean countries affected by natural disasters. Other beneficiaries include the University of Guyana (which received \$8M) and the Civil Defence Commission (which received \$1.220M) The other expenditures were verified as having been properly incurred.

**Subhead 24001 – Water Transport (Amerindian Affairs)**

183. An amount of \$1.4M was allocated for the purchase of two(2) boats to transport produce. However, no expenditure was incurred. The Accounting Officer explained that this was due to the insufficiency of funds.

### **Subhead 25001 - Equipment**

- 184.** The sum of \$500,00 was voted for the purchase of computers, fans and chairs. Amounts totalling \$497,000 were expended. The items were verified as having been received and properly brought to account.

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

- 185.** An amount of \$5M was provided for the purchase of PVC pipelines and accessories for Tacama, Camp Stephenson and Camp Ayanganna. Amounts totalling \$4.999M were expended in the acquisition of the following:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Two(2) pump systems with accessories	1,513,719
PVC pipe fittings	1,138,189
Thirty-six (36) water tanks	1,026,000
Two(2) electric water coolers	870,440
Miscellaneous purchases	450,250
<b>TOTAL</b>	<b>4,998,598</b>

- 186.** Although the items purchased were verified as having been received and properly brought to account, the minutes of the Departmental Tender Board did not indicate the basis of the award of the contracts for these purchases and whether there was any form of competitive bidding. There was also evidence of apparent subdivision of contracts to bring them without the limits of the Departmental Tender Board. Cabinet, however, gave a waiver of the tender procedures in 2001 in relation to these purchases.

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

- 187.** The sum of \$5M was voted for the purchase of a chicken processor to enhance food efficiency. Amounts totalling \$4.999M were expended in the rehabilitation of four(4) chicken pens and for which approval was granted for a change in programme to undertake the works. However, there was no evidence of adherence to tender procedures before the contract was awarded. Cabinet, however, gave a waiver of these procedures in February 2001. The works were nevertheless physically verified.

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

- 188.** The sum of \$2.020M was allocated for the finalisation of the programme involving (a) the establishment of national revenue authority (b) the strengthening of regional administration systems (c) the recruitment of key and critical skills for the Public Service and (d) the procurement of machinery and equipment. The full amount was shown as having been expended.
- 189.** The Project was funded by the International Development Association and was subject to separate financial reporting and audit. The last set of audited accounts was in respect of 1999. The Project came to an end in the same year. However, additional expenditure of \$2.827M was incurred in 2000 for the continued employment of three(3) local consultants and three(3) other staff members as well as for the rental of office space. The difference of \$807,139 was met from the interest earned from the Project's bank account.

### **Subhead 34006 – Environmental Protection Agency**

- 190.** The sum of \$3M was allocated for the construction of offices and renovation of the storeroom. The full amount was expended. The contract was awarded by the Ministry of Works' Tender Board in the sum of \$3.749M. This and other building contracts awarded by the Ministry of Public Works were the subject of a special investigation, the results of which were referred to the Police. As at 31 December 2000, amounts totalling \$3M were paid to the contractor. The works were physically verified.



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

- 191.** The sum of \$10M was voted for the provision of vocational training at the Kuru Kuru training centre. Amounts totalling \$9.964M were expended as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Vocational training	9,314,796
Agriculture development	649,620
<b>TOTAL</b>	<b>9,964,416</b>

- 192.** In relation to the amount of \$9.315M expended on vocational training, this represents the purchase of various items, including training materials, tools, sports equipment, computer accessories and one(1) vehicle. The items purchased were verified as having been received and properly brought to account.
- 193.** The amount of \$649,620 expended on agricultural development represents the purchase of livestock as well as costs associated with other crops. These expenditures were verified as having been properly incurred.

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

- 194.** An amount of \$40M was provided for the purchase of communication equipment and vehicles. A supplementary estimate of \$325M was approved for the purchase of aircraft and aircraft spares and an inshore/offshore patrol vessel, giving a revised allocation of \$365M. Amounts totalling \$364.995M were expended, as follows:-

DESCRIPTION	AMOUNT \$
Purchase of aircraft spares	215,387,032
Reactivation of HMS Orwell	110,443,080
Purchase of computers & accessories	17,362,391
“    “ two(2) vehicles	10,696,976
“    “ communications equipment	7,240,110
“    “ three(3) air conditioning units	1,052,080
“    “ five(5) brush cutters	864,350
Payment on balance on two(2) outboard engines	633,384
Miscellaneous purchases	1,320,149
<b>TOTAL</b>	<b>364,999,552</b>

- 195.** The aircraft spares were acquired through a covering waiver of the tender procedures by Cabinet in October 2000 and January 2001 and were verified as having been received and properly brought to account.
- 196.** In relation to the reactivation of the HMS Orwell, the Government of Guyana acquired the vessel from the British Government for the sum of £1.5M payable in six(6) instalments at an interest rate of 10% per annum on the outstanding balance. The amount of \$110.443M, equivalent to £400,000, represents the first instalment. At the time of reporting, the vessel was received and was commissioned under the new name, MV Essequibo.
- 197.** Twenty-four(24) computers and accessories were acquired at a cost of \$17.443M through a covering waiver of the tender procedures in January 2001. These and the other items purchased under this subhead were verified as having been received and properly brought to account.

## DIVISION 502

### **Subhead 13008 - El Nino Emergency Rehabilitation**

- 198.** The sum of \$446.264M 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 (d) provision for the Hydrometeorological Department and (e) institutional strengthening. According to the Appropriation Account, amounts totalling \$302.464M were expended.
- 199.** 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 2000 revealed the following expenditure:-

DESCRIPTION	AMOUNT \$
Civil works	181,547,913
Procurement of goods	68,902,143
Consulting services	45,893,378
Administrative expenses	6,122,246
<b>TOTAL</b>	<b>302,465,680</b>

- 200.** The Project Agreement was signed in November 1998 with a completion date of May 2001. This date was extended to November 2001. There was a further extension to 29 March 2002. The estimated cost of the Project was \$US\$10.201M. As at 31 December 2000, however, only US\$3.046M representing approximately 30% of the projected expenditure, was expended.
- 201.** The amount of \$181.548M shown as Civil Works represents payments to twelve(12) contractors for the installation of pipelines and hand pumps, construction of potable water wells, and the construction and rehabilitation of sluices in Regions 1 to 9. The works were physically verified.

- 202.** Amounts totalling \$68.902M were expended on the procurement of goods as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Gabion baskets	32,563,296
Pipe appurtenances and fittings	25,489,752
Solar system	5,322,185
Windmill system	4,970,218
Office furniture and equipment	556,710
<b>TOTAL</b>	<b>68,902,161</b>

The items purchased were verified as having been received and properly brought to account at the various locations in the Country.

- 203.** The amount of \$45.893M expended on Consultancy Services was in respect of the emoluments of ten(10) employees, including engineers and technicians. In relation to the amount of \$6.122M expended on administrative costs, this relates to the acquisition of office supplies, travelling and subsistence, and maintenance costs.

## **HEAD 02**

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

- 204.** The expenditure of \$37.757M was verified as having been properly incurred, and there are no material findings.

## **HEAD 03 & DIVISION 526**

### **MINISTRY OF FINANCE**

#### **PROGRAMME 1 - MINISTRY ADMINISTRATION**

##### **Current Expenditure**

- 205.** Included in the expenditure of \$3.437 billion shown as employment costs, were amounts totalling \$3.397 billion representing payments for the increases in salaries for employees in Ministries/Departments/Regions arising mainly out of the Armstrong Arbitration Award. The original allocation under Subhead 271 – Revision of Wages & Salaries - was \$2.209 billion. Supplementary estimates totalling \$2.355 billion were approved, giving a revised allocation of \$3.479 billion.
- 206.** Amounts totalling \$11.132M were expended on Materials, Equipment & Supplies. However, a goods received book was not maintained for the period January to June 2000. As a result, the verification of the receipt of the items had to be done by tracing invoices directly to the stock ledger. The Accounting Officer explained that this was due to staff constraints. This record was introduced with effect from 23 June 2000.
- 207.** Amounts totalling \$5.620M were expended on Telephone Charges, of which sums totalling \$572,737 relate to overseas telephone charges. However, a register of overseas telephone calls was not maintained for the period under review to monitor such calls. It is understood that a register was introduced with effect from June 2001.
- 208.** Amounts totalling \$5.351M were expended on Electricity Charges. However, an amount of \$400M was paid to the Electricity Company as arrears in respect of Ministries/Departments. This latter amount was incorrectly charged to Subhead 231 – Subsidies & Contributions. In addition, a further amount of \$936.980M was paid to the Company from the Deposits Fund bank account. However, up to the time of reporting, a supplementary provision was not approved to replenish the Deposits Fund. In both cases, details of the indebtedness of Ministries/Departments to the Power Company were not provided for audit examination.

- 209.** Included in the amount of \$74.632M shown as expenditure under Subhead 184 - Other, were sums totalling \$47.859M which were paid to a United States based lobbying firm for services rendered. According to the Firm's contract with the Government, the firm was to be paid a retainer fee of US\$5,000 per month plus re-imburseable expenses. An examination of the related payment voucher and supporting documents revealed that included in the amounts of \$47.859M were sums totalling \$10.950M relating to services rendered in 1999. However, there was no evidence that approval was granted to discharge this liability out of the 2000. In addition, although there was reference to invoices in support of the amount of \$47.859M, copies of the invoices were not made available in order to ascertain the nature of the services rendered in respect of the reimburseable expenses.
- 210.** Amounts totalling \$3.760 billion were expended on Subsidies and Contributions to Local & International Organisations. The following gives a breakdown of the expenditure, compared with that of the previous year:-

<b>NAME OF ORGANISATION</b>	<b>1999 \$000</b>	<b>2000 \$000</b>	<b>INCREASE \$000</b>
<b>Local Organisations</b>			
GRDB	4,997,303	1,900,000	(3,097,303)
Guyana Revenue Authority	-	1,042,802	1,042,802
Guyana Electricity Corporation	-	400,000	400,000
State Planning	84,112	110,588	26,476
CANU	55,408	96,025	40,617
Statistical Bureau	58,417	63,457	5,040
Privatisation Unit	41,830	49,470	7,640
Guyana Co-op. Financial Services Ltd.	11,462	30,060	18,598
BASS	16,379	21,814	5,435
NDMA	15,824	17,260	1,436
COMU	10,761	13,207	2,446
BIDCO	16,500	10,000	(6,500)
NICIL	1,637	4,852	3,215
	<b>5,309,633</b>	<b>3,759,535</b>	<b>(1,550,098)</b>
<b>International Organisations</b>			
ACP	23,934	-	(23,934)
<b>TOTAL</b>	<b>5,333,567</b>	<b>3,759,535</b>	<b>(1,574,032)</b>

- 211.** The amount of \$1.9 billion was paid to the Guyana Rice Development Board (GRDB) to allow for Rice Levy ‘A’ to be paid in as current 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.
- 212.** This matter was raised in my 1999 Report. In response, the Ministry had stated that “the Lome Convention requires that the rice levy should be treated as revenue and utilised for the development of agriculture. The refund to the exporters through GRDB is a policy decision aimed at stabilising paddy prices”.
- 213.** As can be noted from the above analysis, payments totalling \$354.561M 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.

214. The State Planning Commission, which has the status of a separate legal entity, was to have been dissolved several years ago, and its operations transferred to the Ministry of Finance. However, no action was taken in relation to the former. In addition, for the period under review, the Department had an actual staffing of fifty-five(55) persons. However, only twenty-two(22) officers were attached to it. The remaining thirty-three(33) officers were attached to various departments within the Ministry of Finance and other Ministries/Departments although their emoluments were met from the State Planning payroll, as shown below:-

MINISTRY/DEPARTMENT	NO. OF PERSONS
Ministry of Finance - Budget Dept.	14
“ “ “ - Debt Management	5
“ “ “ - Data Processing	6
“ “ “ - Central Tender Board	1
“ “ “ - Student Loan	1
Office of the President	4
Inland Revenue Department	2
<b>TOTAL</b>	<b>33</b>

215. These matters were drawn to attention in my 1999 Report. In response, the Ministry stated that (a) the dissolution of the Commission had to be a policy decision and (b) the State Planning Act makes provision for employees to be posted to Ministries/Departments. However, the officers referred to above were not involved in the work of the State Planning Department but were occupying official positions within the concerned Ministries and Departments. 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 nine(9) years in arrears in terms of financial reporting.



- 216.** 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 did not provide for proper financial and administrative control, and was not in conformity with the applicable Customs Laws and regulations. At the time of reporting, it is understood that the operations of BASS and CANU have been transferred to the Guyana Revenue Authority and the Ministry of Home Affairs respectively while COMU has been disbanded.
- 217.** In my 1999 Report, it was stated that the Guyana Co-operative Financial Services Ltd.(GCFS) had not submitted financial statements for audit since its establishment in 1995. Financial statements for the period 1997 to 1999 were however, received but because of the gap in financial reporting, the audits could not have been finalised. The Audit Office subsequently held discussions with the management of GCFS with a view to resolving the issue. The GCFS officials explained that the entity did not fully become operational until 1997 and hence could not produce financial statements for the years 1995 and 1996. At the time of reporting, the audits for years 1997 to 1999 had commenced.
- 218.** The accounts of NICIL were last audited to 1999. Financial statements for 2000 were received and at the time of reporting, the audit was in progress. BIDCO was, however, last audited to 1997. Financial statements for 1998 were submitted for audit examination and at the time of reporting the audit was in progress.

### **Stores and Other Public property**

- 219.** The Ministry did not maintain a master inventory to record fixed assets under its control. The Accounting Officer gave the assurance that this record would be introduced as early as possible.
- 220.** 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-five(35) items on 16 February 2001, revealed shortages in respect of four(4) items while eleven(11) 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

- 221.** In my 1999 Report, it was stated that during the period 1995 to 1999, amounts totalling \$178.5M were paid from the Government Lotteries Fund bank account No. 3119 to meet public expenditure without Parliamentary approval. This account was established in 1995 to receive Government's share of the proceeds of the lottery, i.e. 24% of the gross revenues. The Audit Office held (and still holds) the view that such proceeds are public revenues which should be paid over to the Consolidated Fund in accordance with Section 17 of the FAA Act. Any public expenditure must be approved by Parliament through appropriations.
- 222.** This matter was discussed with the Government, and it was agreed that at the end of each year transfers would be made to the Consolidated Fund to the extent of funds utilised from the Lotteries Account. A corresponding supplementary estimate would then be passed in the National Assembly to ensure Parliamentary approval of the expenditure and the recording in the Public Accounts. However, up to the time of reporting, no action was taken in this regard.
- 223.** For the period 1995 to 2000, amounts totalling \$1.454 billion were received from the Lotteries Company while payments totalling \$654.239M were made, giving a closing balance of \$799.590M. The following is a breakdown of the payments made:-

MINISTRY/DEPARTMENT/REGION	AMOUNT \$'000	REMARKS
Ministry of Culture Youth and Sports	192,299	Mash. activities & upgrading of sports facilities
Guyana Defence Force	13,801	Rehab. of sports ground
Civil Defence Commission	36,000	Purchase of tractors & trailers
Ministry of Human Services	11,000	Rehab. of Help and Shelter bldg.
Ministry of Health	283,539	Overseas assistance in health care
Office of the President	41,587	Rehabilitation of State House
Regions 2, 3 and 8	37,439	Rehab. of sports facilities
Office of the President	18,000	Rehab. of TSC building
Ministry of Information	6,000	Establishment of video library
Guyana Broadcasting Corporation	1,000	Broadcasting of Olympic Games
Others	13,574	Directors' fees & assistance to other organisations.
<b>TOTAL</b>	<b>654,239</b>	

224. The accounts of the Guyana Lotteries Commission for the years 1995 to 1999 were submitted for audit examination, and at the time of reporting, the audits for these years were being finalised.
225. A review of the operations of the Central Tender Board (CTB) revealed that the following unsatisfactory features, previously highlighted, continued to prevail for the period under review:-
- The composition of the CTB was not broad-based enough in that it comprised only four(4) members, two(2) of which i.e. the Secretary to the Treasury as the Chairperson and the Head of the Multilateral Financial Institutions Division, were from the Ministry of Finance. The other two(2) members were the Chief Works Officer and the Head of the El Nino Unit in the Office of the President. It will be recalled that the Audit Office had recommended that the composition of the CTB should be expanded to include representatives from the Engineering Association, University of Guyana Department of Engineering, the Trade Union Movement and the Consumers' Association;
  - There was no evidence of the involvement of the Secretary to the Treasury for the period January to November 2000, as provided for by the Tender Board Regulations. The Deputy Secretary to the Treasury functioned as the chairperson. At the time of reporting, the Deputy Secretary to the Treasury continued to function in that capacity;
  - The minutes of the CTB did not capture the discussion leading to the award of the contracts. Instead, a pre-printed form was used to record individual members' recommendations. Based on sample tests carried out, the form was also not completely filled out e.g. the date of the meeting and the project name were not stated;
  - Fourteen(14) instances were noted where the CTB did not follow the recommendations of the Evaluation Committee appointed to assess the tenders which were received. In each case, there was no evidence that the matters were referred back to the Evaluation Committee or to another evaluation committee for a second opinion;

- It is a requirement for the envelopes relating to each tender to be preserved for audit purposes. However, these envelopes were not stored in a manner so as to facilitate audit checks and to ensure that are all accounted for; and
- During working hours, there was unrestricted access to the room which was used to stores records of the CTB;

## **Capital Expenditure**

### **Subhead 19001 - Basic Needs Trust Fund**

- 226.** The sum of \$247.4M 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 Crabwood Creek, Bengal and Mabaruma creek (b) the construction and rehabilitation of road at Non Pariel, David Street – Golden Grove, Prospect, Rosignol and De Kindren (c) construction and rehabilitation of Bara Cara, Santa Rosa, Hope Estate, Lima, Crabwood Creek and Anna Regina primary schools and (d) construction and rehabilitation of Lima, Crabwood Creek and Anna Regina primary schools. According to the Appropriation Account, the full amount was expended.
- 227.** 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 \$267.762M, as shown below:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Rehabilitation of two(2) water supply systems	15,689
Construction of Mahaica Hospital Clinic, abattoir & eight health facilities	23,424
Rehabilitation of seventeen(17) roads	90,610
“ “ seventeen(17) schools	104,320
Administrative expenses	26,388
Construction/rehabilitation of three(3) markets	7,331
<b>TOTAL</b>	<b>267,762</b>

- 228.** The difference of \$20.362M was met from the unspent balance of \$67.042M relating to previous years, resulting in the Appropriation Account being understated by the former amount. It is recommended that the remaining balance of \$46.680M be transferred to the Consolidated Fund.
- 229.** The water systems rehabilitated were located in Upper Corentyne and involved mainly the supply of pipes. These were verified as having been received at the various locations while the works were physically verified.
- 230.** In relation to the rehabilitation of the Mahaica Hospital Clinic, the contract was awarded in 1999 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. A new contract was awarded in November 1999 in the sum of \$13.136M. As at 31 December 2000, the full amount was paid to the contractor, and the works were physically verified.
- 231.** The Mahaica Abattoir was constructed at a cost of \$18.114M. The contract was awarded in 1998 in the sum of \$11.750M. There was an approved variation of \$6.364M, giving a revised contract sum of \$18.114M. The works were physically verified.
- 232.** The eight(8) other health facilities were constructed at a cost \$19.820M. The works were physically verified except those at the Pakera Hospital and the Port Kaituma Hospital dormitory. Reliance was nevertheless placed on certificates from the consultants attesting to the satisfactory completion of the works.
- 233.** The roads rehabilitated were located in Regions 3, 4, 5 and 6. Seventeen(17) contracts valued at \$127.506M were awarded for the works to be undertaken. As at 31 December 2000, amounts totalling \$90.610M were paid to the contractors. At the time of inspection, the works were completed and were physically verified.

234. The schools rehabilitated/constructed were located in Regions 2, 3, 4, 5, 6, and 8. Seventeen(17) contracts valued at \$199.378M were awarded for the construction of ten(10) new schools and the rehabilitation of seven(7) schools. As at 31 December 2000, amounts totalling \$104.320M were paid to the contractors. At the time of inspection, the works were completed and were physically verified.

**Subhead 24001 - Land Transport (Vehicle)**

235. An amount of \$9M was approved for the purchase of two(2) vehicles. Amounts totalling \$8.562M were expended in the acquisition of one(1) Nissan pathfinder and one(1) Suzuki Vitara. The former was assigned to the Minister while the other was transferred to the Ministry of Local Government.

**Subhead 25001 - Equipment**

236. The sum of \$2M was allocated for the purchase of computers, accessories and fans. Amounts totalling \$1.875M were expended. The items purchased were verified as having been received and properly brought to account.

**Subhead 26001 - Statistical Bureau**

237. An amount of \$15M was allocated for the execution of labour force survey, conversion of statistics from main frame to PC application and census 2000 preparatory activities. Amounts totalling \$4.087M were expended mainly in the Census 2000 preparatory activities and in the acquisition of computers and other associated items. The items purchased were verified as having been received and properly brought to account.

**Subhead 44003 – Student loan**

238. The sum of \$350M was allocated to provide loans to students attending the University of Guyana. A supplementary provision of \$185M was approved, giving a revised allocation of \$535M. 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.

239. The Students Loan Programme commenced in 1994, and as at 31 December 2000, amounts totalling \$2.535 billion were paid over to the Loan Agency. At the end of 2000, the balance on account No. 993 was \$1.750M, indicating that sums totalling \$2.533 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 2000 was \$2.625 billion. The difference of \$92M was due to (a) \$52M received but not yet paid over to the University and (b) interest of \$40M received from the purchase of Government's Treasury Bills.
240. 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. Meanwhile, financial statements for the years 1994 to 1998 have since been submitted, and at the time of reporting, the audit was in progress.

#### **Subhead 44006 – Poverty Programme**

241. The sum of \$235.333M was voted for providing special support 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 \$222.120M were shown as having been expended by way of transfers to the following agencies:-

<b>MINISTRY/DEPARTMENT/REGION</b>	<b>AMOUNT \$'000</b>
Office of the President	117,466
Ministry of Human Services	41,143
Ministry of Works	24,855
Ministry of Agriculture	20,000
Region 2	10,000
Ministry of Local Government	5,252
Region 5	2,700
Region 6	389
Ministry of Finance	214
<b>TOTAL</b>	<b>222,120</b>

242. The amount of \$117.466M paid over to Office of the President was in respect of relief to families affected by ongoing floods and the purchase of sports equipment and books. As at 31 December 2000, amounts totalling \$107.152M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Ministry of Agriculture – support to rice and sugar farmers	30,600
Min. of Crops & Livestock –lotus outbreak in hinterland	25,800
Civil Defence Commission – food relief	22,752
Regions 1, 2, 5 & 6 – food relief	16,726
Guyana Defence Force – cost of chartered flight	4,510
Purchases of outboard engines etc.	6,764
<b>TOTAL</b>	<b>107,152</b>

243. In relation to the amount of \$41.143M 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.
244. The amount of \$24.855M transferred to the Ministry of Public Works, was utilised to rehabilitate Arapima Street, Apamma and North East Bank Road, construction of all weather road at Byderaba, Essequibo, construction of all weather road at East Bank Demerara, and the desilting of drains and alleyway in Albouystown. The works were physically verified.
245. The amount of \$20M was transferred to the Ministry of Agriculture to provide assistance to farmers affected by recent floods. This amount was paid over to the GRDB. However, details of payment to farmers were not provided for audit examination.

#### **Subhead 45001 - CDB**

246. An amount of \$45M was voted to meet capital contribution to the Caribbean Development bank. A supplementary provision of \$4.560M was approved, giving a revised allocation of \$49.560M. Amounts totalling \$48.781M were expended.



### **Subhead 45002 – IBRD/IDA**

247. The sum of \$30M was voted to meet capital contributions to the International Development Association (IDA). Amounts totalling \$2.183M were expended.

### **Subhead 45003 – Inter American Investment Corporation (IIC)**

248. There was no voted provision under this subhead. However, a supplementary estimate of \$20.9M was approved to meet Guyana's contribution for the subscription of additional shares in the IIC. Amounts totalling \$20.301M were expended.

### **Subhead 45004 - IADB**

249. The sum of \$30M was voted to meet capital contributions to the Inter-American Development Bank (IADB). A supplementary provision of \$13.3M was approved, giving a revised provision of \$43.3M. Amounts totalling \$42.808M were expended.

### **Subhead 45005 - NGO/Private Sector Support Programme**

250. An amount of \$7M was provided for institutional support for PL 480 and CIDA funded projects. A supplementary provision of \$200M was approved, giving a revised allocation of \$207M. Amounts totalling \$205.723M were expended of which sums totalling \$200M were paid to Guyana Power and Light Company Limited to meet Rural Electrification Programme. However, details of expenditure incurred in support of the amount paid over to the Power Company were not provided for audit examination. The difference of \$5.723M was expended on the operational cost of the PL 480 Unit.

### **Subhead 45006 – Guyana Revenue Authority**

251. The sum of \$30M was allocated for the purchase of computers, printers, UPS, fans, a fax machine, adding machines, rehabilitation of building and the purchase of two(2) vehicles. According to the Appropriation Account, the full amount was expended. An examination of the records of GRA revealed that the following items were purchased:-

<b>DESCRIPTION</b>	<b>AMOUNT \$000</b>
One(1) motor vehicle & one(1) patrol vessel	9,529
Computer equipment	15,399
Office equipment	2,444
Office furniture	8,820
<b>TOTAL</b>	<b>36,192</b>

252. The difference of \$6.192M was met from savings in operational costs of the Authority. The items purchased were verified as having been received. They were, however, not reflected in the fixed assets register. Assurance has been given that the Register would be updated as early as possible.

#### **Subhead 45008 - Loans to Public Corporations**

253. An amount of \$100M was allocated as loans to Public Corporations. A supplementary provision of \$932.577M was approved, giving a revised allocation of \$1.033 billion. Sums totalling \$1.201billion were paid to LINMINE to meet cash flow shortfall, giving an excess expenditure of \$168.240M. This excess expenditure was met from three(3) advances from the Contingencies Fund.

#### **Revenue Accounting and Control - Current Revenue**

254. Amounts totalling \$124.407M were collected from the Guyana Sugar Corporation as sugar levy for the year 2000. An examination of the audited accounts of GUYSUCO for 2000 revealed that the levy payable as required by the Sugar Levy Act of 1974 (as amended) was \$11.413 billion. However, in accordance with Section 6(1) of the FAA Act, the Minister of Finance approved of the remission of \$10.413 billion, giving a net amount of \$1 billion which should have been paid over to the Consolidated Fund. Up to the time of reporting, however, the balance of \$875.593M had not been paid over to the Government. This has resulted in current revenue being understated by this latter amount.

- 255.** In my 1999 Report, it was stated that an amount of \$4.008 billion shown as having been received as proceeds from Rice Levy A. The Appropriation Account had shown amounts totalling \$4.997 billion as having been refunded to the Guyana Rice Export Board. This gives a difference of \$989M. The Accounting Officer had explained that this difference was due to cheques from 1998 brought forward to 1999.
- 256.** For the period under review, amounts totalling \$2.758 billion were collected as proceeds from Rice Levy A. The Appropriation Account, however, showed amounts totalling \$1.9 billion as having been refunded to the Guyana Rice Development Board. Taking into account the above explanation, there was still an unexplained difference of \$131M.
- 257.** 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 2000. This levy was 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\$1.147M, equivalent to G\$213.010M, were collectible in respect of this levy for the year 2000. A similar observation was made in my 1998 and 1999 reports where it was stated that amounts totalling G\$101.986M and G\$853.814M respectively remained uncollected.
- 258.** In relation to application fees from Cambios, no amounts were shown as having been received in 2000. However, as indicated in an earlier part of this report, amounts totalling \$1.531 billion were held in a special bank account No. 200880. This is a clearing account for revenues received from 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.
- 259.** Amounts totalling \$749.979M were shown as having been received from royalties. However, as at 31 December 2000, the Government of Guyana Omai Royalties Account No. 964 reflected a balance of \$353.523M, compared with a balance of \$220.941M at the end of 1999. It is evident that revenues in relating to previous years as well as the current year were understated to the extent that moneys held in this account. It is recommended that this account be closed, and all revenues relating to royalties be paid in directly into the Consolidated Fund.

260. Amounts totalling \$938.104M were received as dividends and transfers from public enterprises as shown below:-

NAME OF CORPORATION	PARTICULARS	AMOUNT \$'000
Bank of Guyana	Profits for 1999	386,333
G T & T	Interim dividend for 2000	288,000
Geology & Mines	Appropriations made in 2000	175,000
Property Holding Inc.	Final dividend for 1999	29,275
Lease Rental	Coldingen, Eccles etc. for 2000	24,711
GNSC	Final dividend for 1999	16,500
Guyana Stores Ltd.	Final dividend for 1997	11,710
GNNL	Final payment for 1998	6,179
NICIL	Refund of unspent balances	396
<b>TOTAL</b>		<b>938,104</b>

261. 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 enterprises.
262. Despite evidence of numerous gifts being received by Ministries, Departments and Regions, there was no evidence that such gifts were valued and the Accountant General informed so that they can be brought to account in the Public Accounts. As a result, the Revenue Statement of the Ministry of Finance has been understated by an undetermined amount.

### **Revenue Accounting & Control - Capital Revenue**

263. In my 1999 Report, it was stated that sums totalling \$3.159 billion representing proceeds from divestment for 1997 and earlier years were held in the Deposits Fund bank account and it was not until February 1999 that transfers were made to the Consolidated Fund. The Accounting Officer had explained that there were certain expenses connected to divestment and that these had to be met first before transfers could have been made to the Consolidated Fund.

264. A new account No. 3179 was established to deposit the proceeds from divestment and to meet related payments. At the beginning of 2000, account No. 3179 reflected a balance of \$463.664M. During the year, amounts totalling \$1.316 billion were received as proceeds while payments totalling \$887.018M were made, leaving a balance of \$892.998M as at 31 December 2000.

265. The following are the details:-

	\$'000	\$'000
Balance as at 1.1.2000		463,664
Add Receipts: Re: Sale of Guyana Stores Ltd.	536,217	
Re: Sale of GUYTRAC	210,375	
Sale of land - Ruimveldt	198,968	
Re: Sale of GPC	82,127	
Sale of land to Vinelle	23,175	
Sale of Ham & Bacon factory	23,667	
Sale of GPC property to GNSC	59,139	
GPC – settlement of litigation	10,000	
Sale of Bel Air Property	55,207	
GCIS – dividends etc.	70,239	
Lease rental	44,373	
Others	2,863	
		1,316,352
		1,780,016
Less: Payments:		
GEC – cost of equipment	190,000	
GEC – lease of Wartsilla engine	100,000	
GAC – aircraft lease	410,380	
GAC – severance pay	147,207	
GNEC – compensation claim	25,075	
GEC – Privatisation expenses	14,356	
		887,018
Balance as at 31.12.2000		892,998

266. Guyana Stores Ltd. was privatised in October 2000 following public advertisement in the local newspapers for the sale of the Government's share of 70% of its issued share capital. Two(2) bids were received in the sums of US\$6M and US\$4M. The contract was awarded to the higher bidder. US\$4M was to have been paid at the time of signing of the agreement of sale while the remaining US\$2M was to be paid not later than 30 September 2002.

- 267.** The above agreement was signed on 4 October 2000 at which time the sum of US\$400,000 was paid in cash while the difference of US\$3.6M was paid by way of fourteen(14) cheques. However, two(2) of these cheques, which were personal in nature and valued at US\$600,000, were post-dated to December 6, 2000 and December 20, 2000. These amounts, with the exception of the post-dated cheques, were deposited into an escrow account held in commercial bank. In respect of the post-dated cheques, these were dishonoured when presented to the bank and were replaced by four(4) cash payments totalling US\$457,225 which were made at varying dates between December 2000 and the time of reporting. Therefore, an amount of US\$142,775 still remained outstanding as per agreement.
- 268.** The agreement of sale provided for a valuation of the net current assets of Guyana Stores Ltd., with particular emphasis on stocks, at the time of divestment on 30 September 2000. To the extent that the value of stocks fell below G\$400M, the purchase price would be adjusted downward accordingly. A similar adjustment to the purchase price was to be made if the value of the net current assets fell below G\$200M. At the time of reporting, this exercise was yet to be finalised.
- 269.** The amount of G\$536.217M, equivalent to US\$2.921M, shown in the above table, represents transfers from the Guyana Stores Escrow account to the divestment account. At the time of reporting, further amounts totalling US\$419,945, equivalent to G\$77.689M, were transferred, giving a difference of US\$516,557, equivalent to G\$95.046M, which was paid to Guyana Stores Ltd. Severance Pay Account to meet severance pay of employees.
- 270.** Adequate documentation and/or information relating to the Government's divestment programme in previous years, for example, contract sum, amount receivable, and amounts actually received and paid over to the Ministry of Finance, were, however, unavailable in several instances. In the circumstances, except in the case of Guyana Stores Ltd., the proceeds from divestment as shown in the above schedule could not be properly verified against the respective sale agreements. At the time of reporting, the Privatisation Unit was in the process of locating the relevant documents and other related information.

- 271.** The audits of UNDP projects for the period under review revealed that grants totalling US\$1.110M, equivalent to G\$205.350M, were obtained from the UNDP. However, no amounts were recorded in the Revenue Statement of the Ministry or in any appropriation accounts as corresponding expenditure. As a result, both capital revenue and capital expenditure have been understated by this amount. It is recommended that the Estimates of Revenue and Expenditure reflect all grants from funding agencies to the Government or to Ministries and Departments.
- 272.** 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:-

<b>LENDING AGENCY</b>	<b>PER PUBLIC DEBT STATEMENT \$000</b>	<b>PER REVENUE STATEMENT \$000</b>	<b>DIFFERENCE \$000</b>
Inter American Dev. Bank	10,028,451	9,964,086	64,365
International Dev. Assoc.	1,340,426	1,327,979	12,497
Caribbean Dev. Bank	142,138	696,592	554,454
EIB	805,443	888,664	83,221
Government of China	19,738	---	19,738
USAID	---	457,042	457,042
IFAD	---	29,481	29,481

- 273.** 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.

274. Separate revenue accounts were also not kept for each 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**

275. The salaries bank account No. 506, which became non-operational in June 1996, reflected an overdraft of \$2.908M at 31 December 2000, resulting from a fraud which 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 recommended that the matter be expedited so that the account can be closed.
276. The salaries account No. 3002, which reflected a balance of \$7.413M as at 31 December 2000, 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 since instructed that the account be reconciled in the traditional manner with subsequent adjustments at the end of six(6) months in respect of any unreconciled difference.
277. Amounts totalling \$17.828M 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. The Accounting Officer explained that this was due to staff constraints and that the Public Service Ministry was written to in relation to the filling of vacancies. At the time of reporting, the position, however, remained the same.



- 278.** Amounts totalling \$62.090M were expended on overseas conferences and official visits. According to Conference Advances Register, 196 advances were granted for this amount. As at 31 December 2000, 142 advances totalling \$23.404M remained outstanding. At the time of reporting, the Department was engaged in clearing the outstanding advances and updating the relevant files. The Audit Office urges that the exercise be expedited.
- 279.** Amounts totalling \$594.508M 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 \$1.862M under Line Item 194 – Other. This excess was met from an advance from the Contingencies Fund.
- 280.** The Consolidated Fund bank account No. 400 was overdrawn by \$54.263 billion as at 31 December 2000, resulting mainly from the failure to pay over all unspent balances and to close accounts no longer in use. The account was also not properly reconciled since February 1988. These two(2) unsatisfactory features were highlighted in my previous reports and were discussed in detail in an earlier part of this report.
- 281.** The Non Sub-Accounting Ministries/Departments bank account No. 3001 reflected a large balance of \$13.168 billion as at 31 December 2000. This large balance was due to the failure to refund to the Consolidated Funds all unspent balances relating to Non-Sub Accounting Ministries and Departments. In addition, the account was also not reconciled since it was established in June 1996 and the cash book did not reflect the accumulated balance. The Accountant General explained that this situation resulted from staff constraints. At the time of reporting, a Chartered Accounting Firm was engaged to reconcile this account.
- 282.** The General Account No. 405 also reflected a large balance of \$20.550 billion as at 31 December 2000, 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 was also discussed in detail in an earlier part of this report.

- 283.** Amounts totalling \$353.523M were held in the Omai Royalties Account No. 964 at 31 December 2000, resulting from delays in effecting transfers to the Consolidated Fund. This has resulted in an understatement of revenue. The balance on this account at the beginning of 2000 was \$220.941M. It is recommended that the amount of \$353.523M be transferred to the Consolidated Fund.
- 284.** The Revenue and Deposits Account No. 981 reflected a balance of \$605.406M at 31 December 2000. 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. The balance on this account at the beginning of 2000 was \$497.984M. It is recommended that the processing of the related transactions be expedited so that transfers can be made to the Consolidated Fund.

### **HEAD 03**

#### **PROGRAMME 3 - CUSTOMS AND EXCISE DEPARTMENT**

##### **Current Expenditure**

- 285.** The salaries bank account No. 3013, which ceased to be operational in March 2000 following the establishment of the Guyana Revenue Authority, was overdrawn by \$3.094M as at 31 December 2000. The overdraft should be investigated with a view to clearing it and steps taken to close the account.
- 286.** The cash book for the above-mentioned account was also not cast and balanced, and the account was not reconciled since it became operational in 1996. These matters were drawn to attention in my previous reports. The Accounting Officer had explained that a task force was set up to bring the reconciliation up-to-date but up to the time of reporting, it could not be determined what action was taken.

- 287.** 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 balance so that steps can be taken to properly close the account. It is recommended that this balance be transferred to the Consolidated Fund.

### **Revenue Accounting and Control**

- 288.** 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. The Commissioner explained that certain constraints have been responsible for prolonged delay at full implementation of the project, citing the unavailability of lines from the local Telephone Company and prohibitive costs involved. The Audit Office urges that the constraints affecting the full implementation of the ASYCUDA be urgently addressed so that the full benefits of this automated system can be derived.
- 289.** Amounts totalling \$19.168 billion were collected as revenue for the period under review, compared with \$15.817 billion collected in 1999. This represents a 21% increase in collection over 1999. Consumption tax on imported goods was the main area of increased revenue collection. Actual collection for the period under review was \$11.398 billion, compared with \$8.511 billion collected in 1999, an increase of \$2.887 billion. The following table summarises the Department's total collections for 2000, with comparative figures for the previous year:-

DESCRIPTION	COLLECTION 1999 \$'000	COLLECTION 2000 \$'000	INCREASE \$'000
Import Duties	3,711,073	3,960,433	249,360
Export Duties	7,783	7,328	(455)
Stamp Duties	5,077	5,173	96
Consumption Tax – Imported	8,510,777	11,397,570	2,886,793
Consumption Tax – Domestic	3,064,519	3,266,821	202,302
Consumption Tax – Services	224,215	217,851	(6,364)
Licence Liquor	11,826	13,539	1,713
Environmental Tax	132,936	134,262	1,326
Overtime Fees	12,359	25,798	13,439
Departmental Fines	120,574	124,491	3,917
Warehouse Rent & Charges	8,565	11,816	3,251
Miscellaneous Other Taxes	5,389	2,737	(2,652)
Sundries	1,910	0	(1,910)
<b>TOTAL</b>	<b>15,817,003</b>	<b>19,167,819</b>	<b>3,350,816</b>

290. In relation to import duties, some of these transactions were facilitated through the Permit for Immediate Delivery (PID) system. PID's were required to be perfected within ten(10) working days. However, of the 2,912 PID's which were issued for the period under review, 83 PID's valued at \$531.138M remained outstanding at the time of the audit in August 2001. Twenty-two(22) of these with a total CIF value of \$212.5M and relating to ten(10) importers, were in relation to dutiable goods. In addition, there was evidence of further PID's being granted without the previous ones being cleared. It is evident that there has been some laxity in ensuring that the system is strictly observed.
291. 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, six(6) 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 \$39.41M or 18.54% of the aggregate CIF value, not to mention applicable duties and taxes. The Commissioner expressed reservation over the inclusion of the term "value" as it relates to bond security, and indicated that legal opinion may have to be sought on this matter.

- 292.** The failure to ensure that the PID facility is operated within the framework of the Customs Regulations constitutes a serious breach thereof. In fact, the non-perfection of the PID's would result not only in the loss of revenues but also in long delays in the completion of ships' files at the various transit sheds. The Audit Office therefore urges the Department to institute measures as are considered necessary to ensure strict compliance with the Regulations as they relate to the PID system.
- 293.** An examination of the Seizures Register revealed that there were 162 seizures during the period under review. However, at the time of the audit only 126 files were presented for audit examination, despite repeated requests for presentation of the remainder. Of the files presented, evidence was seen of the disposal of the matters relating to seventy-one(71) seizures at the time of the audit in August 2001, giving a balance of fifty-five(55) seizures remaining pending. The Audit Office urges the Department to expedite the processing of seizures since the delay to do so can result in the deterioration of the related goods and subsequent loss in revenue.
- 294.** Seizures continued to be stored in borrowed containers on wharves. It is again recommended that a central storage site be identified for the storage of seizures. The Commissioner explained that efforts are being made to implement this recommendation.
- 295.** Despite comment in my 1999 Report, 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 entries. There was also no evidence of supervisory checks on this record. Efforts should be made to ensure that this record is properly written up.
- 296.** 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 124 entries totalling \$255.52M which were made in the Register in 2000, nineteen(19) bills of sight valued at \$32.525M were shown as not having been cleared. Further investigation revealed that the bills of sight were perfected in November 2000 but the related entries were not made in the Register up to the time of the audit in August 2001.

- 297.** There was also evidence of importers not perfecting provisional entries within the specified period without any action on the part of the Department to treat the related deposits as revenue. Where the Department took action to treat deposits as revenue, there were several instances where this was not done in a timely manner. Every effort should be made to ensure compliance with the Customs Regulations as they relate to bills of sight.
- 298.** Remissions of duties totalling \$13.2 billion were granted to various sectors, compared with amounts totalling \$7.537 billion remitted in 1999, an increase of \$5.663 billion or 75.13%. In 1999, there was a 62% increase in remissions from \$4.649 billion to \$7.757 billion.
- 299.** The following is a breakdown of the remissions granted in 2000, compared with the previous year:-

<b>DESCRIPTION OF GOODS</b>	<b>AMOUNT 1999 \$'000</b>	<b>AMOUNT 2000 \$'000</b>	<b>INCREASE \$'000</b>
Petrol	3,476,330	6,339,455	2,863,125
Motor Vehicle	928,301	1,228,841	300,540
Forestry	237,151	156,205	(80,946)
Computer	64,596	40,960	(23,636)
Mining	546,653	798,073	251,420
Others	2,283,987	4,636,737	2,352,750
<b>TOTAL</b>	<b>7,537,018</b>	<b>13,200,271</b>	<b>5,663,253</b>

The remissions granted in 2000 represent 68.86% of actual collections by the Department, compared with 47.65%, 31%, 39.67% and 31.56% in 1999, 1998, 1997 and 1996 respectively.

- 300.** An examination of the Ships' Rotation Book kept at Customs House revealed that 1,069 vessels came into port Georgetown for the period under review. However, as at May 2001, only 213 files were completed and submitted to the Quality Review Section. 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.

- 301.** In relation to consumption tax on locally manufactured goods, an examination of a sample of fifty-two(52) consumption tax files revealed the following unsatisfactory features:-
- nine(9) manufacturers did submit their monthly returns within the prescribed fifteen(15) days of the close of the month for varying periods during the year;
  - forty-four(44) manufacturers did not effect payment in respect of consumption tax within the prescribed fifteen(15) days of the close of the month; and
  - seven(7) manufacturers did not effect payment for consumption tax due up to the time of the audit in August 2001.
- 302.** 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 above requirements. However, only three(3) manufacturers were fined a total of \$300,000. The Department explained that in respect of the other defaulters extensions were granted and/or fines were waived but there was no documentary evidence attesting to such action.
- 303.** Amounts totalling \$217.851M were collected as consumption tax on services. Of this amount, \$210.039M relates to telephone services while the remainder was in relation to betting shops. Section 12 A(1) of the Fiscal Enactments (Amendment) Act 1995 provides for the collection of a tax of 10% on the gross sum paid in respect of every overseas telephone call or overseas fax message originating from Guyana. However, there was no evidence of the Telephone Company's records being inspected to verify the accuracy of the amounts remitted to the Department. The Commissioner explained that this matter was engaging the attention of the Department. It should be mentioned that for the period 1998 to 2000, annual remittances by the Telephone Company have declined from \$270.7M to \$210M.

- 304.** During the period under review, two(2) betting shops were in operation. The amount collected as taxes from these betting shops was \$7.811M against a budgetary allocation of \$12.718M. Further examination revealed that there were several instances where remittances were not made within the stipulated time period, that is, every Thursday. In addition, there was no evidence that the records of the betting shops were being examined to verify the accuracy of the weekly returns to the Department. The Commissioner explained that this matter was also engaging the attention of the Department.
- 305.** Amounts totalling \$13.359M were collected from liquor licences. An examination of liquor licences records for Regions 4, 10 and 2 revealed that a total of 2,038 registered premises did not renew their licences in 2000. In the absence of information on the status of these businesses, it could not be determined whether all the premises were due for renewal. Evidence was seen of excise officers making fourteen(14) control visits during two(2) weeks in November 2000. It is recommended that consideration be given to more frequent visits being carried out to ascertain the status of the registered businesses which have not renewed their licences. The related files should also be annotated based on the results of such visits.
- 306.** Amounts totalling \$25.798M were collected as overtime fees from merchants. During the period under review, the Department despatched a total of 983 demand notices for overtime fees in the sum of \$27.499M. At the beginning of 2000, overtime fees which remained uncollected amounted to \$7.582M. Therefore, the amount remaining outstanding at the end of 2000 was \$9.283M. However, it could not be determined who the debtors were since the Overtime Register was only written up to reflect an amount of \$2,500 as having been collected.
- 307.** An examination of the Dishonoured Cheques Register revealed that for the period under review, a total of 352 cheques valued at \$352.514M were dishonoured. 195 of these valued at \$177.260M were referred to their respective drawers while seven(7) cheques valued at \$4.562M were post-dated. In addition, nine(9) importers tendered a total of eighty-seven(87) dishonoured cheques valued at \$156.854M. It is evident that there has been some laxity in relation to adhering to established procedures for authenticating cheques before accepting them.



- 308.** Up to the time of reporting, sixteen(16) of the cheques dishonoured in 2000 and valued at \$8.346M, remained outstanding. There was, however, evidence of undue delays in the clearing of these dishonoured cheques, ranging from two(2) weeks to four(4) months. When this happens, the Department in effect is providing a source of short-term financing to the defaulting businesses.
- 309.** Further examination of the above-mentioned register revealed that an additional forty-five(45) cheques valued at \$30.0M dishonoured during the period 1996 to 1999, were still to be cleared, as shown below:-

<b>YEARS</b>	<b>NO. OF CHEQUES</b>	<b>AMOUNT \$</b>
1996	7	9,021,061
1997	10	2,853,184
1998	6	2,637,641
1999	22	15,492,103
<b>TOTAL</b>	<b>45</b>	<b>30,003,989</b>

- 310.** Evidence was seen that the Department sought the assistance of the Police in locating the importers. 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.
- 311.** In my 1999 Report, it was stated that 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 Commissioner explained that cheques totalling \$14.698M were left to be cleared. However, the details of those cheques were not presented for audit despite several requests. It is recommended that all efforts be made to clear those remaining cheques.

- 312.** The revenue bank account No. 3014 reflected a balance of \$526.503M as at 31 December 2000. 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 \$169.165M as at 31 December 2000. This balance should be transferred to the Consolidated Fund and steps taken to close the account.

### **Other Matters**

- 313.** The imprest bank account No. 3015 was only reconciled to December 1999 at the time of reporting. Efforts should be made to bring the reconciliation of this account up-to-date.

## **HEAD 03**

### **PROGRAMME 4 - INLAND REVENUE DEPARTMENT**

#### **Current Expenditure**

- 314.** The salaries bank account No. 3024, which became non-operational following the establishment of the Guyana Revenue Authority, was overdrawn by \$1.242M as at 31 December 2000 and was not reconciled since May 2000 at the time of the audit in August 2001. At the time of discussion of the draft report, the Commissioner explained that the reconciliation had been brought up-to-date to April 2001. The overdraft should nevertheless be investigated and steps taken to close the account.
- 315.** 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. This account ceased to be operational in March 2000. However, it reflected a balance of \$92.604M as at 31 December 2000. It is recommended that this balance be transferred to the Consolidated Fund and steps taken to close the account.

- 316.** The refund of revenue bank account No. 112, which ceased to be operational some years ago, was overdrawn by \$32.949M as at 31 December 2000. It is again recommended that the overdraft be investigated and steps taken to close the account.
- 317.** The standing imprest bank account No. 3023 reflected a balance of \$272,518 as at 31 December 2000 but was not reconciled since April 2000 at the time of reporting. A similar observation was made in respect of the ordinary imprest bank account No. 3026 which reflected a balance of \$326,348 as at 31 December 2000. It should be noted that these two(2) accounts ceased to be operational following the establishment of the Guyana Revenue Authority. It is therefore recommended that these two(2) imprests be surrendered to the Accountant General.

### **Revenue Accounting and Control**

- 318.** Amounts totalling \$18.949 billion were collected as revenue from various sources for the period under review, compared with \$15.967 billion collected in the previous year, an increase of \$2.982 billion or 18.68%, as shown below:-

<b>PARTICULARS</b>	<b>AMOUNT 1999 \$'000</b>	<b>AMOUNT 2000 \$'000</b>	<b>INCREASE \$'000</b>
Corporation Tax	6,338,650	7,064,182	725,532
Income Tax	5,649,000	7,173,826	1,524,826
Withholding Tax	1,118,202	1,201,871	83,669
Travel Tax	516,956	1,058,505	541,549
Income Tax – Self-employed	511,319	581,759	70,440
Net Property Tax	471,857	680,860	209,003
Purchase Tax	427,070	474,530	47,460
Licences – motor vehicles	194,486	240,982	46,496
Capital Gains Tax	115,519	157,935	42,416
Motor Vehicle & Road Traffic Ordinance	110,066	153,828	43,762
	15,453,125	18,788,278	3,335,153
Others	513,463	160,886	(352,577)
<b>TOTAL</b>	<b>15,966,588</b>	<b>18,949,164</b>	<b>2,982,576</b>

- 319.** In relation to Corporation tax, of the amount of \$7.064 billion collected, sums totalling \$6.794 billion relate to the Private Sector. In relation to the Public Sector, sums totalling \$544.540M were budgeted to be collected while actual collections amounted to \$267.690M.
- 320.** According to the records of the Department, there were 3,547 registered companies, of which 201 were identified as defunct. However, it could not be determined how many companies were deemed to be inactive. It should be noted that only 691 companies submitted annual returns to the Department. It is recommended that a special exercise be carried out to identify all companies considered inactive so that (a) the records can be annotated accordingly and (b) appropriate action can be taken against those companies which have failed to submit annual returns. The Department did institute legal proceedings against two(2) companies in 2000.
- 321.** Amounts totalling \$7.174 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, however, revealed 348 instances where employers failed to submit returns for extended periods during 2000. Evidence was seen of the Department soliciting the assistance of the Director of Public Prosecutions in respect of some of the defaulters and legal proceedings were instituted against them.
- 322.** Amounts totalling \$1.201 billion were collected as withholding tax. There was, however, no evidence of checks carried out on the records of the banking institutions in order to determine the accuracy of the returns on which the taxes were based. It is recommended that periodic checks be carried out on the records of these institutions.
- 323.** Included in the amount of \$1.059 billion shown as having been collected as travel tax, were sums totalling \$627.173M relating to travel voucher tax. According to the records of the Department, three(3) airlines were in default in the payment of this tax, and penalties totalling \$4.2M were imposed. However, there were several other instances where airlines made late payments of this tax but there was no evidence of penalties being imposed. As regards legal action, evidence was seen where such action was instituted against one(1) airline for taxes amounting to \$63M that were reportedly outstanding prior to and during 2000.

- 324.** Amounts totalling \$581.759M were collected as income tax from self-employed persons. However, the Department was not in possession of a comprehensive record to indicate how many persons were self-employed and hence liable to income tax. It is again recommended that a special exercise be carried out 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.
- 325.** Included in the amount collected from self-employed persons, were sums totalling \$2.4M which were collected as professional fees from 240 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 227 professionals did not renew their practice certificates in 2000. It could not, however, be determined from the Department's records whether these persons had ceased practice. It is recommended that a survey be carried out and a data base created in respect of professionals. This record will enable the Department to ascertain which professionals have not been honouring their obligations to the Department.
- 326.** The sum of \$74.885M 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 Department. In addition, in accordance with the Hotel Accommodation Tax Act, hotels with sixteen(16) rooms and over are required to pay a hotel tax of 10% on all receipts in respect of hotel accommodation within fifteen(15) days of the close of the month. During the period under review, five(5) hotels did not honour their obligations for an aggregate of thirty(30) months during 2000. In addition, there were several instances where returns were submitted as much as two(2) to over six(6) months late. Evidence was seen of penalties being imposed for the late submission of returns but there was no evidence of action taken against the five(5) hotels referred to above.

- 327.** 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 Department on a fortnightly basis. Where no revenue is collected a 'nil' return should be submitted. An examination of the records at Head Office, however, revealed that there was no submission of CCBS's or 'nil' returns from certain sub-offices in Regions 2, 3, 6 and 10 for the greater part of 2000. The Accounting Officer gave the assurance that efforts would be made to institute measures to monitor the collection of revenue from the outlying districts.

### **Other Matters**

- 328.** The revenue bank account No. 490, which became non-operational in May 1996, reflected a balance of \$35.589M as at 31 December 2000. At the time of discussing the draft report, the Commissioner has advised that this balance was transferred to the Consolidated Fund.
- 329.** The present revenue bank account No. 3025 reflected a large balance of \$4.361billion as at 31 December 2000, resulting from a technical error made in 1999. The Department had run out of pre-printed deposits slips for the Consolidated Fund and had substituted deposit slips for the revenue bank account No. 3025 with appropriate hand-written adjustments. However, the deposit slips were 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. Had timely reconciliation of this account been effected, this discrepancy would have been detected much earlier thereby enabling corrective action to be taken. At the time of reporting, this balance was reduced to \$1.302 billion. It is recommended that this balance be transferred to the Consolidated Fund.
- 330.** The Licence Revenue Office revenue bank account No. 3018 reflected a balance of \$139.505M as at 31 December 2000. The account was, however, not reconciled since December 1996. At the time of discussing the draft report, the Commissioner explained that the reconciliation had been brought up-to-date to April 2001. 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.

**331.** At the time of the audit in August 2001, a total of thirty-eight(38) dishonoured cheques totalling \$1.877M were on hand. Thirty-five(35) of these were tendered during the period 1994 to 1999, as shown below:-

<b>YEAR</b>	<b>NO. OF CHEQUES</b>	<b>AMOUNT \$</b>
1994	1	5,440
1996	6	569,937
1997	12	216,708
1998	10	851,500
1999	6	75,300
2000	3	157,700
<b>TOTAL</b>	<b>38</b>	<b>1,876,585</b>

**332.** In addition, a dishonoured cheques register was not maintained for the period under review and therefore it could not be determined whether all the dishonoured cheques were presented for audit. A register has since been introduced with effect from 2001. It is nevertheless recommended that (a) a special exercise be carried to determine the extent to which cheques were dishonoured over the years and (b) appropriate action be taken to recover the amounts involved from the respective payees. At the time of discussing the draft report, the Commissioner explained some progress was made in respect of the latter recommendation.

## **HEAD 04 & DIVISION 506**

### **MINISTRY OF FOREIGN AFFAIRS**

#### **PROGRAMME 1 – MINISTRY ADMINISTRATION**

##### **Current Expenditure**

###### **Employment Costs**

- 333.** The old salaries bank account No. 458, which became non-operational in July 1996, continued to reflect a large balance of \$84.548M at 31 December 2000. 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 of foreign services 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 this balance be transferred to the Consolidated Fund and steps be taken to close the account.
- 334.** The present salaries bank account No. 3086 reflected a balance of \$31.877M as at 31 December 2000. The cash book was, however, not cast and balanced and bore no evidence of supervisory checks. This account was nevertheless reconciled to December 2000 at the time of the audit in August 2001, using a computed cash book. It is recommended that the cash book be written up in the traditional manner so that the balance can be ascertained at any one point in time. A senior official should also carry out supervisory checks on this record.
- 335.** It is a requirement for the salaries cash book to reflect a 'nil' balance as a control mechanism over the payment of wages and salaries. However, an examination of the bank reconciliation statements for the period under review revealed significant computed cash book balances, both positive and negative, at the end of the respective months, as shown below:-



MONTH	AMOUNT \$	MONTH	AMOUNT \$
January	13,396,597	July	8,737,469
February	(6,139,823)	August	10,856,747
March	9,770,545	September	32,110,412
April	9,297,657	October	12,933,202
May	(9,951,906)	November	27,461,566
June	25,666,472	December	31,877,342

Every effort should be made to ensure compliance with the laid-down procedures.

**336.** An examination of the reconciliation statement for December 2000 in respect of the above account revealed the following unsatisfactory features:-

- The reconciliation was hand-written and there was no evidence as to who prepared it;
- There was no evidence of checking and certification; and
- There were several reconciling items which have been coming forward for several years without evidence of any action taken to investigate them and to make the necessary adjustments.

The Accounting Officer is urged to take steps as are considered necessary to remedy these deficiencies.

### **Other Charges**

**337.** Amounts totalling \$11.954M 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 normally kept by the Accounting Unit, provides for an independent check on the records of the storekeeper. Every effort should be made to ensure full compliance with the Stores Regulations.

- 338.** Amounts totalling \$1.277M were expended on fuel and lubricants for six(6) vehicles operated by the Ministry. However, log books were not presented for two(2) 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 these vehicles. The Accounting Officer explained that these records might have been misplaced.
- 339.** Amounts totalling \$224.435M were expended on Subsidies & Contributions to International Organisations, as shown below:-

<b>NAME OF ORGANISATION</b>	<b>AMOUNT \$000</b>
CARICOM	120,721
Association of Caribbean States (ACS)	1,838
Commonwealth Fund for Technical Cooperation	14,400
United Nations and related bodies	17,702
Commonwealth Secretariat	20,000
S. E. L. A.	2,310
Caribbean Export Development Agency	7,056
Organisation of American States	5,000
Regional Negotiating Machinery	14,335
Caribbean Court of Justice	13,015
Others	8,058
<b>TOTAL</b>	<b>224,435</b>

The payments to the respective organisations were in accordance with the amounts reflected in the National Estimates and were supported by invoices and other documentation.

- 340.** Excess expenditure of \$35,000 was incurred in respect of one(1) subhead. 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**

- 341.** The Ministry did not maintain inventory records to account for all assets under its control. The Accounting Officer explained that this was due to staff constraints and that efforts would be made to introduce these records.

## Other Matters

342. The old imprest bank account No. 444, which became non-operational in July 1996, reflected an overdraft of \$51.635M as at 31 December 2000. It is recommended that this overdraft be investigated and steps taken to close this account.

## Capital Expenditure

### Subhead 12001 - Buildings

343. The sum of \$830,000 was allocated for the repairs to lavatory and the purchase of fire extinguishers. According to the Appropriation Account, amounts totalling \$620,000 were expended as follows:-

DESCRIPTION	AMOUNT \$
Repairs to lavatory at Ambassador's Residence in Ottawa	470,000
Purchase of five(5) fire extinguishers	150,000
<b>TOTAL</b>	<b>620,000</b>

344. An examination of the records of the Ottawa Office revealed an amount of \$611,575 was expended on the repairs to the lavatory of the Ambassador's Residence. The difference of \$141,575 was met from current expenditure. The works were physically verified. The fire extinguishers were purchased for Head Office and were also verified as having been received but not inventorised.

### Subhead 24001 - Land Transport

345. The sum of \$6M was allocated for the purchase of one(1) motor car for the overseas mission in New York. Amounts totalling \$5.522M were expended in the purchase of one(1) Ford Explorer which was assigned to the Guyana Consulate.

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

- 346.** The sum of \$7M was allocated for purchase of new telephone systems, air conditioning units, computers, office equipment and furniture for Washington, Toronto, New York, Beijing, Caracas, Surinam, Brazil, Ottawa and London offices. Amounts totalling \$6.639M were expended as follows:-

<b>DESCRIPTION</b>	<b>NO. OF ITEMS</b>	<b>MISSION</b>	<b>AMOUNT \$'000</b>
Telephone System	4	Washington, NY, Ottawa, Suriname	5,155
Computer	1	London	346
Shredder	1	Brazil	328
Iron Safe	1	Caracas	628
Curtains	1	Beijing	182
<b>TOTAL</b>			<b>6,639</b>

- 347.** In relation to the telephone system, the sum of \$5.570M was remitted in April 2001 to the four(4) missions referred to above. Amounts totalling \$5.155M were expended, giving a balance of \$415,000 which should have been refunded to the Consolidated Fund. A similar observation was made in respect of Guyana's Missions in Brazil, Venezuela and Beijing where sums of \$290,590, \$366,116 and 182,000 respectively remained unspent. The items purchased were nevertheless verified as having been received and properly brought to account.

## **HEAD 04 & DIVISION 506**

### **MINISTRY OF FOREIGN AFFAIRS**

#### **PROGRAMME 2 – FOREIGN RELATIONS**

##### **Guyana Consulate, Toronto**

- 348.** The actual staffing at the time of reporting was eight(8). Three(3) of these were home-based staff while the rest were locally recruited staff. As part of the preliminary work done prior to the inspection visit, information was sought at Head Office in relation to the authorised staff strength. However, this information was not available up to the time of reporting and therefore it could not be determined whether or not the Mission was operating with its full complement of staff.
- 349.** The Mission has been in receipt of its monthly remittances close to the end of each month. Based on discussions with the Consul General and the Finance Officer, this practice was adversely affecting the operations of the Mission since payments for goods and services were normally delayed to avoid the bank accounts being overdrawn. It is recommended that Head Office institutes measures aimed at ensuring that remittances are sent to the Mission in a more timely manner.
- 350.** An examination of the statement of expenditure for the year 2000 revealed an actual expenditure of \$32.202M, compared with a budgetary allocation of \$63.372M, giving a net saving of G\$31.170M. Employment costs accounted for \$10.851M. This latter figure, however, does not include the emoluments of home-based staff who were paid directly by Head Office. According to correspondence seen, although amounts were included in the Mission's allocation for the emoluments of home-based staff, the Mission was instructed not to include the associated costs in its expenditure statement. This practice appears inconsistent and gives a distorted view when comparing budgetary allocations with actual expenditure. It is therefore recommended that the emoluments of home-staff be included in the Mission's expenditure statement.

351. Excess expenditure totalling G\$1.9M was incurred in respect of ten(10) subheads, as shown below:-

A/C CODE	DESCRIPTION	ALLOCATION \$'000	ACTUAL EXPENDITURE \$'000	EXCESS \$'000
123	Office Materials &Supplies	642	696	54
131	Fuel & Lubricants	228	377	149
141	Rental of Buildings	10,091	10,792	701
142	Maintenance of Buildings	150	174	24
163	Postage, Telex & Cables	256	316	60
164	Vehicles Spares & Maintenance	311	387	76
171	Telephone Charges	1,644	1,942	298
172	Electricity Charges	70	71	1
191	National & Other Events	250	310	60
194	Other	4,762	5,239	477
<b>Total Excess Expenditure</b>		<b>18,404</b>	<b>20,304</b>	<b>1,900</b>

352. The Finance Officer explained that the above situation resulted mainly from the restricted budgetary allocations in relation to the above subheads, coupled with the fact that Head Office had revised the allocation in December 2000. It would appear necessary therefore for the Mission to be provided with a more realistic allocation in order to avoid this undesirable situation.
353. In relation to the remittance of revenue to the Accountant General, this was normally done on a bi-monthly basis and coincided with the movement of the diplomatic mailbag to Head Office. However, revenue was remitted on average four(4) months after the month of collection. The Finance Officer explained that revenue was deposited in the main bank account promptly but because of other pressing duties it was not remitted as expected.

## **Guyana High Commission, Ottawa**

- 354.** The actual staffing at the time of reporting was six(6). Two(2) of these were home-based staff while the rest were locally recruited staff. As part of the preliminary work done prior to the inspection visit, information was sought at Head Office in relation to the authorised staff strength. However, this information was not available up to the time of reporting and therefore it could not be determined whether or not the Mission is operating with its full complement of staff.
- 355.** The Accounts Section was staffed by only one(1) person, the Executive Officer, who was assisted by the Typist/Receptionist. This has resulted in a lack of proper segregation of duties. In particular, the Executive Officer was involved in (a) the preparation of payment vouchers (b) the writing up of the Sub Accountant's cash book, the collector's cash book statements, the Votes Ledger and the Remittances Register (c) the signing of cheques and (d) the preparation and checking of the bank reconciliation statements.
- 356.** The High Commissioner was, however, of the view that because of the small volume of transactions as well as supervisory checks by the Sub-Accounting Officer, as well as by himself, he was satisfied with the arrangements. Notwithstanding this, it is recommended that at least one other person be employed in the Accounts Section. With this arrangement in place, the Executive Officer will be relieved of the responsibility of preparing payment vouchers, writing up of the cash books and the Votes Ledger and reconciling the bank accounts. He would then be in a better position to carry out supervisory checks on the day to day operations of the Accounts Section. This arrangement will also relieve the High Commissioner of any involvement in the financial affairs of the Mission thereby freeing him up to attend to his more important duties.
- 357.** The Remittances Register was not written up for the period 1 September to 31 December 2000. The Sub-Accounting Officer explained that the Executive Officer resigned in September 2000 and a replacement was not obtained until January 2001. For the period in which this record was written up, there was also no evidence of supervisory checks.

- 358.** In relation to the Sub Accountant's cash book, although there was evidence of supervisory checks in 2001, the same cannot be said of the year 2000 in that supervisory checks were lacking in respect of ten(10) months. In addition, at the time of inspection, the payment vouchers and copies of the sub-accountant's cash book for the year 2000 were not submitted to the Accountant General's Department, as required by financial instructions. The Executive Officer explained that steps would be taken to submit them via the next Diplomatic Bag. A votes ledger was also not maintained for the period under review. However, this record was introduced in January 2001.
- 359.** An examination of the statement of expenditure for the year 2000 revealed an actual expenditure was \$16.724M, compared with a budgetary allocation of \$53.125M, giving a net saving of \$36.401M. Employment costs accounted for \$12.167M. This latter figure, however, does not include the emoluments of home-based staff who were paid directly by Head Office.
- 360.** According to correspondence seen, although amounts were included in the Mission's allocation for the emoluments of home-based staff, the Mission was instructed not to include the associated costs in its expenditure statement. This practice appears inconsistent and gives a distorted view when comparing budgetary allocations with actual expenditure. It is therefore recommended that the emoluments of home-staff be included in the Mission's expenditure statement.
- 361.** Excess expenditure totalling \$339,607 was incurred in respect of the following two(2) line items:-

<b>A/C CODE</b>	<b>DESCRIPTION</b>	<b>ALLOCATION</b>	<b>ACTUAL</b>	<b>EXCESS EXPENDITURE</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>
164	Vehicles Spares & Maintenance	481,000	754,774	273,774
191	National & Other Events	306,000	371,833	65,833
<b>Total Excess Expenditure</b>		<b>787,000</b>	<b>1,126,607</b>	<b>339,607</b>



- 362.** The Executive Officer explained that the above situation resulted mainly from the restricted budgetary allocations, coupled with the fact that Head Office had revised the allocation in December 2000. It would therefore appear necessary for the Mission to be provided with a more realistic allocation in order to avoid this undesirable situation.
- 363.** In terms of capital expenditure for the year 2000, the Mission had an allocation of \$1.180M for the repairs to the Ambassador's Residence and the installation of a telephone system at the Office. However, it did not receive the remittance of US\$5,783, equivalent to \$1.082M, until 11 April 2001. Nevertheless, the works undertaken were physically verified.
- 364.** At the time of inspection, there were eighty-seven(87) new passports which were defective as the lamination was loose. A quantity of revenue stamps in denominations of \$10, \$2, \$1 and \$.50 were also on hand. Evidence was seen that Head Office was written to with a view to returning these passports and stamps. At the time of discussing the draft report, the Director General had advised that the Mission was instructed to return these documents.

### **Guyana Embassy, Washington D.C.**

- 365.** The actual staffing of the Mission at the time of reporting was eleven(11). Apart from the Ambassador who was employed on a contract basis, three(3) were home-based employees while the other seven(7) were locally recruited staff. The First Secretary was appointed Sub-Accounting Officer and therefore had the responsibility for the financial affairs of the Mission.
- 366.** As part of the preliminary work done prior to the inspection visit, information was sought at Head Office in relation to the authorised staff strength. However, this information was not available up to the time of reporting, and therefore it could not be determined whether or not the Mission was operating with its full complement of staff.

- 367.** The Financial Attaché (FA) performed all the accounting functions of the Mission. As a result, there was no segregation of duties. In particular, the FA was involved in (a) the preparation of payment vouchers (b) the writing up of the sub-accountant's cash book, the votes ledger and the remittance register (c) the preparation and signing of cheques (d) the preparation of the bank reconciliation statements and (e) the collection, depositing and remittance of revenue. However, the main accounting records were checked and certified by the Sub-Accounting Officer. It is recommended that the Accounting Unit be staffed by one other person to ensure some degree of segregation of duties.
- 368.** An examination of the statement of expenditure for the Mission for the period under review revealed an expenditure of \$59.468M, compared with a budgetary allocation of \$86.323M, giving a net saving of \$26.885M. The figure of \$59.468M, however, does not include the emoluments of home-based staff who were paid directly by Head Office.
- 369.** According to correspondence seen, although amounts were included in the Mission's allocation for the emoluments of home-based staff, the Mission was instructed not to include the associated costs in its expenditure statement. This practice appears inconsistent and gives a distorted view when comparing budgetary allocations with actual expenditure. It is therefore recommended that the emoluments of home-staff be included in the Mission's expenditure statement.
- 370.** Excess expenditure totalling \$775,000 was incurred in respect of six(6) line items, as shown below:-

<b>A/C CODE</b>	<b>DESCRIPTION</b>	<b>ALLOCATION \$'000</b>	<b>ACTUAL \$'000</b>	<b>EXCESS EXPENDITURE \$'000</b>
104	Clerical & Office Support	15,373	15,854	481
131	Fuel & Lubricants	1,746	1,896	150
141	Rental of Buildings	8,487	8,491	4
161	Local Travel & Subsistence	941	1,010	69
183	Extermination Services	319	348	29
184	Other	1,486	1,528	42
<b>Total Excess Expenditure</b>		<b>28,352</b>	<b>29,127</b>	<b>775</b>

- 371.** This excess was due mainly to the inadequate allocation being given to the Mission. Evidence was seen where Head Office was written to in relation to this matter. It would therefore appear necessary for the Mission to be given a more realistic allocation.
- 372.** The Embassy collected revenue mainly from the issue and renewal of passports, the issue of emergency certificates and notarising of documents. The rates for providing such services were approved by Head Office. These rates were last revised on 5 September 2000 for implementation with effect from 1 October 2000.
- 373.** According to the circular issued by Head Office, an amount of US\$35.00 was chargeable as an “express fee” for new passports only (whether 32 or 64 pages). This additional cost was chargeable where persons required new passports urgently. However, several instances were observed where the Mission was also collecting the US\$35.00 as an express fee for renewed passports. The officer of the Passport Section acknowledged that she misunderstood the circular. This matter was discussed with the Ambassador, and instructions were issued to discontinue this practice.
- 374.** The total revenue collected and remitted to the Accountant General in respect of the year 2000 was G\$8.519M, equivalent to US\$46,762. At the time of the inspection visit, the Embassy was not in receipt of acknowledgement receipts from the Accountant General, indicating that the above amount was brought to account in the Public Accounts. However, according to the records of the Accountant General’s Department, revenue totalling US\$35,101 was received and deposited into the Consolidated Fund, giving a difference of US\$11,661. This matter was drawn to the attention of the Accountant General for investigation.
- 375.** In my 1999 Report, it was stated that twenty-four(24) advances totalling US\$51,402, equivalent to G\$8.031M, were made from the Mission’s main bank account to the Ambassador during the period 1995-2000 to facilitate his attendance at official conferences overseas. Evidence was seen that the Ambassador had written three(3) letters to Head Office indicating that he had prepared claims for reimbursement from the Accountant General’s Department. Head Office responded in June 2000 stating that an officer was assigned to deal with the matter.

- 376.** In January 2001, the Ambassador again wrote Head Office informing it that his indebtedness to the Mission had increased to US\$57,161, equivalent to G\$9.079M. However, up to the time of the inspection visit, he did not receive a response by which time, there were thirty(30) advances totalling US\$66,800, equivalent to G\$10.879M outstanding for the Ambassador. There were also three(3) other advances totalling US\$1,055 which were outstanding in the names of officers who served at the Mission during the period 1996 to 1999 but who were no longer attached to the Mission.
- 377.** The issuing of advances for official conferences from Mission's funds is not in keeping with the established procedures in that funds are allocated for this purpose under the Accountant General's allocation. Funds are released upon the approval of Cabinet. 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 Accountant General's Department. This will obviate the need to utilise the funds of the Mission and will avoid the problem highlighted above. In the meantime, efforts should be made to process the travelling claims by the Ambassador so that the Mission's main bank account can be reimbursed.
- 378.** The Guyana Embassy building in Washington D. C and the Ambassador's Residence are owned by the Government of Guyana. However, over the years adequate funds were not made available for the proper maintenance of these two(2) buildings. As a consequence, the ceiling of the roof of the Embassy was cracked in several places. In the case of the office of the Second Secretary on the upper floor as well as over the stairway to the upper floor, large portions of the ceiling fell off. In addition, the roof and walls of the Accountant's office were in dire need of painting.
- 379.** Evidence was seen that the Ambassador wrote Head Office on several occasions concerning the state of the roof of his residence. The initial cost of repairs was estimated at US\$1,000. However, at the time of the inspection visit, that cost had risen to approximately US\$4,000 due to increased prices and further deterioration of the roof. The Audit Office urges the Ministry to take steps as are considered necessary to ensure that these two(2) buildings are rehabilitated at the earliest opportunity.

**380.** In relation to the Mission's capital expenditure programme for 2000, an amount of US\$10,662, equivalent to G\$2.172M, was not remitted to the Mission until April 2001 for the purchase of a new telephone system. This is a breach of the FAA Act which requires all unspent balances to be paid over to the Consolidated Fund. The system was nevertheless acquired and was installed at the Embassy at the time of the inspection visit.

### **Guyana Consulate, New York**

**381.** In my 1999 report, it was stated that the Sub-Accounting Officer of the Consulate was recalled to Georgetown but had tendered his resignation. Since then no officer has been appointed to this position. As a result, no one was officially charged with the responsibility for the financial affairs relating to the Consulate. The Audit Office urges that the appointment be made as a matter of urgency.

**382.** The accounting functions were all carried out by the Executive Officer responsible for finance. Therefore, there was no segregation of duties. In particular, the Executive Officer was involved in (a) the preparation of payment vouchers (b) the writing up of the sub-accountant's cash book, the votes ledger, the remittance register (c) the preparation of and signing of cheques (d) the preparation of the bank reconciliation statements and (e) the collection, depositing and remittance of revenue.

**383.** The above observation cannot be regarded as a satisfactory arrangement from the point of view of ensuring that there are adequate checks and balances in the system and there is proper segregation of duties. Instead, it relies heavily on the honesty and integrity of the officer involved. It is therefore recommended that another person be employed to improve the internal controls relating to the financial management of the Consulate.

**384.** The Consulate has been in receipt of remittances close to the end of the month and in five(5) instances during the following month. This practice obviously would have adversely affected the operations of the Consulate since payments for goods and services had to be delayed to avoid the bank accounts being overdrawn. It is therefore recommended that Head Office institute measures aimed at ensuring that remittances are sent to the Consulate in a timely manner.

385. An examination of the statement of expenditure for the period under review, revealed an actual expenditure G\$55.864M, compared with budgetary allocation of G\$68.411M, giving a net saving of G\$12.547M on the allocation. However, excess expenditure totalling G\$422,000 was incurred in respect of six (6) line items, as shown below:-

<b>A/C CODE</b>	<b>DESCRIPTION</b>	<b>ALLOCATION \$'000</b>	<b>ACTUAL \$'000</b>	<b>EXCESS EXPENDITURE \$'000</b>
103	Other Technical	11,051	11,327	276
105	Semi-Skilled	3,280	3,317	37
201	Other Direct Labour Costs	900	919	19
123	Office Materials & Equipment	443	448	5
131	Fuel & Lubricants	439	477	38
184	Other	288	335	47
<b>Total Excess Expenditure</b>		<b>16,401</b>	<b>16,823</b>	<b>422</b>

386. In relation to the remittance of revenue to the Accountant General, several instances were noted where the revenue collected was not remitted promptly to the Accountant General. The following are examples:-

<b>PERIOD</b>	<b>AMOUNT COLLECTED US\$</b>	<b>DATE REMITTED</b>
1/1 - 15/1/00	15,494	07/04/00
1/5 - 15/5/00	2,002	14 /07/00
16/5 - 31/5/00	21,677	14/07/00
1/9 - 15/9/00	14,150	14/12/00
16/9 - 30/9/00	16,368	14/12/00
1/11 -15/11/00	22,401	13/02/01

- 387.** The total revenue collected and remitted to the Accountant General in respect of the year 2000 was US\$499,705, equivalent to G\$91.061M. However, at the time of the inspection visit, the Consulate was not in receipt of acknowledgement receipts from the Accountant General to indicate that the amounts were brought to account in the Public Accounts. According to the records of the Accountant General's Department, revenue totalling US\$419,958 for the period January to October 2000 were brought to account in the year 2000. The balance of US\$79,749 representing revenue collected for November and December 2000 was only sent to the Treasury on 2 April 2001 and brought to account by the Accountant General on 13 August 2001.
- 388.** In relation to capital expenditure for the period under review, an amount of US\$41,865.40 was remitted to the Consulate for the purchase of a vehicle while the balance was for the acquisition of a new telephone system. In this regard, a Ford Explorer vehicle was purchased at a cost of US\$29,980 while the sum of US\$11,400 was expended on the telephone system.
- 389.** On the 16 April 2001, the Consulate received a letter from a company in Norway indicating that the company specialised in searching the "Unclaimed Funds Registers" for moneys belonging to the United States and international companies and institutions. According to the letter, the company discovered that there were two(2) bank accounts listed in the Unclaimed Registers in the name of the Guyana Consulate with an undisclosed amount since 1992. The company enclosed the necessary documentation for claiming the funds and requested, for a fee, the Consulate to take appropriate action to recover the funds. It is recommended that an urgent investigation be carried out to ascertain what amounts were reflected in the two(2) bank accounts and steps taken to recover them.

### **Guyana's Permanent Mission to the United Nations**

- 390.** The actual staffing at the Mission at the time of reporting was eleven(11). The Counsellor and another officer were home-based, while the other nine (9) were locally recruited staff. As part of the preliminary work done prior to the inspection visit, information was sought at Head Office in relation to the authorised staff strength. However, this information was not available up to the time of reporting and therefore it could not be determined whether or not the Mission was operating with its full complement of staff.

- 391.** The accounting functions were all performed by the Executive Officer responsible for finance. Therefore, there was no segregation of duties. In particular, the Executive Officer was involved in (a) the preparation of payment vouchers (b) the writing up of the sub-accountant's cash book, the votes ledger, the remittance register (c) the preparation and signing of cheques, the signing of cheques and (d) the preparation of the bank reconciliation statements.
- 392.** The above observation cannot be regarded as a satisfactory arrangement from the point of view of ensuring that there are adequate checks and balances in the system and proper segregation of duties. Instead, the system relies heavily on the honesty and integrity of the officer involved. It is recommended that another person be employed to strengthen the internal controls of the finance section. This arrangement will also relieve the Executive Officer of some the finance duties, thereby freeing him up to attend to more important duties.
- 393.** At the time of the inspection visit, the Mission was without an Ambassador. This was due to the appointment of the Ambassador as Minister of Foreign Affairs. Since his departure, the Counsellor has been in charge of the Mission. This is in addition to performing duties as Sub-Accounting Officer. It is recommended that the staffing of the Mission be reviewed as a matter of urgency.
- 394.** The Main Bank Account was reconciled to June 2001 at the time of the inspection. However, as indicated in my previous reports, there was a discrepancy of US\$13,431.61 relating to the period 1993 to 1998. This discrepancy resulted mainly from thirteen(13) amounts totalling US\$13,791 which were recorded in the cash book as having been received but could not be traced to the bank account. At the time of reporting, the Mission was still in the process of investigating the matter.
- 395.** The Mission has been in receipt of its remittances close to the end of each month or early the following month. This practice would have adversely affect the operations of the Mission since payments for goods and services as well as the payment of wages/salaries of local staff had to be delayed to avoid the bank accounts being overdrawn. It is recommended that Head Office institutes measures aimed at ensuring that remittances are sent to the Mission in a more timely manner.



- 396.** The statement of expenditure for the year 2000 was examined. Actual expenditure was G\$191.568M against a budgetary allocation of G\$228.047, giving a net saving of G\$36.479M. Employment costs accounted for G\$62.848M. However, this latter figure does not include the salaries of the home-based staff.
- 397.** According to the allocation letter, provision was made for the emoluments of the home-based staff. Therefore, the failure to include this cost in the expenditure statement appears inconsistent since it gives a distorted view when comparing budgetary allocations with actual expenditure. It is therefore recommended that the emoluments of home-based staff be included in the Mission's expenditure statement.
- 398.** Excess expenditure totalling G\$13.033M was incurred in respect of ten(10) line items, as shown below:-

<b>A/C CODE</b>	<b>DESCRIPTION</b>	<b>ALLOCATION \$'000</b>	<b>ACTUAL \$'000</b>	<b>EXCESS EXPENDITURE \$'000</b>
103	Other Technical	10,650	11,238	588
104	Clerical & Office Support	7,176	7,233	57
105	Semi-Skilled	5,064	5,169	105
131	Fuel & Lubricants	212	587	( 375)
141	Rental of Buildings	96,707	106,680	9,973
142	Maintenance of Buildings	2,267	2,329	62
162	Overseas Conferences	0	1,094	1,094
164	Vehicle Spares & Services	1,642	2,017	375
172	Electricity Charges	1,069	1,390	321
193	Replacement & Meals	252	335	83
<b>Total Excess Expenditure</b>		<b>125,039</b>	<b>138,072</b>	<b>13,033</b>

- 399.** The above situation resulted for the inadequacy of the allocation. In this regard, evidence was seen where the Mission in December 2000 drew to the attention of Head Office the inadequacy of the revised allocation for certain line items. It is recommended that the Mission be given a more realistic allocation in order to avoid the undesirable situation described above.

- 400.** In my 1999 Report, it was stated that Guyana was indebted to the United Nations in the sum of US\$63,841. This amount represented contributions to the UN regular budget, peacekeeping operations and contributions to international tribunals. In 1999, Guyana only paid US\$9,403 and in February 2000 made another payment of US\$25,000 to restore its voting rights. Two(2) further payments of US\$28,660 and US\$10,394 were made in 2000 to reduce the indebtedness, leaving a balance of US\$3,918 still owing to the UN.
- 401.** According to the practice of the Foreign Missions, employees (whether home-based or local staff) were refunded 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 UN Mission. However, although both the Consulate and the Mission were using the same medical insurance firm, the employees of the Mission were reimbursed 91% of the medical expenses, compared with 66.67% reimbursed to employees of the Consulate. However, documentary evidence of this special arrangement for the UN Mission was not produced for audit examination. It is recommended that the present arrangement be reviewed to avoid possible dissatisfaction between the two(2) departments.
- 402.** The Ministry recalled to Georgetown an Executive Officer in September 1999. He subsequently tendered his resignation, and the Ministry decided in January 2000 to terminate the lease of the apartment occupied by him. However, before the sixty (60) days' notice for the termination had expired, the Ministry decided to continue the lease at a monthly rental of US\$2,625 per month. At the time of the inspection, the apartment remained unoccupied. At the time of reporting, however, it is understood that the apartment was occupied by an officer who was temporarily transferred from Washington.
- 403.** In terms of capital expenditure, no provision was made for the year 2000 for the Mission. However, as mentioned in my 1999 Report, an amount of US\$11,756 was remitted to the Mission in May 2000 in respect of its 1999 allocation. Up to the time of reporting, the sum of US\$1,204 remained unspent. It is recommended that this latter amount be transferred to the Consolidated Fund.

## **Guyana High Commission - London**

- 404.** The actual staffing at the time of reporting was 14. Four(4) of these were home-based staff while the rest were locally recruited staff. As part of the preliminary work done prior to the inspection visit, information was sought at Head Office in relation to the authorised staff strength. However, this information was not available up to the time of reporting and therefore it could not be determined whether or not the Mission was operating with its full complement of staff.
- 405.** The Accounts Section was staffed by only two(2) persons. This has resulted in a lack of proper segregation of duties. In particular, the Accountant was involved in (a) the preparation of payment vouchers (b) the writing up and checking of the Sub Accountant's cash book, the collector's cash book statements, the Votes Ledger and the Remittances Register (c) the signing of cheques and (d) the preparation and checking of the bank reconciliation statements. This arrangement cannot be regarded as a satisfactory one from the point of view of ensuring that there are adequate checks and balances in the system and there is proper segregation of duties. Instead, it relies heavily on the honesty and integrity of the officer involved.
- 406.** This issue was discussed with the High Commissioner who agreed with the recommendation that at least one other person should be employed in the Accounts Section. With this arrangement in place, the Accountant will be relieved of the responsibility of preparing payment vouchers, writing up of the cash books and the Votes Ledger and reconciling the bank accounts. He would then be in a better position to carry out supervisory checks on the day to day operations of the Accounts Section. This arrangement will also relieve the High Commissioner of any involvement in the financial affairs of the Mission thereby freeing him up to attend to his more important duties.

- 407.** The problem, however, appears to be one in which the level of emoluments offered to locally recruited staff was not competitive enough to attract such staff. In fact, because of this state of affairs, the other member of the Accounts Section has tendered his resignation at the time of the inspection. He had to be persuaded to remain another week until the audit inspection was completed. Documentary evidence was seen that Cabinet had considered proposals for an upward review of the emoluments for locally recruited staff and had approved that the matter be reconsidered in the 2001 National Budget. However, up to the time of reporting, it could not be determined what action was taken in this regard.
- 408.** The Mission had neither a Deputy High Commissioner nor a head of the Consular Section. However, the First Secretary was assisting the High Commissioner in relation to the former in addition to being the Sub Accounting Officer. She also overlooked the work of the Consular Section. It should be mentioned that approximately 70,000 Guyanese are living in the United Kingdom. In addition, there are fifty-five(55) Guyanese organisations with which the Mission is required to be in constant contact. It would seem necessary for a review of the staffing of the Mission to be carried out with a view to ensuring that an efficient and effective service is rendered. It is appropriate to mention also that at the time of inspection, the home-based staff had on average six(6) months' leave to their credit. This is a reflection of the staffing situation at the Mission.
- 409.** The observations made in the preceding paragraph were discussed with the High Commissioner who was also of the view that the Mission's operations would be rendered more effective if the above positions were to be filled. He also believed that the work of the Mission could be enhanced if a trade attaché was recruited. The Audit Office recommends that consideration be given to the employment of at least one other diplomatic member of staff with a view to easing the pressures of work from the existing staff. In relation to the recruitment of a trade attaché, there are obvious merits in the High Commissioner's view, given that the High Commission's responsibilities relate not only to the United Kingdom but also five(5) other countries. However, it is for the Ministry to consider the matter carefully, having regard to the associated costs and the likely benefits which will accrue.

- 410.** The Mission has been in receipt of its monthly remittances close to the end of each month. Based on discussions with the High Commissioner and the Accountant, this practice was adversely affecting the operations of the Mission since payments for goods and services were normally delayed to avoid incurring overdrafts. In fact, at the beginning of the month approximately £9,000 had to be kept in the bank account to meet the emoluments of locally recruited staff who were paid on a weekly basis. In addition, at the time of the inspection, there were liabilities totalling £2,604.01 which had been coming forward from the year 2000. Indeed, it is to the credit of the Mission that bank accounts are not being overdrawn. It is therefore recommended that Head Office takes a serious view of this state of affairs and institutes measures aimed at ensuring that remittances are sent to the Mission in a more timely manner.
- 411.** In addition to the late receipt of remittances from Head Office, for the year 2000 the remittances received were significantly less than the Mission's revised allocation. Out of an allocation of G\$78.552M, the Mission only received G\$58.432M (£213,133.38). As mentioned above, this has resulted in the Mission's delaying of payments for goods and services in order to avoid incurring overdrafts. In particular, the Mission received the sum of £38,633.12 on 20 September 1999 from Head Office to discharge Guyana's liability to the Commonwealth Fund for Technical Co-operation (CFTC) in respect of its contribution for 1999. However, payment was not effected until 11 December 2000. Part of the reason was that the sum of £4,871.55 was advanced to the Ambassador to Brussels to attend an ACP meeting but only £1,282.92 was reimbursed from Brussels in May 2000. It was not until November 2000 that adequate remittances were received to enable the discharge of this liability to the CFTC.
- 412.** Although the Remittances Register was well written and found to be accurate, it bore no evidence of supervisory checks. This record was being written up by the Accountant because of the inadequacy of staffing in the Accounts Section to which reference has already been made. In relation to the Sub Accountant's Cash Book, although there was evidence of supervisory checks in 2001, the same cannot be said of the year 2000 in that supervisory checks were lacking in respect of eight(8) months.

- 413.** The collectors' cash book statements for the period under review were also examined. These were also found to be well written and accurate. However, there was no evidence of supervisory checks on the duplicate and triplicate copies which were retained by the Mission nor were these statements totalled at the end of each month. The Accountant explained that these tasks were performed only on the original copies which were sent to Head Office along with the remittance. He had since taken corrective action.
- 414.** The Votes Ledger for the year 2000 was examined. It was also written up by the Accountant. As in the case of the other records mentioned above, it lacked evidence of supervisory checks, again due to inadequate staffing in the Accounts Section. Notwithstanding this observation, based on test-checks carried out, the Votes Ledger was found to be accurate. In relation to the Votes Ledger for 2001, corrective action was taken in that the Sub Accounting Officer was carrying out supervisory checks.
- 415.** The Mission maintained the following bank accounts:-
- Main Bank Account No. 0174611 to facilitate remittances to the Mission and to make related payments;
  - Revenue Bank Account No. 0296296 to deposit all revenues and to effect transfers to the Accountant General; and
  - Salaries Bank Account No. 0666778 to facilitate the transfer of salaries and other allowances for home-based staff and to effect payments therefrom.
- 416.** Subject to the comments made in relation to supervisory checks, the cash books for these accounts were properly maintained, and the accounts were all properly reconciled to April 2001, at the time of inspection.
- 417.** The Mission had under its control four(4) non-operational bank accounts at the Lloyds Bank of London with 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. (The figures at the end of 2000 were not available up to the time of reporting.) The following are the details:-

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

- 418.** 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 them, 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.
- 419.** This matter was drawn to attention in my previous reports. At the Public Accounts Committee examination of the reports of the Auditor General for the years 1995 to 1998, the then Deputy Secretary to the Treasury had explained that the indebtedness to the Bank was being addressed within the broader framework of the HIPC Initiative. At the time of reporting, however, it could not be determined what further action was taken in relation to this matter.
- 420.** 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
- 421.** The inventory records were examined. Most of the items relate to office furniture and equipment, and several of them were acquired from the proceeds of fund raising activities. The inventory was last checked on 25 May 2001. A recommendation was for the dates of acquisition to be included in the inventory records.

- 422.** In relation to the Mission's building at Bayswater Street, approximately only 50% of the premises was being utilised. The two upper flats remained empty for several years. The High Commissioner explained that this issue was raised on numerous occasions with Head Office but to date no action was taken. He suggested that these two(2) flats can be converted to living quarters to be used by a future High Commissioner. He estimated that the cost of refurbishing the flats should not exceed £15,000. The pay back period would not exceed six(6) months from the savings that would accrue if the High Commission were to rent a flat. The Audit Office supports the views of the High Commissioner and urges the Ministry to take steps as are considered necessary to maximise the use of the building. It should be mentioned that the estimated value of the building is in the vicinity of £2M and therefore the issue should not be taken lightly.
- 423.** A significant portion of the basement of the building has been allocated for the display of Guyana products. However, according to the High Commissioner, the response from the Private Sector in Guyana was not encouraging. As a result, the area allocated remained largely utilised. It is recommended that Head Office enlists the support of the newly created Ministry of Foreign Trade with a view to sensitising local exporters of the facilities available at the Mission.
- 424.** An inspection of the fire escape indicated that it was in dire need of replacement. Should there be a fire, the consequences can be loss of life and/or injury to staff members and other persons. The estimated cost of replacement of the fire escape was approximately G\$700,000. This amount was reflected in the Mission's budgetary submission for the year 2000 under Maintenance of Buildings. However, the actual allocation under this line item was G\$1.6M less. Moreover, actual remittances for the year 2000 were significantly less than the budgetary allocation, resulting in the fire escape not being replaced. The works were re-budgeted for in the year 2001.
- 425.** Earlier in the year 2000, the General Fire Appliance Co. Ltd inspected the above building. A number of shortcomings were observed in the Company's report dated 20 February 2001, and the following purchases were recommended:-
- emergency escape route signs;
  - three(3) 2kg carbon dioxide extinguishers;
  - four(4) 6 litre ultra power extinguishers;



- four(4) 9 litre ultra power extinguishers;
- 1 Health and Safety Law chart
- 1 fire log book; and
- 1 Fire Safety – An Employer’s Guide.

The estimated cost was £2,333.24. It is also hoped that adequate remittances will be sent as a matter of urgency to enable the Mission to acquire the above-mentioned items.

- 426.** The statement of expenditure for the year 2000 was examined and was in agreement with the Votes Ledger. Actual expenditure was G\$57.084M, compared with a budgetary allocation of G\$78.552M, giving a net balance of G\$21.488M on the allocation. Employment costs accounted for G\$32.195M. This latter figure, however, does not include the emoluments of home-based staff who were paid directly by Head Office.
- 427.** According to correspondence seen, although amounts were included in the Mission’s allocation for the emoluments of home-based staff, the Mission was instructed not to include the associated costs in its expenditure statement. This practice appears inconsistent and gives a distorted view when comparing budgetary allocations with actual expenditure. It is therefore recommended that the emoluments of home-staff be included in the Mission’s expenditure statement.

428. Excess expenditure totalling G\$4.764M was incurred in respect of eleven(11) line items, as shown below:-

A/C CODE	DESCRIPTION	ALLOCATION G\$	ACTUAL EXPENDITURE G\$	EXCESS G\$
103	Other Technical	8,310	10,588	2,278
104	Clerical & Office Support	8,892	9,336	444
105	Semi-Skilled Operatives	4,637	5,159	522
124	Print & non-print material	326	389	63
131	Fuel & Lubricants	1,830	2,122	292
143	Cleaning & janitorial	1,698	1,730	32
171	Telephone Charges	2,111	2,676	565
172	Electricity Charges	502	555	53
181	Security Services	49	40	9
182	Equipment Maintenance	300	660	360
194	Other	300	446	146
<b>TOTAL EXCESS EXPENDITURE</b>				<b>4,764</b>

429. The Accountant explained that the above situation resulted mainly from the restricted budgetary allocations under the some of the above line items, coupled with the fact that Head Office had revised the allocation in December 2000. By correspondence dated 27 December 2000, the Accountant drew this matter to the attention of Head Office. However, no response was received. It would appear necessary for the Mission to be provided with a more realistic allocation in order to avoid this undesirable situation.
430. In terms of capital expenditure for the year 2000, the Mission had an allocation of G\$350,000 for the purchase of a computer system. However, it did not receive the remittance of £1,282.47 (equivalent to G\$ 345,840) until 2 April 2001. The items acquired were nevertheless verified as having been received and properly brought to account.

## **The Guyana Embassy, Brussels**

- 431.** The actual staffing at the Mission at the time of the inspection was seven(7). Four(4) of these were home-based staff while the rest were locally recruited staff. As part of the preliminary work done prior to the inspection visit, information was sought from Head Office in relation to the authorised staffing. However, this information was not available up to the time of inspection. The Mission was, however, able to provide information dating back to 1991 in relation to the authorised staff strength. That information, which was contained in a report by a KPMG consultant, indicated an authorised staffing of 13. In the said report, a recommendation was made for the authorised staffing to be reduced to eight(8).
- 432.** It is not clear whether the Mission formally adopted the above recommendation but it has been operating with a structure similar to the one recommended. However, the position of Ambassador had been vacant since September 2000. Since then the Counsellor has been performing the duties of Charge d’Affaires in addition being the Sub Accounting Officer. At the time of reporting, the position of Ambassador had since been filled.
- 433.** The Mission received remittances through the post on average once or twice per week. However, only one person was responsible for the opening of the mail. The Mission also did not maintain a remittance book to record amounts received through the post. These observations were discussed with the Accountant who agreed to implement a system whereby (a) at least two persons witness the opening of the mail and (b) a remittance book would be kept.
- 434.** Although the Remittances Register was well written, it bore no evidence of supervisory checks. This observation was brought to the attention of the Accountant who took steps to have the Sub Accountant initial the entries in the Register.
- 435.** The Mission operated the following bank accounts for its day to day operations:-
- Main bank account No. 310-1107345-86 to facilitate remittances and to make payments for operational expenses;

- Revenue bank account No. 310-1007346-87 to deposit all revenues and to effect transfers to the Accountant General; and
  - Salaries bank account No. 310-127-295210 to facilitate the transfer of salaries and other emoluments for home-based staff and to effect payments therefrom.
- 436.** The main bank account was a dual currency account. When transfers were made from the Guyana Embassy in Washington D.C., the amounts were recorded in United States dollars. The Mission would from time to time request transfers to the Belgian francs part of this account to meet operational expenses.
- 437.** An examination of the bank statements for the main bank account for the year 2000 revealed that the Mission received on seventeen(17) occasions additional amounts totalling US\$32,232.51. The nature of these amounts could not be readily determined as no cash book was maintained for the US dollar portion of this account. The Accountant, however, subsequently provided information in relation to these amounts. She had also agreed to introduce a cash book and to reconcile this part of the account.
- 438.** The sub accountant's cash book for the Belgian francs portion of the main bank account was examined. A total US\$210,000, equivalent to BF 9.012M, was transferred in the year 2000 to this account from the US dollar portion based on remittances received. Similarly, a total of US\$63,000, equivalent to BF 2.712M, was transferred during the period January to May 2001. These transfers were verified with the bank statements and entries in the sub accountant's cash book. However, the entries in the cash book did not reflect the US dollar amounts and the exchange rates used to convert the amounts to Belgian francs. This practice has made the verification of the transfers and its recording, time-consuming. It is therefore recommended that the receipts side of the sub accountant's cash book include columns for the US dollar transferred and the prevailing exchange rates.

- 439.** Additional amounts totalling US\$35,935.88, equivalent to BF 1.542M were also transferred in the year 2000 from the US dollar portion of account No. 310-110-734586. These were verified with the bank statements. However, difficulties were encountered in attempting to trace the entries in the sub accountant's cash book because of the absence of reference to the corresponding US dollar and the exchange rates used. This observation reinforces the recommendation made in the preceding paragraph.
- 440.** The Accountant wrote up the sub accountant's cash book but did not append her signature as evidence of doing so. It is recommended that this be done. The cash book nevertheless bore evidence of supervisory checks. Such checks were carried out by the Sub Accounting Officer.
- 441.** The main bank account (Belgian Portion) was reconciled to May 2001. An examination of the reconciliation statements, however, revealed that there were nine(9) unpresented cheques totalling BF 647,067 dating back to the period 1985 to 1992. It is recommended that these cheques be written back to the cash book since they have become stale-dated and were no longer valid.
- 442.** The revenue bank account was reconciled to May 2001. Out of this account, a cash float of BF 11,420 was maintained but was not being utilised. A recommendation was made for this amount to be paid into this account as miscellaneous revenue, thereby effecting the closure of the cash float.
- 443.** The collector's cash book statements for the period 1 January 2000 to 31 May 2001 were also examined. Entries were traced to the duplicate copies of receipts and to the bank statements. However, the CCBS's bore no evidence of supervisory checks. It is recommended that the Sub Accounting Officer carries out such checks.
- 444.** The salaries bank account No. 310-1272952-10 and related records for the period January 2000 to May 2001 were examined. Remittances were traced to the cash book and bank statements. As at 1 January 2000, the account reflected a positive balance of BF 128,713. Theoretically, it should reflect a nil balance. This favourable balance was due mainly to exchange differences over the years. This balance was increased to BF 176,039 during the period January to May 2001.

- 445.** It was observed that the benefits and allowances for the home-based staff were denominated in Belgian francs instead of US dollars, unlike the case of most of the other Missions. The reason for this arrangement was that in 1992 there were marked fluctuations in the exchange rate between the US dollar and the Belgian franc. In order to avoid fluctuation in the earnings of home-based staff, it was agreed that a fixed rate conversion of US\$1 = BF 36 should be applied. However, as at 22 June 2001 the exchange rate was US\$1 = BF 47.92. As a result, home-based staff were receiving BF 11.91 less per US dollar.
- 446.** Two(2) alternative courses of action are recommended in relation to the above observation. The first is that the fixed exchange rate should be moved from the present US\$1 = BF 36, to the current market rate of US\$1 = BF 47.92. The problem with this approach is that the fixed exchange rate will have to be adjusted periodically, say every three(3) months, depending on the extent of the fluctuation. The other alternative is to revert to the system whereby the benefits and allowances are denominated in US dollar, as is the practice of most missions. The latter appears more feasible. Having decided on a course of action, the question that needs to be asked is whether the home-based staff are not entitled to some degree of compensation for loss of earnings arising from the use of the fixed rate which was set nine(9) years ago. It is understood that the adverse effect of the fixed exchange rate started about two(2) years ago.
- 447.** The Mission employed three(3) locally recruited staff members. However, the last increase in the salaries of these persons was in 1995. Evidence was seen where the Ambassador made representation in 1 June 1999 to Head Office for an upward review of the emoluments of these officers. Documentary evidence was seen that Cabinet considered proposals for an upward review of the emoluments of all locally recruited staff and approved that the matter be reconsidered in the 2001 National Budget. However, at the time of inspection, it could not be determined whether any increase was included in the Budget.
- 448.** The Votes Ledger for the year 2000 was examined. It was properly written up and was in agreement with the statement of expenditure of the Mission. The inventory records were also examined. They were last updated between 29-31 May 2001 based on physical verification carried out by staff.

449. The statement of expenditure for the year 2000 was examined. Actual expenditure was G\$34.569M, compared with a budgetary allocation of G\$62.099M, giving a net saving of G\$27.530M. The main area of savings was in relation to employment costs as shown below:-

<b>A/C CODE</b>	<b>DESCRIPTION</b>	<b>BUDGET G\$'000</b>	<b>ACTUAL G\$'000</b>	<b>SAVINGS G\$'000</b>
101	Administrative	1,527	-	1,527
106	Contracted Employees	9,020	-	9,020
203	Benefits & Allowances	16,457	2,608	13,849

450. The main reason for the above situation is that the emoluments of home-based staff were paid directly by Head Office. The Mission was advised not to include the associated costs in its statement of expenditure although the amounts were included in its allocation. This practice appears inconsistent and gives a distorted view when comparing budgetary allocations with actual expenditure. It is therefore recommended that the emoluments of home-based staff be included in the Mission's statement of expenditure.
451. Excess expenditure totalling G\$775,000 was incurred under seven(7) subheads, as shown below:-

<b>A/C CODE</b>	<b>DESCRIPTION</b>	<b>BUDGET G\$'000</b>	<b>ACTUAL G\$'000</b>	<b>EXCESS G\$'000</b>
104	Clerical & Office Support	2,265	2,419	154
105	Semi-skilled operatives	2,280	2,655	375
201	Other Direct Labour	451	472	21
123	Office Materials & Supplies	188	214	26
163	Postage, Telex etc.	655	838	183
173	Water Charges	40	55	15
184	Other	208	209	1
	<b>TOTAL</b>	<b>6,087</b>	<b>6,862</b>	<b>775</b>

- 452.** The Accountant explained that the adverse variances were due mainly to the fluctuation in the exchange rate between the US dollar and the Belgian franc and that from time to time Head Office would make adjustments to the Mission's allocation to cater for such situations. A further revised allocation was received on 18 June 2001 to cover the excess expenditure.
- 453.** The Mission collected revenue mainly from the issue and renewal of passports and the notorising of documents. There are prescribed rates in relation to each service. These have been verified through an examination of the receipts issued. For the year 2000, amounts totalling BF 81,082 were collected as revenue while the period 1 January to 31 May 2001 collections amounted to BF 76,853. Given the small volume of transactions, banking was not done on a daily basis, but on average once a week.
- 454.** In terms of the remittance of revenue to the Accountant General, this was being done once a year because of the costs involved. The last remittance of BF 81,082 was made on 11 January 2001, corresponding to the total collections for the year 2000.
- 455.** The revenue bank account reflected a balance of BF 527,412 as at 31 May 2001. As indicated above, collections for the period 1 January to 31 May 2001 amounted to BF 76,853, giving a difference of BF 450,559. It is evident that revenue for previous years had not been paid over to the Accountant General. It is recommended this latter amount be paid over as miscellaneous revenue.

### **The Guyana Embassy - Beijing**

- 456.** The actual staffing at the time of reporting was five(5). Two(2) of these were home-based staff while the rest were locally recruited staff. As part of the preliminary work done prior to the inspection visit, information was sought at Head Office in relation to the authorised staff strength. However, this information was not available up to the time of reporting and therefore it could be determined whether or not the Mission is operating with its full complement of staff.
- 457.** The Embassy has been functioning without the services of an accountant. Discussions with the Charge d'Affaires indicated that the position was vacant since 1994. As a result, he has been performing all the accounting functions, in addition to his regular duties. In fact, a greater portion of the Charge d'Affaires' time was being spent on accounting matters.



**458.** Given this state of affairs, it is obvious that there would be a lack of segregation of duties, especially relating to preparation, checking and certifying of transactions, and the maintenance of the various accounting records. This issue was discussed with the Charge d’Affaires who agreed with the recommendation that an accountant be employed. With this arrangement in place, the Charge d’Affaires would be relieved of the responsibility of doing actual accounting work. He would then be in a better position to carry out supervisory checks on the work of the Accountant while at the same time devoting more time to attending to his more important duties. There would also be greater assurance that the various accounting records required by the laid down procedures would be maintained to a satisfactory level.

**459.** In relation to record keeping, the laid down procedures provide for the Embassy to maintain a number of essential records. These include:-

- a remittances register to record all remittances received from the Guyana Embassy in Washington D.C. and from other sources;
- a sub accountant’s cash book to record the receipt of remittances, payments to meet expenditure and opening and closing balances;
- a votes ledger to record expenditure and liabilities under each head and subhead and against approved allocations;
- a collector’s cash book/statement to record details of revenue collections and their disposal; and
- inventory records to account for all assets under the control of the Embassy.

- 460.** For the period under review, a remittances register was not maintained. As a result, remittances for the payment of salaries and other charges had to be traced directly to the two(2) related cash books. In addition, while these cash books fulfilled the basic requirement of recording receipts, payments and balances, they do not meet the requirements of the approved procedures. Such procedures require the use of sub accountant's cash books. These are specially designed and pre-printed and are available at the Accountant General's Department. A number of these books were seen at the Embassy. However, given the absence of accounting staff, it is understandable why a simplified version of the sub accountant's cash book was being used.
- 461.** The Mission did not maintain a Votes Ledger. This is an important record similar to that of a general ledger used in a commercial environment, except that it is also used for budgetary control purposes. The absence of this record meant that the Mission was not in a position to monitor actual expenditure against allocations made to it from Head Office. There was also no recording of liabilities, though evidence was seen that liabilities were being reported monthly to Head Office in the Mission's expenditure statements. These statements were prepared from the analysis of payments made as reflected in the respective cash books.
- 462.** A collector's cash book/statement was not prepared to record details of revenue collected and its disposal. Instead, the receipts written for the month were totalled and were brought to account as cash on hand in a separate cash book kept for local currency. On a quarterly basis, bank drafts were purchased from the US dollar account and remitted to the Accountant General. Normally, all revenues remitted to the Accountant General are supported by copies of the collector's cash book/statement. As mentioned above, no such statement was being prepared, hence no submission to the Accountant General.
- 463.** The Mission has been in receipt of its monthly remittances close to the end of each month and in some cases in the first week of the following month. This has resulted on a number of occasions in the transfer of funds from the US dollar account for Other Charges to the Salaries Bank Account. Reimbursements were, however, made when funds were received. Notwithstanding this, there appears to be a need for a more timely transfer of funds to the Mission.

- 464.** Funds for capital expenditure totalling US\$4,120 for the years 1999 and 2000 were not received until March 2000 and April 2001 respectively. This is a breach of Section 36 of the Financial Administration and Audit Act which requires all unspent balances at the end of the year to be refunded to the Consolidated Fund. In the circumstances, it would have been more appropriate for the proposed expenditure to be re-budgeted for in the following year.
- 465.** In terms of actual capital expenditure, one(1) refrigerator and three(3) air conditioning units valued at US\$1,446.75 were acquired using the funds remitted in respect 1999 and 2000. The unspent balance of US\$2,673.25 remained in the US\$ account for Other Charges. As a result, the capital appropriation accounts of the Ministry for these years would have been overstated by the latter amount. It is noteworthy to mention that up the time of the inspection visit, the Mission had not received its allocation for capital expenditure for 2001.
- 466.** The Mission maintained the following bank accounts:-
- US dollar account No. 00227518093014 to facilitate remittances to the Mission relating to Other Charges and to make related payments;
  - Local currency account No. 00100227508093001 to effect transfers from the above US dollar account and to effect payments in local currency;
  - US dollar account No. 00421008093014 to facilitate the remittance of salaries and other allowances for home-based staff and to effect payments therefrom; and
  - US dollar account No. 00100227508093014 to deposit all remittances by the Public Service Management on behalf of students and to effect payments to them.
- 467.** As mentioned earlier, the related cash books for these accounts were not maintained in the approved manner. They nevertheless were reasonably well kept, except for the absence of supervisory checks. In addition, these accounts were not reconciled for several years. During the inspection, however, they were satisfactory reconciled as at 31 October 2001. A format of the reconciliation statement was also given to the Charge d’Affaires for future reconciliation.

**468.** The balance on Account No. 00227518093014, according to the cash book, was US\$4,665.32 as at 1 January 2000. During the period January 2000 to September 2001, amounts totalling US\$274,409.47 were received as remittances from the Guyana Embassy in Washington D.C. This gives an amount of US\$279,074.79 to be accounted for. During the period under review, amounts totalling US\$45,765, equivalent to Y378,201.96 were transferred to the local currency bank account. There were also direct payments totalling US\$201,853.19 to meet expenditure, giving a closing cash book balance of US\$31,456.60.

**469.** The following gives a breakdown of the expenditure of \$201,853.19:-

<b>DESCRIPTION</b>	<b>US\$</b>
Rental of Chancery & Ambassador's Residence	85,071
"    "    three(3) flats	58,247
Wages of local staff	24,791
Educational expenses	18,994
Payments to AG for revenue collected	8,206
Airfare for two(2) persons	1,392
Purchase of refrigerator	664
Travelling expenses for Charge d'Affairs	3,950
Miscellaneous	538
<b>TOTAL</b>	<b>201,853</b>

**470.** In relation to the amount of US\$85,071 expended on the rental of the Chancery and Ambassador's Residence, it should be mentioned that the said residence has not been occupied for several years since no Ambassador has been in place since 1994. The then Charge d'Affaires had occupied the Ambassador's residence for some time during the period 1994 to 1998. In addition, one(1) of the three(3) flats for which rental was being paid remained vacant for several years and was in a dilapidated state.

471. The present Charge d’Affairs acknowledged the above observations and explained that these buildings were being rented at concessionary rates. However, he could not say how soon an Ambassador and/or any other members of staff would be appointed. Meanwhile, the Mission continued to pay the rentals of these two(2) unoccupied living quarters.
472. Amounts totalling US\$9,906.97 were paid to the Accountant General for revenue collected in respect of consular services. This is the US dollar equivalent of local currency collected and retained to meet cash expenses. This arrangement does not satisfy the requirement of the laid down procedures. However, given the relatively small amounts involved as well as the fact that no accounting personnel was in place, this practice obviates the need for banking and the additional work it entails.
473. In relation to the local currency bank account No. 00100227508093001, the balance as at 1 January 2000, according to the cash book, was Y1,076.53. (The bank statement balance as at this date was Y11,097.17.) Transfers from the US dollar account for the period January 2000 to September 2001 amounted to US\$45,765, equivalent to Y378,201.96 while cash withdrawals amounted to Y293,000, giving an amount of Y86,278.49 to be accounted for. The cash book balance at the end of September 2001 was Y284.58. It therefore means that payments to meet expenditure amounted to Y85,993.91.
474. The following is an analysis of the payments made:

<b>DESCRIPTION</b>	<b>Y</b>
Heating and electricity	82,040.80
Telephone expenses	2,024.00
Motor car expenses	9,803.90
Garbage disposal	2,381.70
<b>TOTAL</b>	<b>96,250.40</b>

The difference of Y10,256.49 was due to the writing back to the cash book of an unreconciled difference.

**475.** The Embassy also maintained a cash account since most of the routine expenditure had to be paid for in cash. This account was funded from withdrawals from the local currency bank account and from consular revenues. The cash book balance as at 1 January 2000 was Y3,952.06. During the period under review, withdrawals totalling Y293,000 were made. In addition, consular revenue totalling Y82,682.38 were collected and kept in this account. This gives a total amount of Y379,634.44 to be accounted for. There was a closing balance of Y6,846.61. Therefore, payments for expenditure totalled Y372,787.83.

**476.** The following is an analysis of the significant payments made:-

<b>DESCRIPTION</b>	<b>Y</b>
Telephone & fax charges	113,785.03
Overtime for local staff & groundman wages	80,423.62
Medical expenses	13,921.07
Motor car expenses	14,321.99
Purchase of three(3) air conditioning units	6,467.00
Airfares	16,638.00
Cleaning of compound	3,785.00
Posting of diplomatic bag	3,559.62
<b>TOTAL</b>	<b>252,901.33</b>

**477.** At the time of the inspection visit, inventory records were being compiled based on a request from Head Office. The exercise was completed and a copy was given to the Audit Office for future reference.

## **Guyana Embassy in Cuba**

- 478.** The key responsibilities and results expected of the Embassy, as detailed in the narrative to the Ministry's programme budget, were not stated in quantifiable terms. As a result, it was difficult to determine the specific extent to which many of these outcomes were achieved. There was, however, qualitative evidence that the projected key results were being successfully achieved. The Ambassador prepared an annual report for the year which provided substantial detail on the Embassy's activities with respect to its various responsibilities, and evaluated the outcomes of these activities.
- 479.** One area in which it was possible to quantify the achievement of projected results was in respect of the objective of improving bilateral relations and reciprocal support. During the year 2000, some twenty-two(22) Guyanese students commenced courses of higher education at Cuban institutions under scholarships funded partly by the Cuban Government. This represents a significant increase over the number of Cuban Government scholarships obtained in previous years, and is explicit evidence of improved bilateral support in Guyana's favour.
- 480.** However, in his report for 2000, the Ambassador drew attention to the high rate of declension of Cuban scholarships offered to Guyana. According to his report, the scholarships taken up represented only 65% of the number offered. It is recommended that the Public Service Ministry and other interested government agencies exert every effort to achieve full absorption of the scholarship opportunities available.
- 481.** In pursuit of the objective of improved bilateral relations, the Embassy hosted and facilitated a number of visits by prominent members of the Guyanese private sector. These visits have the potential to generate economic benefit in Guyana's favour. During the year, at its own initiative, Barama Co. Ltd. secured a lucrative Cuban market for Guyanese timber. This transaction was facilitated by an arrangement with a Cuban financial intermediary. Following this transaction, the Cuban financial intermediary has indicated to the Ambassador an interest in visiting Guyana with a view to identifying other potential Guyanese exporters interested in similar arrangements. It is recommended that Guyanese authorities, both in Cuba and in Guyana, pursue the achievement of this visit, and that the private sector be given ample notice of the visit so as to ready itself and to maximise benefit.

- 482.** As a result of there being no Guyanese confidential secretary or other support staff, the Ambassador has had to handle all reports and dispatches himself, leaving only routine acknowledgements and memoranda to be handled by local staff. This places a substantial demand on the Ambassador's schedule. The Ministry should urgently consider the need for at least one home-based member of staff to be recruited to provide key support and executive services at the Embassy.
- 483.** The Embassy of Guyana to Cuba is traditionally accredited to Mexico, Nicaragua and Panama. At the time of audit, however, it was observed that the Ambassador was not formally accredited to any non-resident post. The Ministry should initiate steps to ensure the presentation of letters of credence to the governments of all countries within the Embassy's remit.
- 484.** It was noted that certain items of furniture in use in the Ambassador's office and elsewhere in the Embassy were in a visible state of disrepair. The Ambassador has previously drawn attention to this matter in his annual report to the Ministry. In addition, it was observed that the application form for a visa to visit Guyana is articulated in Spanish and not in English, Guyana's official language. It might be more appropriate for such forms to be in the language of the home country and with translations into the language of the host country.
- 485.** During the year, the Embassy faced a number of situations where financial assistance was needed or requested by Guyanese citizens in Cuba and ostensibly in distress. In one case, the Embassy met such costs from the public purse. In others, discovered from discussions with the Ambassador, the costs were met from his private funds. The beneficiaries concerned were often individuals with official capacities or similar standing, the defence of whose dignity the Embassy rightfully regards as its responsibility. There do not appear to exist any official guidelines on the basis for determining legitimate charges to public funds in relation to overseas Guyanese in distress. It is recommended that the Ministry, in collaboration with the Ministry of Finance, formulates and provides embassies with such guidelines.



- 486.** It is standard practice for every embassy to have an appointed Sub-Accounting Officer who is the primary person responsible for proper administration of public funds allocated to that embassy. At this Embassy, the last Sub-Accounting Officer became Chargé d’Affaires some years ago, and was reposted to Guyana since 1999. As a result, there is no explicitly accountable person whose responsibility it is to ensure the prudence and propriety of the Embassy’s expenditure, the completeness of its revenue, that proper accounting records are maintained, and that its assets are under safe custody. The Ministry should assign and appoint a suitably qualified Sub-Accounting Officer as a matter of urgency.
- 487.** As a result of there being no Sub-Accounting Officer, and because of the otherwise limited extent to which the Embassy was staffed, there was poor segregation of duty. For example, one part-time officer was responsible for preparing vouchers, maintaining the votes ledger and cash books, and reconciling the bank accounts. This individual is a Guyanese student of veterinary medicine, with no prior experience of accounting. The assignment of full responsibility for the accounting function to a single individual places an unreasonable burden of responsibility on that individual, and creates scope for financial irregularity and undetected errors.
- 488.** In particular, the Ambassador was the sole signatory to all the Embassy’s bank accounts. He also certified a number of the accounting records such as the Vote Accounts. As above, this places an unreasonable burden of responsibility on the Ambassador. The level of scrutiny he can afford the accounting records is necessarily limited, given the fact that he also performed consular and student affairs tasks in addition to his principal ambassadorial duties. There was, therefore, inadequate segregation of duties, serving to reiterate the need for a Sub-Accounting Officer to be appointed urgently. In summary, the internal control environment around the Embassy’s finances and financial records is concluded to be wholly inadequate due to staffing constraints.
- 489.** The Embassy received a revised allocation of G\$13.012M and G\$19.248M in relation to Employment Costs and Other Charges respectively for the year 2000. It should be noted that the initial and revised allocation letters were dated 11/05/00 and 11/12/00 respectively. This is relatively late, and could have adversely affected the implementation of the Embassy’s work programme. It is recommended that these allocations be finalised immediately after the national estimates are approved.

- 490.** In addition, the allocations and re-allocations to certain Subheads appeared unrealistic. For example, Subhead 173 - Water was allocated G\$58,000 for the year. In fact, the Embassy spent the equivalent of G\$74,934 on Water in January alone, thus exhausting the annual allocation in the first month, a fact indicated clearly in its monthly financial reports. Notwithstanding this, in December at the time of re-allocations, the amount originally allocated for this Subhead was not revised upwards. Thus, there was evidence that the Embassy's cash flow and expenditure statements were not being used to determine resource requirements. Financial returns should be used meaningfully, so as to inform the Ministry in its decisions on financial performance and needs.
- 491.** Remittances to Cuba were sent by the Ministry through the Guyana High Commission in Ottawa. During the year, the Ministry issued instructions for amounts totalling US\$16,000 and US\$71,000, equivalent to G\$2.930M and G\$12.996M at the monthly exchange rates cited by the remittance letters, to be remitted for employment costs and other charges respectively. In addition, an amount of US\$10,000 equivalent to G\$1.825M was described as a Special Remittance and was sent along with the regular August amounts. No indication was given as to the intended purpose of this special amount. The Ambassador explained that this amount was sent after his representations on the Embassy's illiquidity.
- 492.** In addition, remittances were invariably received late. For example, the remittance for November 2000 was sent by way of remittance letter dated 04/12/00 and was credited to the Embassy's bank account on 05/12/00. Further, on some occasions such as in August 2000, the amounts remitted were credited to the Embassy's bank account before the remittance letter was sent. The late dispatch of remittances has the potential to disrupt the implementation of the Embassy's programmes of activities in order to avoid overdrafts being incurred.

- 493.** In terms of capital expenditure, the Mission received an amount of US\$6,640.27 on 27/01/00 based on the 1999 allocation while in respect of 2000, the allocation of US\$6,559.36 was received on 11/05/00. The lateness of this remittance resulted in disruption of the Embassy's programme. In particular, it included an amount of US\$300 representing difference due on a previous remittance in relation to the intended purchase of an electricity generator. At the time of audit, this generator was still not purchased. The Ambassador explained that this was because the tardiness in the arrival of the remittance resulted in the generator no longer being available at the anticipated price.
- 494.** In addition, because of cash flow difficulties, the Embassy has consumed the 1999 capital remittances received during 2000 without effecting any of the intended capital expenditure. Correspondence to the effect that the capital funds would have to be replenished before the expenditure can be incurred, was seen. It is recommended that the Embassy exerts better financial control to ensure that funds are only used for authorised purposes, and that the Ministry monitors its remittances as against the Embassy's expenditure to ensure the availability of funds for authorised expenditure.
- 495.** It should be mentioned that the Embassy does not maintain vote accounts for capital expenditure. This is because of the limited number of transactions effected over the years. It should be noted, however, that vote accounts to show the amounts allocated and expended by each capital subhead are required to be maintained. In future, when the Embassy obtains capital allocations, vote accounts for each capital subhead should be introduced and maintained.
- 496.** A remittance register was maintained to record remittances received from the Ministry. However, the following deficiencies were observed:-
- The Register did not distinguish between current, capital and other remittances;
  - Where separate remittances were received on the same or proximate days, a single aggregated entry was made in the Register and a single receipt issued. This occasionally resulted in remittances not being recorded on the day they were received; and
  - The Register bore evidence of minor transcription or summation errors.

- 497.** The remittances were recorded in the cash book net of remittance losses and bank commissions while the bank statements reflected remittances gross of bank commissions. This has resulted in the verification of remittances somewhat time-consuming. It is recommended that each remittance be recorded individually and in such a manner as to reflect both the gross and net amounts received.
- 498.** A G\$ Appropriation Account was not presented for audit. This Office extracted an Appropriation Account from the G\$ converted Vote Accounts. However, the total G\$ expenditure on several Subheads had to be revised because of errors detected in the recording and balancing of the Vote Accounts, which were also maintained in US\$, the currency in use.
- 499.** It will also noted that revised allocations were exceeded in the following subheads:-

<b>Code</b>	<b>Subhead</b>	<b>Revised Allocation \$</b>	<b>Actual Expenditure \$</b>	<b>Excess \$</b>
104	Clerical and Office Support	716,000	778,858	62,858
105	Semi Skilled Operatives & Unskilled	580,000	598,389	18,389
131	Fuel and Lubricants	391,000	443,130	52,130
161	Local Travel & Subsistence	55,000	146,175	91,175
165	Other Transport, Travel & Postage	0	1,810	1,810
173	Water Charges	58,000	501,528	443,528
184	Other	131,000	133,612	2,612

- 500.** This evidence of over-expenditure indicates the need for the Ministry to make more realistic estimates even as the Embassy continues to exert greater efforts to avoid over-expending. One factor that might have contributed to the Embassy's over-spending its allocations is the fact that the balance available column in the Votes Ledger was not written up at all. This should be remedied so as to ensure compliance with record-keeping requirements and to secure better control over expenditure relative to allocations. In addition, where the Embassy or the Ministry detects the likelihood of over-expenditure, internal virement can be sought to authorise the excess.

- 501.** The Embassy received US\$97,000 or G\$17.746M in remittances for the purposes of employment costs and other charges, including the amount earmarked for special purposes. Its total corresponding expenditure was G\$19.666M. It was explained that the Ministry remitted less than projected expenditure in the early months with the intent that the Embassy should expend previous unspent balances it held on its account. It is required that all unspent balances be returned at the end of each year to the Ministry for refund to the Accountant General.
- 502.** The Embassy is required to send its original receipt and payment vouchers with supporting documents to the Accountant General's Department. However, at the time of audit, the Accountant General had not yet received vouchers in relation to January to April 2000 and December 2000 to the current month. The Ambassador explained that these were dispatched in several diplomatic bags, and that he has returned bag schedules acknowledging receipt of the packages sent, except in the case of the most recent bag. It is recommended that the Ministry seeks to locate those vouchers as a matter of urgency.
- 503.** In addition, the Embassy did not retain copies of any of its vouchers. As a result, checks on expenditure relating to the period for which vouchers were unavailable were severely limited. The Embassy should retain copies of all its vouchers and supporting documents to safeguard against the misplacement of vouchers as in the current situation.
- 504.** The fact that the Accountant General did not detect the absence of these vouchers until audit enquiry suggests some lapse on the part of the Accountant General's Department in its processing of the vouchers and related documents. Enquiries at the Accountant General's Department revealed that that Department merely recorded the arrival of the bundles of vouchers in a register and did not effect any further processing. It would therefore appear that the system regarding Embassy vouchers should be revisited so as to improve control and remove redundancy in effort and expense.

- 505.** The maintenance of the Votes Ledger bore a number of other unsatisfactory features. For example, significant arithmetic errors were detected in the computation of the expenditure to date. In addition, entries were occasionally recorded out of date and voucher number sequence, suggesting delayed or incorrect posting. Entries were also occasionally made in the Votes Ledger in pencil and there was evidence of uninitialled superimposition and the use of correction fluid, contrary to financial regulations. Any amendments or corrections on accounting records should be made by way of a neat horizontal line through the incorrect entry, insertion of the correct entry above, and initialling by the correcting officer. Also, as mentioned above, the column for balance available was not maintained.
- 506.** During the latter months of the year, the Embassy incurred monthly rent of US\$1,220 in relation to a flat which was occupied by a previous Chargé d’Affaires but which remained vacant since that officer’s departure and throughout 2000. The Embassy also incurred other charges such as telephone and furniture rental expenses in relation to this flat, although it was not in use. The Ambassador explained that the flat rental was continued, on the Ministry’s instructions, because the current rental rates are significantly below market rates and that it would be advantageous to enjoy these rates should new home-based staff be posted. In light of the severe shortage of staff suffered by this Embassy, the Ministry should expedite the decision whether staff will be posted, thus informing a decision whether the continued rental of this flat is justifiable.
- 507.** The Embassy paid monthly rental charges of US\$3,500 in relation to the Ambassador’s residence. However, the stipulated ceiling for the ambassadorial residence was US\$3,000 according to the Ambassador’s appointment letter. The Ambassador explained that the amount currently paid is considered relatively modest, some ambassadorial residences being rented for amounts in the vicinity of US\$10,000. Correspondence from a former Chargé d’Affaires in 1994 was seen to indicate that a suitable residence for a head of mission would cost in the vicinity of US\$3,350 monthly at that time, some seven years ago. It is recommended that the Ambassador’s residential rental allowance be reviewed with a view to regularising the incurrence of this cost.

- 508.** In relation to telephone charges, examination of the vouchers at the Accountant General's Department revealed that the telephone bills were paid without a certificate indicating that the calls were for official purposes. This is particularly important with respect to the ambassadorial residence, given that the Foreign Service Manual indicates that the cost of long distance calls of a personal nature shall not be met out of public funds.
- 509.** For several years prior to a letter from the Ministry dated 08/08/00, the Embassy did not remit to the Accountant General any of the revenue it collected, under special permission. The authority under which this special permission was granted could not be ascertained as the authorising letter was explained to be very old and was not seen during the audit. However, on 08/08/00 the Ministry wrote the Embassy expressing dissatisfaction with the system which permitted retention of revenue, revoking that permission, and requiring action to be taken to remit revenue in relation to 2000.
- 510.** During 2000, the Embassy collected modest sums of revenue through passport renewals, visa applications, and document legalisation. Following an increase in the rates from 01/10/00, monthly revenue collection increased noticeably. The increase was also due to a change in the Embassy's policy on business visas. Its previous policy was to grant gratis visas to all applicants whose applications were submitted through a Cuban government agency. In the latter months of 2000 following the revision of the visa rates, the visa policy was also revised to require payment of the appropriate fee unless the applicant is the holder of a diplomatic or official passport.
- 511.** The Embassy maintained a revenue register, but this was not written up since June 2000. There were also a number of differences between the amounts extracted from the revenue receipt book and the amounts reported in the monthly revenue returns as having been collected. It was explained that these errors were due to mistakes such as omission of receipts in the preparation of the revenue returns. Greater caution must be exercised to ensure that the revenue return is prepared accurately to reflect all revenue collected for each period reported.

- 512.** At the time of writing, an amount of US\$1,003 remitted in cash some seven months ago was still being held in an envelope in the Ministry's safe. The failure by the Ministry to transmit this amount to the Accountant General for the Consolidated Fund is unacceptable. Further, keeping the amount in cash for such a lengthy time would have posed risk of loss, and is a breach of the financial regulations regarding disposal of cash and banking of revenue. It is recommended that this amount be deposited in the Consolidated Fund to be brought to account as revenue immediately, and that receipt be acknowledged immediately to the Embassy.
- 513.** Under cover of letter dated 12/06/01, the Embassy remitted a bank draft for £854.94 equivalent to US\$1,200 and representing revenue for the period from January to May 2001. At the time of writing, this cheque was still in the Ministry's custody and had not yet been transferred to the Consolidated Fund to be brought to account as revenue. As above, it is recommended that the Ministry transfers revenue received from the Embassy to the Consolidated Fund promptly, and receipt acknowledged to the Embassy.
- 514.** Regarding revenue prior to June 2000, the amounts concerned were collected, banked into the main account and utilised in meeting current expenditure. The amounts banked totalled US\$262.20 while the total revenue collected for that period totalled US\$222.20. As before, the disparity between amounts collected and banked indicates the need for accurate accounting for and prompt banking of revenue.
- 515.** During 2001, it was noted that revenue collected was kept in a safe cabinet in the Ambassador's office and banked monthly. While financial regulations require daily banking, the Ambassador explained that more frequent banking is militated against by the paucity of the amounts collected and the fact that there is no other executive staff at the Embassy. Until such time as additional home-based staff is posted, special dispensation should be sought from the Ministry of Finance for the Embassy to bank its revenue monthly instead of daily, as required.
- 516.** Regarding the infrequency of remittances being sent to the Accountant General, the Ambassador explained that since the availability of fax and e-mail technology the diplomatic bag was used less frequently. It is recommended that a regular schedule, such as bi-monthly, be decided with the Ministry and the Ministry of Finance and that all returns be sent as agreed, including the revenue remittance cheque.



- 517.** It was also noted that the Embassy did not prepare Collector's Cash Book/Statements (CCBSs) to show the detailed amounts collected, and the disposal of same. It is recommended that these be introduced immediately, and they be submitted to the Accountant General through the Ministry, along with the original receipts and the revenue remittance.
- 518.** An examination of the revenue receipt book revealed a number of unsatisfactory features. Firstly, the receipts issued did not indicate the visa type, although the fee has varied with the type since the 01/10/00 revision. It is recommended that the receipts be written to reflect the type of visa applied for. Secondly, at the time of audit, it was noted that original receipts dating from 10/01/01, which are required to be submitted to the Accountant General along with the CCBSs, were still attached to the receipt book. As pointed out above, the Embassy did not prepare CCBSs, but it did previously send original receipts along with copies of its revenue return to the Accountant General. It is recommended that all original receipts be sent to the Accountant General promptly as required.
- 519.** Secondly, it was noted that several duplicate receipts, which are usually given to the payer, dating from since 05/01/01 were still attached in the book at the time of audit. It is recommended that duplicate receipts be given to the payer immediately on payment being received. Thirdly, copies of receipts in the book indicated such breaches of the financial regulations as correction fluid having occasionally been used, the amount not being recorded in numbers on the receipt, and an alteration to a receipt being initialled by a person other than the person preparing and signing the receipt. Greater caution should be exercised to avoid such occurrences.
- 520.** The directive from the Ministry increasing the rates for respective categories of revenue indicated that forms should be sold for US\$1. The Embassy was noted to have distributed passport renewal forms without charging the requisite fee. Given that passport renewal forms are sold in Guyana, and given that they are not specifically excluded by the Ministry's instruction, it is recommended that they be sold at the stipulated price.
- 521.** Further, visa application forms were being sold for US\$1. However, it was observed that these forms are not numbered, which would ordinarily render control impossible. If printing of numbered forms proves costly, the Embassy could consider numbering its stock of forms manually such as by using a number stamp.

- 522.** Revenue was typically received from members of the public at the reception desk of the Embassy. Accordingly, in a suitably prominent position at this desk, there should be posted notices showing the approved rates of revenue and a reminder that an official Government of Guyana receipt should be obtained for all sums paid. This requirement should be implemented notwithstanding that the volume of transactions is extremely small.
- 523.** The Embassy handled trivial quantities of stores, primarily miscellaneous items of stationery. It maintained a stock ledger but differences were noted between the balances on that ledger and the numbers of items on hand. It was explained that, in the absence of a full-time executive officer, items are occasionally used without being recorded in the ledger. It is recommended that, to the extent allowed by the staffing constraint, all receipts and issues of stores items be recorded so as to ensure that all purchases are properly received and that issues are subject to control.
- 524.** The Embassy operated a cash float of US\$350. However, a cash book was not maintained to record petty cash purchases and recoupment. The Embassy explained that the number of transactions was minimal and that all purchases were recorded as final expenditure when the float was recouped. Nevertheless, it is recommended that a petty cash book be introduced as soon as possible.
- 525.** An examination of the inventory records revealed a number of unsatisfactory features. Firstly, several of the items were listed as unserviceable, but there was no evidence of action having been taken to obtain Secretary to the Treasury's approval for the disposal of these items. Physical inspection revealed that the Embassy had two large ground floor rooms full of fixed assets, many items among which appear to be unserviceable. Further, the Embassy's garage housed an ambassadorial car no longer in use, along with several crates full of apparently discarded items. It is recommended that the Embassy undertake a comprehensive exercise to identify all unserviceable items and to request, through the Ministry, Secretary to the Treasury to approve for these to be disposed of.

- 526.** Regarding the retired ambassadorial car, the Ambassador explained that the Embassy had received an offer of US\$1,200 for the car but that special Cuban government permission was required for it to be disposed of beyond the diplomatic community. He further explained that efforts had previously been made to obtain such permission but these had failed. It is recommended that further action be taken, possibly at the Ministerial level, for the permission to be granted expeditiously. In addition, Secretary to the Treasury's approval would be required and the car should be disposed of as soon as possible and before it deteriorates further.
- 527.** In addition to the fixed assets it owned, the Embassy's premises also housed a number of fixed assets rented from CUBALSE. The Embassy's assets were not marked in any way to distinguish them from the CUBALSE items, creating the risk of ownership becoming uncertain in the future. In addition, governmental financial regulations require all fixed assets to be marked as government property with an appropriate serial number. It is recommended that all the fixed assets owned by the Embassy be marked as such and that the serial numbers assigned be recorded in the inventory records.
- 528.** The Embassy did not maintain registers to record the receipt, issue and stock of blank passports, or of passport forms or revenue stamps. At the time of audit, it was observed to be in possession of G\$152,440 of revenue stamps in various denominations, and various sequences of different passport applications forms. It is recommended that registers be introduced to record the receipt and use of all such controlled items.
- 529.** The Embassy was noted to be in possession of 2 old format passports (No. 389624-5) and 78 new format passports (615122-5 and 615127-200). This stock was in agreement with a handing over listing prepared at the time the incumbent Ambassador took office, since which time the Embassy had not issued any passports. Given that the old format passports were no longer issued because they had been superseded by those with new and enhanced security features, it is recommended that the old format passports be cancelled or otherwise disposed of in a manner approved by the Chief Immigration Officer.

- 530.** On behalf of the Public Service Ministry, the Embassy administered scholarships held by Guyanese students at Cuban institutions. In order to meet associated costs, the Embassy received remittances from the Public Service Ministry through the Guyana Consulate in Toronto. Receipts were written for these amounts, but it was observed that the original, duplicate and triplicate receipts were still attached to the book. It is recommended that the duplicate receipts be sent to the Guyana Consulate Toronto so that it can account properly for amounts it sent.
- 531.** It is not clear why the Public Service Ministry denominated in Canadian Dollars the allowances payable to students studying in Cuba. The US Dollar is the currency of choice in Cuba, and the Convertible Cuban Peso is on par with the US Dollar. Stipulating the allowance in Canadian Dollars makes it necessary for conversions to be made every month and causes the allowances to fluctuate from month to month. For example, maintenance allowances of CUC640.66 and CUC661.20 were paid for the periods May to August 2001 and Jan to April 2001 respectively. It is recommended that the Public Service Ministry considers denominating the allowances of Cuba-based students in either the US Dollar or its equivalent the Convertible Cuban Peso.
- 532.** A number of accounting records were not maintained or were maintained in a poor state. For example, in the salaries cash book, entries were not made daily in sequential order of transaction but in relation to the months to which the transactions relate. Remittances, salary payments and transfers to compensate for remittance losses in relation to a particular month were also written up in sequence, irrespective of the fact that these transactions occurred several days apart and with other transactions intervening. In addition, remittances were recorded in their net amounts and bank commissions not recorded at all in the main and salaries cash book. This rendered verification of remittances in the salaries and main cash book time-consuming. It is recommended that cash books be written up daily, in the prescribed format, to reflect all transactions occurring.

- 533.** Further, since March 2000 and May 2000, CCBS formats were used to maintain the main and salaries cash books. It was observed that the Embassy was not in possession of blank cash books for use in writing up these accounts. It is recommended that the Embassy requests from the Ministry blank cash books for its main, salaries and imprest accounts, and puts these in use. The CCBS books should also be used to prepare CCBS statements, as required to be submitted to the Accountant General along with original receipts and the revenue remittance cheque.
- 534.** While there was evidence that the main bank account was reconciled monthly, no such evidence was seen with respect to the salaries and student accounts. Notwithstanding that the number of transactions was very small, it is required that all bank accounts be reconciled monthly and that the reconciliation statements be sent to the Ministry and copied to the Accountant General and the Auditor General.
- 535.** Various other record-keeping lapses also occurred. For example, revenue registers and registers of controlled forms such as receipt and cheque books, revenue stamps, and passport forms were not maintained. Breaches such as the use of correction fluid and uninitialled alternations in records were also observed. All of these factors indicate the need for a full-time Sub-Accounting Officer to be appointed urgently and to be assigned responsibility for the accounting and financial control functions.
- 536.** The temporary Accounts Clerk currently employed at the Embassy is a student who was expected to change campus. As a result, the Embassy will have absolutely no personnel to maintain its accounting records. Clearly, this situation is alarming. It is worthy to repeat that suitable home-based staff should be posted as a matter of emergency to perform the functions of Sub-Accounting Officer.
- 537.** The system of sending remittances through Canada to Cuba results in substantial losses, through conversions and re-conversions and through bank charges and commissions. The Ministry should investigate alternative means of sending remittances to Cuba. One such alternative would be simply to purchase in Guyana a bank draft drawn on a non-US bank and send same directly to Cuba. Having investigated and costed the alternatives, in collaboration with the Ambassador, the Ministry should opt for the routine that incurs least cost to the public treasury.

**538.** The Foreign Service Manual serves as the principal guide to the conditions governing the appointment and posting of home-based staff, among other related matters. This manual includes details on their financial and other entitlements. It was, however, noted that the current edition of the Manual dates back to 1979, and includes a number of conventions which have fallen out of current use. These include, for example, entitlements to home-based domestic staff. It is recommended that the Ministry updates the Foreign Service Manual so that there would exist current documentation on the general financial conditions governing the operation of overseas missions.

### **Guyana Embassy in Venezuela**

**539.** The actual staff at the time of inspection was eight(8). Three(3) of these were home-based staff while the remainder were locally recruited staff. The Accounts Section was, however, staffed by only the Accountant. This has resulted in a lack of proper segregation of duties. In particular, the Accountant was involved in (a) the preparation of payment vouchers (b) the writing up of the Sub accountant's cash book and the votes ledger (c) the preparation and signing of cheques and (d) the preparation of bank reconciliation statements.

**540.** The above arrangement cannot be regarded as a satisfactory one from the point of view of ensuring that there are adequate checks and balances in the system and that there is proper segregation of duties. Instead, it relies heavily on the honesty and the integrity of the officer involved. It is recommended that another person be employed to improve the internal controls of the Accounts Section.

**541.** A Sub Accounting Officer was not appointed for the period under review. As a result, no one was officially charged with the responsibility for the financial affairs relating to the Embassy. It is recommended that the appointment be made as a matter of urgency.

**542.** The Embassy did not maintain a Remittance Register. As a result, the verification of remittances sent by Head Office had to be undertaken by tracing entries directly to the cash book. It is recommended that the Register be introduced at the earliest opportunity.

543. The Mission received excess remittances totalling G\$10.696M, equivalent to US\$57,895 from Head Office for the period under review. The Mission explained that this was an oversight on the part of Head Office. This excess was applied against remittances for the period January to March 2001.
544. An examination of the Votes Ledger for the year 2000 revealed an actual expenditure of G\$41.265M, compared with a budgetary allocation of G\$59.857M, giving a net saving of G\$18.592M. However, excess expenditure totalling G\$3.104M was incurred in respect of seven (7) line items, as shown below:-

A/c Code	Description	Allocation Expenditure \$'000	Actual Expenditure \$'000	Excess Expenditure \$'000
13 1	Fuel and Lubricants	278	296	18
141	Rental of Building	15,291	17,739	2,448
142	Maintenance of Building	1,635	1,673	38
161	Local, Travel & Subsistence	608	1,065	457
171	Telephone Charges	4,012	4,134	122
173	Water Charges	127	148	21
182	Security Services			
	<b>Total Excess Expenditure</b>	<b>21,951</b>	<b>25,055</b>	<b>3,104</b>

545. The Accountant explained that the above situation resulted mainly from the restricted budgetary allocations under the some of the above line items, coupled with the fact that Head Office had revised the allocation in December 2000. It would appear necessary for the Mission to be provided with a more realistic allocation in order to avoid this undesirable situation.
546. The total revenue collected and remitted to the Accountant General for the period under review was G\$2,249,084 (US\$12,330). At the time of inspection visit, the Embassy did not, however, receive acknowledgement receipts from the Accountant General in relation to the above amount. In addition, according to the records of the Accountant General's Department, revenue totalling G\$124,045, equivalent to US\$2,030, for the months of January and November 2000 had not yet been deposited into the Consolidated Fund. These two(2) matters were drawn to the attention of the Accountant General.

- 547.** The records relating to the stock of passports were kept in a file These were checked and found to be accurate. The Mission agreed to implement a recommendation that a register be introduced to reflect the passports received and issued so that the balance at any one point in time can be readily verified.
- 548.** The amount of G\$628,000 was allocated for the period under review for the purchase of a fax machine and an iron safe. However, the funds were not remitted until April 2001. At the time of the inspection, the iron safe was purchased at a cost of G\$261,891, equivalent to US\$1,400. In relation to the fax machine, the Mission was still in the process of obtaining quotations. In addition, the Mission received the sum of US\$4,667 for the purchase of carpets, curtains and paintings for the Ambassador's Residence with respect to its 1999 allocation. However, up the time of inspection, these items had not yet been purchased. It is recommended that the unspent amounts be refunded to the Consolidated Fund.

### **Guyana Embassy in Brasilia**

- 549.** The actual staffing of the Mission for the period under review was eight(8). Four(4) of these were home-based, while the other four(4) were recruited locally. The authorised staff strength was not obtained at the Ministry of Foreign Affairs, but the Mission provided an organisation chart which indicated a requirement of fourteen(14) officers and a non-resident military attaché. There were therefore six(6) vacancies, comprising two(2) Foreign Service Officers, a Translator/Bilingual Secretary, Receptionist, Typist/Clerk and Office Assistant.
- 550.** The Accounting Unit was staffed by only two(2) persons, resulting in a lack of proper segregation of duties. In particular, the Accountant was involved in (a) preparation of payment vouchers (b) writing up of the cash books (c) collection of revenue (d) the writing up of the Votes Ledger and (e) reconciling bank accounts. It is recommended that another officer be recruited for the Accounts Section to improve the internal controls. The Accountant would then be in a better position to carry out supervisory checks on the day-to-day operations. This arrangement would also free up consular staff involved in the financial affairs of the Mission to tend to more important duties.



- 551.** During the period under review, the Mission received an amount of US\$3,259.47 or G\$595,000 to meet capital expenditure for 1999. In relation to capital expenditure for 2000, it was not until April 2001 that Mission received its allocation of US\$1751.21 or G\$327,590.
- 552.** The Mission was in receipt of its remittances close to the end of each month. It is obvious that this practice would have resulted in delays in the procurement of goods and services in order to avoid the bank accounts being overdrawn. It is therefore recommended that remittances be sent early in the month.
- 553.** Acknowledgement receipts were written in favour of the Director General instead of the Sub-Treasury in Washington from where the remittances were sent. In addition, the remittance receipts did not always indicate the type of currency received. The Remittances Register was also not balanced for the entire period under review and was not closed off at the end of the financial year. Rather, continuous flows of transactions were shown and these included transactions for the year 2001. Further, an examination of the cash book for the United States dollar account revealed several instances of alterations without the relevant initials of the officer making the adjustments. These lapses should be remedied as early as possible.
- 554.** Apart from the amounts totalling US\$10,171.63 in respect of seventeen(17) outstanding advances owed to the Mission by a former Head of Mission, advances totalling US\$4,337.72 were still to cleared at the time of the inspection visit, as explained below.
- 555.** The Ministry of Foreign Affairs had authorised the Mission in October 2000 to advance a Guyanese living in Brasilia the amount of US\$300.00. According to the arrangement the payee's sister was to deposit the amount with the Ministry and this was to be forwarded to the Mission through the Diplomatic Bag. Appropriate action should be taken to have the advance cleared.

- 556.** An advance of US\$4,037.72 was issued to the Ambassador on 31 December 1999 for travel to Brazilian States of Roraima, Amazonas and Pará in the first instance. However, while it was agreed that the visits were to take place, the heavy work schedule precluded travel during the period January 2000 to October 2000. In the final two months of the year the required Ministerial approval was not given. However, an amount of US\$1,700.00 was utilised from the advance in May 2001 during a visit to the State of Roraima. It was explained that arrangements were in place to finalise the other visits with a view to having the advance cleared.
- 557.** In relation to the amount of \$10,171.63 advanced to a previous Head of the Mission, it is understood that the Ministry of Foreign Affairs had withheld payments due to the officer as resettlement allowances. If this is so, such amounts should be used to refund the outstanding amount to the bank account.
- 558.** An examination of the statement of expenditure for the year 2000 revealed an actual expenditure G\$40.263M, compared to the revised budgetary allocation of G\$64.767M, giving a net balance of G\$24.504M on the allocation. Employment costs amounted to G\$29.783M. However, the latter figure did not include the salaries of the home-based staff who were paid directly by Head Office, although the associated costs were reflected in the Mission's budgetary allocation.
- 559.** Evidence was seen where the Mission was instructed not to include the emoluments of home-based staff in its expenditure statement. In order to ensure meaningful comparison between budgetary allocations and actual expenditure incurred, it is recommended that the emoluments of home-based staff be included in the Mission's expenditure statement.
- 560.** Excess expenditure was incurred under the following line items:-

LINE ITEM	ALLOCATION G\$	EXPENDITURE G\$	EXCESS G\$
131	1,478,000	1,491,787	13,787
164	1,075,000	1,158,906	83,906
191	318,000	426,078	108,078

It was explained that this was due to restricted budgetary allocations, together with the fluctuating prices of commodities as a result of changes in exchange rates.

- 561.** An amount of G\$2.521M was expended for the payment of wages and salaries for locally recruited staff. These payments were made without effecting statutory deductions such as the National Institute of Social Security (INNS) and taxes, as required by the Brazilian Law. This situation arose as a result of a failure of the Mission to regularise itself as an employer.
- 562.** In relation to the above, the laws require the Mission to register as an employer. In addition to the deductions from employees, the Mission is to contribute (a) eight percent (8%) of salaries or wages to the Guarantee Fund for Length of Service (FGTS) (b) eight(8) and five(5) percent respectively, to the employee food and bus tickets and (c) twenty-one(21) percent to the National Institute of Social Security (INNS). It was explained that the Mission could not undertake to register as an employer since the allocations made annually by the Ministry of Foreign Affairs did not include funds to meet the required expenditure;
- 563.** In the year 1999 when the former chauffeur to the Ambassador applied for and obtained judgement against the Mission for breach of the applicable Labour Laws, the Mission did not receive authorisation or funds to regularise the situation. The judgement required that the chauffeur be paid R\$7,882.15 for damages suffered in relation to the breaches. This judgement remains unsettled to date.
- 564.** During the year, tuition fees totalling G\$2.539M or US\$15,797.98 were paid to schools in relation to four(4) children of two members of the home-based staff. The approved allowances payable were US\$5,000 for each child at a secondary school and US\$3,000 for each child at a primary school. In one case, however, the allowable amount for a primary school pupil was exceeded by US\$1,404.41.
- 565.** It was explained that Brazil not being an English speaking country, it was necessary for the children to be enrolled in bilingual schools. The fees at these schools were usually high and as such representation was made to the Ministry of Foreign Affairs to review the ceiling of the allowance. However, at the time of inspection, it could not be determined what action was taken in relation to this matter.

- 566.** The remittance of revenue to the Accountant General normally coincided with the movement of the Diplomatic Bag. Over a ten-month period the Mission made six transfers to the Accountant General totalling US\$3,017.88 in relation to the year 2000. However, at the time of inspection, the Accountant General's Department did not issue acknowledgement receipts in relation to the above amount.
- 567.** The Mission was to foster the national interest of Guyana in the host country and also in the countries of concurrent accreditation. However, with the exception of Brazil, credentials have only been presented to the Republic of Argentina and this was done in October 2000. It was explained that the cost of presenting the credentials was not provided for in the allocation made for the period and that the credentials themselves were also not sent in 2000. As such, the nearly two(2) years delay in presenting credentials to Bolivia, Peru and Uruguay was unavoidable.
- 568.** Notwithstanding the above, the Embassy was actively involved in bilateral programmes of co-operation with Brazil and other countries, which are accredited to Guyana. In addition, active collaboration was being pursued in relation to forging transportation links between Georgetown and the State of Roraima in Brazil. In this regard, the construction of a bridge over the Takatu River was currently on the agenda and a direct air link was recently put into operation.
- 569.** A process of collaboration was also initiated during the year 2001 with the Brazilian Congress so as to facilitate exchange visits between Parliamentarians of Brazil and Guyana. This was in addition to the "Embassy Outreach Project" to introduce Guyana as a tourism destination which was undertaken during the year 2000. To initiate this, tourism material was circulated to Federal Universities, with tourism departments, and to the Secretaries of Tourism/Culture in the northern States of Brazil.
- 570.** Additionally, the Mission was preparing a database of nationals of Guyana, which is in its final stages of completion. There was also collaboration between the Association of Distance and Continuing Education for the teaching of English to Brazilians in addition to the annual participation in the "Fair of the Nations", which was organised by the diplomatic community in Brazil.

## **Guyana Embassy in Suriname**

- 571.** The actual staffing at the time of reporting was eleven (11). Five(5) of these were home-based staff while the rest were locally recruited staff. The Accounts Section was, however, staffed by only two persons. This has resulted in a lack of proper segregation of duties. In particular, the Accountant was involved in (a) the preparation of vouchers (b) the writing up of cheques, the Sub Accountant's cash book and Votes Ledger (c) the signing of cheques (d) the banking of revenue (e) the reconciliation of the bank accounts and (f) the issuing of passports and stamps.
- 572.** The above arrangement cannot be regarded as a satisfactory one from the point of view of ensuring that there are adequate checks and balances in the system and there is proper segregation of duties. Instead, it relies heavily on the honesty and integrity of the officer involved. This matter was discussed with the Ambassador who agreed that the Accounts Section should be staffed with at least one(1) other person. With this arrangement in place the Accountant would be relieved of some of the routine accounting duties and would be in a better position to exercise supervisory checks.
- 573.** The problem, however, appears to be one in which the level of emoluments offered to locally recruited staff is not competitive enough to attract such staff. Documentary evidence was seen that Cabinet had considered proposals for an upward review of the emoluments for locally recruited staff and had approved that the matter be reconsidered in the 2001 National Budget. However, up to the time of the inspection, it could not be determined what action was taken in relation to this matter.
- 574.** A Foreign Service Officer III was functioning in the capacity of the Sub-Accounting Officer. He also assisted the Ambassador in his duties in addition to overseeing the work of the Consular Section. Since there are approximately 47,000 Guyanese living in Suriname, the workload of the Embassy has been relatively high, compared with the level of staffing. This situation has resulted in staff working long hours. It would appear necessary for a review of the staffing of the Embassy to be carried out with a view to ensuring that a more efficient and effective service is rendered. The Ambassador shared the Audit Office's view on the matter.

- 575.** The Embassy has been in receipt of its monthly remittances close to the end of the month. It is obvious that this practice would have had an adverse effect on its operations since payments for goods and services had to be delayed to avoid the bank accounts being overdrawn. It is recommended that Head Office institutes measures aimed at ensuring that remittances are sent to the Embassy in a more timely manner.
- 576.** An amount of G\$52,504 was shown as having been expended for supply of water to the residence of home-based staff. However, this amount was charged to Maintenance of Building. The Accountant explained that this was done since no allocation was provided for water charges. It was, however, noted that under Programme 2 there was an allocation of G\$2.708M to cater for this expenditure. It is recommended that an allocation be made in future for this expenditure.
- 577.** In terms of capital expenditure, an amount of G\$395,000 was remitted for the purchase of a telephone system. The actual cost of the equipment amounted to G\$466,925. The difference of G\$71,925 was charged to current expenditure in breach of generally accepted accounting principles. It is recommended that in future adequate amounts are remitted to cover the cost of capital items.
- 578.** An examination of the statement of expenditure for the year 2000 revealed an actual expenditure of G\$21.535M, compared to the budgetary allocation of G\$47.939M, giving a net balance of G\$26.404M on the allocation. Employment costs amounted to G\$5.297M. This latter figure however, does not include the emoluments of the home-based staff who were paid directly by Head Office.
- 579.** According to correspondence seen, Head Office had instructed the Mission not to include the emoluments of home-based staff in its expenditure statement, notwithstanding that such costs were included in the Mission's allocation. This practice appears inconsistent and gives a distorted view when comparing budgetary allocation with actual expenditure. It is therefore recommended that the emoluments of home-based staff be included in the Mission's expenditure statement.

- 580.** Excess expenditure totalling G\$253,463 was incurred in respect of three(3) line items as shown below:-

<b>DESCRIPTION</b>	<b>ALLOCATION G\$</b>	<b>ACTUAL G\$</b>	<b>EXCESS G\$</b>
105-Semi-Skilled Operative	2,346,000	2,577,178	231,178
131-Fuel and Lubricants	341,000	360,511	19,511
163-Postage, Telex & Cable	139,000	141,774	2,774
<b>TOTAL</b>	<b>2,826,000</b>	<b>3,079,463</b>	<b>253,463</b>

The Accountant explained that this was due to the late revision of the allocation by Head Office, by which time the excess expenditure had already been incurred. It would appear necessary for the Mission to be given a more realistic allocation to avoid this undesirable situation.

- 581.** In terms of the collection and banking of revenue, these were found to be in order except that revenue was banked weekly instead of daily. However, the remittance of revenue posed somewhat of a problem in view of the difficulty in exchanging Suriname Francs to US dollars for remittance to the Accountant General. At the time of inspection, amounts totalling SF43,961,367, equivalent to US\$19,982 and covering revenue collected for the period August 2000 to 19 April 2001 was on hand. Evidence was seen where the Ambassador wrote Head Office in connection with this matter. However, up to the time of reporting, it could not be determined what action was taken.
- 582.** Acknowledgement receipts for amounts remitted to the Accountant General for the period January to July 2000 were not presented for audit examination. It is recommended that Head Office follows up with the Accountant General to ensure that the remittances are properly brought to account.

**583.** The Embassy operates the following three (3) accounts:-

- Main bank account No. 00.19.100 (foreign currency) to facilitate remittances to the Embassy;
- Revenue bank account No. 27.98.190 (local currency) to deposit all revenues; and
- Imprest account No.10.31.333 (local currency) to facilitate expenditure.

**584.** These accounts were, however, not reconciled during the period under review. The main bank account, revenue bank account and imprest account were last reconciled to May 1999, February 1999 and March 1999 respectively. The balances of these accounts as at 31 December 2000 were as follows:-

<b>DESCRIPTION</b>	<b>CASH BOOK BALANCE</b>	<b>BANK STATEMENT BALANCE</b>
Main Account	US\$10,439	US\$49,141
Revenue Account	SF50,950,000	SF50,149,488
Imprest Account	SF1,985,665	SF3,543,960

The failure to reconcile bank accounts can lead to irregularities being perpetrated without detection. It is therefore recommended that the reconciliation of these accounts be brought up-to-date as early as possible.

**585.** All receipt books sent by Head Office were verified as having been received and properly accounted for. It was, however noted, that typed and photocopied forms were used as substitute for receipt books in the collection of revenue for the period November 2000 to January 2001. The Accountant explained that the Embassy had exhausted its stock of general receipts. It is recommended that a proper system be put in place to ensure that the prescribed receipts are always available at the Embassy.



## **HEAD 05 AND DIVISION 522**

### **MINISTRY OF LOCAL GOVERNMENT**

#### **Current Expenditure**

- 586.** The salaries bank account No. 3074 reflected a balance of \$15.457M as at 31 December 2000. 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. At the time of reporting, the account was reconciled to April 2001.
- 587.** 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 \$92,135 at 31 December 2000 but was not reconciled since it was established in May 1999. At the time of reporting, this account has since been reconciled to August 2001.
- 588.** Excess expenditure totalling \$1.866M was incurred under subhead 161. This excess expenditure was met from an advance from the Contingencies Fund. The advance was cleared by way of a supplementary estimate in August 2001.

#### **Capital Expenditure**

##### **Subhead 19001 - Infrastructure Development**

- 589.** An amount of \$4M was voted for the completion of the abattoir at Linden. There was a supplementary provision of \$3.061M for the repairs to the Kumaka Wharf, giving a revised allocation of \$7.061M. As at 31 December 2000, amounts totalling \$8.061M were expended, giving an excess expenditure of \$1M. This excess was met from an advance of \$3M from the Contingencies Fund for the fencing of the Waramadong Secondary School compound. The advance was cleared by way of a supplementary estimate in August 2001.

**590.** The following is a breakdown of the expenditure of \$8.061M:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Completion of abattoir	2,000
Repairs to Kumaka wharf	3,061
Construction of chain link fence at Waramadong	3,000
<b>TOTAL</b>	<b>8,061</b>

**591.** In my 1999 report, it was stated that the contract for the construction of the abattoir was awarded in 1998 in the sum of \$5.640M. 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%. The contract was terminated in February 2001 because of non-performance on the contract. At the time of reporting, the position remained the same.

**592.** For the period under review, an inter departmental warrant valued at \$2M was issued to Region 10 for the construction of a perimeter fence around the abattoir and for electrical works to be undertaken. However, according to the records of the Region, an amount of \$1.012M was expended. The difference of \$988,000 should have been refunded to the Consolidated Fund. The works were nevertheless physically verified.

**593.** In relation to the repairs to the Kumaka Wharf, the Regional Tender Board awarded the contract in the sum of \$3.061M. The full amount was expended and the works were physically verified.

**594.** The contract for the construction of chain link fence at Waramadong Secondary School was awarded in the sum of \$2.998M. Due to the remoteness of the area, the work was not physically verified. However, reliance was placed on a certificate from the Superintendent of Works attesting to the satisfactory completion of the works.

### **Subhead 19003 – Urban Development Program**

- 595.** The sum of \$72M was provided for (a) the rehabilitation of urban infrastructure in the six(6) municipalities and (b) technical assistance and institutional strengthening of the six(6) municipalities, Ministry of Local Government and the Valuation office of the Ministry of Finance. A supplementary provision of \$44M was approved, giving a revised allocation of \$116M. The full amount was shown as having been expended.
- 596.** The Programme is funded jointly by the Government of Guyana and the Inter American Development Bank under the Loan Agreement No. 1021-SF/GY and is subject to separate financial reporting and audit. With the approval of the funding agency, financial reporting for the year 2000 was combined with that of 2001 because the Project had commenced in September 2000.
- 597.** An examination of the Project's records revealed the following expenditure for the period September to December 2000:-

<b>Description</b>	<b>Amount \$'000</b>
Consultancy services	85,883
Administrative costs	23,037
Purchase of equipment	1,572
Others	5,508
<b>Total</b>	<b>116,000</b>

- 598.** Included in the figure of \$85.883M is an amount of \$70.118M paid to a foreign consultancy firm to manage the Project Execution Unit based on a contract valued at US\$2.590M, equivalent to G\$480.596M. The amount of \$23.037M expended on administrative costs relates to the payment of salaries and benefits and allowance to the support staff and purchase of office supplies. At the time of reporting, the audit of the Project was in progress.

## Subhead 19005 - Project Development & Assistance

- 599.** The sum of \$252M was provided to assist Municipalities and Neighbourhood Democratic Councils (NDC'S) with their infrastructure and rehabilitation works in areas such as drainage and irrigation, roads and bridges. A supplementary provision of \$5M was approved, giving a revised allocation of \$257M. The full amount was shown as having been expended by way of transfers to the following agencies:-

NAME OF AGENCY	AMOUNT \$'000
Georgetown City Council	21,000
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
Miscellaneous	1,931
<b>TOTAL</b>	<b>256,931</b>

- 600.** Financial returns were, however, not submitted to the Ministry to account for funds transferred to the six(6) municipalities and eighteen(18) NDCs. Given the state financial reporting and related record-keeping in relation to most of these entities, it could not be determined how the amounts transferred were expended. The Accounting Officer is urged to ensure that financial returns are received in respect of all funds transferred to Local Government agencies.
- 601.** In relation to the amount of \$21M transferred to the Georgetown City Council, an examination of the Council's records revealed the purchase of a back-hoe loader and two(2) dump trucks valued at \$18.205M. The difference of \$2.795M was expended on works at the Meriman's Mall.

- 602.** An examination of the records of the Anna Regina Town Council revealed that the amount of \$7M was used for the upgrading of streets within the Council area. In relation to the amount of \$6M transferred to the Corriverton Town Council, burnt earth and reef sand were purchased for the repairs to roads within the Corriverton Town Council. The Linden Town Council utilised the amount of \$9M to purchase a 4 x 4 pick up and a dump truck valued at \$4.140M. The difference of \$4.860M was used mainly to meet payroll costs. The latter appears to be a misallocation of expenditure.
- 603.** The vast majority of the above 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. In particular, thirty-three(33) of the sixty-five(65) NDCs have not submitted financial statements for audit since they were established in 1994.
- 604.** The following gives the status of the audits of the municipalities at the time of reporting:-

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

- 605.** Financial statements for the Georgetown City Council and the New Amsterdam Town Council for the years 1988-2000 and 1994-1996 respectively were received, and at the time of reporting, the audits were in progress.
- 606.** The Rose Hall Town Council was last audited in 1981. Representation was made to the Audit Office that the Council was unable to produce financial statements for the period 1982 to 1993, given the state of the Council's record keeping over the years. Financial Statements were submitted for the years 1994-1998, and at the time of reporting the audits were in progress.

607. In relation to the Corriverton Town Council, financial statements for 1999 were received, and at the time of reporting the audit was in progress. However, no financial statements for the years subsequent to those shown in the above table were received in respect of the Linden Town Council and the Anna Regina Town Council.

**Subhead 26003 - Power Generation**

608. The sum of \$16M was allocated for (a) the purchase of generator sets for Karasabai and Paramakatoi and a solar system for Jawalla and (b) power extension at Moco Moco Hydro Project. Amounts totalling \$15.562M were expended by way of inter-departmental warrants to Regions 1, 7, 8 and 9. The following is a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Purchase and installation of generator	2,091
Purchase of two(2)solar panels	471
Moco Moco Hydro Project	13,000
<b>TOTAL</b>	<b>15,562</b>

609. The generator was purchased for Paramakatoi while the solar panels were acquired for Jawalla and Phillipai. These were verified as having being received and properly brought to account.

610. In relation the amount of \$13M shown as having been expended on the Moco Moco Hydro Project, the sum of \$8M was paid to Region 9 via two(2) inter-departmental warrants of which amounts totalling \$7.739M were expended in the purchase of cables and other electrical items for extension works. The items purchased were verified as having being received and properly brought to account. The difference of \$261,000, which was retained by the Region, should have been refunded to the Consolidated Fund.

- 611.** In relation to the additional amount of \$5M was expended on the Moco Moco Hydro Project, the payment voucher and supporting documents were not produced for audit examination. This matter was drawn to the attention of the Accounting Officer for investigation. At the time of discussing the draft report, the Accounting Officer explained that the amount was utilised to purchase three(3) generating sets for Annai and Aishalton Secondary schools and Sand Creek Health Centre.

### **Subhead 36001 – Solid Waste Disposal**

- 612.** The sum of \$19.8M was voted for (a) the implementation of new infrastructure and improved management of Mandela Avenue disposal site and (b) pilot public awareness and cleansing campaigns. However, no expenditure was incurred as the Project had not yet commenced. The works were rebudgeted in 2001.

## **HEAD 06 & DIVISION 513**

### **MINISTRY OF INFORMATION**

#### **Current Expenditure**

- 612.** The Ministry incurred an expenditure of \$26.616M on employment costs for thirty-seven(37) officers of which sums totalling \$25.222M relate to the emoluments of thirty-two(32) officers engaged on a contract/gratuity basis. An examination of the authorised staff strength for the period under review, however, revealed that there was no provision for contracted employees. In addition, the authorised staff strength was exceeded by ten(10) persons.
- 613.** Correspondence was seen to the effect that the Public Service Ministry approved the recruitment of five(5) contract officers in August 2000. In relation to the other contract officers, it is understood that the relevant approval was given by the Office of the President. The Accounting Officer nevertheless gave the assurance that steps would be taken to update the authorised staffing of the Ministry.
- 614.** Amounts totalling \$1.758M were expended on Transport, Travel & Postage, of which sums totalling \$1.117M relate to repairs and maintenance of vehicles. The following table shows the maintenance costs of these vehicles, compared with the previous year:-

VEHICLE NO.	AMOUNT EXPENDED		
	1999 \$	2000 \$	TOTAL \$
PDD 1940	564,686	467,410	1,032,096
PBB 54	373,175	---	373,175
PFF 3671	482,135	502,130	984,265
PGG 8680	---	86,015	86,015
PGG 9569	---	61,445	61,445
<b>TOTAL</b>	<b>1,419,996</b>	<b>1,117,000</b>	<b>2,541,326</b>

- 614.** At the time of reporting, it is understood that PBB 54 was returned to the Office of the President(OP) while a decision was taken to return PDD 1940 to OP in view of the high cost of maintenance. However, it could not be determined what action was taken in respect of PFF 3671.
- 615.** The amount of \$25M expended on Subsidies & Contributions relates to a subvention which was paid over to the Guyana Television and Broadcasting Company Ltd. (GTV). The last set of accounts audited of GTV was in respect of the year 1999. Financial statements for 2000 were, however, not submitted for audit. The amount of \$25M was nevertheless verified as having been received by GTV.
- 616.** In my 1999 Report, it was stated that the Ministry was operating a special bank account No. 1005 as a clearing account for the cost of publications on behalf of Ministries and Departments. A misappropriation of \$1.641M had been uncovered in 1998 in relation to this account, resulting from the tampering of both cheques and deposit slips as well as short-depositing. At the time of reporting, the Ministry had recovered amounts totalling \$1.602M.
- 617.** A recommendation was made to have the operations of the above account discontinued and for Government agencies to 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 2000, the account reflected a balance of \$847,916. At the time of discussing the draft report, the Accounting Officer explained that steps would be taken to close the account when the balance of the outstanding debt arising from the irregularity mentioned above, is fully recovered.



## Capital Expenditure

### Subhead 24001 - Land Transport

618. The sum of \$3.5M was allocated for the purchase of two(2) motor vehicles. There was a supplementary of \$1M, giving a revised provision of \$4.5M. As at 31 December 2000, amounts totalling \$4.413M were expended. The vehicles purchased were allocated to the Minister and the Permanent Secretary.

### Subhead 25002 - Furniture and Equipment.

619. The sum of \$1.2M was voted for the purchase of two(2) computers, one(1) photocopier, laboratory equipment including dust enlarger lens, negative camera, film dryer, thermometer and filers and purchase of photographic equipment, including camcorder and cameras. Amounts totalling \$1.016M were expended. The items purchased were verified as having been received and properly brought to account.

### Subhead 45001 - Guyana Television (GTV)

620. The sum of \$15M was provided for the purchase of television and audio visual equipment and accessories for improved television broadcasting. Amounts totalling \$24.292M were shown as having been expended, resulting in an over-expenditure of \$9.292M. This excess expenditure was met from an advance from the Contingencies Fund. The advance was cleared by way of a supplementary estimate in August 2001.
621. The following is a breakdown of the expenditure of \$24.292M:-

DESCRIPTION	AMOUNT \$'000
Purchase & installation of transmitter	4,737
“ of three(3) camcorders	2,279
“ “ six(6) VCRs & seven(7) monitors	3,049
“ “ four(4) editing suites	4,463
“ “ transmitter spares	5,691
Other miscellaneous purchases & expenses	4,073
<b>TOTAL</b>	<b>24,292</b>

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

## **HEAD 07 & DIVISION 505**

### **PARLIAMENT OFFICE**

#### **Capital Expenditure**

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

- 622.** An amount of \$5M was allocated for the painting of Parliament Building. A supplementary estimate of \$3.910M was approved for the purchase of motor vehicle for the speaker of the National Assembly. Amounts totalling \$8.739M were expended.
- 623.** The contract for the painting of Parliament Building was awarded in the sum of \$4.947M. As at 31 December 2000, the full amount was expended, and the works were physically verified. The vehicle was also acquired at a cost of \$3.792M.

## **HEAD 08 & DIVISION 505**

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

#### **Capital Expenditure**

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

- 624.** The sum of \$1.3M was voted for the construction of a new filing room and a shed. Approval was granted for a change of programme for the replacing of the water trestle and the recapping of the concrete in the foreground of the Audit Office building, instead of the filing room and shed. Amounts totalling \$1.199M were expended, as follows:-

DESCRIPTION	AMOUNT \$
Recapping of concrete Construction of water trestle	885,000 314,000
<b>TOTAL</b>	<b>1,199,000</b>

**625.** The recapping of the concrete in the foreground to the Audit Office building and the construction of the water trestle were executed through two(2) inter departmental warrants issued to the Ministry of Public Works. The works were physically verified.

**Subhead 25001 - Office Equipment & Furniture**

**626.** The sum of \$1.750M was allocated for the purchase of air conditioning units, photocopier and other equipment. Amounts totalling \$1.729M were expended in the purchase of various items, including one(1) photocopier, an air conditioning unit, a computer scanner, calculators and fans. The items purchased were verified as having been received and properly brought to account.

**HEAD 09 & DIVISION 505**

**PUBLIC AND POLICE SERVICE COMMISSIONS**

**Capital Expenditure**

**Subhead 25002 - Public Service Commission**

**627.** An amount of \$2M was provided for the rewiring of the Commission's building. Amounts totalling \$1.998M were expended. The works were physically verified.

## **HEAD 10 & DIVISION 505**

### **TEACHING SERVICE COMMISSION**

#### **Current expenditure**

- 628.** The salaries and imprest bank account Nos. 3065 and 3064 were not reconciled since they were established in July 1996. This matter was drawn to attention in my previous reports 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.

#### **Capital Expenditure**

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

- 629.** An amount of \$3.8M was allocated for the purchase of one(1) mini bus and an air conditioning unit. Amounts totalling \$3.699M were expended. A refrigerator and a computer were also acquired and for which approval was granted for a change in programme to acquire these items. The items purchased were verified as having been received and properly brought to account.

## **HEAD 11**

### **GUYANA ELECTIONS COMMISSION**

#### **Current Expenditure**

##### **Employment Costs**

- 630.** 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, for the period under review, the cash book reflected balances at the end of the following months:-

MONTH	AMOUNT \$
September 2000	46,188
October 2000	106,762
November 2000	216,856
December 2000	94,019

**631.** The Accounting Officer explained that these amounts represented salaries which were withheld. It is recommended that in all such cases, the relevant amount be transferred to the Consolidated Fund. Should it be considered necessary for subsequent payment to be made, then this should be incorporated in the next payroll. In this way the cash book will reflect a nil balance.

### **Other Charges**

**632.** Cheque orders are required to be cleared within sixteen(16) days through the submission of bills and/or receipts or other supporting documents. However, fifty-seven(57) cheque orders were not cleared within the specified period but on average thirty(30) days after they were issued. The Accounting Officer explained that this situation arose because of the difficulty in matching the supporting bills/receipts with the cheque orders. Notwithstanding the explanation given, efforts should be made to ensure strict compliance with the system relating to the clearing of cheque orders.

**633.** Amounts totalling \$1.004M were expended on Transport, Travel & Postage. However, three(3) contracts falling within the limits of \$180,000 to \$450,000 for the repairs to vehicles were awarded without adherence to a system of quotations. The Accounting Officer explained that this was due to an oversight. Efforts should be made to ensure strict compliance with the Tender Board Regulations.

**634.** Amounts totalling \$777.080M were expended under Other Operating Expenses. This expenditure relates to the conduct of the 2001 National Elections and is detailed as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Honorarium/salaries and incentives	263,629
Travelling, subsistence and accommodation	163,430
Photographic and electoral equipment	97,919
Electoral material	95,058
Training for elections	53,084
Advertisements	27,316
Office supplies and stationery	19,641
Printing and photocopying	15,582
Motor vehicles, spares, etc.	12,515
Office furniture, equipment and maintenance	11,619
Rent	6,301
Maintenance of building	6,164
Electricity and telephone charges	4,821
<b>TOTAL</b>	<b>777,080</b>

- 635.** The amount of \$263.629M was expended in the payment of honoraria, salaries and incentives to persons recruited specifically for the conduct of the 2001 National Elections. Similarly, the amount of \$163.430M was expended on travelling, subsistence and accommodation by Regional Officers, Returning Officers and other election affiliates.
- 636.** The electoral materials acquired at a cost of \$95.058M were distributed to the various polling stations while the amount of \$53.084M was expended on the training of polling day officers, returning officers, ballot clerks and regional officers.
- 637.** Included in the amount of \$12.515M were sums totalling \$7.928M and \$2.864M which were expended in the purchase of five(5) vehicles and spares respectively. The items purchased were verified as having been received and properly brought to account.
- 638.** The laid down procedures require advances to be granted from an imprest account. However, several instances where large amounts of advances were granted from the main bank account in breach of these procedures. The Accounting Officer explained that the imprest allocation of \$1M was inadequate in a period of national elections. In the circumstances, it would have been more appropriate for a special imprest to be granted.

- 639.** In addition, an amount of \$4.934M was issued to a Returning Officer as an advance from the main bank account in December 2000 to facilitate training of polling day staff. Up to the time of reporting, this advance had not yet been cleared. The Accounting Officer explained that bills/receipts were submitted in support of the above amount but these were queried. He further indicated that these queries were subsequently cleared and that the concerned officer was to have refunded an amount of \$57,000. Efforts should be made to expedite the clearing of this advance.

## **HEAD 12**

### **PUBLIC UTILITIES COMMISSION**

#### **Current Expenditure**

- 640.** The Commission received an allocation of \$58.012M for 2000. However, it did not request any releases for the period January to May 2000 on the grounds that it had adequate funds. Such funds were held in nine(9) special bank accounts which reflected balances totalling \$83.524M as at 1 January 2000.
- 641.** Actual expenditure for the period January to May 2000 using the resources of the above-mentioned bank accounts amounted to \$59.131M. This amount includes the emoluments of the Chairman and other members of the Commission as well as capital expenditure totalling \$24.814M. Adjusting for the latter amount, current expenditure for the period January to May 2000 amounted to \$34.317M.
- 642.** Actual expenditure for the period June to December 2000, as reflected in the Appropriation Account, amounted to \$31.413M. Taking into account the expenditure of \$34.317M incurred during the period January to May 2000, there would have been an excess expenditure of \$7.718M when compared with the amount allocated by the National Assembly.

- 643.** In my 1999 Report, it was stated that the amount shown as Employment Costs did 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 arrangement continued for the period June to December 2000. It should be mentioned that in accordance with Section 7(1) of the Public Utilities Commission Act No. 10 of 1999, the emoluments of the Chairman and other members are to be met from the Commission's annual budget as approved by the National Assembly.
- 644.** Included in the amount of \$7.542M shown under Subhead 184 – Other, were sums totalling \$2.236MM 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.
- 645.** For the period under review, the Commission received the sum of \$88.952M as assessment upon utilities in accordance with Section 64 of the Public Utilities Act No. 10 of 1999. This amount was deposited in the nine(9) special bank accounts referred to above. In addition, the proceeds from the sale of a vehicle amounting to \$1.050M were deposited in one(1) of these accounts while interest earned amounted to \$7.957M. As at 31 December 2000, these accounts reflected balances totalling \$122.351M. Therefore, payments from these accounts amounted to \$59.132M. The following is a breakdown of the payments made:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Emoluments of Chairman and other members	18,472
Other operating expenses	13,917
Overseas conferences	12,772
Wages and salaries of staff	7,629
Purchase of motor vehicle	5,047
“ “ equipment	1,295
<b>TOTAL</b>	<b>59,132</b>



## HEAD 21 & DIVISIONS 508, 510 & 512

### MINISTRY OF AGRICULTURE

#### Current Expenditure

##### Employment Costs

- 646.** In my 1999 Report, it was stated that the two(2) salaries bank account Nos. 3056 and 3057 were not reconciled since they were established in June 1996. Attempts have since been made to reconcile these accounts with effect from January 2000, and at the time of reporting these reconciliations were done to June 2000. It should, however, 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 advised to ensure that the reconciliation of these accounts is brought up-to-date.
- 647.** Amounts totalling \$21.843M were expended on Benefits & Allowances. An examination of the Travelling Register, however, revealed the following unsatisfactory features:-
- (a) Eight(8) officers in receipt of travelling allowances were also assigned the full-time use of the Ministry's vehicles. These officers were granted duty-free concessions to acquire their personal vehicles on condition that the said vehicles are used in the performance of their official duties. While there was evidence that the officers concerned were also using their vehicles in the performance of duties, it would appear necessary for the present arrangement to be reviewed;
  - (b) Eight(8) instances were noted where travelling allowances ceased but the reasons for the cessation of the allowances were not stated in the Register; and
  - (c) Six(6) instances were noted where there were intermittent monthly payments of travelling allowances without any reasons being stated in the Register why the vehicles were not used continuously. This as well as the lapse in (b) should be avoided.

- 648.** An examination of the Register of Contributors to the National Insurance Scheme revealed that the NIS numbers for eleven(11) officers were not recorded in the Register, indicating that these officers were not registered with the Scheme. Since registration with the NIS has implications for social security and other benefits, the Accounting Officer is urged to ensure the prompt registration of all employees.

### **Other Charges**

- 649.** The main bank account No. 3054 was last reconciled to May 2000 at the time of the audit, using the same approach as that relating to the salaries bank accounts. At the time of reporting, the account was reconciled to October 2000. In this regard, the comments and recommendation relating to the salaries bank accounts are also applicable to this account.
- 650.** An examination of the bank reconciliation statement for May 2000 in respect of Account No. 3054 revealed the following unsatisfactory features:-
- (a) The balance as per cash book shown in the bank reconciliation statement was \$90.711M as at 31 May 2000. However, the actual cash book balance at this date was \$92.507M, a difference of \$1.796M. If the cash book reflected an incorrect balance, then the necessary corrections should be made to this record;
  - (b) Amounts totalling \$125.530M, representing fifty-five(55) deposits made during the period January to May 2000, were not recorded in the cash book. The nature of these deposits should be ascertained and the necessary adjustments made to the cash book; and
  - (c) Amounts totalling \$547,033, representing receipts for the period January to May 2000, were not reflected in the bank statements. As a result, an officer was charged by the Police, and the matter was still pending in the courts.

- 651.** The main bank account reflected a large balance of \$242.704M as at 31 December 2000. The cash book balance at this date was \$78.730M. Detailed examination of the cash book, however, revealed that 516 cheques valued at \$299.794M were drawn between the period 2 January to 15 February 2000 but were back-dated to 29 December 2000. This practice 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 therefore be made to ensure strict compliance with the Law.
- 652.** Relevant information such as programme reference, line item and vote book number, was not quoted in the rough cash book for the main bank account. This practice renders the tracing of payments to the Votes Ledger and vice versa tedious and time-consuming. In addition, twenty-eight(28) payments totalling \$50.121M relating to capital expenditure were incorrectly recorded as current expenditure in the rough cash book. However, the entries were correctly made in the Votes Ledger. Greater care should be exercised in the maintenance of this essential record.
- 653.** The old main bank account No. 938, which became non-operational in May 1996, was overdrawn by \$6.597M as at 31 December 2000. It is again recommended that the overdraft be investigated and steps taken to close the account.
- 654.** Another main bank account No. 705, which was not operational since July 1991, reflected a large balance of \$40.428M as at 31 December 2000. It is again recommended that this balance be transferred to the Consolidated Fund and steps taken to close the account.
- 655.** Cheque orders are required to be cleared within sixteen(16) days of their issue through the submission of bills and/or receipts or other supporting documents. However, an examination of the Cheque Order Register revealed that 679 cheque orders valued at \$487.683M were not cleared within the specified time, as shown below:-

<b>PERIOD CLEARED</b>	<b>NO OF CHEQUE ORDERS</b>	<b>AMOUNT \$'000</b>
20 – 30 days	296	395,211
31 – 40 days	115	22,330
Exceeding 41 days	268	70,143
<b>TOTAL</b>	<b>679</b>	<b>487,684</b>

Efforts should be made to ensure that there is strict compliance with the system as it relates to the clearing of cheque orders.

- 656.** According to the appropriation accounts amounts totalling \$26.151M were expended on Materials, Equipment & Supplies. However, sums totalling \$3.372M were expended in the purchase of two(2) computers and accessories, office furniture, photocopier and household furniture. This practice is a breach of generally accepted accounting principles. It should be mentioned that there was no provision under the Ministry's capital programme to acquire these items. If the items were urgently needed, the Ministry's recourse should have been to seek a supplementary provision. In the circumstances, there has been a misallocation of expenditure.
- 657.** Amounts totalling \$38.529M were expended on Transport, Travel & Postage of which sums totalling \$7.572M represent the hire of land and water transport. Included in the latter figure were amounts totalling \$4.390M relating to the hiring of vehicles by Head Office, Crops and Livestock and Hydromet Divisions. The three(3) departments together had twenty-four(24) vehicles in use. It is recommended that consideration be given to the rationalisation of the use of the Ministry's vehicles to avoid the need to hire vehicles.
- 658.** Amounts totalling \$5.162M were expended on Telephone Charges of which the sum of \$1.476M relates to overseas telephone calls. It was, however, observed that overseas telephone calls could be made from twenty-three(23) telephone lines. Eight(8) of these relate to fax machines, twelve(12) to office telephones and three(3) for residential purposes. In addition, registers to record overseas telephone calls were not kept in respect of three(3) fax machines and three(3) office telephones. It would appear necessary for the Ministry to consider reducing the number of telephones from which overseas calls can be made with a view to minimising the extent of overseas telephone charges.
- 659.** Amounts totalling \$15.656M were expended on Rates & Taxes. However, a register of properties under the control of the Ministry was not maintained. In

addition, supporting documents such as bills/receipts were not attached to four(4) cheque orders totalling \$11.022M. In the absence of the register referred to above as well as supporting documents, the basis under which payments were made could not be satisfactorily determined.

- 660.** Amounts totalling \$284.080M were expended on Contributions to Local Organisations. The following is a breakdown of the expenditure:-

<b>NAME OF ORGANISATION</b>	<b>AMOUNT \$'000</b>
National Agricultural Research Institute	150,000
Guyana School of Agriculture	50,628
MMA/ADA	25,000
New Guyana Marketing Corporation.	22,999
National Dairy Development Programme	21,999
Pink Mealy Bug Co-ordinating Unit	5,000
Others	8,454
<b>TOTAL</b>	<b>284,080</b>

- 661.** The National Agricultural Research Institute (NARI) was last audited in respect of 1999. Financial statements for the year 2000 were submitted for audit, and at the time of reporting, the audit was in progress. The amount of \$150M was verified as having been received by NARI.
- 662.** The Guyana School of Agriculture was last audited for the year 1996. Financial statements for 1997 to 2000 were not submitted for audit, and therefore the entity was four(4) years in arrears in terms of financial reporting. The amount of \$50.628M was verified as having been received by the School but in the absence of audited accounts, it could not be determined whether the amount granted as subvention was properly expended.
- 663.** In relation to the New Guyana Marketing Corporation Ltd, the last set of audited accounts was in respect of 2000. The Audit Office issued an unqualified report on these accounts. However, the Corporation made a loss of \$5.371M for the period under review. The accumulated deficit was \$11.967M.
- 664.** In my 1999 Report, it was stated that the National Dairy Development Programme (NDDP) was last audited to 1987. Financial statements for the years 1991- 1996 were submitted for audit but because of the gap in financial

reporting for the years 1988 to 1990 as well as their incomplete nature, the statements were returned to NDDP. Re-submission was made for these years. However, a scrutiny of these statements again revealed incomplete financial reporting since no balance sheets were prepared.

- 665.** NDDP has since submitted complete sets of financial statements for the years 1996 to 1999, and at the time of reporting, the audit for 1996 was completed and the related report issued. However, the Audit Office gave a disclaimer of opinion on these accounts because of the gap in financial reporting covering the period 1988 to 1995. The amount of \$21.999M was verified as having been received by the NDDP but in the absence of audited financial statements for 2000, it could not be determined whether the subvention granted was properly expended.
- 666.** The MMA/ADA was last audited to 2000, and an examination of these audited accounts revealed a cash flow expenditure of \$160.548M as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Employment costs	65,519
Fuel, lubricants and power	18,955
Repairs & maintenance	60,391
Expendables	9,212
Administrative expenses	6,471
<b>TOTAL</b>	<b>160,548</b>

- 667.** As noted above, the Authority received a subvention of \$25M from the Ministry. An additional amount of \$12.484M was received from the Ministry of Finance as revision of wages and salaries, giving a revised subsidy of

\$37.484M. The Authority also received the sum of \$51M from the Drainage and Irrigation Board for emergency works. This amount was incorrectly treated as additional subvention as was utilised for the maintenance of the D & I system. The correct procedure should have been to undertake the emergency works on behalf of the D & I Board and to submit to the Board a financial return along with supporting documents. It should be mentioned also that the MMA/ADA recorded a cumulative deficit of \$560.706M as at 31 December 2000.

- 668.** The Pink Mealy Bug Co-ordinating Unit was established by a Cabinet decision in 1997 and a special bank account was opened to effect transfers. As at 31 December 2000, the balance on this account was \$8.942M. An examination of the records of the Unit revealed an expenditure of \$21.169M. The difference of \$16.169M 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. At the time of reporting, it is understood that the Unit was no longer in operation.
- 669.** Amounts totalling \$36.08M were expended on Contributions to International Organisations. The following gives a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
CARDI	10,002
Caribbean Meteorological Organisation	8,182
Inter American Institute for Corporation in Agriculture	5,284
World Food Programme	5,086
Food and Agriculture Organisation	2,035
CIMM	2,000
Office International Despizooties	1,482
PAHO	1,014
World Meteorological Organisation	167
Others	828
<b>TOTAL</b>	<b>36,080</b>

These payments were in conformity with the National Estimates and were supported by adequate documentation.

## **Other Matters**

- 670.** An examination of the Advances Register revealed that a total of 120 advances were cleared by instalments, in breach of financial instructions. Forty-seven(47) instances were also noted where 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.
- 671.** The Imprest bank account No. 3055 was overdrawn on several occasions during the year, the largest overdraft being \$1.466M which was incurred on 20 January 2000. Efforts should be made to avoid a recurrence of this practice.

## **Revenue Accounting and Control**

- 672.** The Ministry collected \$71.352M as revenue for the period under review. Of this amount, \$25.647M relates to the issuing of fishing licences. However, amounts totalling \$627,982 could not be accounted for. This matter was drawn to the attention of the Accounting Officer and an officer was charged by the Police.

## **Capital Expenditure**

### **Division 508 - Ministry of Agriculture**

#### **Subhead 13002 - Agriculture Sector Loan**

- 673.** The sum of \$106M 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. Amounts totalling \$75.761M were shown as having been expended.
- 674.** 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. An examination of the audited accounts for 2000 revealed an



expenditure of \$94.815M, giving a difference of \$19.054M. This difference resulted from (a) two(2) disbursements totalling \$11.067M made by the IDB in 1999 which were brought to account in 2000 (b) four(4) disbursements totalling \$27.134M which had not yet been brought to account and (c) an amount of \$2.987M representing financial costs which was deducted from the loan resources.

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

DESCRIPTION	AMOUNT \$'000
Institutional strengthening of D & I Board	29,261
Walk-through surveys in Regions 2,3,4 & 5	21,979
Operating costs of Co-ordinating Unit	16,132
Purchase of vehicles & equipment	12,875
Re-organisation of land management & admin. system	9,205
Financial costs	2,985
Purchase of teaching materials for Water Users' Association	1,167
Travel & subsistence	668
Printing costs	544
<b>TOTAL</b>	<b>94,816</b>

**676.** The amount of \$29.261M shown as expenditure on the institutional strengthening represents payments for consultancy services. These services include implementing policies, feasibility studies of surveys and the strengthening of the National Drainage and Irrigation Board based on a contract entered into in November 1997 in the sum of \$175.607M. As at the end of 2000, amounts totalling \$150.957M were paid towards this contract. Evidence was seen of periodic reports which were prepared and submitted to the National D & I Board and the then Lands & Surveys Department.

**677.** In relation to the amount of \$21.979M expended on walk-through surveys, five(5) contracts valued at \$23.624M were awarded in 2000. Evidence was seen of reports which were prepared by the consultants and submitted to the Policy Coordinator.

**678.** The amount of \$16.132M shown as operating costs of the Coordinating Unit represents mainly the emoluments and related expenses of five(5) officers attached to the Unit. In relation to the amount of \$12.875M expended on vehicles and equipment, two(2) Nissan 4 x 4 pickups and ten(10) computers

and related accessories were acquired. The assets purchased were verified as having been received and properly brought to account. However, the computers were not marked to identify them as assets of the Government. In addition, one(1) laptop computer was reported stolen from the residence of the Policy Coordinator. The matter was reported to the Police.

- 679.** The amount of \$9.205M expended on the re-organisation of land management and administrative systems represents payments to ten(10) individual consultants involved in the implementing of rent billing and collection systems and the preparation of training manuals. The related reports were prepared and submitted to the then Lands and Surveys Department for consideration and implementation.

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

- 680.** The sum of \$575M was voted for on-going rehabilitation and construction works at (a) Bellamy, Georgia, La Retraite Rosilante, Cane Grove, Charity and Pearl (b) on-going rehabilitation of Canal Nos. 1 and 2 sluices, Boerasirie conservancy, Naamryck - Warima Borrow canal, Torani canal structures and sluices at Essex and Nos. 65, 67 and 73 villages and (c) replacement of irrigation pumps at Mibicuri, rehabilitation of sluices at Unity, Westbury and Parika. Amounts totalling \$673.157M were expended, giving an excess expenditure of \$98.157M. This excess was met from an advance of \$100M from the Contingencies Fund, which was cleared by way of a supplementary estimate in August 2001.

- 681.** The following gives a breakdown of the expenditure of \$673.157M:-

DESCRIPTION	AMOUNT
187	

	<b>\$'000</b>
Emergency works in Regions 2, 3, 5, 6 and 10	217,543
Rehabilitation of main drains, canals, etc.	116,395
Supply, repairs and installation of pumps	73,800
Sealing of six(6) breaches	53,629
Construction and rehabilitation of fifteen(15) sluices	36,694
Miscellaneous contracts (225) below \$180,000	12,810
Rehabilitation of river embankments	12,688
Rehabilitation of revetments	5,021
Operating cost of D & I Board	144,577
<b>TOTAL</b>	<b>673,157</b>

- 682.** Of the amount of \$217.543M expended on D & I works, \$154.991M represents inter-departmental warrants issued to Regions 2, 3 5, 6 and 10. The Ministry received financial returns in support of the expenditure incurred. The difference of \$62.552M represents emergency works valued at \$51M and \$11.552M carried out at the MMA/ADA and Charity Market Place respectively.
- 683.** An examination of the audited financial statements of the MMA/ADA for 2000, however, revealed that the amount of \$51M was incorrectly treated as a subvention from Government. As indicated above, the amount was utilised to meet emergency D & I works and was treated as current expenditure.
- 684.** The emergency works carried out at the Charity Market Square relate to rectifying slippages at the wharf. The contract was awarded through a waiver of the tender procedures in the sum of \$11.552M. The works were physically verified.
- 685.** Amounts totalling \$41.5M were received by Region 2 by way of inter departmental warrants, of which sums totalling \$39.489M were expended as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Desilting & construction of trenches, dams & outfall channel	27,161
Purchase of fuel and lubricants	8,806
Construction of head walls	1,646
“ “ sluice gate	1,046
Miscellaneous works	830
<b>TOTAL</b>	<b>39,489</b>

**686.** Forty-six(46) contracts valued at \$26.328M were awarded for the desilting of trenches at a rate of \$2,100 per rod for the use of dragline and \$700 per rod for the use of hymax. The works were physically verified. In relation to the purchase of fuel valued at \$8.806M, the quantities were verified as having been received and issued to three(3) pumps in the Region.

**687.** Amounts totalling \$32.2M were received by Region 3 by way of inter departmental warrants, of which sums totalling \$32.190M were expended as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Weeding and cleaning of drains	18,440
Construction and rehabilitation of koker at Enterprise	5,581
Purchase of spare parts and servicing of heavy duty equipment	4,538
“ “ fuel	999
Construction and rehabilitation of revetment	981
Miscellaneous works	1,651
<b>TOTAL</b>	<b>32,190</b>

**688.** 101 contracts were awarded for the weeding and cleaning of drains. In relation to the construction of a koker at Enterprise, Leguan, the Regional Tender Board awarded the contract in the sum of \$14.418M. This contract should have been awarded by the Central Tender Board. The Region argued that it had done

so because the Engineer's Estimate of \$8.376M was within its limit of \$9M. Notwithstanding this, it would have been more appropriate for the matter to be referred to the Central Tender Board for adjudication.

- 689.** Payments made under the above contract as at 31 December 2000 totalled \$9.227M. The difference of \$3.646M was met from the Region's allocation under its capital programme because of the inadequacy of the funds remitted by the Ministry. In the year 2001, payment of the balance of \$4.960M on the contract was also met from the Region's allocation. The works were physically verified while the spares and the fuel were verified as having been received and properly brought to account.
- 690.** Amounts totalling \$30M were also received by Region 5 by way of inter departmental warrants, of which sums totalling \$28.827M were expended as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Rehabilitation of D & I works in ten(10) NDC areas	14,262
Rehabilitation of six(6) canals	8,015
Revetment works at Bust Lot and Golden Grove	2,999
Construction of bridge at Novar	597
Const. of branch road from Yanken Canal to Handsome Tree	334
Construction of RC Structures at Bush Lot and Pert Sea Dam	2,620
<b>TOTAL</b>	<b>28,827</b>

The above works were executed through the award of twenty-one(21) contracts and were physically verified.

- 691.** Amounts totalling \$51.666M were received by Region 6 by way of inter departmental warrants, of which sums totalling \$49.326M were expended as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Excavation of canals and drains	11,034
Rehabilitation of trenches	6,476
Miscellaneous works (\$450,000 - \$9M)	3,163
Miscellaneous works (\$180,000 - \$450,000)	6,755
Miscellaneous works (below \$180,000)	9,088
Purchase of fuel, pipe fittings etc.	12,810
<b>TOTAL</b>	<b>49,326</b>

- 692.** The above works were executed by seventy-four(74) contracts valued at \$36.516M and were physically verified while the items purchased were verified as having been received and properly brought to account.
- 693.** Amounts totalling \$4.251M were received by Region 10 by way of inter departmental warrants, of which sums totalling \$4.248M were expended on desilting of canals and drains in the industrial area in Linden, Retrieve, sections B and C in Christianburg and Second Avenue in Wismar.
- 694.** In relation to the amount of \$116.395M expended on the rehabilitation of drains, canals etc., a total of ninety-seven(97) contracts valued at \$321.454M were awarded for the various works undertaken, as shown below:-

<b>AUTHORITY LIMIT</b>	<b>NO. OF CONTRACTS</b>	<b>CONTRACT SUM \$'000</b>	<b>AMOUNT PAID TO 31/12/1999 \$'000</b>	<b>AMOUNT PAID IN 2000 \$'000</b>
\$180,000 - \$450,000	17	6,019	-	5,794
\$450,000 - \$6M	74	97,283	-	86,291
\$6M - \$9M	1	6,125	5,153	972
Exceeding \$9M	5	212,027	125,719	23,338
<b>TOTAL</b>	<b>97</b>	<b>321,454</b>	<b>130,872</b>	<b>116,395</b>

- 695.** The following are the details in respect of the six(6) contracts exceeding \$6M which were awarded by the Central Tender Board:-

(a) Contract No. 17/98 for the rehabilitation of Canals No. 1 and No. 2 main

drains was awarded in June 1998 in the sum of \$118.4M. There was an approved variation of \$7.723M, giving a revised contract sum of \$126.123M. As at 31 December 2000, amounts totalling \$125.987M were paid to the contractor. The works were physically verified;

- (b) Contract No. 407/99 for the rehabilitation of 32 miles canals and drains at Kingelly – Yeoville in Region 5 was awarded in August 1999 in the sum of \$20.305M. The basis of the award, however, could not be determined since the related file contained only the Cabinet approval. As at 31 December 2000, amounts totalling \$8.091M were paid to the contractor. Further examination revealed that the contract was terminated due to unsatisfactory performance on the part of the contractor. It is understood that a recommendation was made for the related bond to be forfeited;
- (c) Contract No. 400/98 for the rehabilitation of the Shanks canal structures was awarded in August 1998 in the sum of \$41.746M. A variation of \$2.914M was approved in May 2000, giving a revised contract sum of \$44.660M. As at 31 December 2000, the full contract sum was paid to the contractor. The works were physically verified;
- (d) Contract No. 524/99 for the rehabilitation of D & I Canal at Rosilante – Region 3 was awarded in the sum of \$5.775M. There was an approved variation of \$350,000, giving a revised contract sum of \$6.125M. As at 31 December 2000, the full contract sum was paid to the contractor. The works were physically verified;
- (e) Contract No. 128/2000 for the rehabilitation of 16 miles canal and drains at Onverwagt, Region 5, was awarded in December 1999 in the sum of \$12.933M. The basis of the award of the contract, however, could not be determined as the related file contained only the Cabinet approval. At 31 December 2000, amounts totalling \$10.866M were paid to the contractor. At the time of inspection, the works were completed; and
- (f) Contract No. 547/2000 for the rehabilitation works to canal and drains at Mocha, East Bank Demerara was awarded in June 2000 in the sum of \$8.001M. As at 31 December 2000, amounts totalling \$1.201M were paid to the contractor as mobilisation advance. The works were re-budgeted for in 2001.

**696.** In relation to the contracts falling within the limit of \$450,000 to \$6M, the following observations were made:-

- (a) Contract No. 1154/2000 for the rehabilitation of the Bellamy Canal from Mahaica to Cottage was awarded on 27 December 2000 in the sum of \$5.790M. As at 31 December 2000, amounts totalling \$5.103M representing 88% of the contract sum, was paid to the contractor. Further investigation revealed that the above amount was paid on 25 January 2001 but the related cheque was backdated to 31 December 2000; and
- (b) Contract No. 1152/2000 for the rehabilitation of the Dam from VL to Escape Channel, Boerasirie Conservancy, was awarded in 12 December 2000 in the sum of \$4.665M. As at 31 December 2000, amounts totalling \$2.337M were paid to the contractor. However, as in the case of contract 1154/2000, the latter amount was paid on 26 January 2001 but the related cheque was backdated to 31 December 2000. At the time of inspection in August 2001, both works were nevertheless completed.

**697.** Included in the figure of \$73.8M shown as supply, repairs and installation of pumps, is the sum of \$61.609M expended on the purchase of three(3) mobile pump units, complete with discharge pipes, prime valves and spares. The contract for this purchase was awarded in the sum of \$68.454M. The difference of \$6.845M was paid in 2001. The pumps were verified as having installed at Buxton, Belfield and Enmore.

**698.** In relation to the amount of \$53.629M expended on the sealing of breaches, the following are the main contracts which were awarded:-

- (a) Contract No. 178/2000 for the sealing of breaches adjacent to sluice at Zeelandia, Wakenaam was awarded in the sum of \$3.645M. As at 31 December 2000, amounts totalling \$2.342M were paid to the contractor;
- (b) Contract Nos. 711/2000 and 712/2000 and valued at \$31.426M were awarded for the sealing of breaches at East Demerara Water Conservancy at Maduni, through a waiver by Cabinet of the tender procedures. The full amounts were paid to the contractors, and the works were verified as having been completed; and
- (c) Contract No. 794/2000 for the sealing of breaches at the East Demerara



Water Conservancy embankment at Lusignan was awarded in the sum of \$15M also through a waiver by Cabinet of the tender procedures. The full amount on the contract was paid, and the works were verified as having been completed.

- 699.** The following is a breakdown by authority limits of the contracts which were awarded for the construction and rehabilitation of sluices:-

<b>AUTHORITY LIMIT</b>	<b>NO. OF CONTRACTS</b>	<b>CONTRACT SUM \$'000</b>	<b>AMOUNT PAID TO 31/12/1999 \$'000</b>	<b>AMOUNT PAID IN 2000 \$'000</b>
\$180,000 - \$450,000	1	306	-	306
\$450,000 - \$6M	10	13,164	804	10,138
Exceeding \$6M	4	108,897	68,316	26,250
<b>TOTAL</b>	<b>15</b>	<b>122,367</b>	<b>69,120</b>	<b>36,694</b>

- 700.** In relation to the four(4) contracts adjudicated by the Central Tender Board, the following are the details:-

- (a) Contract No. 175/98 for the rehabilitation of sluices at Nos. 65,66, 67 and 73 and Essex Villages was awarded in the sum of \$30.314M in April 1998. However, the basis of the award could not be determined because the related tender documents were not submitted by the CTB. As at 31 December 2000, amounts totalling \$29.623M were paid to the contractor. The works were physically verified.
- (b) In relation to the construction of a two(2) door concrete sluice at Geogia/Kamuni/Postosi, contract No. 661/98 was awarded in July 1998 in the sum of \$28.096M. As at 31 December 2000, amounts totalling \$28.092M were paid to the contractor. The works were physically verified.
- (c) Contract No. 105/99 for the construction of outfall and completion of

existing sluice at La Retraite in Region 3 was awarded in the sum of \$14.343M. As at December 2000, amounts totalling \$14.107M were paid on the contract. The works were physically verified.

- (d) In relation to the reinforcement of the concrete sluice and two(2) self-acting gate structures at Bellamy Canal in Mahaicony, contract No. 790/2000 was awarded to the second lowest tenderer in the sum of \$36.144M because he was the most technically equipped bidder. The lowest bid was \$26.810M while the Engineer's Estimate was \$35.155M. As at 31 December 2000, amounts totalling \$22.745M were paid to the contractor. At the time of inspection in August 2001, the work was still in progress.

**701.** In relation to the amount of \$12.688M expended on the rehabilitation of river embankments, the following are the details of the main contracts which were awarded:-

- (a) Contract No. 98/99 for the rehabilitation of the Boerasirie Conservancy embankment between Naamryck and Warima was awarded in March 1998 for \$71.503M. However, the basis of the award could not be determined since the related CTB file was not submitted for audit examination. As at 31 December 2000, amounts totalling \$71.468M were paid to the contractor. The works were physically verified; and
- (b) Contract No. 191/98 for the rehabilitation of Boerasirie Conservancy embankment was awarded in May 1998 in the sum of \$110.046M. As at 31 December 2000, amounts totalling \$108.533M were paid to the contractor. The works were physically verified.

**702.** Included in the figure of \$5.021M representing the rehabilitation to revetments is a payment of \$1.884M for the construction of revetment at Endeavour Sluice in Region 3. The contract was awarded in the sum of \$4.255M. At the time of inspection, the work was still in progress. A payment of \$1.4M was also made for the construction of a heavy-duty revetment at Enterprise, East Coast Demerara. The contract was awarded in the sum of \$5.915M. At the time of inspection, the work was completed.

**703.** In relation to the amount of \$144.577M expended on the operational cost of the Drainage and Irrigation Board, the following are the details:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Emoluments to D & I staff	88,405
Fuel & lubricants	25,888
Stationery & office supplies	12,849
Repairs & maintenance of fifteen(15)vehicles	4,884
Tender advertisements	3,953
Travelling and subsistence	2,289
Security services	2,606
Electricity and telephone charges	1,523
Rental of photocopier	1,455
Purchase of Xerox processor	725
<b>TOTAL</b>	<b>144,577</b>

**704.** The related records and other documents in support of the above expenditure were not presented for audit because of a fire which destroyed the building housing the D & I Department on 15 June 2001. However, examination of the records at the Ministry indicated the following:-

- (a) The amount of \$88.405M represents the salaries, wages, overtime and gratuity payments to 148 employees of the Drainage and Irrigation Board;
- (b) Based on test-checks on the payments vouchers relating to fuel and lubricants and stationery and office supplies, the items purchased were shown as having been received and properly brought to account;
- (c) The D & I Board paid one-third of the security services incurred by Ministry of Housing and Water; and
- (d) Electricity charges were paid for in respect of four(4) meters (one at Head Office and three at Tarlogie) whilst telephone charges were paid for in respect of twelve(12) telephone lines of which four(4) were open to overseas calls.

### **Subhead 13004 – East Demerara Water Conservancy**

- 705.** The sum of \$300M was allocated for the rehabilitation of the East Demerara Water Conservancy in order to improve the supply of potable water. Amounts totalling \$253.851M were expended. The project 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.
- 706.** According to the audited accounts for 2000, amounts totalling \$243.719M were expended, giving a difference of \$10.132M. This difference resulted mainly from (a) two(2) amounts totalling \$64.535M which were expended under the Project. However, amounts totalling \$96.336M were requested and charged to the appropriation account, resulting in an overstatement of \$31.801M in expenditure and (b) two(2) disbursements totalling \$21.633M made in 2000 which had not yet been brought to account. The following is a breakdown of the rehabilitation works undertaken:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
East Demerara Water Conservancy at Flagstaff to Annandale	109,244
East Demerara Water Conservancy at Annandale to Nancy	95,303
East Demerara Water Conservancy at Flagstaff to Maduni	39,171
<b>TOTAL</b>	<b>243,718</b>

- 707.** Contract No. 61/2000 for the rehabilitation of the East Demerara Water Conservancy embankment from Flagstaff to Annandale was awarded in the sum of \$150.882M in March 2000. As at 31 December 2000, amounts totalling \$109.244M were paid to the contractor. However, the basis of the award of this contract could not be determined since the related file was not presented for audit. At the time of inspection in August 2001, the works were still in progress.

- 708.** Contract No. 96/2000 for the rehabilitation of the East Demerara Water Conservancy embankment from Annandale to Nancy was awarded in March 2000 in the sum of \$143.154M. As at 31 December 2000, amounts totalling \$95.303M were paid to the contractor. However, the basis of the award of this contract could not be determined since the related file was not submitted for audit. At the time of inspection in August 2001, the works were completed.
- 709.** Contract No. 917/2000 for the rehabilitation of the East Demerara Water Conservancy embankment from Flagstaff to Maduni was awarded in December 2000 in the sum of \$95.976M. As at 31 December 2000, amounts totalling \$39.171M were paid to the contractor. However, the basis of the award of this contract could not be determined since the related file was not submitted for audit. At the time of inspection in August 2001, the works were still in progress.

**Subhead 13005 - Agriculture Sector Hybrid Programme**

- 710.** The sum of \$240M was allocated for the upgrading of farm access roads in Regions 2, 3, 5 and 6. Amounts totalling \$227.611M 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.
- 711.** According to the audited accounts, amounts totalling \$265.171M were expended, giving a difference of \$37.560M. This difference was due to (a) a disbursement of \$25.013M made in 1999 which was brought to account in 2000 and (b) two(2) disbursements totalling \$62.573M made in 2000 which had not yet been brought to account.
- 712.** The following is a breakdown of the audited expenditure: -

DESCRIPTION	AMOUNT \$'000
Construction of 6 miles access roads between Supenaam & Charity - Ph I	117,058
“ “ 5 miles all weather farm access road – Parika main drain	41,658

“ “ approx. 5 miles farm access roads – W/Forest – Coglan Dam	21,697
“ “ farm access road from Burma Rice Mill to Esau & Jacob	15,376
Upgrading farm access roads Region 2 – Phase I	9,749
Construction of 3.4 miles sideline dam – No. 70/71	5,996
Acquisition of equipment	896
Technical Cooperation	29,713
Administration and engineering	23,028
<b>TOTAL</b>	<b>265,171</b>

- 713.** In relation to contract No. 674/99 for 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 2000, amounts totalling \$125.827M were expended on this contract. At the time of inspection in April 2001, the works were still in progress.
- 714.** Contract No. 205/2000 for the construction of all weather farm access road at Parika Main Drain was awarded in March 2000 in the sum of \$85.914M. At the end of 2000, amounts totalling \$41.658M were paid towards this contract. At the time of inspection in April 2001, the works were about 80% complete.
- 715.** Contract No. 753/2000 for the construction of all weather road at Windsor Forest to Coglan Dam was awarded in July 2000 to the fourth lowest bidder in the sum of \$112.089M on the grounds that two(2) of the lower bids did not pass the post qualification tests, while the other bidder did not possess the necessary experience. At the end of 2000, amounts totalling \$21.698M were paid to the contractor. Physical verification in April 2001 revealed that the works were about 70% complete.
- 716.** Contract No. 617/98 for the construction of farm access road from Burma Rice Mill to Esau and Jacob was awarded in July 1998 in the sum of \$87.423M. As at 31 December 2000, amounts totalling \$71.772M were paid to the contractor. At the time of inspection in April 2001, the works were completed.
- 717.** Contract No. 371/97 for upgrading farm access roads between Supenaam and Charity (Phase I) was awarded in October 1997 to the second lowest bidder in

the sum of \$105.505M on the grounds that the lowest bidder had several incomplete jobs. A variation of \$9.695M was approved in 1999, giving a revised contract sum of \$115.2M. At the end of 2000, amounts totalling \$114.780M were paid towards the contract. The works were physically verified.

- 718.** In relation to contract No. 327/97 for the construction of all weather farm access road at Nos. 70-71 Villages sideline dam in Region 6, the contract was awarded in 1997 to the fourth lowest bidder in the sum of \$72.361M on the grounds that the lower bids did not meet the requirements in terms of specifications, experience and qualifications. A variation of \$14.755M was approved, giving a revised contract sum of \$87.116M. At the end of 2000, amounts totalling \$76.456M were paid towards this contract. At the time of inspection in April 2001, the works were completed.

#### **Subhead 13006 – Purchase of Equipment**

- 719.** The sum of \$53M was allocated for the purchase of machinery and equipment to execute drainage and irrigation works under MMA – Phase III. However, as in 1999, no expenditure was incurred. The above acquisition was re-budgeted for in 2001.

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

- 720.** The sum of \$10M was voted for the development of plant nurseries, propagation of seeds and upgrading of breeding stock. Approval for a change of programme was granted for the rehabilitation of the duck pens, cubicles, bridges, purchase of dehumidifier and construction of the reinforced concrete bridge, instead of the above. According to the Appropriation Account, the full amount was shown as having been expended. However, according the records of NARI, amounts totalling \$7.730M were expended, resulting in an

overstatement of expenditure by \$2.270M. This difference should have also been refunded to the Consolidated Fund. The following is a breakdown of the expenditure incurred:-

DESCRIPTION	AMOUNT
	\$'000
Rehabilitation of duck pens, cubicles and bridges	2,373
Repairs to two(2) wells	2,092
Purchase of dehumidifier	1,871
Construction of reinforced concrete bridge	1,394
<b>TOTAL</b>	<b>7,730</b>

721. As can be noted, two(2) wells were also repaired but there was no evidence that approval was granted for a change in programme to undertake the works. The works were nevertheless physically verified while the item purchased was verified as having been received and properly brought to account.

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

722. The sum of \$7M was budgeted for the completion of the soil science laboratory. Amounts totalling \$1.861M were expended. The contract was awarded originally to the second lowest tenderer but because of a complaint from the lowest bidder, it was subsequently awarded to the latter in the sum of \$4.362M. At the time of inspection, the work was in progress.

#### **Subhead 17009 - National Dairy Development Programme**

723. The sum of \$5M was allocated for the establishment and upgrading of pastures at different locations, including Tuschen, Virginia, Zee Zight, Manaribisi and Crabwood Creek. The full amount was shown as having been expended as follows:-.

DESCRIPTION	AMOUNT \$'000
201	



Establishment of twenty-five(25) pastures	2,607
Purchase of field equipment	1,399
“ “ two(2) motor cycle	780
“ “ office equipment	214
<b>TOTAL</b>	<b>5,000</b>

Documentary evidence was seen attesting to the establishment of the pastures while the items purchased were verified as having been received and properly brought to account.

### **Subhead 17011 - Rural Support Project**

- 724.** The sum of \$80M 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 \$36.603M were expended.
- 725.** The Project is funded by the International Fund for Agricultural Development and the Caribbean Development Bank based on an agreement entered into in September 1998. An examination of the audited financial statements of the Project for 2000 revealed an expenditure of \$68.741M, giving a difference of \$32.138M. This difference was due to (a) a disbursement of \$13.395M made in 1999 which was brought to account in 2000 and (b) a disbursement of \$45.533M made in 2000 which had not yet been brought to account.

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

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>	<b>AMOUNT \$'000</b>
<b>Upgrading of public facilities:</b>		
Engineering services in Regions 2 and 3	10,044	
Upgrading of two(2) plant nurseries	6,263	
Purchase of aquaculture literature and equipment	2,693	
202		

Upgrading of fisheries station at Anna Regina	2,477	
Construction of processing centre	1,981	
Base line study	1,383	
Upgrading of veterinary laboratory	1,140	
Fencing of cattle pasture	248	
		26,229
Salaries and gratuity		24,769
Administrative expenses		10,273
Advance to UNDP for technical assistance etc.		5,868
Purchase of office furniture & equipment		1,602
<b>TOTAL</b>		<b>68,741</b>

- 727.** Two(2) contracts valued at \$13.995M were awarded to provide engineering services in Regions 2 and 3, involving mainly surveys and the preparation of drawings and estimates. As at 31 December 2000, amounts totalling \$10.044M were paid to the contractor. Evidence was seen of reports being issued attesting to the rendering of the services.
- 728.** Six(6) contracts valued at \$6.821M were awarded for the upgrading of two(2) plant nurseries. As at 31 December 2000, amounts totalling \$6.263M were paid towards these contracts. The works were physically verified.
- 729.** The contract for the supply of the aquaculture literature and equipment was awarded in the sum of US\$14,846, equivalent to G\$2.693M. The full amount was paid on this contract. The items purchased were verified as being received and issued to the Ministry of Fisheries, Crops and Livestock.
- 730.** In relation to the upgrading of the fisheries station, the contract was awarded for \$2.820M. As at 31 December 2000, amounts totalling \$2.477M were paid to the contractor. At the time of the inspection, the works were completed and were physically verified.
- 731.** Two(2) contracts were awarded for the construction of the processing centre in the sum of \$2.265M. As at 31 December 2000, amounts totalling \$1.981M were paid to the contractors. At the time of the inspection, the works were still in progress.
- 732.** In relation to the base line study, a contract valued at \$3.458M was awarded to the University of Guyana Institute of Development Studies. As at 31 December 2000, amounts totalling \$1.383M were paid to the contractor. At the time of the audit, the contractor submitted a final draft report which was

being reviewed by the Ministry.

- 733.** The contract for the upgrading of the veterinary diagnostic laboratory was awarded in July 2000 in the sum of \$2.274M. As at 31 December 2000, amounts totalling \$1.140M were paid to the contractor. At the time of inspection, the works were still in progress.

**Subhead 17019 - Extension Services**

- 734.** The sum of \$750,000 was allocated for the purchase of a computer and printer and a swing fog machine. The full amount was expended. The items purchased were verified as having been received and properly brought to account.

**Subhead 21001 - Hydrometeorology**

- 735.** The sum of \$2.2M was budgeted for the completion of the hydrometeorological station at Kaiteur and the establishment of a computer database system and data computerisation. Amounts totalling \$2.177M were expended, as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Construction of observer's house	911
Subsistence and travelling	645
Purchase of computer & database system	600
Miscellaneous	21
<b>TOTAL</b>	<b>2,177</b>

- 736.** The contract for the construction of the observer's house at Kaiteur was awarded in the sum of \$910,980. The full amount was paid to the contractor. Documentary evidence was seen attesting to the satisfactory completion of the works while the items purchased were verified as having been received and properly brought to account.

**Subhead 25001 - Project Evaluation & Equipment**

- 737.** The sum of \$1M was allocated for the purchase of computers and accessories for crops and livestock and administration. Amounts totalling \$975,007 were expended on the purchase of three(3) computers. The items purchased were

verified as having been received and properly brought to account.

**Subhead 33002 - Geodetic Surveys**

738. An amount of \$8M was allocated for the reproduction of maps, training of local surveyors and technicians and procurement of training equipment. Expenditure totalling \$7.848M was incurred as follows:

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Emoluments of 22 trainees	4,919
Purchase of surveying equipment	175
Reproduction of maps	460
Purchase of computer and accessories	1,994
Miscellaneous	300
<b>TOTAL</b>	<b>7,848</b>

739. 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**

740. The sum of \$18M was budgeted for final survey of state lands, issuing of freehold titles, processing of land applications, support to the land court and Go Invest, and large scale topographic surveys. Amounts totalling \$17.679M were expended as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Casdastral surveys	5,424
Topographical surveys	4,939
Administration costs	5,140
Processing of land applications	570
Publishing of tender documents	855
Miscellaneous	751
<b>TOTAL</b>	<b>17,679</b>

741. The final surveys were undertaken by thirty(34) contracts awarded to twelve(12) contractors in the sum of \$12.181M. The full amounts were paid to the contractors as at 31 December 2000. Reports were seen attesting to the satisfactory completion of the surveys. In addition, approximately 3,790 land applications were also processed. However, as can be noted, no expenditure was incurred for the issuing of freehold titles and support to the Land Court and Go-Invest.

#### **Subhead 33004 - Lands and Surveys Commission**

742. The sum of \$16.5M was allocated for the establishment of the Lands and Surveys Commission. Amounts totalling \$16.471M were expended. However, an examination of the records at the Lands and Surveys Department revealed an expenditure of \$15.471M. As a result, the Appropriation Account was overstated by \$1M. The following is a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Rehabilitation of building	11,308
Fencing of compound	2,288
Purchase of air conditioning unit & survey equipment	600
Miscellaneous	1,275
<b>TOTAL</b>	<b>15,471</b>

743. The Lands & Surveys building was rehabilitated at a cost of \$11.355M through the execution of three(3) contracts. The works were physically verified. In relation to the fencing of the compound, the contract was awarded in the sum of \$3.538M. As at December 2000, amounts totalling \$2.288M were paid to the contractor. At the time of the inspection in June 2001, the works were completed.

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

744. An amount of \$30M was provided for the promotion of agricultural and agro-industrial development in the intermediate savannahs. Amounts totalling

\$10.375M were expended. The following gives a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Consultancy fees	4,672
Administrative costs	4,403
Purchase of spares, fuel, etc. for vehicles	874
Hire of boat	426
<b>TOTAL</b>	<b>10,375</b>

- 745.** The consultancy fees of \$4.672M relate to the recruitment of three(3) consultants who were involved mainly in digital mapping and development of land use in Kimbia, Wiruni and Intermediate Savannahs. Evidence was seen of reports which were issued in relation to the studies.

**Subhead 33006 – New Guyana Marketing Corporation**

- 746.** The sum of \$500,000 was allocated for the purchase of an electric saw. The full amount was expended. The item purchased were verified as having been received and properly brought to account.

**DIVISION 510 – MINISTRY OF AGRICULTURE (MMA III)**

- 747.** The sum of \$23M was allocated for (a) the rehabilitation of the conservancy dam (b) realignment and land titling (c) provision for state services and (d) rehabilitation of D & I system, replacement of heavy duty gates and construction of bridges. Amounts totalling \$60.090M were expended, giving an excess expenditure of \$37.090M. This excess was met from an advance of \$37.090M from the Contingencies Fund. The advance was cleared by way of a supplementary estimate in August 2001.
- 748.** An examination of the audited accounts of the MMA/ADA for 2000, however,

revealed an expenditure of \$23M, as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Rehabilitation of conservancy dam	15,000
Purchase of office and field equipment	2,792
“ “ motor vehicle	4,000
Operational expenditure	1,208
<b>TOTAL</b>	<b>23,000</b>

- 749.** The difference of \$37.090M, representing an advance from the Contingencies Fund, was not utilised during the period under review as the related amount was received after the close of the year. As a result, the Appropriation Account was overstated by this amount.

## **DIVISION 512 – MIN. OF AGRICULTURE (ARTISINAL FISHERIES)**

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

- 750.** The sum of \$24M was allocated for (a) compilation and analysis of Resource Management Studies data and the establishment of Permanent Regional Mechanism and (b) provision for training. Amounts totalling \$14.380M were expended as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
208	

Administration costs on Resource Management	6,038
Contribution to CFRAMP	6,000
Resource assessment studies	616
Training seminars and workshops	1,726
<b>TOTAL</b>	<b>14,380</b>

The amount of \$14.380M was paid to the Caribbean Resource and Management Programme based in Belize and represents Guyana's contribution to the Artisanal Fisheries Programme of the Caribbean. The expenditure was supported by adequate documentation.

### **Subhead 12006 - Aquaculture Development**

- 751.** The sum of \$12M was voted for the construction of a fish culture station at Mon Repos. According to the Appropriation Account, amounts totalling \$6.2M were expended. However, checks of the records at Fisheries Department revealed that amounts totalling \$4.591M were expended, resulting in an overstatement of expenditure of \$1.609M. The following is a breakdown of the expenditure incurred:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Construction of fish culture station	3,607
Consultancy services	617
Miscellaneous	367
<b>TOTAL</b>	<b>4,591</b>

- 752.** The contract for the construction of the fish culture station at Mon Repos was



awarded in the sum of \$36.069M in October 2000. As at 31 December 2000, the amount of \$3.607M representing mobilisation advance was paid to the contractor. The works were re-budgeted for in 2001 and at the time of reporting the works were completed.

## HEAD 22 & DIVISION 528

### MINISTRY OF TRADE, TOURISM AND INDUSTRY

#### Current Expenditure

753. Amounts totalling \$52.257M on were expended on Subsidies and Contributions to Local and International Organisations, as shown below:-

NAME OF ORGANISATION	AMOUNT \$000
<b>Local Organisations</b>	
National Bureau of Standards	44,885
Consumers' Advisory Bureau	550
Guyana Consumers` Association	550
<b>International Organisations</b>	
World Trade Organisation	30
CTO	5,123
UNIDO	29
Others	1,090
<b>TOTAL</b>	<b>52,257</b>

754. The Guyana National Bureau of Standards (GNBS) was established by an Act No. 11 of 1984. An examination of the audited financial statements for 2000 revealed the following cash expenditure:-

DESCRIPTION	AMOUNT \$000
Employment costs	39,319
Office materials and services	11,509
Administrative expenses	9,961
Motor vehicle expenses	1,848
210	

Miscellaneous

1,567

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**TOTAL**

**64,204**

The difference of \$19.319M was met from a further subvention of \$6.095M to meet increases in wages and salaries, and from internally generated revenue. The Audit Office gave an unqualified opinion on the accounts of GNBS for 2000.

755. The other expenditure totalling \$7.372M was verified as having been properly incurred, was in conformity with the Estimates of Expenditure for 2000 and was supported by adequate documentation.

### **Capital Expenditure**

#### **Subhead 12001 - Building**

756. The sum of \$5.636M was allocated for the completion of the Ministry's building. Amounts totalling \$4.465M were expended. The contract was awarded in August 1999 in the sum \$6.973M. As at 31 December 2000, amounts totalling \$6.009M were paid to the contractor. At the time of inspection, the works were completed and were physically verified.

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

757. The sum of \$350,000 was provided for the purchase of telephone/intercom system. Amounts totalling \$315,000 were expended. The items purchased were verified as having been received and properly brought to account.

#### **Subhead 41001 - Tourism Development**

758. The sum of \$22M was allocated for (a) promotional materials including promotional tape, brochures, tourism maps of Guyana, posters and advertisements in BWIA Travel Weekly and the Caribbean World and (b) provision for Tourism Conference 2000. Amounts totalling \$18.584M were expended, as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
211	

Tourism Conference 2000	15,933
Production of video cassette	2,459
Printing of brochures	192
<b>TOTAL</b>	<b>18,584</b>

**759.** The amount of \$15.933M expended on the Tourism Conference held during the period 19-22 May 2000, represents the cost of transportation to various tourists resorts, the purchase of meals, rental of venue and other relates expenses. Adequate documentation existed in support of this expenditure. In addition, a total of 2,000 video cassettes were produced. These were verified as having been received and properly brought to account.

#### **Subhead 45001 - Industrial Development**

**760.** The sum of \$40M was provided for (a) the establishment of industrial estates at Lethem, New Amsterdam and Belvedere (b) the construction of internal roads at Coldigen Estate and (c) payment for works at Eccles. Amounts totalling \$30.404M were expended, as follows:-

DESCRIPTION	AMOUNT \$'000	AMOUNT \$'000
<b>Eccles Industrial Site</b>		
Construction of access road		6,573
<b>Coldigen Industrial Site</b>		
Resurfacing of roads		10,106
<b>New Amsterdam Industrial Site</b>		
Rehabilitation of roads	5,894	
Construction of bridge	2,514	
Land clearing	1,282	
	212	

Cadastral survey	15	9,705
<b>Lethem Industrial Site</b>		
Electricity supply		3,720
<b>Miscellaneous</b>		300
<hr/>		
<b>TOTAL</b>		<b>30,404</b>

- 761.** The contract for the construction of the access road at Eccles was awarded in 1998 in the sum of \$56M. There was an approved variation of \$3.688M, giving a revised contract sum of \$59.688M. As at 31 December 2000, the full amount was paid to the contractor. In relation to the resurfacing of roads at Coldigen Industrial Estate, the contract was awarded in the sum of \$14.602M to the higher of the two(2) bidders on the grounds that he was more technically equipped and was already mobilised in the location. As at 31 December 2000, amounts totalling \$10.106M were paid to the contractor.
- 762.** The contract for the rehabilitation of roads at New Amsterdam Industrial Estate was awarded in the sum of \$6.204M. As at 31 December 2000, amounts totalling \$5.894M were paid to the contractor. In relation to the construction of bridge at the New Amsterdam Industrial Estate, the contract was awarded in the sum of \$3.214M. As at 31 December 2000, amounts totalling \$2.514M were paid to the contractor. At the time of inspection, all the above works were completed and were physically verified.
- 763.** Two(2) inter-departmental warrants were issued Region 9 for the sum of \$3.720M for the supply of electricity at Lethem Industrial Estates. This amount was expended in the purchase of electrical cables and other related. The items purchased were verified as having been received and properly brought to account.

**Subhead 47002 - Go Invest**

- 764.** The sum of \$5.712M was voted for the purchase of an air conditioning unit, a telephone switchboard system, a camera and a vehicle. Amounts totalling \$6.252M was expended in the purchase of the following:-

DESCRIPTION	AMOUNT \$'000
Telephone switch board system	1,333
Toyota 4 x 4 vehicle	4,000
Air conditioning unit	364
Laptop computer	540
Camera	15
<b>TOTAL</b>	<b>6,252</b>

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

### **Subhead 47003 - Guyana Bureau of Standards**

- 765.** The sum of \$15M was allocated for the purchase of metrology equipment. The full amount was shown as having been expended. However, an examination of the audited accounts of the Bureau for 2000 revealed an expenditure of \$9.074M. This amount represents an advanced payment for the purchase of the above equipment. The difference of \$5.926M was, however, not refunded to the Consolidated Fund until March 2002. As a result, the Appropriation Account was overstated by the latter amount. At the time of reporting, the equipment was received and put into use.

## **HEAD 31 & DIVISIONS 518, 519, 520 & 521**

### **MINISTRY OF PUBLIC WORKS AND COMMUNICATIONS**

#### **Current Expenditure**

#### **Employment Costs**

- 766.** The staffing situation in all areas of the Ministry as reflected in the payrolls for December 2000 is shown below:-

	214		
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SUBHEAD	DESCRIPTION	AUTHORISED	ACTUAL	VACANT
101	Administration	35	19	16
102	Senior technical	83	29	54
103	Other technical & craft skilled	172	81	91
104	Clerical & support	119	65	54
105	Semi skilled	127	99	28
<b>TOTAL</b>		<b>536</b>	<b>293</b>	<b>243</b>

- 767.** The actual staffing was therefore 55% of the authorised staff strength, a 2% reduction compared with 1999. It is obvious that the actual level of staffing 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.
- 768.** At the time of reporting, the salaries bank account No. 1011 was last reconciled to December 2000. Draft reconciliations were, however, seen to December 2001. It should nevertheless 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 the reconciliation of this account is brought up-to-date.
- 769.** 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, for the period under review, the cash book reflected balances, both positive and negative, at the end of ten(10) months, as shown below:-

MONTH	AMOUNT \$	MONTH	AMOUNT \$
February	214,034	September	(2,981)
April	681	August	(720,867)
May	5,501	October	15,819
June	8,011	November	37,237

July

(1,381,740)

December

(4,080)

- 770.** The Accounting Officer acknowledged the above observation and explained that the negative balances were the result of effecting payments before the related cheques were received from the Main Bank Account. He has advised that this practice has since ceased.
- 771.** In my 1999 Report, it was stated that four(4) senior officers of the Central Accounting Unit were working overtime on the reconciliation of bank accounts continuously on an overtime basis since 1996. A number of unsatisfactory features were reported in relation to this arrangement. The practice continued throughout the period under review, and the total cost of the exercise amounted to \$1.891M in terms of actual overtime payments, subsistence, travelling and the cost of meals. The Accounting Officer acknowledged this unsatisfactory state of affairs and explained that the practice has ceased with effect from June 2001 with the recruitment of two(2) officers to undertake the reconciliation of bank accounts.
- 772.** An examination of the Register of Contributions to the National Insurance Scheme for December 2000 revealed fifty-two(52) employees were without NIS numbers, indicating that they were not registered with the Scheme. The Accounting Officer explained that this was due to staff constraints. Since registration with the NIS has implications for social security and other benefits, efforts should be made to ensure the prompt registration of employees.

### **Other Charges**

- 773.** The main bank account No. 929, which ceased to be operational in March 1996, was overdrawn by \$8.268M as at 31 December 2000. The Accounting Officer explained that he had written the Accountant General in November 2001 seeking assistance to have the overdraft cleared. However, it is the responsibility of the Ministry to investigate the reason(s) for the overdraft and to take steps to liquidate it. The Audit Office urges that this be done.
- 774.** The cash book for the main bank account No. 1010 was kept open until 15 February 2001 in violation of Section 36 of the FAA Act which requires all unspent balances to be surrendered to the Consolidated Fund. It was not until 31 May 2001 that a cheque valued at \$108.106M was drawn in favour of the Consolidated Fund. In addition, payment to the Fund was not effected until

October 2001 and for which a satisfactory explanation was not given.

- 775.** In relation to the keeping of the cash book open beyond the accounting period, the Accounting Officer explained that verbal approval was granted to do so since remittances for December 2000 were received very late. In this regard, the Ministry received three(3) amounts totalling \$336.988M in January and early February 2001. Notwithstanding the explanation given, it is illegal for the cash book to remain open beyond the end of the accounting period. In the circumstances, it would have been more appropriate for the incomplete activities to be re-budgeted for, in keeping with the established procedures.
- 776.** As a result of the late receipt of remittances for December 2000, a total of 745 cheques valued at \$374.621M were drawn on this account during the period 2 January 2001 to 15 February 2001. These cheques were backdated to 29 December 2000. This action represents a manipulation of the voted provisions and should not be allowed to recur.
- 777.** At the time of the audit in July 2001, the main bank account was reconciled to December 2000 and therefore the comment and recommendation relating to the salaries bank account are also applicable to this account. In addition, an examination of the reconciliation statements for the period under review revealed that the reported cash book balances were not in agreement with the actual cash book balances, as shown below:-

<b>MONTH</b>	<b>BALANCE PER RECONCILIATION \$'000</b>	<b>ACTUAL CASH BOOK BALANCE \$'000</b>	<b>DIFFERENCE \$'000</b>
January	57,573	54,293	3,280
February	50,691	41,300	9,391
March	144,887	61,554	83,333
April	187,556	147,568	39,987
May	191,055	146,838	44,217
June	294,714	216,677	78,037
July	202,730	199,490	3,240
August	359,724	340,882	18,842
September	621,777	609,260	12,517
October	188,540	171,016	17,524
November	287,053	276,279	10,774
December	122,423	108,106	14,317



In the circumstances, the reconciliation statements prepared by the Ministry could not be considered a reliable basis for comparison between the balances shown in the Ministry's records and those reflected in the related bank statements.

- 778.** Amounts totalling \$22.473M were expended on Materials, Equipment & Supplies. The following gives a breakdown of the expenditure according to authority limits:-

<b>AUTHORITY LIMIT</b>	<b>NUMBER OF PURCHASES</b>	<b>AMOUNT \$'000</b>
Below \$90,000	378	10,061
\$90,000 - \$180,000	69	8,850
\$180,000 - \$600,000	11	2,939
\$600,000 - \$6M	1	623
<b>TOTAL</b>	<b>459</b>	<b>22,473</b>

- 779.** In relation to the eleven(11) purchases falling within the limits of \$180,000 and \$600,000, there was no evidence of the involvement of the Ministerial Tender Board before the purchases were effected. A similar observation was made in respect of the one(1) purchase valued at \$623,000 which would have required adjudication by the Central Tender Board. The Accounting Officer acknowledged these observations and explained that efforts would be made to avoid a recurrence.

- 780.** Although the items purchased under this line item were verified as having been received and properly brought to account, several of them were of a capital nature, e.g. executive chairs, desks, computer power centre, filing cabinets and VCRs. The total cost of such items was \$2.431M. It should be mentioned that amounts totalling \$3M were provided under the Ministry's capital programme under Subhead 25001 for the acquisition of such items, of which sums totalling \$2.663M 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.

- 781.** Amounts totalling \$15.395M were expended on Fuel & Lubricants. However, of the twenty(20) pieces of equipment and thirty-one(31) vehicles in use by the Ministry for the period under review, log books were not presented for thirteen(13) vehicles and nine(9) pieces of equipment while there were partial submissions in respect of ten(10) vehicles.
- 782.** An examination of the log books presented revealed that this record was not properly written up in respect of twelve(12) vehicles. For example, the fuel purchased and the journeys undertaken were not always recorded in the log books, and several journeys were not authorised. In the circumstances, it could not be satisfactorily determined whether effective control was exercised over the use of the Ministry's fleet of vehicles and equipment.
- 783.** The Ministry made advanced payments on a monthly basis for the purchase of fuel. However, except in the case of the Civil Aviation Department, unnumbered requisitions were used to uplift the fuel from the supplier. This practice resulted in a number of irregularities which the Ministry referred to the Police for investigation. It is recommended that pre-numbered and pre-printed forms be used for requisitioning fuel from the supplier.
- 784.** Amounts totalling \$45.433M were expended on Rental of Buildings, as shown below:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Rental of CARICOM Building in High Street	27,898
“ “ buildings for Magistrates' courts	12,864
“ “ Post Office Corp. Building	4,671
<b>TOTAL</b>	<b>45,433</b>

These expenditures were in conformity with the various rental agreements and were supported by adequate documentation.

785. In relation to the maintenance of buildings, amounts totalling \$34.433M were expended, as follows:-

DESCRIPTION	AMOUNT \$'000
Five(5) building in Ministry of Works Compound	6,877
Eleven(11) buildings at Echilibar Villas	4,554
Eleven(11) buildings at Timehri	3,844
Fairlie House	3,635
Eleven(11) other Government buildings	2,513
Office of the Prime Minister building	1,788
Prime Minister's Residence	1,165
Consultancy services	1,606
Purchases	7,959
Miscellaneous	492
<b>TOTAL</b>	<b>34,433</b>

786. Included in the amount of \$6.877M expended in the repairs to the buildings at the Ministry of Works Compound, is a contract valued at \$4.672M which was awarded from among four(4) bidders for the repairs to the De Winkle building. The following observations were made in relation to this contract:-

- There was no evidence that the works were public advertised. In the circumstances, the basis under which the bidders were selected could not be determined;
- As at 31 December 2000, amounts totalling \$5.134M were paid to the contractor. The difference of \$462,262 represents additional work undertaken. However, there no evidence that a variation instruction was prepared and approved by the Accounting Officer;
- Physical verification of the works revealed an apparent overpayment of \$1.947M, as shown below:-

DESCRIPTION	QUANTITY CLAIMED	ACTUAL QUANTITY	RATE \$	APPARENT OVERPAYMENT \$'000
Painting & decorating	2,573 sq. yd	5,465 sq. yd.	Various	767
Carpentry and joinery	2,598 units	235 units	Various	561
Roofing & rain water	573 units	79 units	Various	504
Services	923 units	Nil	Various	115
<b>TOTAL</b>				<b>1,947</b>

- An examination of the paid cheque revealed that it was endorsed in favour of another person. The contractor in question disclaimed all knowledge of the contract and of the endorsement on the cheque. This matter was referred to the Police for investigation.
- 787.** Eighteen(18) contracts were awarded for repairs to the eleven(11) buildings at Echillibar Villas, involving mainly plumbing, painting, carpentry and electrical work. In relation to Flat No. 17, a contract was awarded in the sum of \$2.202M from among three(3) bidders. However, there was no evidence that the works were publicly advertised, as required by the Tender Board Regulations. In the circumstances, the basis under which the contractors were selected could not be determined. The works undertaken on the eleven(11) buildings were nevertheless physically verified.
- 788.** In relation to the works carried out at the eleven(11) buildings at Timehri, thirty-eight(38) contracts were executed for the miscellaneous repairs mainly to the CJIA building and the Control Tower. The works were physically verified.
- 789.** The contract for the renovation of the Fairlie House was awarded to the lone bidder in the sum of \$3.359M. There was an approved variation of \$267,119, giving a revised contract sum of \$3.635M. Physical verification of the works revealed an apparent overpayment of \$524,425. The amount claimed in respect of painting was 4,858 square yards. However, the area actually painted was 2,951 square yards. In addition, an examination of the paid cheque revealed that it was endorsed and deposited into an account of another contractor. The contractor in question denied all knowledge of the contract and of the endorsement on the cheque. This matter was also referred to the Police for investigation.
- 790.** Twenty(20) contracts valued \$2.513M were awarded for the maintenance of the ten(10) other government buildings, involving mainly plumbing, polishing,

electrical and carpentry works. Two(2) contracts valued \$1.166M were also awarded for repairs and maintenance of the Prime Minister's Residence. Twenty(20) other contracts valued at \$1.778M were awarded for the repairs of offices in the Prime Minister's building. These include the Permanent Secretary's office, the Minister's office and the CAD Head Office. The works were physically verified.

**791.** The amount of \$1.607M expended on consultancy services relates to the renovation of the De Winkle Building, the Prime Minister's and the Permanent Secretary's offices, the construction of a water trestle at the Appellate Tribunal Building and the renovation of stairs roof and offices at the Environmental Protection Agency. There was, however, no evidence that a system of competitive bidding was followed before the contracts were awarded. In addition, an examination of the paid cheques revealed that they were endorsed and deposited into another contractor's bank account. The consultant denied any knowledge of the services rendered and of the endorsements on the cheques. This matter was referred to the Police for investigation.

**792.** In relation to the amount of \$7.959M expended on purchases, this was in respect of building materials and electrical supplies. However, there was one(1) purchase falling within the limits of \$180,000 and \$600,000 but there was no evidence of the involvement of the Ministerial Tender Board. In addition, amounts totalling \$879,828 were expended on the purchase of beds, chairs, fans, water pump and air conditioning unit. These items are of a capital nature and therefore the expenditure should have been met from Subhead 25001 - Office Equipment. However, there were savings of only \$337,000 under this subhead. It is evident that the charging of \$879,828 to current expenditure was done to avoid overrunning the voted provision under Subhead 25001.

**793.** Amounts totalling \$98.904M were expended on 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 roads	35,344
"    " other infrastructure	34,083
"    " sea and river defences	29,477
<b>TOTAL</b>	<b>98,904</b>

- 794.** Included in the amount of \$35.344M expended on the maintenance of roads, is the sum of \$17.232M relating to the purchase and transportation of road building materials. In this regard, sixteen(16) contracts were awarded. However, six(6) of these contracts, whose values exceeded \$600,000, were adjudicated by the Ministerial Tender Board instead of the Central Tender Board. In addition, there was no documentary evidence attesting to the receipt and utilisation of the actual quantities of the various items acquired although the transportation contracts did indicate the locations they might have been delivered. In the circumstances, it could not be determined whether full value was received in respect of the amount expended.
- 795.** Also included in the amount of \$35.344M referred to in the previous paragraph, is the sum of \$9.284M expended on the emergency repairs to the road to the airport as well as twenty-three(23) other roads. The works were executed through a combination of force account and outsourcing. Eighteen(18) contracts valued at \$5.345M were also awarded on a selective basis for the weeding of roads and canals.
- 796.** An amount of \$1.549M was also expended on the repairs to fourteen(14) vehicles and three(3) pieces of equipment. The latter expenditure represents a misallocation of funds in that allocations for this expenditure were provided under line items 164 and 182. However, there were savings of only \$264,000. It is evident that the charging of the amount of \$1.549M to this line item was done to avoid overrunning the voted provisions under line items 164 and 182. In the circumstances, it would have been more appropriate for a virement of funds to be sought since there were enough savings under other line items.

**797.** In relation to the amount of \$34.083M expended on the maintenance of other infrastructure, the following are the details:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Maintenance of hinterland airstrips	20,381
Maintenance of CJIA	3,405
Construction and fabrication works	2,239
Maintenance of compounds	1,280
Purchases	5,613
Miscellaneous	1,165
<b>TOTAL</b>	<b>34,083</b>

**798.** The amount of \$20.381M was expended on the maintenance of forty-two(42) airstrips. The works were executed by 139 contracts and involved weeding, filling of potholes, under-bushing and installation of windsocks. Thirty-six(36) contracts valued at \$3.405M were also awarded for the weeding, felling and clearing of trees and the repainting of the runway at the CJIA. Reliance was placed on the certificates issued by the Deputy director of CAD and two(2) air traffic controllers attesting to the satisfactory completion of the works.

**799.** Included in the amount of \$2.239M shown as expended on construction and fabrication works, is the sum of \$487,000 which was utilised in the installation of an automatic weather station. However, this expenditure is of a capital nature and should have been met from Division 520, Subhead 16002 Equipment (Civil Aviation) from which the station was acquired. The difference of \$1.752M was mainly expended on the repairs to fences, fabrication of gates and the digging of a fire trench at the Annai Airstrip. An amount of \$1.280M was also expended in weeding and cleaning of the Ministry's compound, government flats and the sea walls.

**800.** An amount of \$5.613M was expended on the purchase construction materials, baggage conveyor bearings, mercury vapour lamps and bulbs and windsocks. The items purchased were verified as having been received and properly brought to account.

**801.** Included in the amount of \$1.165M shown as Miscellaneous is an amount of

\$369,869 which was paid to the Project Supervisor for consultancy services for the repairs and renovation to the Fairlie House. This payment is considered improper since supervising the works was part of his duties. This matter was referred to the Police for investigation.

**802.** The following is a breakdown of expenditure incurred on the maintenance of sea and river defences:-

<b>DESCRIPTION</b>	<b>AMOUNT \$000</b>
Transportation of materials etc.	12,394
Sealing of cavities, weeding etc.	5,232
Purchases of boulders	9,079
Engineering surveys	2,697
Others	75
<b>TOTAL</b>	<b>29,477</b>

**803.** Ninety(90) contracts valued at \$12.377M were awarded for the transportation of materials, workers and equipment to various sea defences work sites. An examination of these contracts revealed that (64) of them were awarded for \$180,000 each or slightly below to fourteen(14) contractors without any form of competitive bidding. It should be pointed that an Accounting Officer can approve of a contract of this nature without any form of competitive bidding up to the limit of \$180,000. It is evident that the contracts were subdivided to bring them within this adjudication limit. In addition, in the absence of a system of competitive bidding, it could not be determined how the contractors were selected.

**804.** An amount of \$5.232M was also expended on the sealing of cavities at No. 83 Village, Corentyne and the weeding and cleaning of the sea dams at Belmonte, Vereauging, Tranquility Hall and Good Hope on the East Coast Demerara. Included in this figure were three(3) inter departmental warrants valued at \$3.6M issued to Region 2 for the raising of 2,250 rods of earthen



river dam on the Pomeroon River, completion of revetments at Akiwini Creek and the raising of the sea dam at Columbia. However, the Ministry received financial returns for only \$1.172M. The difference of \$2.428M was reflected as an outstanding liability in the Ministry's Votes Ledger.

- 805.** Included in the figure of \$9.097M, is the sum of \$5.260M which expended on the purchase of 2,000 tons of boulders. However, the related contract (Contract No. 72/2000) was adjudicated by the Ministerial Tender Board, instead of the Central Tender Board. The difference of \$3.848M was in respect of the purchase of cement, wood and polythene bags. The boulders and the other items purchased were verified as having been received at the various locations.
- 806.** Amounts totalling \$2.697M were expended on engineering surveys relating to critical areas of sea defence in West Coast Berbice. The surveys were undertaken by nineteen(19) contracts, fourteen(14) of which valued at \$2.022M were awarded to the same contractor. Eight(8) of these contracts were awarded on the same date. It is evident that the contracts were awarded in a piecemeal to avoid a system of tendering and adjudication by the Central Tender Board. Evidence was seen of certificates being issued attesting to the satisfactory completion of the surveys.
- 807.** Amounts totalling \$32.417M were expended on Transport, Travel & Postage. The following gives a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Transport, travel & postage	16,925
Vehicle spares & services	9,739
Local travel & subsistence	5,470
Postage & telex	283
<b>TOTAL</b>	<b>32,417</b>

- 808.** Included in the amount of \$16.925M expended on Transport, Travel & Postage is the sum of \$10.117M expended on the transportation of Air Traffic Control

staff. In view of the fact that the Ministry had thirty-one(31) 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. The difference of \$6.406M was expended on chartered flights for the inspection of airstrips and aerodromes by the CAD staff to ensure that maintenance works undertaken by contractors were in accordance with the prescribed specifications.

**809.** In relation to the amount of \$9.739M expended on vehicle spares and maintenance, were sums totalling \$4.248M expended in respect of twenty(20) contracts awarded to an individual for the repairs to sixteen(16) vehicles. This individual operated from the Ministry's compound. It should be mentioned that the Ministry had two(2) mechanical workshops staffed by nine(9) mechanics. It is again recommended that the present arrangement be reviewed with a view to having all the Ministry's vehicles repaired at its workshops since there may be cost savings in so doing.

**810.** The difference \$5.491M was utilised in the purchase of spares and minor services to vehicles. However, while the purchases were subjected to storekeeping procedures, historical records were not kept to monitor the maintenance costs of the vehicles and equipment under the control of the Ministry. It is recommended that record be introduced as early as possible. In addition, an amount of \$49,989 was paid twice to a supplier for the servicing of a vehicle. Up to the time of reporting, there was no evidence that the amount was recovered.

**811.** Amounts totalling \$4.547M were expended on telephone charges of which sums totalling \$1.651M relate to overseas charges in respect of twenty-one(21) telephones. 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. Instead, entries were made when the bills were received. Further examination revealed that no recoveries were made for private overseas calls. In the absence of entries made at the time when the overseas calls were made, it

could not be determined whether all the 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.

**812.** Amounts totalling \$17.151M were expended on electricity charges of which sums totalling \$12M 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.

**813.** Amounts totalling \$75.634M were expended on Other Services Purchased. The following gives a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Security services	29,361
Cleaning and extermination services	13,313
Equipment maintenance	11,495
Airworthiness advisory services	11,424
Maintenance of buildings & compounds	2,433
Others	7,608
<b>TOTAL</b>	<b>75,634</b>

**814.** Inter departmental warrants totalling \$19.586M 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 \$9.775M was in relation to other security services provided to the Ministry and were supported by monthly invoices from the Commissioner of Police and another security firm.

- 815.** Included in the amount of \$13.313M expended on cleaning and extermination services were sums totalling \$11.240M which were paid for the cleaning of the Cheddi Jagan International Airport at a fee of \$780,538 per month for the first nine(9) months, \$1.055M per month for the next two(2) months and \$1.1M for December 2000.
- 816.** Included in the amount of \$11.495M expended on the maintenance of equipment, were sums totalling \$3.402M expended on the repairs to air conditioning units at the Civil Aviation Department based on four(4) service agreements. However, copies of three(3) of these agreements were not produced for audit examination and an examination of the fourth agreement revealed that it had expired in April 1998. The difference of \$8.093M was in relation to leased circuits charges, internet charges, leasing of eighteen(18) pagers, repairs to other equipment and flight inspection charges.
- 817.** In relation to the amount of \$11.424M expended on airworthiness advisory services, this represents payments to the Civil Aviation Authority in the United Kingdom for advisory services and to the Federal Aviation Administration for inspections on navigational aids.
- 818.** Included in the amount of \$7.696M shown as Others in the above table, is the sum of \$1.348M which was paid to a private advertising agency. However, details of this payment could not be obtained since the related payment voucher was not produced for audit examination. In addition, attempts to obtain information whether the service was rendered proved futile. The difference of \$6.348M was expended on mainly advertisements through the GIS, the maintenance of compounds and sewerage systems, the purchase of staff insurance and the acquisition of an air conditioning unit. The last mentioned item is, however, of a capital nature.
- 819.** Amounts totalling \$42.207M were expended on Rates & Taxes. Payment was

based on a statement of account submitted by the Mayor & City Council. The Ministry, however, 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.

- 820.** Amounts totalling \$14.226M were expended on Subsidies & Contributions to International Organisations. The following is a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
International Civil Aviation Organisation	5,905
Caribbean Telecommunications Union	4,724
Commonwealth Telecommunications Organisation	2,347
International Maritime Organisation	1,250
<b>TOTAL</b>	<b>11,750</b>

- 821.** The above amounts were in verified as having been received by the respective institutions and were supported by adequate documentation. However, contributions to the first two(2) organisations referred to in the above table exceeded the amounts approved in the National Estimates by \$1.675M. In addition, there was no provision in the National Estimates for contribution to the Commonwealth Telecommunications Organisation.

### **Revenue Accounting & Control**

- 822.** For the period under review, the Ministry collected revenue totalling \$258.493M, of which sums totalling \$248.443M relate to the Civil Aviation Department, mainly in relation to aerodrome charges, while the difference of \$10.050M represents the revenue collected by the Central Accounting Unit.
- 823.** The Demerara Harbour Bridge continued to retain revenue to meet its cost of operations although it is not a separate legal entity. For the period under review, amounts totalling \$192.849M 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 previous reports. It is again recommended that the Harbour Bridge be given statutory recognition in keeping with a Cabinet decision dated 18 March 1998.

### **Stores & Other Public Property**

- 824.** 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 in respect of the two(2) stores under its control. The Accounting Officer attributed this violation to the staffing situation. 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 518 –Bridges**

##### **Subhead 14003 – Bridges**

- 825.** The sum of \$191.473M was voted for (a) the construction and rehabilitation of bridges along the Timehri/Georgetown/Rosignol Road and (b) the funding of a feasibility study of the Berbice River Crossing and the construction of a new bridge. According to the Appropriation Account, amounts totalling \$40.529M were expended.
- 826.** 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 for 2000 revealed an expenditure of \$61.806M, giving a difference of \$21.277M. This difference was due to (a) disbursements totalling \$15.936M made in 1999 now brought to account (b) disbursements totalling \$25.186M made in 2000 not yet been brought to account and (c) an amount of \$12.027M

which was transferred to Division 520, Subhead 14003 – Bridge Rehabilitation.

- 827.** The following is a breakdown of the audited expenditure which, as can be noted, does not include any physical works or a feasibility study of the Berbice River Crossing:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Engineering studies	24,941
Administration	35,065
Land acquisition	1,800
<b>TOTAL</b>	<b>61,806</b>

- 828.** The amount of \$24.941M expended on Engineering Studies relates to a contract which was awarded in September 2000 in the sum of \$36.950M for the design/redesign of thirty(30) structures. Evidence was seen of reports, which were produced attesting to the satisfactory completion of the studies.
- 829.** In relation to the amount of \$35.065M expended on Administration, this represents the payment of salaries and allowances to eleven(11) officers, the acquisition of two(2) vehicles, furniture and equipment, as well as other operating expenses. The amount of \$1.8M was also expended on the acquisition of a plot of land in Mahaicony to relocate the Amerindian Hostel.

### **Division 519 - Project Executing Unit & Emergency Works**

#### **Subhead 15001 - Essequibo and West Demerara**

- 830.** The sum of \$60M was voted for remedial works to sea defences at Anna Regina and Henrietta. A supplementary estimate of \$4.128M was approved, giving a revised allocation of \$64.128M. The full amount was expended. The contract for the above works was awarded in the sum of \$71.339M. As at 31 December 2000, amounts totalling \$50.669M were paid to the contractor. At the time of inspection, the works were completed and were physically verified.
- 831.** The difference of \$13.458M represents fees paid to two(2) consultancy firms for the design and supervision of the remedial works and for the preparation of

tender documents for future sea defence works. The contract sums involved amounted to \$50.837M of which sums totalling \$19.753M were paid to the contractors as at 31 December 2000. The works were re-budgeted for in 2001.

**Subhead 15002 – Corentyne/East Coast/Essequibo Coast**

- 832.** The sum of \$550M was allocated for the rehabilitation of sea defences in such areas as Reliance/Aberdeen, Devonshire Castle, Lusignan/Good Hope, Bush Lot, Turkeyen and Cornelia Ida. A supplementary provision was of \$78M was approved, giving a revised allocation of \$628M. According to the Appropriation Account, amounts totalling \$642.430M were expended. The difference of \$14.430M was met from an advance from the Contingencies Fund.
- 833.** 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. According to the audited accounts for 2000, amounts totalling \$761.747M were expended, giving a difference of \$119.317M. This difference was due to (a) disbursements totalling \$53.161M made in 1999 now brought to account (b) counterpart expenditure totalling \$13.031M relating to the operations of the Project Execution Unit not shown in the financial statements and (c) disbursements totalling \$185.509M made in 2000 not yet brought to account.
- 834.** The following is a breakdown of the audited expenditure: -

DESCRIPTION	AMOUNT \$'000
Rehabilitation of 600 metres of sea defences at Reliance & 1,100 metres at Good Hope and Lusignan	591,683
Rehabilitation of 290 metres sea defences at Mon Repos	33,629
“          “ 310 metres sea defences at Hague	33,328
“          “ 200 metres sea defences at Stanleytown	27,224
“          “ 200 metres sea defences at Aberdeen	17,918
“          “ 220 metres sea defences at Cornelia Ida	11,894
“          “ 100 metres sea defences at Devonshire Castle	10,547
“          “ 350 metres sea defences at Taymouth Manor	5,498
Miscellaneous	427
Supervision	20,693
Technical Cooperation	7,839



Acquisition of equipment

1,067

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**TOTAL**

**761,747**

- 835.** The contract for the rehabilitation of sea defences at Reliance, Good Hope and Lusignan was awarded in February 2000 in the sum of \$667.988M. As at 31 December 2000, amounts totalling \$591.683M were paid towards the contract. At the time of inspection in September 2001, the works were completed and were physically verified.
- 836.** In relation to the rehabilitation of the Mon Repos sea defences, the contract was awarded in July 2000 in the sum of \$119.980M to the highest of six(6) bidders. The Evaluation Committee of the Central Tender Board (CTB) recommended the lowest responsive bid of \$104.783M. However, the funding agency insisted that the highest bidder was “ the sole fully responsive bidder” and that the works involved were contiguous to those undertaken by the same contractor at Good Hope/Lusignan. As at 31 December 2000, amounts totalling \$33.629M were paid towards this contract. At the time of inspection, the works were completed and were physically verified.
- 837.** The contract for the construction of sea defences at Hague was awarded in July 2000 to the highest of three(3) bidders in the sum of \$179.014M. The Evaluation Committee of the CTB again recommended the award to the lowest bid of \$145.659M. However, documentary evidence was not presented for audit to justify why the most competitive bid was not favourably considered. As at 31 December 2000, amounts totalling \$33.328M were paid towards this contract. At the time of inspection, the works were completed and were physically verified.
- 838.** In relation to the construction of 200 meters sea defence works at Stanleytown, the contract was awarded in July 2000 in the sum of \$136.080M to the highest among four(4) bids. The Evaluation Committee of the CTB recommended that the award be made to the second lowest bidder in the sum of \$98.499M on the grounds that the lowest bidder, whose tendered sum was \$97.075M, was not very timely in completing previous projects. The funding agency, however, insisted that the award be made to the highest bidder on the grounds that the other bidders did not satisfy the requirements contained in the bidding documents. As at 31 December 2000, amounts totalling \$27.224M were paid towards this contract. At the time of inspection, the works were completed and were physically verified.

- 839.** The contract for the rehabilitation of sea defence works at Aberdeen was awarded in 1999 in the sum of \$59.828M. There was an approved variation of \$9.985M, giving a revised contract sum of \$69.723M. As at 31 December 2000, amounts totalling \$63.091M were paid to the contractor. At the time of inspection, the works were completed and were physically verified.
- 840.** The contract for the reconstruction of the sea defences at Cornelia Ida was awarded to the second lowest bidder in July 2000 in the sum of \$113.655M. The Evaluation Committee of the CTB had recommended the lowest bid of \$97.918M. The funding agency, however, insisted that the contract be awarded to the second lowest bid on the grounds that this was the sole responsive bid. As at 31 December 2000, amounts totalling \$11.894M were paid towards this contract. At the time of inspection, the works were completed and were physically verified.
- 841.** In relation to the rehabilitation of sea defences at Devonshire Castle, the contract was awarded in 1999 in the sum \$92.746M. As at 31 December 2000, amounts totalling \$81.201M were paid to the contractor. At the time of inspection, the works were completed and were physically verified.
- 842.** The contract for the rehabilitation of sea defences at Taymouth Manor was awarded in 1998 in the sum of \$116.160M. As at 31 December 2000, amounts totalling \$110.293M were paid to the contractor. At the time of inspection, the works were completed and were physically verified.
- 843.** Three(3) contracts valued at \$78.034M were awarded in July 2000 to three(3) local engineering firms for supervision of the sea defences works. As at 31 December 2000, amounts totalling \$21.947M were paid to these firms. In relation to the amount of \$7.839M expended under Technical Co-operation, this was in respect of the preparation and review of bid and tender documents for sea defences as well as the emoluments of the Technical Advisor to the Minister.
- 844.** The counterpart expenditure of \$13.031M incurred by the Project and not shown in the financial statement relates mainly to the payment of salaries, gratuities and travelling expenses to three(3) engineers and five(5) inspectors of works who were involved in the survey and monitoring of sea defences. The emoluments of a secretary assigned to the sea defences projects were also met from this subhead.

### **Subhead 15004 - West Coast Berbice**

- 845.** The sum of \$290M was voted for (a) reconstruction of earthen embankment between Brahn - No. 41 Village and (b) rehabilitation of sea defence at Bel Air - Mon Choisie and sluice at Trafalgar. Amounts totalling \$18.883M were expended.
- 846.** The contract for the above works was awarded to the highest from among four(4) bidders in the sum of \$119.322M. The Evaluation Committee of the CTB recommended the lowest bid of \$83.673M. The CTB, however, rejected the recommendation and awarded the contract to the highest bidder without any reasons being stated in the minutes of the Tender Board. As at 31 December 2000, a mobilisation advance of \$14.730M was paid to the contractor. At the time of inspection, the works were completed and were physically verified.

### **Subhead 15005 – Emergency Works**

**847.**The sum of \$325M was allocated for the rehabilitation of sea and river defences at critical areas such as Supenaam, Parika, Craig, Litchfield, Letter Kenny/Whim, Mon Repos, Annandale, Mosquito Hall, Tuschen, Zeelandia, Moor Farm, Grove, Hampton Court, Eversham/Wellington, Hogstye and Sisters. Amounts totalling \$342.011M were expended. The difference of \$17.011M was met partially from an advance of \$10M from the Contingencies Fund. Therefore, there was an unauthorised expenditure of \$7.011M. Investigations revealed that the above situation came about as a result of a casting error in the votes. As a result, a lesser sum i.e. \$10M was requested as an advance from the Contingencies Fund.

**848.**The following is a breakdown of the expenditure of \$342.011M:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Rehabilitation of sea defences at Craig	8,168
“ “ “ at Supenaam	3,941
236	

“	“	“	“	at Letter Kenny/Whim	1,013
“	“	“	“	at Zeelandia/Moor Farm	486
“	“	“	“	at Mosquito Hall	292
“	“	“	“	at Annandale	178
“	“	“	“	at Parika	143
				Rehabilitation of other sea defences Regions 2 -6	144,011
				Purchase of sea defences materials	23,670
				<b>Sub-total</b>	<b>181,902</b>
				Wages, salaries and administration expenses	118,657
				Transportation	13,565
				Repairs and renovation of buildings	10,982
				Fuel & lubricants	8,140
				Other purchases	3,748
				Maintenance of vehicles and equipment	3,407
				Security services	1,610
				<b>TOTAL</b>	<b>342,011</b>

- 849.** As can be noted, no work was done at Litchfield, Mon Repos, Tuschen, Grove, Hampton Court, Eversham/Wellington, Hogstye and Sisters. In addition, works to the value of \$144.011M were undertaken in Regions 2 to 6 but there was no evidence that approval was granted for a change in programme to undertake the works.
- 850.** The contract for the rehabilitation of sea defences at Craig, East Bank Demerara, was awarded in 1999 in the sum of \$10.162M and involved the construction of an anchored revetment using steel sheet piles. There was an approved variation of \$1.966M, giving a revised contract sum of \$12.128M. As at 31 December 2000, the full amount was paid to the contractor, and the works were physically verified.
- 851.** In relation to the rehabilitation works at Supenaam, the contract was awarded in 1997 in the sum of \$15.534M and involved the construction of a 400 feet steel sheet piled revetment. There were three(3) approved variations totalling \$6.729M, giving a revised contract sum of \$22.263M. As at 31 December 2000, amounts totalling \$19.523M were paid to the contractor. At the time of inspection, the works were completed and were physically verified.

- 852.** The contract for the rehabilitation of the sea defences at Letter Kenny/Whim was awarded 1999 in the sum of \$1.013M and involved the raising of 575 rods of sea dam. As at 31 December 2000, the full amount was paid to the contractor. The works were physically verified.
- 853.** Eight(8) contracts valued at \$7.272M were awarded for the rehabilitation of sea defences at Zeelandia/Moor Farm, Mosquito Hall, Annandale and Parika. As at 31 December 2000, amounts totalling \$1.1M were paid to the contractors. At the time of inspection, the works were completed and were physically verified.
- 854.** The following are the details relating to the contracts which were awarded for the rehabilitation of sea defences in Regions 2 to 6:-

DESCRIPTION	AMOUNT \$'000
<b>Completion of ongoing sea defence works:</b>	
Construction of rip rap at Richmond Village	22,554
“ “ slope and wave wall at Hague	4,701
“ “ three(3) revetment at Wakenaam	9,846
“ “ revetment at Ruimveldt	3,754
“ “ access roads at West Coast Berbice	3,654
“ “ five(5) revetments at Bush Lot/ Maida	9,748
Raising sea dams at 43 to 47 Village	3,025
Other ongoing works	8,448
<b>Sub-total</b>	<b>65,730</b>
Excavate drain and sealing breach at Stanley Town	8,289
Construct six(6) revetment at Wakenaam	18,296
Construct embankment at Mahaica	3,529
Raising sea dam at West Coast Berbice	9,096
238	

Construct revetment at No. 7 Village	4,848
Other sea defence works	34,223

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<b>TOTAL</b>	<b>144,011</b>
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- 855.** The ongoing sea defence works mentioned above were executed by twenty-seven(27) contracts valued at \$212.749M. As at 31 December 2000, amounts totalling \$207.216M were paid to the contractors. At the time of inspection, the works were completed and were physically verified. In respect of one(1) of the five(5) revetments at Bush Lot/Maida, the design required the use of double ply timber sheet pile 10ft long. However, the inner timber sheet ply measured only 5ft. and 6ft. As a result, at the time of inspection, serious erosion was taking place in this area.
- 856.** The remaining works in the above schedule were executed by sixty-eight(68) contracts valued at \$83.598M. As at 31 December 2000, amounts totalling \$78.281M were paid to the contractors. At the time of inspection, the works were completed and were physically verified. However, in relation to the access road at No. 3 Village, physical verification revealed that the road was 12 ft. wide instead of 14 ft., as required in the contract. This has resulted in an overpayment of \$521,885. The access road at No. 7 Village had also deteriorated because another contractor was using it to access his work site with his heavy-duty machinery and equipment.
- 857.** Amounts totalling \$23.670M were expended in the purchase of sea defence materials. Some of the materials, which include boulders, gabion stones and steel sheet piles, were verified as having been received at the sites at Hague, Corneila Ida, Stanley Town, Craig and No. 83 Villages. The other materials such as cement, filter fabric and polysacks were verified as having been received at the Main Store in Kingston. These were distributed to various locations.
- 858.** The amount of \$118.657M shown as wages and salaries and other related expenses represents mainly the emoluments of 317 persons employed on a full-

time basis, compared with 352 employed in 1999. 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. Management, however, felt that the existing staffing was adequate since, apart from the works contracted out, there were still significant amounts of work relating to the maintenance of sea defences in the various Regions.

- 859.** One hundred and thirty-three(133) contracts valued at \$13.565M were awarded for transportation of workers, materials and equipment to various work sites in Region 2. Seventy-four(74) contracts valued at \$10.982M were also awarded for the rehabilitation and renovation of twenty-five(25) buildings at various locations. At the time of inspection, the works were completed and were physically verified.
- 860.** Amounts totalling \$8.140M were expended on the purchase of fuel and lubricants for twelve(12) vehicles and for the Stores at Region No. 2. In relation to the amounts of \$1.611M expended on security services, this represents payments to security guards as well as for armed escorts during the payment of wages and salaries.

**Subhead 47001 - Administration & Management**

- 861.** An amount of \$32M was allocated for the provision of administrative and supervision support for the Sea Defence Programme. The full amount was expended mainly on the emoluments of twenty-five(25) persons employed on a full-time basis as well as on office expenses for the Project Executing Unit.
- 862.** Included in the above figure, is an amount of \$3.453M expended on fuel and lubricants and in the maintenance of eight(8) motor vehicles. However, log books were not produced for audit examination in respect of these vehicles. As a result, it could not be determined whether effective control was exercised over the use of these vehicles.

**Division 520 - Ministry of Public Works**

**Subhead 11001 - Demerara Harbour Bridge**

- 863.** The sum of \$25M was voted for the sandblasting and painting of unflotes and scowends. A supplementary estimate of \$5M was approved, giving a revised allocation of \$30M. Amounts totalling \$36M were expended. The difference of

\$6M was met from an advance from the Contingencies Fund.

- 864.** The Project was funded by the Government of Guyana and the European Union and was subject to separate financial reporting and audit. It came to an end in March 1999, and the Management of the Harbour Bridge continued to prepare independent financial statements. The last set of audited accounts was in respect of 2000, and an examination of these accounts revealed the following capital expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Rehabilitation of unifloates and scowends	36,000
Supply and installation of scale	4,758
Asphalting of bridge	1,882
<b>TOTAL</b>	<b>42,640</b>

- 865.** The difference of \$6.640M was met from internally generated revenue. It should be mentioned that revenue derived from the operations of the Bridge was retained to meet operating expenses in contravention to Section 17 of the FAA Act. This matter was drawn to attention in my previous reports. It is again recommended that the Harbour Bridge be given the status of a separate legal entity with a view to regularising its operations.
- 866.** Two(2) contracts valued at \$29.787M and \$5.977M were awarded in July and December 2000 respectively for the rehabilitation of unifloates and scowends. There were approved variations of \$1.962M and \$596,000, giving revised contract sums of \$31.749M and \$6.575M respectively. The first contract was awarded to the highest of three(3) bidders on the grounds that the lowest bidder, whose bid was \$22.441M, did not perform satisfactorily in relation to previous contracts. The second lowest bidder, whose bid was \$23.618M, did not have the requisite experience in addition to the failure to submit the relevant compliance certificates.
- 867.** The second contract was awarded to the same contractor who was the only bidder. As at 31 December 2000, amounts totalling \$38.237M were paid on these contracts. The difference of \$2.237M was met from revenue derived from



the operations of the Harbour Bridge. The works were physically verified.

**Subhead 12001 - Government Buildings**

- 868.** The sum of \$50M was voted for the rehabilitation of Colgrain House, living quarters at Timehri and buildings at Anna Regina. Amounts totalling \$39.940M were expended as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Construction of service centre at Anna Regina	24,973
Rehabilitation of Colgrain House	5,628
Rehabilitation of four(4) buildings at Timehri	5,463
Consultancy fees	3,404
Miscellaneous	472
<b>TOTAL</b>	<b>39,940</b>

- 869.** The contract for the construction of the service centre building at Anna Regina was awarded in the sum of \$24.336M. There was an approved variation of \$637,269, giving a revised contract sum of \$24.973M. Physical verification of the works revealed apparent overpayments totalling \$2.277M, as shown below:-

<b>DESCRIPTION</b>	<b>QUANTITY CLAIMED</b>	<b>ACTUAL QUANTITY</b>	<b>RATE \$</b>	<b>APPARENT OVERPAYMENT \$'000</b>
Roads	349 sq.yds	Nil	500	175
Hard standing	1,222 sq.yds	Nil	500	611
Mortice locks	20	10	3,500	35
Other overpayment				1,456
<b>TOTAL</b>				<b>2,277</b>

This matter was drawn to the attention of the Accounting Officer for possible recovery from the contractor.

**870.** The rehabilitation of Colgrain House was undertaken by two(2) contracts which were awarded to the same contractor. The Ministerial Tender Board awarded the first contract in the sum of \$3.336M to the lone bidder. However, the original copy of the public advertisement was not produced for audit examination. A copy of the Engineer’s Estimate was also not provided. There was an approved variation of \$299,030, giving a revised contract sum of \$3.635M.

**871.** An examination of the contractor’s bid for the first contract revealed that the contractor did not submit the following documents which were indicated in the instruction to tenderers:-

- Performance bond of 10%;
- List of work of a similar nature; and
- NIS and Income Tax certificate of compliance.

In view of the non-submission of the NIS and tax compliance, the contractor should have been disqualified.

**872.** Physical verification of the rehabilitation works revealed an apparent overpayment of \$1.033M. According to the bills of quantities, 4,887 square yards were to be painted at a cost of \$275 per square yard. However, only 1,129 square yards of painting were actually done. In addition, there was no evidence that a fence was constructed although an amount of \$311,980 was paid to the contractor for undertaking the work. These matters were drawn to the attention of the Accounting Officer for possible recovery from the contractor.

**873.** The second contract was awarded in the sum of \$1.992M for additional works. An examination of the related tender documents revealed similar observation as mentioned in the first contract in relation to the submission of performance bonds etc. In addition, physical verification of the works revealed an apparent overpayment of \$1.3M as shown below:-

DESCRIPTION	QUANTITY CLAIMED	ACTUAL QUANTITY	RATE \$	APPARENT OVERPAYMENT \$'000
East fence	110 sq. yds	45 sq. yds	380	25
1 <sup>st</sup> & 2 <sup>nd</sup> floor walls	1,880 sq. yds	96 sq. yds	380	678

Ceiling/dining (first floor)	1,640 sq. yds	144 sq. yds	380	568
Lattice work	154 sq. yds	78 sq. yds	380	29
<b>TOTAL</b>				<b>1,300</b>

The total apparent over-payment to the contractor for the rehabilitation of Colgrain House was therefore \$2.645M.

- 874.** In relation to the rehabilitation of the four(4) buildings at Timehri, the Ministerial Tender Board awarded the contract in the sum of \$5.468M. However, there was no evidence of the track record of the contractor nor were NIS and tax compliances produced for audit. The actual commencement and completion dates were not stated in the contract. In addition, physical verification of the works revealed an apparent overpayment of \$2.633M to the contractor as shown below:-

DESCRIPTION	QUANTITY CLAIMED	ACTUAL QUANTITY	RATE \$	APPARENT OVER PAYMENT \$'000
Roofing and rain water installation	555 sq. yds.	62 sq. yds.	1,635	806
	372 ln. yds.	7 ln. yds.	Various	346
	20 accessories	Nil	455	9
Carpentry and joinery	7,866 ln. ft.	2,164 ln. ft.	Various	728
	3,587 sq. ft.	777 sq. ft.	Various	500
	7 Doors	3	Various	27
Ironmongery	38	16	2,180	48
Glazing	494	104	180	70
2" x 6" Frame	450 ln. ft.	Nil	220	99
<b>TOTAL</b>				<b>2,633</b>

- 875.** In relation to the amount of \$3.404M shown as consultancy services, this represents payments to the Projects Supervisor for the supervision of the rehabilitation of the above mentioned buildings. However, as indicated in my 1999 Report, this officer was a full-time employee of the Ministry and was paid the equivalent of US\$1,100 per month free of income tax. Although the

Project Supervisor's contract did not specify in detail the nature of his duties, it is reasonable to assume that he was responsible for the following:-

- Preparation of bid documents and Engineer's Estimates;
- Evaluation of bids;
- Preparation of contract documents;
- Monitoring of the progress of the works and certifying valuation certificates; and
- Certifying satisfactory completion of the works.

**876.** It is obvious that there has been a duplication of payment since the Project Supervisor for all practical purposes ought to have rendered this service as a full-time employee of the Government. The officer concerned was also involved in other irregularities. These matters were referred to the Police for investigation.

**877.** An inter-departmental warrant for \$4.4M was issued to the Ministry of Home Affairs in April 2000 for dismantling and relocating the Enmore Police Station. This amount was shown as a liability in the Votes Ledger. However, at 31 December 2000, no financial returns were received from the Ministry of Home Affairs. In addition, an examination of the records of the Ministry of Home Affairs revealed that no expenditure was incurred in respect of the warrant received, and the amount of \$4.4M was paid over to the Deposits Fund bank account, instead of to the Ministry of Public Works for refund to the Consolidated Fund.

#### **Subhead 12008 - Regional Airport Project**

**878.** The sum of \$19M was allocated for the purchase of solar powered non-directional beacon and the payment of retention fees for the perimeter fence at the Cheddi Jagan International Airport. Amounts totalling \$1.128M were expended in the payment of salaries and allowances to the Project Supervisor and his secretary. However, there was no evidence that approval was granted for a change in programme to incur expenditure in the manner described.

#### **Subhead 14001 - Mabura/Lethem Road**

- 879.** The sum of \$40M was voted for (a) the construction and rehabilitation of sections of the road from Kurupukari to Lethem and Mabura to Kurupukari and (b) the rehabilitation of bridges. A supplementary estimate of \$3M was approved, giving a revised allocation of \$43M. Amounts totalling \$42.469M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Remedial works on the Mabura/Lethem road	14,972
Repairs to Akaiwana brige, Linden/Lethem & Kurupukari to Annai roads	11,021
Rehabilitation of Kurupukari to Lethem road (lots 2-4)	8,090
Rehabilitation of Kurupukari to Lethem road (lot 5)	3,275
Repairs to the MV Takatu	3,000
Consultancy Services	1,755
Miscellaneous	356
<b>TOTAL</b>	<b>42,469</b>

- 880.** An inter-departmental warrant valued at \$15M was issued to Region No. 9 for the remedial works to be carried out on the Mabura/Lethem Road. The Ministry received financial returns to the value of \$14.972M from the Region. However, details of the nature and scope of the work undertaken were not stated. In the circumstances, it could not be satisfactorily determined to what extent value was received in respect of the warrant issued.
- 881.** In relation to the repairs to the Akaiwana Bridge, Linden/Lethem and the Kurupukari to Annai Roads, four(4) contracts valued \$11.301M were awarded to the same contractor based on selective tendering involving three(3) bidders. The Accounting Officer explained that this was due to the emergency nature of the works as there was a large hole on the bridge deck and certain sections of the Mabura/Lethem Road had deteriorated badly. Notwithstanding the explanation given above, a waiver of the tendering procedures should have been sought from the Secretary to the Treasury. As at 31 December, the full contract sums were paid to the contractor. Because of the remoteness of the area, the works could not have been physically verified. Reliance was nevertheless placed on the certificates of satisfactory completion issued by the Chief Roads Officer.

- 882.** The contract for the rehabilitation of the Kurupukari to Lethem road (Lots 2-4) was awarded in September 1999 in the sum of \$17.262M. As at 31 December 2000, amounts totalling \$13.721M were paid to the contractor. Because of the remoteness of the area, the works could not have been physically verified. The Accounting Officer explained that the difference of \$3.541M was withheld because of substandard work on the part of the contractor.
- 883.** In relation to the rehabilitation of the Kurupukari to Lethem road (Lot 5), the contract was awarded in the sum of \$5.875M in April 2000 to the same contractor referred to in the previous paragraph. The Accounting Officer explained that this was based on negotiation as the contractor was already in the area. As at 31 December 2000, amounts totalling \$3.275M were paid to the contractor. The supervisor of the Ministry's road projects explained that no further payments were made to the contractor as no further work was necessary.
- 884.** 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 works were publicly advertised. 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 14003 - Bridge Rehabilitation**

- 885.** The sum of \$12.027M was provided for (a) the construction and rehabilitation of bridges along the Timehri/Georgetown/Rosignol Road and (b) funding of a feasibility study of the Berbice River Crossing and construction of a new bridge. According to the Appropriation Account, the full amount was expended.
- 886.** 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 for 2000 revealed an expenditure of \$61.806M, giving a difference of

\$49.749M. This difference was due to (a) disbursements totalling \$15.936M made in 1999 now brought to account (b) disbursements totalling \$25.186M made in 2000 not yet been brought to account and (c) an amount of \$40.529M transferred from Division 518, Subhead 14003. The details relating to the expenditure of \$12.027M are explained under Division 518, Subhead 14003.

#### **Subhead 14004 - Black Bush Polder Road**

- 887.** The sum of \$15M was allocated for the rehabilitation of critical sections of the Black Bush Polder road. Amounts totalling \$13.876M were expended. Three(3) contracts valued at \$14.740M were awarded for the works to be undertaken. Had one(1) contract been awarded, this would have required adjudication by the Central tender Board, instead of the Ministerial Tender Board. The Accounting Officer, however, explained that the works were broken down in three(3) lots in order to have more than one contractor working simultaneously. At the time of inspection, two(2) contracts were completed while in respect of the third lot valued at \$2.741M, the contractor failed to complete the works. As at 31 December 2000, the latter was paid \$1.778M. In this regard, the consultant had recommended that the contract be terminated. Up to the time of reporting, however, it could not be determined if the Ministry followed the consultant's recommendation.

#### **Subhead 14005 - Bartica/Issano/Madhia Road**

- 888.** The sum of \$15M was provided for the rehabilitation of sections of the Bartica to Potaro, Madhia to Potaro and Issano roads. Amounts totalling \$15.002M were expended. Three(3) contracts valued at \$13.633M were awarded to the same contractor for the maintenance of the access road at Bartica/Mahdia to Issano. Had one(1) contract been awarded, this would have required adjudication by the Central Tender Board, instead of the Ministerial Tender Board.
- 889.** The Ministry's Tender Board awarded the first contract in March 2000 in the sum of \$6M. However, there was no evidence that the proposed works were publicly advertised or there was any form of competitive bidding before the contract was awarded. The Accounting Officer explained that the selected contractor was already mobilised in the area after the completion of a 1999 contract. However, a waiver of tender procedures should have been sought. As at 31 December 2000, amounts totalling \$5.983M were paid to the contractor.

- 890.** In July 2000, a second contract was awarded in the sum of \$5.489M to the same contractor. According to the Tender Board minutes, the contract was advertised but there was only one bid. As at 31 December 2000, the full contract sum was paid. The third contract was awarded in November 2000 in the sum of \$3.235M based on negotiation with the contractor. As at 31 December 2000, amounts totalling \$2.161M were paid to the contractor.
- 891.** Because of the remoteness of the area, the works could not have been physically verified. Reliance was nevertheless placed on certificates of satisfactory completion issued by the Chief Roads Officer.

#### **Subhead 14006 - Bridges**

- 892.** The sum of \$35M was voted for the rehabilitation of critical bridges in areas including Regions 2, 4 and 6. Amounts totalling \$34.994M were expended as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Construction of Mandela Avenue Bridge	12,370
<b>Rehabilitation of Bridges:</b>	
Cemetery Road	5,934
Eastern Highway - Georgetown	2,917
Hampton Court	2,336
Devonshire Castle/Walton Hall	2,270
Windsor Castle and Perseverance	2,003
Black Water Bridge Approach - Corriverton	1,528
Bridges and culvert in Region No. 5	1,725
Riverstown	972
Fort Street Kingston	790
Sussex and Walker Terrace	553
Mahaica	535
Others	1,061
<b>TOTAL</b>	<b>34,994</b>



- 893.** The contract for the construction of the Mandela Avenue Bridge at East La Penitence was awarded in the sum of \$9.613M in December 1999. Cabinet approved a variation of \$5.423M in February 2001, giving a revised contract sum of \$15.036M. However, the Chief Roads Officer had recommended that the variation should be \$2.103M. No documentary evidence was produced to substantiate the actual variation approved by Cabinet.
- 894.** As at 31 December 2000, amounts totalling \$13.331M were paid to the contractor. At the time of inspection, the works were completed but the centre of the bridge began to sink. In addition, the engineers attached to the Audit Office carried out an assessment of the contractual works along with the bills of quantities. Based on their evaluation, they concluded that the contractor should have been paid the sum of \$2.809M for variation works, instead of the \$5.423M approved by Cabinet.
- 895.** The Audit Office sought to ascertain the reason for the sinking of the centre of the bridge. The investigation revealed that the Technical Advisor to the Minister had examined the contract drawings and had made calculations to determine whether the existing bridge support would accommodate the new bridge deck design. His calculations revealed that the weight of the proposed new decking was too heavy to be supported by the existing supporting structure. Based on his findings, he had recommended that the bridge be redesigned and the works re-tendered for. The Technical Advisor's report was referred to the Chief Roads Officer for his comments. The latter disagreed with the Advisor's recommendation. He was supported by the Highway Engineer and Chief Works Officer. As a result, the Ministry proceeded to construct the bridge without any modification to the design of the support to the bridge.
- 896.** An examination of the bills of quantities of the Mandela Bridge revealed that the Highway Engineer was involved in the design of the bridge deck and in the supervision of the works. However, the bills of quantities reflected an amount of \$220,000 for the design of the bridge deck. The Chief Roads Officer confirmed that the contractor paid this amount to the Highway Engineer. This payment was therefore irregular, as the Highway Engineer was employed by the Ministry on a full-time basis and his duties included the design of bridge structures.

- 897.** In addition, a contingency sum of \$873,933 was provided in the contract for works not envisaged at the start of the project. This payment should only be made on approved work sanctioned by the Chief Roads Officer. However, the entire amount was paid to the contractor for no apparent reason. Further, the sum of \$100,000 was paid to the contractor for cleaning the site. This item is usually included under the preliminaries section of the bills of quantities. In the absence of such a section in the bills of quantities, the cleaning of the site is deemed to be included in the prices under the measured work.
- 898.** The contract for the Mandela Bridge provided for liquidated damages in the sum of \$5,000 per day. Even though the actual completion date of the project far exceeded the revised contract completion date, no deductions were made from payments to the contractor. At the time of reporting, remedial works to the Mandela Bridge were undertaken at a cost of \$10.838M. Therefore, the total cost of construction of the Bridge was \$25.874M.
- 899.** The contract for the rehabilitation of three (3) bridges on Cemetery Road was awarded in June 2000 in the sum of \$4.978M. A variation of \$957,501 was approved, giving a revised contract sum of \$5.936M. As at 31 December 2000, the full amount was paid to the contractor. The works were physically verified.
- 900.** In relation to the rehabilitation of the Eastern Highway Bridge, the contract was awarded in June 2000 in the sum of \$2.836M. There was a variation of \$81,090, giving a revised contract sum of \$2.917M. As at 31 December 2000, the full amount was paid to the contractor. The works were physically verified.
- 901.** The contract for the construction of bridge at Hampton Court was awarded in September 2000 in the sum of \$2.594M. In March 2001, Cabinet approved of a variation of \$1.563M, giving a revised contract sum of \$4.157M. As at 31 December 2000, amounts totalling \$2.336M were paid to the contractor. At the time of inspection, the bridge was completed and was physically verified.
- 902.** In relation to the repairs to the Devonshire Castle/Walton Hall Bridge, the contract was awarded in September 2000 in the sum of \$2.270M. Cabinet approved a variation of \$2.383M in March 2001, giving a revised contract sum of \$4.653M. As at 31 December 2000, amounts totalling \$2.270M were

paid to the contractor. At the time of reporting, the bridge was completed and was physically verified.

- 903.** The contract for the rehabilitation of two(2) bridges at Windsor Castle and Perseverance was awarded in September 2000 in the sum of \$3.066M. There was an approved variation in the sum of \$4.474M, giving a revised contract sum to \$7.540M. As at 31 December 2000, amounts totalling \$2.003M were paid to the contractor. At the time of reporting, the bridges were completed and were physically verified.
- 904.** The Ministry advertised for tenders for repairs to Black Water Bridge Approach in Corriverton in September 2000. However, there was no response to the advertisement and as a result the Ministry decided to award the contract in the sum of \$1.146M on a sole source basis. There was an approved variation of \$563,100, giving a revised contract sum of \$1.709M. As at the 31 December 2000, the full amount less a retention of \$180,430 was paid to the contractor. The works were physically verified.
- 905.** In relation to the rehabilitation of bridges and culvert in Region No. 5, an inter-departmental warrant was issued to the Region in the sum of \$1.731M. According to the financial returns submitted by the Region, amounts totalling \$1.725M were expended. Audit checks revealed that two(2) bridges at Nos. 27 and 28 Villages and a culvert at No. 7 Village were rehabilitated. The works were physically verified.

**Subhead 14007 - Miscellaneous Roads**

- 906.** An amount of \$390M was allocated for (a) the completion of roads at Wakenaam, Parika, Ann’s Grove, Houston, Leguan, Enmore, Bee Hive, Stanleytown, Coldingen and Garden of Eden and (b) the construction and rehabilitation of other selected roads countrywide. A supplementary provision of \$50M was approved, giving a revised provision of \$440M. Amounts totalling \$532.922M were expended. The difference of \$92.922M was met from an advance of \$100M from the Contingencies Fund. The following is a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Long Road, Leguan	13,740
Middle Road, Pouderyen	9,000

Key Drive, Enterprise	6,863
Third Street, Lusignan	6,849
Bus Shed Road, Industry	6,557
Housing Scheme Road, Good Hope	6,237
Princess Margaret Road	5,890
Section 'D' Road, Sophia	5,719
Middle Walk Road, Buxton	5,516
Agriculture Access Road	5,511
Rail Street, Enterprise	5,476
Company Path Road, Buxton	5,363
Housing Scheme Road, Eccles	5,326
Peters Hall Road	5,223
Thirty-six(36) other roads	102,163
Purchase of road building materials & rehabilitation of roads	89,524
Completion of ongoing roads	31,998
Other road maintenance costs	215,967
<b>TOTAL</b>	<b>532,922</b>

- 907.** The contract for the rehabilitation of Long Road, Leguan was awarded in August 2000 in the sum of \$14.464M. As can be noted, amounts totalling \$13.740M were expended as at 31 December 2000. In relation to the rehabilitation of the Middle Road, Pouderyen, the contract was awarded in August 2000 in the sum of \$9.844M. As at 31 December 2000, amounts totalling \$9M were paid on this contract.
- 908.** The contract for the rehabilitation of the roadway from Key Drive, Enterprise was awarded in August 2000 in the sum of \$9.218M. As at 31 December 2000, amounts totalling \$6.863M were paid to the contractor. In relation to the rehabilitation of Third Street, Lusignan, the contract was awarded in August 2000 in the sum of \$8.748M. As at 31 December 2000, amounts totalling \$6.849M were paid made to the contractor.
- 909.** The contract for the rehabilitation of Bush Shed Road, Industry was awarded to the highest from among four(4) bidders in July 2000 in the sum of \$5.963M. According to the minutes of the Ministerial Tender Board, the contractor's bid was the only realistic one compared with the Engineer's Estimate of \$10.149M. The lowest bid was \$4.465M. There was an approved variation of \$1.335M, giving a revised contract sum of \$7.298M. As at 31 December 2000, amounts totalling \$6.557M were paid to the contractor. In relation to the Housing Scheme Road, Good Hope, the contract was awarded in August 2000

in the sum of \$14.089M. A variation of \$3.871M was approved, giving a revised contract sum of \$17.960M. As at 31 December 2000, amounts totalling \$6.237M were paid to the contractor.

- 910.** The contract for the rehabilitation of Princess Margaret Road was awarded in December 1999 in the sum of \$5.998M. A variation of \$201,610 was approved, giving a revised contract sum of \$6.2M. As at 31 December 2000, amounts totalling \$5.890M were paid to the contractor. In relation to the rehabilitation of the Section D, Sophia Road, the contract was awarded in the sum of \$12.149M. As at 31 December 2000, amounts totalling \$5.719M were expended on this contract
- 911.** The contract for the rehabilitation of Middle Walk Road at Buxton was awarded in July 2000 in the sum of \$5.912M. As at 31 December 2000 amounts totalling \$5.516M were paid to the contractor. In relation to the rehabilitation of the Agriculture Access Road, the contract was awarded in September 2000 in the sum of \$29.996M. As at 31 December 2000, amounts totalling \$5.511M were paid to the contractor
- 912.** The rehabilitation of the Enterprise Rail Street was executed via a contract valued at \$11.965M in August 2000. The basis of the award could, however, not be determined since the file could not be located at the Central Tender Board. As at 31 December 2000, amounts totalling \$5.476M were paid to the contractor.
- 913.** The contract for the rehabilitation of Company Path Road in Buxton was awarded in June 2000 in the sum of \$6M. As at 31 December 2000, amounts totalling \$5.363M were paid to the contractor. In relation to the rehabilitation of the Eccles Park Housing Scheme Road, the contract was awarded in July 2000 in the sum of \$5.921M to the second lowest bidder on the grounds that the lowest bid of \$4.945M was too low compared to the Engineer's Estimate of \$8.532M. As at 31 December 2000, amounts totalling \$5.326M were expended on this contract.
- 914.** The contract for the rehabilitation of five(5) roads in Peter's Hall was awarded in July 2000 in the sum of \$6M. As at 31 December 2000, amounts totalling \$5.223M were paid to the contractor. In relation to the amount of \$102.163M expended on the rehabilitation of thirty-six(36) other roads in Regions 4, 5 and 6, the following observations were made:-

- (a) Photocopies instead of original newspaper clippings of advertisements

were produced for audit scrutiny. In addition, the basis of awards could not be determined for the following contracts since the tender board minutes and other related documents could not be located:-

- rehabilitation of First Street, Enmore in the sum of \$3.991M;
- construction of western part of Bethune's Drive, Kwakwani in the sum of \$3.152M;
- rehabilitation of Clonbrook Road in the sum of \$2.438M; and
- rehabilitation of other roads in Enmore in the sum of \$2.034M.

- (b) A contract valued at \$5.410M was awarded in 1999 for the rehabilitation of Gap Road, La Jalousie. This job was completed in 2000. However, residents of the area made representations to the Ministry for the construction of an access road and footpath. In this regard, the Ministry awarded a supplementary contract valued at \$1.475M in February 2000 to the same contractor. However, there was no evidence that the Ministerial Tender Board approved of the supplementary agreement;
- (c) The contract for the rehabilitation of Enterprise Section C Road, Non Pariel, was awarded to the third lowest bidder in the sum of \$5.457M. The Ministerial Tender Board had, however, approved of the award to the lowest bid of \$4.614M. The Chief Roads Officer explained that the lowest bidder did not turn up to sign the contract, hence the award to the third lowest bidder. However, there was no evidence that the matter was referred back to the Ministerial Tender Board; and
- (d) In July 2000, the Ministerial Tender Board approved of the award of a contract for West Sideline Dam, South Ann's Grove to the higher of two(2) bidders in the sum of \$3.991M on the grounds that the lower bidder had a record of poor performance. However, the contract was signed in September 2000 with the lower bidder in the sum of \$2.624M.

The Accounting Officer explained that the contractor in question had shown improvement in his performance, hence the award. However, there was no evidence that the matter was referred back to the Ministerial Tender Board;

- 915.** Notwithstanding the above observations, at the time of inspection, the above roads, which number fifty(50), were completed and were physically verified.
- 916.** The amount of \$89.524M expended on the purchase of road building materials and the rehabilitation of roads in various parts in Georgetown relates to the advance of \$100M issued from the Contingencies Fund. The warrant for the advance was signed by the Ministry of Finance on 29 December 2000 and the related cheque was received on 9 January 2001, that is, after the close of the financial year. In addition, Cabinet approved of a waiver of the tender procedures on 9 February 2001 for the utilisation of the advance.
- 917.** The following gives a breakdown of the expenditure of \$89.524M:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Supply of road building materials	31,833
Rehabilitation of roads, trucking & batching of materials	27,850
Provision of labour and equipment	16,000
Batching of hot mix	5,250
Transportation of materials	4,000
Supply of CRS I	4,000
Supply of spares	591
<b>TOTAL</b>	<b>89,524</b>

- 918.** The above works were executed by eight(8) contracts valued at \$84.933M. These contracts were dated 29 December 2000. In addition, the bank guarantees submitted by the contractors were all dated either 15 or 16 February 2001. Further, according to the bank guarantees, the contractors were to be paid 100% of the contract sum as mobilisation advances. The full contract sums were paid on 15 and 16 February 2001 but the related cheques were backdated to 29 December 2000.
- 919.** In relation to the road building material, the following were to have been

supplied:-

<b>DESCRIPTION</b>	<b>QUANTITY (TONS)</b>	<b>UNIT PRICE \$</b>	<b>TOTAL COST \$'000</b>
Crusher run	4,000	3,730	14,920
<sup>3</sup> / <sub>8</sub> " minus aggregate	1,700	4,849	8,243
Sifting	2,113	4,103	8,670
<b>TOTAL</b>	<b>7,813</b>		<b>31,833</b>

- 920.** The crusher run was supplied by barges at the Kingston Wharf during the period February- March 2001. Evidence was seen of the field auditor of the Ministry monitoring the delivery of the item. However, according to his records, only 2,764 tons of crusher run was supplied. In addition, the crusher run was stored in the Police Compound at the corner of Camp and Young streets but no records were kept by the Ministry to indicate how the materials were actually utilised. Further, the Ministry did not produce evidence of the receipt of the aggregate and the sifting and how they were utilised.
- 921.** The amount of \$27.850M was paid for the rehabilitation of twenty-one(21) streets. Four(4) interim valuations certificates were seen indicating that works to the value of \$27.555M were done on ten(10) streets as at November 2001. The Advisor to the Minister explained that the funds initially earmarked were inadequate to complete all the streets.
- 922.** Two(2) contracts valued at \$16M were awarded for supplying labour and equipment to carry out maintenance works on various streets. However, an examination of the related file revealed inadequate documentation to ascertain the nature of the works undertaken. A similar observation was made in respect of amounts totalling \$13.250M which were paid for the batching of hot mix, transportation and supply of CRS 1. According to correspondence seen, the Ministry sought the assistance of the Police with a view to recovering an amount of \$4.325M from the two(2) contractors in respect of works carried out on certain streets.



923. In relation to the amount of \$215.967M shown as expenditure on other roads, the following are the details:-

DESCRIPTION	AMOUNT \$'000
Purchase of road building materials	86,714
Subvention to three(3) town councils	30,000
Consultancy services	26,272
Transportation for road building materials	21,266
Rehabilitation of roads in other regions	19,706
Purchase of fuel and spares	15,030
Miscellaneous	16,979
<b>TOTAL</b>	<b>215,967</b>

924. The amount of ~~\$86.714M~~ was expended on the purchase of road building materials such as crusher run, bitumen and hot mix. These materials were used by the force account section of the Ministry to rehabilitate other roads. However, an examination of the related payment vouchers and other supporting documents revealed forty(40) instances where supplies were acquired in excess of the Ministerial Tender Board limit of \$600,000 without recourse to adjudication by the Central Tender Board. In addition, there was little or no documentation attesting to the receipt of the materials and how they were utilised.

925. Amounts totalling \$30M were paid to the Anna Regina, Rose Hall and Corriverton Town councils as to assist in road rehabilitation. Although there was evidence that the municipalities utilised the above amount for the stated purpose, the Ministry was not in receipt of financial returns attesting to the expenditure. It is recommended that this be done.

926. In relation to rehabilitation of roads in other regions, seven(7) inter-departmental warrants were issued to three(3) Regions in the sum of \$26.636M. According to the financial returns submitted, amounts totalling \$19.706M were expended and were therefore reflected as expenditure under this subhead. However, audit checks at the three(3) regions revealed that amounts totalling \$26.497M were expended but Region No. 3 did not submit a financial return for the difference of \$6.971M. As a result, the Ministry's appropriation account is understated by the latter amount. At the time of inspection, the

works were completed and were physically verified.

- 927.** The amount of \$21.266M was expended on transportation of road building materials. The contractors were required to transport the materials at locations identified by the Ministry. However, much difficulty was experienced in locating and matching the related delivery slips submitted by the contractors with the originals issued by the suppliers. In addition, transportation costs were not always charged to the same subhead from where the materials were purchased. In most cases, such costs were apportioned under this subhead, Subhead 14008 – Urban Roads/Drainage and under current expenditure.
- 928.** Included in the figure of \$15.030M expended on the purchase of fuel and spares is an amount of \$6.2M representing five(5) payments for the purchase of fuel. Apart from the receipts issued by the supplier, there was no documentation attesting to the receipt and utilisation of the fuel. The spares were nevertheless verified as having been received and properly brought to account.

**Subhead 14008 - Urban Roads/Drainage**

- 929.** The sum of \$40M was allocated for the rehabilitation of selected roads and drains in Georgetown. Amounts totalling \$39.381M were expended as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Purchase of road building materials	27,504
Transportation for road building materials	4,066
Other expenditure	3,277
Cleaning and excavation of canals and drains	2,885
Emoluments to employees	1,649
<b>TOTAL</b>	<b>39,381</b>

- 930.** The amount of \$27.504M was expended on the purchase of road building materials such as asphaltic concrete (hot mix), bitumen and crusher run. However an examination of the related payment vouchers revealed twelve (12) instances where supplies were acquired in excess of the Ministerial Tender Board limit of \$600,000 without recourse to adjudication by the Central

Tender Board. In addition, there was little or no documentation attesting to the receipt of the materials and how they were utilised.

- 931.** In relation to the amount of \$4.066M expended on transportation of road building materials, the contractors were required to transport the materials at locations identified by the Ministry. However, much difficulty was experienced in locating and matching the related delivery slips submitted by the contractors with the originals issued by the suppliers. In addition, transportation costs were not always charged to the same subhead from where the materials were purchased. In most cases, such costs were apportioned under this subhead, Subhead 14007 – Miscellaneous Roads and under current expenditure.
- 932.** Included in the figure of \$3.277M shown as Other Expenditure is an amount of \$1.510M paid to a supplier for fuel. However, no records were maintained attesting to the receipt and utilisation of the fuel. As a result, it could not be determined whether the fuel was received and properly accounted for.
- 933.** The following is a breakdown of the amount of \$2.885M expended on cleaning and desilting of canals:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Cleaning of Cummings Canal	993
“ and excavation of Bel Air Canal	703
“ of Stone Avenue	450
Desilting of Princess Street Canal	429
Cleaning and excavation works on Sheriff Street	310
<b>TOTAL</b>	<b>2,885</b>

- 934.** Given the nature of the work and the lapse of time, the works could not have been physically verified. Reliance was nevertheless placed on certificates of satisfactory completion issued by the Chief Roads officer.
- 935.** Amounts totalling \$1.649M were paid as emoluments to nineteen(19) contracted employees in the Roads Division to undertake force account works at various streets, including Princess Street, Mandela Avenue, Independence Boulevard and Albert Street.

#### **Subhead 14009 - Hinterland Airstrips**

936. The sum of \$15M was voted for the continuation of works on Imbaimadai, Aishalton and Madhia airstrips. However, no physical works were undertaken, and an amount of \$1.201M was expended in the emoluments of two(2) security guards. Evidence was seen of tenders being invited for the rehabilitation of the Imbaimadai airstrip but no responses were received. The works were re-budgeted for in 2001.

**Subhead 14010 - Dredging (Equipment)**

937. The sum of \$80M was allocated for (a) the dredging of main ship channels in Demerara, Essequibo and Berbice rivers, (b) the rehabilitation of dredges Steve ‘N’ and ML Allan Young and (c) the acquisition 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 amount was expended as follows:-

DESCRIPTION	AMOUNT \$'000
Rehabilitation of ML Allan Young	61,780
Repairs to dredge Steve ‘N’	18,220
<b>TOTAL</b>	<b>80,000</b>

938. The contract for the rehabilitation of ML Allan Young was awarded in July 1999 in the sum of \$67.312M. However, there was no evidence that the proposed works were publicly advertised. The General Manager explained that, given the nature of the works and the limited facilities available locally, it was not possible for a system of competitive bidding to be adopted. He, however, agreed that a waiver of the tendering procedures would be sought for all such future works. As at 31 December 2000, the full amount was paid to the contractor. The difference of \$5.532M was met from the resources of the T&HD.
939. In relation to the repairs to dredge “Steve N”, no formal contract was entered into, nor was a system of competitive bidding adopted before the works commenced. The General Manager again attributed this to the nature of the works undertaken and explained that (a) the prices are fairly standard and (b) T&HD personnel were always on site to verify that the works undertaken were of an acceptable standard.

### **Subhead 16002 - Equipment (Civil Aviation)**

940. The sum of \$10M was provided for the purchase and installation of standby generator, test equipment and aerodrome beacon. Amounts totalling \$9.226M as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Purchase of equipment	2,761
Supply and installation of generator	2,460
“ “ “ “ aerodrome beacon	2,448
Repairs and calibration of testing equipment	1,557
<b>TOTAL</b>	<b>9,226</b>

941. Approval was granted for a change in programme to include the following pieces of equipment:-

- (a) VHF air-band transceiver;
- (b) Three VHF synthesised air-band transceivers;
- (c) One(1) air-band base station;
- (d) Two(2) mobile transceivers;
- (e) Two(2) infra-red binoculars;
- (f) One(1) player (playback for ATS voice recorder);
- (g) One(1) maintenance computer terminal software;
- (h) One(1) multimedia projector for the training school; and
- (i) Replacement printers and computer.

942. Included in the figure of \$2.761M are amounts totalling \$2.517M which were expended on the purchase of seven(7) pieces of equipment. These purchases fell between the limits of \$180,000 and \$600,000 and would have required adjudication by the Ministerial Tender Board. However, there was no evidence that this was done although a system of quotations was used before the purchases were effected. Notwithstanding this, the items purchased under this subhead were verified as having been received and properly brought to account.

### **Subhead 16003 - Stellings**

**943.** The sum of \$60M was voted for the rehabilitation of stelling, including Leguan, Georgetown, Adventure, Bartica, Wakenaam and Kumaka. This amount was released to the T&HD for that department to undertake the works. An examination of the records of the T&HD revealed that the full amount was expended, as follows:-

DESCRIPTION	AMOUNT \$'000
Rehabilitation of the Adventure Stelling	26,827
Rehabilitation of Bartica Stelling	14,315
Other expenses	1,537
Purchase of items for stelling	17,321
<b>TOTAL</b>	<b>60,000</b>

**944.** Three(3) contracts valued at \$22.827M were awarded to the same contractor for the rehabilitation of the Adventure Stelling without any form of public tendering. The General Manager explained that the works were of an emergency nature. However, a waiver of the tendering procedures should have been sought from the Secretary to the Treasury. As at 31 December 2000, amounts totalling \$26.827M were paid to the contractor, resulting in an overpayment of \$4M. This matter was drawn to the attention of the T&HD as a result of which the overpayment was recovered from the contractor. At the time of inspection, the works were completed and were physically verified.

**945.** A similar observation in relation to public tendering was made in respect of the rehabilitation of the Bartica Stelling. The contract was also awarded in the sum of \$15.905M. As at 31 December 2000, amounts totalling \$14.315M were paid to the contractor, and the works were physically verified.

**946.** The amount of \$17.321M expended on purchases for stelling included lumber, cement, tiles, electrical fittings and scales for Vreed-en-Hoop, Georgetown, Adventure, New Amsterdam and Rosignol stelling. Again, there was no evidence of adherence to the Tender Board Regulations before the purchases were effected. The items were nevertheless verified as having been received and properly brought to account.

#### **Subhead 16006 – Air Transport Reform Programme**

- 947.** The sum of \$23.5M was provided for (a) improvements to the Cheddi Jagan International Airport (CJIA) to ensure safe operations in compliance with International Civil Aviation Organisation standards (b) installation of approach lights (c) re-paving of CJIA runway (d) refurbishment of the terminal roof and sewage treatment (e) creation of a civil aviation authority, corporatising CJIA and privatising of Ogle airport and (f) technical assistance in creating necessary regulatory framework and staff training. A supplementary provision of \$1.3M was approved, giving a revised allocation to \$24.8M. Amounts totalling \$24.684M were expended.
- 948.** The Project is financed jointly by the Government of Guyana and the Inter-American Development Bank under Loan Agreement No. 1042 SF-GY and is subject to separate financial reporting and audit. The last set of audited accounts was in respect of 2000 and an examination of these accounts revealed the following expenditure:-

DESCRIPTION	AMOUNT \$'000
Professional fees	38,210
Training	468
<b>TOTAL</b>	<b>38,678</b>

- 949.** The difference of \$13.994M was due to (a) foreign disbursements totalling \$18.678M not yet brought to account and (b) counterpart expenditure totalling \$4.684M not included in the project financial statements. Included in the latter amount is the sum of \$4.371M which was paid to the special projects officer of the Ministry as salaries and gratuity.
- 950.** The amount of \$38.210M shown as payment for professional fees represents payments made on four(4) contracts for consultancy services, viz Special Advisor to the Minister, Adviser and Lead Coordinator, strengthening of the Civil Aviation Authority and the drafting of new Navigation Regulations. Similarly, the amount of \$468,000 shown as training represent the cost of airfare, hotel accommodation and meals for two(2) officers attending the CARICOM Seminar on Open Skies in Jamaica.

#### **Subhead 17001 - Minor Works**

951. An amount of \$5M was provided for the implementation of minor programmes and projects. Amounts totalling \$4.999M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Purchases for office and residence of Prime Minister	1,498
Donations	1,075
Miscellaneous	693
Repairs to Prime Minister's Office	672
" " " " Residence	558
" to air conditioning units and photocopier	503
<b>TOTAL</b>	<b>4,999</b>

952. Included in the amount of \$1.498M shown on purchases for the Office and Residence of the Prime Minister are the sums totalling \$685,000 expended on the purchase of a circulation swimming pool pump and two(2) cabinets for the Prime Minister's Residence. In addition, twenty-two(22) contracts valued at \$1.230M were awarded for minor repairs to the Prime Minister's Office and Residence.

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

953. The sum of \$300,000 was allocated for the payment an outstanding liability relating to 1997. An amount of \$291,249 was paid to a supplier in full settlement of the outstanding debt on a Toyota Land Cruiser vehicle registration No. PFF 7228 which was purchased in March 1997. This vehicle was received by the Ministry in 1997.

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

954. No allocation was made under this subhead in the original estimates for the period under review. However, a supplementary provision of \$3M was approved for the purchase of equipment for the Anna Regina Service Centre. Amounts totalling \$2.633M were expended on the purchase of chairs, desks and filing cabinets. However, the Ministerial Tender Board, instead of the Central Tender Board awarded the contract for the purchase. The items purchased were verified as having been but were not inventorised nor were



they marked to identify them as Government's property.

### **Subhead 26001 - Navigational Aids**

- 955.** An amount of \$20M was voted for the rehabilitation and repairs of buoys and beacons. The full amount was paid over to the Transport and Harbours Department. An examination of the T&HD records revealed that this amount was expended mainly in the purchase of equipment and other accessories for the rehabilitation of buoys and beacons. The items purchased were verified as having been received and properly brought to account.

### **Subhead 27001 - Reconditioning of Ships**

- 956.** The sum of \$50M was allocated for the docking and repairs to motor vessels Barima, Lady Northcote and Aruka and the acquisition of spares and materials. The full amount was released to the Transport & Harbours Department. An examination of the records of the T & HD revealed that the amount was utilised as shown below-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Purchase of spares for MV Barima, Northcote & Aruka	27,524
Repairs to MV Barima	13,480
Docking of Lady Northcote	8,996
<b>TOTAL</b>	<b>50,000</b>

- 957.** The acquisition of spares valued at \$27.524M for the rehabilitation of the three(3) vessels were done without any form of public tendering. The General Manager explained that, given the specialised nature of the items, three(3) suppliers were asked to bid on the basis of which the decision was taken. The items purchased were verified as having been received and properly brought to account.

**958.** The contract for the rehabilitation of MV Barima was awarded in June 2000 in the sum of \$13.480M again without any form of tendering. As at 31 December 2000, the full amount was paid to the contractor. In relation to the docking of Lady Northcote, an advance payment of \$8.966M was made to the contractor. Evidence was seen of independent verification by personnel from the T&HD attesting to the satisfactory completion of the works.

**Subhead 27003 - Reconditioning of Ferry Vessels**

**959.** An amount of \$50M was allocated for the docking and repairs to vessels MV Makouria, Malali and Torani and the acquisition of spares and materials. This amount was paid over 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
Repairs to MV Kimbia	30,453
Repairs to MV Makouria	19,547
<b>TOTAL</b>	<b>50,000</b>

**960.** Four(4) payments totalling \$13.453M were made to a contractor to rehabilitate the vessel MV Kimbia. These payments were made based on an invoice dated November 2000 in the sum of \$38.918M. There was, however, no evidence that T&HD followed any tendering procedures or obtained a waiver for the work to be undertaken. In addition, there was no evidence that approval was granted for a change in programme to rehabilitate the vessel. The General Manager explained that the vessel was involved in an accident and had to be repaired as a matter of urgency.

**961.** Amounts totalling \$19.547M were paid to a contractor for the rehabilitation of MV Makouria. These payments were also based on invoices submitted by the contractor. As in the case of the MV Kimbia, there was no evidence that tender procedures were followed before the contract was awarded, for reasons already mentioned.

**Subhead 27005 - Ferry Services**

- 962.** An amount of \$90M was allocated for (a) the upgrading of access road at Molsen Creek and the provision for electrical, water and other facilities at the Guyana/Suriname Ferry Stelling. Amounts totalling \$55.188M were expended as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Supply & installation of high voltage transmission line	19,890
Repairs to culverts and road	12,482
Construction of living quarters	11,974
Consultancy services	4,300
Emoluments of Project Manager	2,838
Repairs to vehicles	2,112
Others	1,592
<b>TOTAL</b>	<b>55,188</b>

- 963.** The contract for the supply and installation of a high voltage transmission line from Crabwood Creek to Molsen Creek was awarded in November 2000 in the sum of \$18.605M to the lone bidder based on an advertisement in one of the newspapers. This is not in keeping with the spirit of the Tender Board Regulations which require as wide a publication as possible. There was an approved variation of \$1.4M, giving a revised contract sum of \$20.005M. As at 31 December 2000, amounts totalling \$19.890M were paid to the contractor.

- 964.** The following observations were, however, made in relation to this contract:-

- (a) Included in the original bills of quantities is the sum of \$4.050M for supplying and installing uni-brackets complete with three(3) 15KV installators. However, no such equipment was supplied. Yet the

contractor was paid the labour cost of \$680,000;

(b) The Accounting Officer approved of a variation of \$6.501M for the supply and installation of other items such as one(1) 75 KV single phase transformer, installing of meter circuit, enclosed breakers and insulators etc., instead of the uni-brackets. Included in the variation is an amount of \$923,700 which was paid for preparatory work, such as clearing of bushes and shrubs. This item should have been in the original bills of quantities; and

(c) The commencement and completion dates of the contract were not stated. As a result, it could not be determined whether the contractor was required to pay any liquidated damages. In addition, the contract provides for a 5% retention. However, the full amount was paid to the contractor. At the time of inspection, the works were physically verified.

**965.** In relation to the amount of \$12.482M expended on repairs to roadways, culverts and sluice, two(2) separate contracts were awarded to the same contractor in the amounts of \$5.999M and \$5.993M. Had one(1) contract been awarded, this would have required adjudication by the Central Tender Board, instead of the Ministry's tender board whose limit, it should be noted, is \$6M. There was an approved variation of \$496,200 for the second contract, giving a revised contract sum of \$6.489M. As at 31 December 2000, the full amounts were paid to the contractor.

**966.** Further examination of the two(2) contracts revealed the following:-

(a) There was no evidence of public advertisement;

(b) Tender documents as well as the Engineer's Estimates were not submitted for audit; and

(c) The second contract was awarded to the contractor before the completion of the first contract;

**967.** The Accounting Officer explained that both jobs were done through selective

tendering involving three(3) contractors because the road was badly damaged and urgent action had to be taken to repair the roadway leading to Molsen Creek. He further stated that before the first contract was completed, there was another breach, which required urgent action, and as the contractor was on site, he was requested to do the work. At the time of inspection, the works were completed and physically verified.

- 968.** Two(2) living quarters were constructed to house customs and immigration officers. The contract for the first living quarters was awarded in the sum of \$5.992M in November 2000. The works were, however, advertised in only one of the newspapers. Thus is not in keeping with the spirit of the Tender Board Regulations which require as wide a publication as possible. The Engineer's Estimate was also not submitted for audit examination. In addition, physical inspection revealed an apparent overpayment of \$297,920 as shown below:-

<b>DESCRIPTION</b>	<b>QUANTITY CLAIMED</b>	<b>ACTUAL QUANTITY</b>	<b>RATE \$</b>	<b>APPARENT OVER PAYMENT \$</b>
Beam and Joist	1,425 L/F	1,272 L/F	Various	103,020
Painting	373 sq. yds.	224 sq. yds.	Various	62,900
Lap-edge wall board	1,450 sq. ft.	1,100 sq. ft.	240	84,000
Water tanks	6	4	24,000	48,000
<b>TOTAL</b>				<b>297,920</b>

- 969.** Further examination revealed that the paid cheque was endorsed in favour of another contractor and deposited into that contractor's bank account. The purported contractor, however, disclaimed any knowledge of the work as well as the signature on the back of the cheque.
- 970.** The contract for the second living quarters was awarded in November 2000 in the sum of \$5.996M. A similar observation was made in respect of the public advertisement as in the case of the first living quarters. Physical inspection also revealed apparent overpayments totalling \$260,960 as detailed below:-

DESCRIPTION	QUANTITY CLAIMED	ACTUAL QUANTITY	RATE \$	APPARENT OVER PAYMENT \$
Beam and Joist	1,425 L/F	1,272 L/F	Various	103,020
Lap-edge wall board	2,555 L/F	1,859 L/F	Various	95,040
Painting	373 sq. yd.	224 sq. yds.	Various	62,900
<b>TOTAL</b>				<b>260,960</b>

971. In addition, the actual amount expended on the second living quarters was \$4.704M. However, an additional amount of \$1.284M was paid to the contractor for works done to Moleson Creek stelling. In this regard, there was no evidence of an approved variation to the contract to facilitate work on the stelling.

972. The amount of \$4.3M shown as consultancy services represents sums purportedly paid to a consultant for services rendered in respect of the following:-

DATE	CONTRACT NO.	DESCRIPTION OF WORK	AMOUNT \$'000
12.09.2000	800	Installation of high voltage transmission line from Crabwood Creek – Molsen Creek	1,852
12.09.2000	801	Install. water supply system – Molsen Creek	1,152
12.09.2000	802	Const. of living quarters – Molsen Creek	1,296
<b>TOTAL</b>			<b>4,300</b>

973. In addition, an examination of the paid cheques revealed that these were endorsed and deposited into two(2) contractors' bank accounts. The consultant in question also disclaimed knowledge of the contracts and the services rendered. The matter was referred to the Police for investigation.

### Division 521

### Ministry of Public Works

### Subhead 14001 - Essequibo Coast Road

- 974.** The sum of \$495.418M was allocated for the completion of the Charity/Supenaam Road. A supplementary provision of \$100M was approved, giving a revised allocation to \$575.418M. According to the Appropriation Account, amounts totalling \$575.402M were expended. The Project was originally funded by the Government of Guyana and the International Development Association (IDA) under the Loan Agreement 2477 GUA. However, after the cancellation of the Agreement in May 1999, the Government of Guyana decided to finance the completion of the Project.
- 975.** Although the Loan Agreement referred to above was cancelled, there were two(2) bank accounts at the Riggs Bank with balances totalling US\$1,832,062 equivalent to G\$329.771M as at 1 January 2000. During the year, interest of US\$58,133, equivalent to G\$10.467M were received, giving a revised balance of US\$1,890,195, equivalent to G\$340.235M. As at 31 December 2000, this balance was reduced to US\$104,931 equivalent to G\$18.887M. Therefore, an amount of G\$321.348M was expended on the Project using the above-mentioned bank accounts. The difference of G\$98.984M represents Government of Guyana contribution.
- 976.** An examination of the records of the Project revealed an expenditure of \$420.332M, giving a difference of \$155.070M. This difference was due to (a) an amount of \$159.487M expended from the Riggs Account in 1999 now brought to account and (b) an amount of \$4.417M expended from the Riggs Accounts in 2000 not yet brought to account. The following is a breakdown of the project expenditure:-

DESCRIPTION	SOURCE OF FUNDING		TOTAL \$'000
	RIGGS A/C \$'000	GOG \$'000	
Rehabilitation of Essequibo Coast Road	293,500	81,652	375,152
Consultancy services	27,069	42	27,111
Administrative & other expenses	779	16,017	16,796
Fuel & lubricants	-	754	754
Other expenses	-	519	519
<b>TOTAL</b>	<b>321,348</b>	<b>98,984</b>	<b>420,332</b>

- 977.** The contract for the completion of the Supenaam/Charity Road was awarded December 1999 in the sum of \$544.693M following a system of selective tendering involving two(2) other contractors. At 31 December 2000, amounts totalling \$524.055M were paid to the contractor. At the time of reporting, the works were completed and were physically verified.
- 978.** In relation to the amount of \$27.069M expended on consultancy services, this relates to the supervision of the rehabilitation of the Essequibo Coast Road. The contract was awarded in October 1999 in the sum of \$32.064M. As at 31 December 2000, amounts totalling \$30.391M were paid to the contractor.
- 979.** The amount of \$16.796M shown as administrative and other costs represents local expenditure relating to mainly salaries and the maintenance and repairs to vehicles. Included in this figure was an amount of \$1.534M paid to an Attorney for representing the Ministry in court proceedings against the former contractor for the Essequibo Coast Road.
- 980.** As can be noted, amounts totalling \$754,319 were expended on fuel and lubricants. However, log books for the five(5) vehicles used by the Project were not produced for audit examination. In the circumstances, it could not be satisfactorily determined whether effective control was exercised over the use these vehicles.

**Subhead 14002 - Georgetown/Soesdyke/Rosignol Road**

- 981.** The sum of \$420M was voted for (a) the completion of the East Coast Highway from Georgetown to Mahaica and (b) the Railway Embankment from Sheriff Street to Enmore. A supplementary provision of \$320M was approved, giving a revised budgeted allocation to \$740M. According to the Appropriation Account, amounts totalling \$738.038M were expended.
- 982.** The Project is financed 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 2000 and an examination of these accounts revealed the following expenditure:-

DESCRIPTION	AMOUNT \$'000
273	



Direct Costs – Georgetown/Mahaica	321,600
Engineering & Administration	55,105
Direct Costs – Georgetown/Timehri	44,747
<hr/>	
<b>TOTAL</b>	<b>421,452</b>

- 983.** The difference of \$316.548M was due to (a) disbursements totalling \$134.906M made in 1999 now brought to account (b) disbursements totalling \$88.289M made in 2000 not yet brought to account and (c) additional counterpart expenditure totalling \$269.969M not reflected in the Project’s financial statements.
- 984.** The contract for the rehabilitation of the Georgetown/Mahaica roadway was awarded in September 1996 in the sum of \$1.946 billion. There were four(4) amendments to the contract, resulting in a revised contract sum of \$2.182 billion and an extended completion date to 30 September 2000. As at 31 December 2000, amounts totalling \$2.172 billion were paid to the contractor. At the time of inspection, the works were completed and were physically verified.
- 985.** The amount of \$55.105M shown under Engineering & Administration represents payments to (a) the consultant for providing supervisory services for the rehabilitation of the Georgetown/Mahaica roadway and (b) salaries and other administrative costs of the Project Executing Unit.
- 986.** The amount of \$44.747M shown under Georgetown/Timehri Roads was expended in the rehabilitation of the roadways between (a) Grove and Craig, including two(2) bridges and (b) Le Meridian and Ruimveldt Police Station. The following is a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Rehabilitation of roadway & bridges between Grove & Craig	25,999
Rehabilitation of Georgetown Roads Phase I	18,748
<b>TOTAL</b>	<b>44,747</b>

- 987.** The contract for the rehabilitation of the roadway between Grove and Craig, inclusive of two(2) bridges, was awarded in April 2000 in the sum of

\$26.791M based on selective tendering involving four(4) contractors. According to the evaluation committee's report, the Ministry needed an experienced contractor, hence the selective tendering. However, a waiver of the requirement for public advertisement should have been sought from the Secretary to the Treasury. A variation of \$2.215M was approved, giving a revised contract sum of \$29.006M. As at 31 December 2000, amounts totalling \$25.999M were paid to the contractor. At the time of inspection, the works were completed and were physically verified.

**988.** In relation to the rehabilitation of the roadway from Le Meridian to Ruimveldt Police Station, the contract was awarded in 1996 in the sum of \$200.273M. The Consultant issued a certificate of practical completion in October 1997. However, the Project Executing Unit did not approve the final certificate until 2000. The amount of \$18.748M represents payment on the final certificate.

**989.** As indicated above, amounts totalling \$269.969M were expended as additional counterpart expenditure. The following is a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Georgetown/Mahaica Roadway	51,580
Rehabilitation of City Streets	53,559
Upgrading of roadway - Chateau Margot to Paradise	47,374
"    " Mahaica/Unity existing roadway	43,930
Rehabilitation of bridges and culverts	33,317
Salaries and other emoluments	10,970
Maintenance of vehicles	6,790
Security services	4,197
Weeding and cleaning	3,069
Other	15,183
<b>TOTAL</b>	<b>269,969</b>

**990.** The amount of \$51.580M shown as expended on the rehabilitation of the Georgetown to Mahaica Roadway represents payments to the contractor based on fluctuations in exchange rates since the IDB budget under this

category was exhausted.

- 991.** The contract for the upgrading of six(6) roads from Chateau Margot to Paradise and linking to the Railway Embankment was awarded in September 2000 in the sum of \$65.162M through a system of selective tendering involving three(3) contractors. However, a waiver of the requirement for public advertisement should have been sought from the Secretary to the Treasury. As at 31 December 2000, amounts totalling \$47.374M were paid to the contractor for works completed. At the time of inspection, the works were completed and were physically verified.
- 992.** A similar observation was made in respect of the rehabilitation of the existing roadway between Mahaica and Unity and therefore the comment made in the preceding paragraph is also relevant. The contract was awarded in September 2000 in the sum of \$47.279M. As at 31 December 2000, amounts totalling \$43.930M were paid to the contractor. At the time of reporting, the works were completed and were physically verified.
- 993.** Three(3) contracts valued at \$36.908M were awarded in October 1999 and August 2000 for the construction of six(6) culverts in Enmore and Paradise/Fouils. Two(2) of these contracts valued at \$20.556M were awarded again based on selective tendering involving three(3) contractors. As at 31 December 2000, amounts totalling \$35.556M were paid to the contractors. At the time of inspection, the works were completed were completed and were physically verified.
- 994.** It should be mentioned that in respect of the construction of three(3) converts, the contract was initially awarded in February 1999 in the sum of \$16.956M, and a mobilisation advance of \$1.699M was paid to the contractor. The contractor, however, failed to commence the works. Evidence was seen where the Ministry sought legal advice on the matter. Up to the time of reporting, the mobilisation advance remained unrecovered.
- 995.** Included in the figure of \$15.183M shown as Other is an amount of \$10.403M representing payments on two(2) contracts for the rehabilitation of thirty(30) acrow panel bridges on the Railway Embankment. The contracts were awarded on 18 December 2000 to the same contractor through a system of selective tendering involving four(4) contractors. This apart, had one(1) contract been awarded, the Central Tender Board would have had to adjudicate on the award. According to the Ministry's tender

board minutes, the works were urgently required since pieces of steel were protruding from some of the bridges and this was a source of danger to vehicular traffic. In addition, the full contract sums were paid into the bank account of the contractor on 29 December 2000. At the time of inspection, the works were completed and were physically verified.

### **Subhead 14003 - Soesdyke/Linden Highway**

- 996.** The sum of \$430M was voted for the completion of the Soesdyke/ Linden Highway and the extension of Burnham Drive, Linden. A supplementary provision of \$209.420M was approved, giving a revised allocation of \$639.420M. According to the Appropriation Account, amounts totalling \$719.798M were expended. The excess expenditure of \$80.378M was met from an advance from the Contingencies Fund.
- 997.** The Project is financed by the Government of Guyana and the Caribbean Development Bank under the Loan Agreement No. 10/SFR-GU. An examination of the records of the Project revealed an expenditure of \$514.848M. The difference of \$204.950M was due to (a) disbursements totalling \$158.567M made in 1999 now brought to account (b) counterpart expenditure totalling \$2.630M not shown on the financial statements (c) over-release of funds totalling \$69.243M by the Ministry of Finance and (d) disbursements totalling \$25.494M made in 2000 not yet brought to account.
- 998.** The following is a breakdown of the Project expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT G\$'000</b>
Rehabilitation of Soesdyke/Linden Highway	404,535
Consultancy services	116,918
<b>TOTAL</b>	<b>514,848</b>

**999.** The contract for the rehabilitation of the Soesdyke/Linden Highway was awarded in February 1997 in the sum of \$920.512M. There were two(2) amendments to the contract. The first was in November 1999 which increased the contract price to \$1.321 billion as well as the duration to 30 June 2000. The second amendment was in October 2000 which increased the contract price to \$1.354 billion and the completion date to 15 April 2001. As at 31 December 2000, amounts totalling \$1.195 billion were paid to the contractor. At the time of inspection, the works were completed and were physically verified.

**1000.** The contract for the supervision of the rehabilitation of the Soesdyke/Linden Highway was awarded in June 1997 in the sum of US\$1,189,962, equivalent to \$196.344M. There were three(3) amendments to the contract. The third amendment dated 12 October 2000 revised the contract sum to US\$1,997,440, equivalent to G\$359.539M, as well as the duration to 30 April 2001. This amendment was made specifically to cover the additional man months required for the design and supervision of the Highway and extension works in the Linden area. As at 31 December 2000, amounts totalling US\$1,821,380, equivalent to G\$327.848M, were paid to the Consultants.

#### **Subhead 14010 - Administration & Supervision**

**1001.** The sum of \$4M was allocated for the provision of administrative and supervision costs for road projects. Amounts totalling \$3.993M were expended. The Project was jointly funded by the Government of Guyana (GOG) and the International Development Association (IDA). The amount expended represents counterpart expenditure relating to administrative costs of the Project Execution Unit.

#### **Subhead 14011 - Internal Audit**

**1002.** The sum of \$3.163M was provided for the strengthening of the internal audit office of the Ministry. A supplementary provision of \$5.621M was approved, giving a revised allocation of \$8.784M. The full amount was expended.

**1003.** The Project is financed jointly by the Government of Guyana and the Inter American Development Bank under Loan Agreement No. 890/SF-GY.

The last set of audited accounts was in respect of the year 2000, and an examination of these accounts revealed an expenditure of \$14.124M. The difference of \$5.340M was due to (a) a disbursement of \$2.326M made in 1999 now brought to account and (b) disbursements totalling \$7.666M made in 2000 not yet brought to account.

**1004.** The following is a breakdown of the audited expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Emoluments of the Internal Auditor	4,320
Emoluments of the new Finance Controller	2,676
Consultancy services	7,128
<b>TOTAL</b>	<b>14,124</b>

**1005.** As can be noted, amounts totalling \$9.804M were utilised as to meet the emoluments of the new Financial Controller as well as for consultancy services for an institutional and organisational analysis of the Ministry. There was, however, no evidence that approval was granted for a change in programme to utilise this amount otherwise.

**1006.** The contract for institutional and organisational analysis of the Ministry was awarded in March 2000 in the sum of US\$44,000. As at 31 December, amounts totalling \$7.128M were paid to the Consultant. The consultant submitted a draft report in October 2000 and a final report in November 2000. The balance of US\$5,000 was withheld pending acceptance of the report. However, up the time of reporting, it could not be determined whether the Ministry accepted the report.

#### **Subhead 14013 - Road Maintenance Fund**

**1007.** The sum of \$40M was provided for the provision of a road maintenance

fund. The full amount was expended in the maintenance of the following roads:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Vreed-en-Hoop to Parika	20,836
Mahaica Bridge to Rosignol Stelling	13,053
New Amsterdam to Corriverton	2,892
Ruimveldt Police Station to Timehri Police Station	3,219
<b>TOTAL</b>	<b>40,000</b>

**1008.** The contract for the maintenance of the roadway from Vreed-en-Hoop to Parika was awarded in October 2000 in the sum of \$31.702M. As at 31 December 2000, amounts totalling \$20.836M were paid to the contractor. In relation to the roadway from Mahaica Bridge to Rosignol Stelling, the contract was awarded to the third lowest bidder in October 2000 in the sum of \$20.891M. According to the minutes of CTB, the lowest bidder had been awarded several other contracts which had not yet been completed while the second lowest bidder was eliminated on the grounds that he had limited experience and no suitable equipment for road works. At 31 December 2000, amounts totalling \$13.053M were paid to the contractor. At the time of inspection both works were completed and were physically verified.

**1009.** The contract for the rehabilitation of 53 miles of roadway between New Amsterdam and Corriverton was awarded in July 2000 in the sum of \$5.996M. According to the Tender Board minutes, four(4) bids were received in response to a public advertisement. However, a copy of the advertisement was not produced for audit examination. At 31 December 2000, amounts totalling \$2.892M were paid to the contractor. A further

payment of \$837,450 was made in 2001. According to the Consultant, the contractor had not completed the project and he had advised the Ministry to terminate the contract. However, it could not be determined whether the Ministry took action in this regard. It should be noted that included in the contract is a clause for liquidated damages of \$15,000 per day. However, there was no evidence that the Ministry invoked this clause.

- 1010.** The Ministry awarded another contract in September 2000 in the sum of \$3.580M for the rehabilitation of the roadway from New Amsterdam to Crabwood Creek. According to the Tender Board minutes, the contract was publicly advertised and attracted only two(2) bids. However, neither a copy of the advertisement nor the evaluation committee report was presented for audit examination. As at 31 December 2000, the value of works completed on this contract was \$2.649M. However, this amount was paid in January 2001. At the time of reporting, the two(2) projects remained incomplete. The consultant has since advised the Ministry to terminate the second contract.
- 1011.** The contract for the rehabilitation of the roadway from Ruimveldt Police Station to Timehri Police Station was awarded to the second lowest bidder in October 2000 in the sum of \$22.338M. The lowest bidder, whose tendered sum was \$21.837M, was eliminated on the basis of lack of experience as well as not having suitable equipment for road works. At the 31 December 2000, only a mobilisation advance of \$2.234M was paid to the contractor. At the time of inspection, the works were completed and were physically verified.
- 1012.** A bridge at Friendship was also rehabilitated at a cost of \$984,960 through a system of selective tendering involving three(3) contractors. According to the Tender Board minutes, the bridge had collapsed and needed to be rehabilitated urgently. The works were physically verified.
- 1013.** It should be mentioned that, in relation to this subhead, a special bank account No. 3078 was established in 1996 with an initial deposit of \$100M. As at 31 December 1999, this account reflected a balance of \$54.103M. There was no movement on this account for the period under review. The amount of \$40M allocated under this subhead was deposited into the



Ministry's main bank account, and as indicated above, was fully utilised. It is recommended that the balance of \$54.103M on account No. 3078 be transferred to the Consolidated Fund and steps taken to close the account.

## **HEAD 41 & DIVISIONS 542 & 543**

### **MINISTRY OF EDUCATION**

#### **Current Expenditure**

##### **Employment Costs**

- 1014.** The present salaries bank account No. 3060 was consistently overdrawn by significant amounts during the year. However, as at 31 December 2000, it reflected a positive balance of \$57.451M. This state of affairs was due mainly to the failure of the Ministry to ensure that funds are transferred to this account in a timely manner from the main bank account. 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.
- 1015.** 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 for account No. 3060 was not properly balanced in that the daily and monthly balances were not being carried forward. 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. The Accounting Officer is therefore urged to ensure compliance with the laid-down procedures.
- 1016.** It is obvious from the observation 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.

**1017.** 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 2000. At the time of reporting, evidence was seen that representation was made to the Bank of Guyana to have the account closed and the balance transferred to the Consolidated Fund.

**1018.** 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.

**1019.** A comparison of the authorised staff as shown in the 2000 Estimates of Expenditure with the actual staff employed by the Ministry in December 2000, revealed that the authorised staff was exceeded by 2,213, as shown below:-

<b>DESCRIPTION</b>	<b>AUTHORISED</b>	<b>ACTUAL</b>	<b>EXCESS</b>
Administration	54	346	292
Senior Technical	95	1,086	991
Other Technical & Craft Skilled	138	350	212
Clerical & Office Support	321	285	-
Semi-skilled	247	928	681
Contracted Employees	0	37	37
<b>TOTAL</b>	<b>855</b>	<b>3,032</b>	<b>2,213</b>

**1020.** The Accounting Officer explained that the teaching grades were not included in the authorised staff strength as shown in the National Estimates. It is again recommended that all grades of officers be included in the National Estimates in order to provide a basis for meaningful comparison between the authorised and actual staff strength.

**1021.** 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 six(6) occasions payments were made on average two(2) months later. As a result, as at 31 December 2000, the Ministry was indebted to the Scheme in the sum of \$14.008M as penalties and related interest for late payment of deductions. Of this amount, \$3.153M was in respect of 2000. As at June 2001, the liability had increased to \$15.811M. The Accounting Officer explained that a meeting was held with officials of the NIS who agreed to provide detailed information in relation to this liability.

### **Other Charges**

- 1022.** Up to the time of reporting, 494 payment vouchers valued at \$129.385M were not presented for audit examination, despite repeated requests. 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 1999 where, based on test-checks carried out, 293 payment vouchers totalling \$34.096M were not presented for audit.
- 1023.** 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, 425 cheque orders valued at \$17.425M remained outstanding. A similar observation was made in my 1999 report where it was stated that 214 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.
- 1024.** The main bank account No. 926, which ceased to be operational in May 1996, was overdrawn by \$78.115M as at 31 December 2000. It is again recommended that the overdraft be investigated and steps taken to close the account.
- 1025.** Although the present main bank account No. 3061 reflected a large positive balance of \$113.844M as at 31 December 2000, it was overdrawn on fifty(50) occasions during the year by large amounts. At the time of the audit in August

2001, the account was also only reconciled to November 1999, and an examination of bank reconciliation statements for the months of January 1999 to November 1999 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 No. 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:-

<b>Month</b>	<b>Balance on Bank Reconciliation Statement</b> \$	<b>Actual Cash Book Balance</b> \$	<b>Difference</b> \$
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

**1026.** The reconciliation statements could not therefore be regarded as a reliable basis for comparing the balance as shown in the Ministry's records with that shown in the Bank's records. This state of affairs can result in irregularities being perpetrated without detection.

**1027.** 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. This is not only a violation of the laid-down procedures but would also have resulted in the periodic overdrafts referred to above.

- 1028.** 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.
- 1029.** An examination of the related records revealed that 172 advances granted in 2000 and valued at \$9.926M remained outstanding at the time of reporting. Further examination revealed that for the years 1997 to 1999, there were also 394 advances totalling \$40.387M 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.
- 1030.** It is evident that an 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.
- 1031.** The minutes of the Ministerial Tender Board continued not to be 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) the 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.

It is again recommended that adequate minutes be kept of all matters adjudicated by the Ministerial Tender Board.

- 1032.** Amounts totalling \$187.099M were expended on Materials, Equipment & Supplies. The following is a breakdown of the purchases made:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Stationery	70,114
Purchase of exercise books	51,000
Purchase of text books	32,052
Office equipment	21,438
Medical supplies	2,488
2 – 1 Minute television features	2,073
Grants to schools	1,868
Teacher's registers and journals	1,648
Pupils register and record cards	1,544
Commonwealth yearbook advertisement	1,438
Purchase of newspapers	1,436
<b>TOTAL</b>	<b>187,099</b>

- 1033.** An analysis of the above expenditure by authority limits is shown below:-

<b>AUTHORITY LIMIT</b>	<b>NO. OF PURCHASES</b>	<b>AMOUNT \$'000</b>
Below \$90,000	1,885	67,406
\$90,000 - \$180,000	55	6,661
\$180,000 - \$600,000	63	20,529
\$600,000 - \$6M	4	9,163
Over \$6M	5	83,340
<b>TOTAL</b>	<b>2,012</b>	<b>187,099</b>

- 1034.** In relation to the purchase of stationery falling below \$90,000, several instances were observed of apparent subdivision of purchases to avoid the application of a system of quotations and/or adjudication by the Ministerial Tender Board. For example, seven(7) purchases valued at \$608,572 for the supply of legal size paper were made from the same supplier on 30 June 2000.
- 1035.** The amount of \$51M expended on the purchase of exercise books represents the balance on a contract entered into in 1999 for the supply of two(2) million books. The delivery of the exercise books was completed in March 2001. In relation to the purchase of textbooks, an amount of \$19.035M was expended on the purchase of 14,506 textbooks from overseas. However, up to the time of reporting, 11,400 textbooks valued at \$6.619M had not been received. The following are the details:-

<b>SUPPLIER</b>	<b>QUANTITY</b>	<b>AMOUNT \$'000</b>
Cambridge University Press	8,400	4,900
Cambridge University Press	2,000	1,167
Cambridge University Press	1,000	552
<b>TOTAL</b>	<b>11,400</b>	<b>6,619</b>

- 1036.** A similar observation was made in respect of an amount of \$13.017M expended on the purchase of textbooks locally in that up to the time of reporting, textbooks valued at \$9.636M had not been received.
- 1037.** As can be noted, the sum of \$21.438M was expended on the purchase of office equipment such as air conditioning units, fans, cabinets and computers. These are items of a capital nature, the cost of which should have been met from the Ministry's capital programme under Subhead 26004. However, only \$2.433M was allocated under this subhead the full amount of which was expended. It is evident that the charging of the amount of \$21.438M to current expenditure was done to avoid overrunning the voted provision under Subhead 26004.
- 1038.** The amount of \$2.073M expended on the cost of 2 – 1 minute television features represents an advanced payment of 50% to a local firm to

undertake the work. However, the execution of the contract was put on hold in November 2000. Up to the time of reporting, there was no evidence that the Ministry received value in respect of this transaction nor was there evidence that the Ministry received a refund of the advance.

**1039.** Amounts totalling \$10.857M were expended on Fuel & Lubricants. However, of the twenty-six(26) vehicles in use by the Ministry, log books for twelve(12) vehicles were not presented for audit. Of the log books presented, only four(4) sets represented the entire period under review while the other ten(10) 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.

**1040.** 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.

**1041.** Amounts totalling \$106.493M were expended on the Rental & Maintenance of Buildings, as follows:-

DESCRIPTION	AMOUNT \$'000
Rental of buildings	9,822
Maintenance of buildings	77,011
Janitorial & cleaning services	19,660
<b>TOTAL</b>	<b>106,493</b>

**1042.** A total of thirty-seven(37) buildings were rented for the period under review while 103 buildings were maintained. Physical verification was carried out in respect of forty-one(41) buildings, and the works undertaken were generally in conformity with the respective bills of quantities.



**1043.** Amounts totalling \$17.753M were expended on Maintenance of Infrastructure, as follows: -

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Weeding & cleaning of schools & Ministry's compounds	8,764
Carpentry & plumbing	4,419
Landscaping and land filling	2,677
Miscellaneous purchases	809
Digging drains	678
Cleaning Sewerage	244
Miscellaneous works	162
<b>TOTAL</b>	<b>17,753</b>

**1044.** The above works were undertaken by 359 contracts valued at \$16.944M. Because of the nature of some of the works, physical verification could not have been carried out. However, reliance was placed on certificates attesting to the satisfactory completion of the works.

**1045.** Amounts totalling \$51.510M were expended on Transport, Travel & Postage, as follows: -

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Travelling & subsistence	21,519
Hire of vehicles	9,149
Purchase of vehicle spares	8,599
Repairs to vehicle	8,289
Overseas travel	2,852
Postage	1,102

<b>TOTAL</b>	<b>51,510</b>
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- 1046.** In relation to travelling and subsistence, based on test-checks carried out, adequate documentation was seen in support of the expenditure, with the exception of six(6) payments valued at \$857,000 where details were not attached to the related payment vouchers.
- 1047.** The amount of \$9.149M was expended on the hire of vehicles for the distribution of textbooks and exercise books to the various schools countrywide. Adequate documentation was seen in support of the expenditure. However, in relation to the amount of \$8.599M expended on the acquisition of vehicle spares, 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.
- 1048.** 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, it 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. Notwithstanding this, the Audit Office's analysis revealed high maintenance costs in respect of the following vehicles:-

<b>VEHICLE NUMBER</b>	<b>AMOUNT \$</b>	<b>VEHICLE NUMBER</b>	<b>AMOUNT \$</b>
PDD 7931	943,725	PDD 5772	444,045
PDD 7932	827,476	PDD 5705	381,147
PDD 5707	575,895	PDD 7935	350,940
GEE 3829	565,500	GDD 1909	308,345
GBB 9991	520,943	PDD 1410	276,200

- 1049.** Amounts totalling \$57.297M were expended on Utility Charges, as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>

Electricity Charges	39,528
Water Charges	11,674
Telephone Charges	6,095
<b>TOTAL</b>	<b>57,297</b>

- 1050.** The amount of \$39.528M 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 \$46.719M, giving a difference of \$7.191M. A similar observation was made in respect of water rates where there was a difference of \$188,345 between the related register and the appropriation accounts. It is recommended that periodic reconciliation of the Votes Ledger with these records be carried out.
- 1051.** Included in the amount of \$6.095M shown as telephone charges, were sums totalling \$863,582 representing the cost of overseas telephone calls. However, the Ministry did not maintain a register of overseas telephone calls to monitor all such calls. In addition, there was a difference of \$1.526M between the amount shown in the appropriation accounts and that reflected in the Telephone Register. The latter showed a balance of \$4.569M. It is recommended that periodic reconciliation of the Telephone Register with the Votes Ledger be carried out.
- 1052.** Amounts totalling \$132.001M were expended on Other Goods & Services Purchased. The following gives a breakdown of the payments made:-

DESCRIPTION	AMOUNT \$'000	AMOUNT \$'000
<b>Security grants to schools:-</b>		
6 practical instruction centres	3,893	
40 nursery	9,766	
36 primary	23,345	
31 secondary	20,614	
		57,616
Security services		45,267
Repairs & maintenance of equipment		16,640
Cleaning & extermination services		4,993
<b>Other:-</b>		

Honorarium	1,653	
Broadcasting to schools	1,073	
Marking examination papers	1,523	
Miscellaneous	3,236	7,485
<b>TOTAL</b>		<b>132,001</b>

**1053.** In relation to the amount of \$57.616M 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 use of the grants.

**1054.** The amount of \$45.267M expended on security services relates mainly to contracts entered into approximately eight(8) 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.

**1055.** Included in the amount of \$16.640M expended on repairs and maintenance of equipment, were sums totalling \$8.015M 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. However, as indicated above, the Ministry had exhausted its voted provision on the relevant capital subhead. The items purchased were nevertheless verified as having been received. However, they were not inventoried.

**1056.** Amounts totalling \$146.185M were expended on other Operating Expenses. The following is a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Manufacturing of school feeding supplies	87,996
Meals supplied to CPCE	36,667
National and other events	10,553
Hot Meal Programme	7,227
Transportation & distribution of schools feeding items	3,742
<b>TOTAL</b>	<b>146,185</b>

- 1057.** The expenditure of \$87.996M 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.
- 1058.** In relation to meals supplied to the Cyril Potter College of Education, the expenditure of \$36.667M was in respect of meals supplied to 270 students residing at the CPCE dormitories at a daily rate of \$535 per student. Adequate documentation existed in support of the expenditure.
- 1059.** The amount of \$10.553M was expended mainly on a science fair and Mashramani celebrations while the amount of \$3.742M represents the cost of transporting school feeding supplies to 312 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.
- 1060.** Amounts totalling \$645.658M were expended on Education, Subvention & Training. The following gives a breakdown of the payments made:-

DESCRIPTION	AMOUNT
	\$'000
University of Guyana	246,358
President's College	108,250
Government Technical Institute	65,053
Queen's College	52,585
Workshops, conference and training expenses	32,728
Grants to schools	31,230
Linden Technical Institute	27,196
Examination costs	22,838
Examination subsidies	21,000
Critchlow Labour College	16,000
Kuru Kuru Cooperative College	13,455
Adult Education Association	7,600
Guyana Industrial Training Centre	1,365
<b>TOTAL</b>	<b>645,658</b>

- 1061.** 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 2001. The amount of \$246.358M was verified as having been received by the University and properly brought to account. The Audit Office issued an unqualified opinion on the accounts of the University for the academic years ended 31 July 2000 and 2001.

- 1062.** 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 1999. Financial statements for the year 2000 were not received up to the time of reporting. The amount of \$108.250M was verified as having been received by the College but in the absence of audited accounts for 2000, it could not be determined whether it was properly expended. It should be mentioned that the Audit Office issued a disclaimer of opinion on the College's 1999 accounts.
- 1063.** The amounts of \$65.053M and \$27.196M 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 \$31.230M 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.
- 1064.** The Queen's College is also subject to separate financial reporting and audit. The last set of audited accounts of the College was in respect of 1998. Financial statements for the years 1999 and 2000 were received on 4 April 2002, and at the time of reporting, the audits were in progress. The amount of \$52.585M was verified as having been received by the College.
- 1065.** In relation to the amount of \$32.728M expended on workshops, training courses etc., sixty-one(61) workshops and training courses were held for the period under review. Adequate documentation existed in support of the expenditure.
- 1066.** 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 \$13.455M 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 \$16M.

- 1067.** Amounts totalling \$97.197M were expended on subsidies and contributions to local and international organisations. The following gives a breakdown of the payments made:-

DESCRIPTION	AMOUNT \$'000
National Library	60,000
GARLAND	500
UNESCO	450
Caribbean Examinations Council	36,247
<b>TOTAL</b>	<b>97,197</b>

- 1068.** 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 \$60M was verified as having been received by the Library but in the absence of audited accounts for 2000, it could not be determined whether the amount granted as subvention was properly expended.
- 1069.** Excess expenditure totalling \$3.95M was incurred under Programmes 2, 3 and 5. Since there were savings under other line items 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.

## Capital Expenditure

### Division 542

#### Subhead 12002 - Primary Education Improvement Programme

- 1070.** The sum of \$1.128 billion was allocated for (a) the improvement of the physical infrastructure of primary schools (b) curriculum development and education technology improvement and (c) the development of human resources. A supplementary provision of \$482M was approved, giving a

revised allocation of \$1.610 billion. According to the Appropriation Account, amounts totalling \$1.592 billion were expended.

**1071.** 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 2000. An examination of the audited accounts revealed an expenditure of \$1.820 billion, giving a difference of \$228M. The difference is due mainly to (a) disbursements totalling \$59.581M made in 1999 brought to account in 2000 and (b) disbursements totalling \$287.151M made in 2000 not yet brought to account.

**1072.** The following is a breakdown of the audited expenditure:-

DESCRIPTION	AMOUNT \$'000	AMOUNT \$'000
<b>Development of Human Resources</b>		
Staffing training	12,898	
Consultancy	69,766	82,664
<b>Curriculum Development etc.</b>		
Purchase of equipment & furniture	68,250	
Purchase of teaching material	56,499	124,749
<b>Improvement of Physical Infrastructure</b>		
Rehabilitation of schools	506,806	
Construction of new schools	847,887	
Design and supervision	115,846	1,470,539
<b>Other</b>		
Administration expenses	58,310	
Interest & credit fee	83,400	141,710
<b>TOTAL</b>		<b>1,819,662</b>

**1073.** The amount of \$12.898M shown as expenditure on staff training represents the cost of training teachers and conducting of workshops at the primary school level. In relation to the amount of \$69.766M expended on



consultancy services, this was in respect of training to teachers and conducting relevant workshops. The expenditure was verified as having been properly incurred.

- 1074.** The amount of \$68.250M was expended on the purchase of the laboratory equipment and furniture for primary and secondary schools. In relation to the amount of \$56.499M expended on teaching materials, this was in respect of the printing and supply of books and manuals as well as research texts for libraries. These items purchased were verified as having been received and distributed.
- 1075.** Amounts totalling \$1.355 billion were expended on the rehabilitation and construction of seventy-seven(77) schools, forty-nine(49) of which commenced prior to 2000. At the time of reporting, forty(40) schools were completed, including twenty-eight(20) schools whose rehabilitation works commenced prior to 2000. The works were physically verified.
- 1076.** The amount of \$115.846M expended on design and supervision represents payments to nine(9) 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.
- 1077.** In relation to the amount of \$58.310M expended on the administrative costs, this represents payments of emoluments and other operating expenses of the Project Implementation Unit, including the purchase of four(4) computers and a document feeder. Based on test-checks carried, the expenditure was verified as having been properly incurred.

### **Division 543**

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

- 1078.** The sum of \$100M was voted for the (a) completion of Stewartville Primary School and (b) rehabilitation of Queen's College, St. George's and South Road nursery schools, St. Sidwell and Ketley primary schools and North Ruimveldt Secondary School. Approval was granted for a change in

programme to exclude works on the St. George's and South Road nursery schools and to include (a) the rehabilitation of North Georgetown Multilateral, St. Rose's High and Winfer Garderns Primary schools and the Ministry's building at 68 Brickdam (b) completion of Sophia Special School (c) consultancy services and administrative costs and (d) purchase and installation of transformer of Tagore High School. Amounts totalling \$49.739M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Completion of Stewartville Secondary	13,638
Rehabilitation of 68 Brickdam Secondary	6,198
"    "    North Ruimveldt Multilateral	5,841
"    "    St. Rose's High	5,332
"    "    Queen's College	4,376
"    "    St. Sidwell's Primary	3,459
Completion of Sophia Special School	2,384
Rehabilitation of Ketley Primary	1,476
"    "    Waramadong Secondary	1,090
"    "    Winfer Gardens Primary	681
Purchase & installation of transformer at Tagore High	557
Administrative costs	2,063
Miscellaneous	2,644
<b>TOTAL</b>	<b>49,739</b>

**1079.** As can be noted, rehabilitation works were carried out on the Waramadong Secondary School but there was no evidence that approval was granted for a change in programme to undertake these works. The expenditure of \$1.090M is therefore regarded as unauthorised.

**1080.** 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 2000, amounts totalling \$79.483M were paid to the contractor. The works were completed and the school was officially handed over to the Ministry of Education in September 2000.

**1081.** In relation to the rehabilitation of the Ministry's building at 68 Brickdam, the contract was awarded in the sum of \$5.904M. A variation of \$294,000 was approved, increasing the contract sum to \$6.198M. As at 31 December

2000, the full amount was expended. At the time of inspection, the works were completed and were physically verified. It should be noted that an amount of \$5.437M was expended in 1999 in relation to rehabilitation of the said building. Therefore, the cost of rehabilitation was \$11.635M.

- 1082.** The contract for the rehabilitation of the North Ruimveldt Multilateral School was awarded in the sum of \$5.486M. A variation of \$355,000 was approved, thus increasing the contract sum to \$5.481M. As at 31 December 2000, the full amount was expended. In relation to the rehabilitation of the St. Rose's High School, the contract was awarded in the sum of \$5.359M. As at 31 December 2000, amounts totalling \$5.332M were paid to the contractor. The related works were physically verified.
- 1083.** In relation to the rehabilitation of Queens College, the amount of \$4.376M was expended on consultancy services and soil tests for the reconstruction of the Administrative Block and Auditorium of the College. The contract for the actual works was awarded in January 2001 in the sum of \$93.6M.
- 1084.** The contract for the rehabilitation of St. Sidwell's Primary School was awarded in the sum of \$6.015M. As at 31 December 2000, amounts totalling \$3.459M were paid to the contractor. Physical verification exercise carried out in February 2001 revealed several defective work on the building which was still incomplete. The Accounting Officer explained that the contractor had breached the terms and conditions of the contract and that the Ministry was in the process of terminating the contract.
- 1085.** The rehabilitation of Sophia Special School was awarded in 1999 in the sum of \$8.030M. As at 31 December 2000, the full amount was paid to the contractor. The works were physically verified.
- 1086.** The contracts for the rehabilitation of Ketley and Winfer Gardens Primary schools were awarded in the sums of \$921,908 and \$680,574 respectively. In the case of Ketley Primary School, a variation of \$554,083 was approved, giving a revised contract sum of \$1.476M. As at 31 December 2000, the full amounts were paid to the contractors, and the works were physically verified.
- 1087.** Amounts totalling \$1.090M were expended on rehabilitation works of the

water supply system at the Waramadong Secondary School. Because of the remoteness of the area, the works could not have been physically verified. Reliance was nevertheless placed on the certificate of satisfactory completion issued by personnel from the Ministry.

### **Subhead 12002 - President's College**

- 1088.** The sum of \$5.7M was allocated for the rehabilitation of Dormitories I, II and III of the College. Amounts totalling \$5.102M were expended. The contract was awarded in the sum of \$5.232M, of which the sum of \$4.967M was paid to the contractor. The difference of \$135,503 was in relation to consultancy services. The works were physically verified.

### **Subhead 12005 - Craft Production and Design**

- 1089.** The sum of \$2M was allocated for the rehabilitation of the craft production and design building in the compound of the Carnegie School of Home Economics. Amounts totalling \$1.953M were expended. The contract was awarded in the sum of \$1.579M. There was an approved variation of \$374,000, giving a revised contract sum of \$1.953M. As at 31 December 2000, the full amount was paid to the contractor, and the works were physically verified.

### **Subhead 12007 - National Library**

- 1090.** The sum of \$25M was allocated for the completion of extension works of the National Library. A supplementary provision of \$7M was approved, giving a revised provision of \$32M. As at 31 December 2000, the full amount was expended.
- 1091.** An examination of the records of the Library revealed amounts totalling \$39.520M were expended. The difference of \$7.520M was met from unspent balances in previous years. It should be emphasised that the retention of unspent balances is a breach of Section 36 of the FAA Act. Notwithstanding this, the works were physically verified.

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

**1092.** The sum of \$1.2M was voted for the construction of security huts and purchase of computer. Amounts totalling \$1.198M were expended on the construction of four(4) security huts and in purchase of two(2) computers. The works were physically verified while the computers were verified as having been received by the College.

**Subhead 12011 - Teachers Training Complex**

**1093.** The sum of \$4.732M was allocated for the installation of security lights, completion of the fence and the purchase of textbooks and laboratory equipment. Amounts totalling \$4.531M were expended in the completion of the fence. The Accounting Officer explained that the funds allocated were inadequate to purchase the textbooks and laboratory equipment. At the time of inspection, the fence was completed and was physically verified.

**Subhead 12012 - University Of Guyana (Turkeyen)**

**1094.** The sum of \$15M was voted for (a) the rehabilitation of the education (ORMP), natural sciences - east and west classrooms and offices and lecture theatres and (b) purchase of laboratory equipment for natural sciences and technology facilities. According to the appropriation account, an amount of \$12M was shown as having been expended.

**1095.** An examination of the records of the University revealed an expenditure of \$4.335M, as shown below: -

DESCRIPTION	AMOUNT \$'000
Faculty of Education Classroom	1,738
Faculty of Natural Sciences Classroom	2,598
<b>TOTAL</b>	<b>4,335</b>

The difference of \$7.665M was retained by the University, contrary to Section 36 of the FAA Act.

**1096.** The contracts for the above works were awarded in August 2000 in the sums

of \$1.757M and \$2.578M respectively. As at 31 December 2000, the full amounts were paid to the contractors. The works were physically verified.

**Subhead 12013 – University of Guyana (Berbice)**

- 1097.** The sum of \$60M was allocated for the establishing of a new campus in Berbice. A supplementary provision of \$74.641M was approved, giving a revised allocation of \$134.641M. Amounts totalling \$134.878M were expended, giving an excess expenditure of \$237,000.
- 1098.** The contract for the construction of the new campus was awarded in the sum of \$77.848M. A variation of \$21.581M was approved, giving a revised contract sum of \$99.428M. As at 31 December 2000, the full amount was paid to the contractor while an amount of \$5.449M was paid for consultancy services. The difference of \$30M was utilised in the acquisition of furniture and equipment and the execution of miscellaneous works.
- 1099.** An examination of the records of the University, however, revealed an expenditure of \$19.383M as at 31 December 2000. The balance of \$10.617M was retained and expended in 2001. In addition, there was no evidence of adherence to tender procedures in relation to the expenditure incurred. The following is a breakdown of the amount expended:-

DESCRIPTION	AMOUNT \$'000
Library books	5,907
Twenty-two(22) computer, and other accessories	4,581
One(1)Toyota Hilux motor vehicle	4,552
208 chairs	1,505
Construction of fence	1,426
Two(2) photocopiers	1,224
Two(2) filing cabinets	106
Overhead projector	82
<b>TOTAL</b>	<b>19,383</b>

- 1100.** Notwithstanding the above comments, the works were physically verified while the items purchased were verified as having been received and properly brought to account.

#### **Subhead 26002 - Guyana Basic Education Training**

- 1101.** The sum of \$150M was allocated for (a) teacher training at all levels, (b) institutional strengthening and upgrading of facilities at CPCE and (c) construction/rehabilitation of secondary schools at Corriverton and Linden. According to the Appropriation Account, no expenditure was incurred for the period under review.

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

- 1102.** The sum of \$3.5M was voted for the replacement of defective lighting sub-circuit to workshops. Amounts totalling \$147,000 were expended on replacement of electrical conduits and in consultancy fees.

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

- 1103.** The sum of \$2.433M was provided for the purchase of five(5) computers for Field Audit, Examination Division and the Central Accounting Unit and one(1) photocopier for the Book Distribution Unit. The full amount was expended. The items purchased were verified as having been received and properly brought to account.

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

- 1104.** The sum of \$10M was voted for the rehabilitation of the roof of the quadrangular building. A supplementary provision of \$55.210M was approved for the construction of the Essequibo Technical Institute, giving a revised allocation of \$65.210M. Amounts totalling \$63.342M were expended as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>	<b>AMOUNT \$'000</b>
<b>Government Technical Institute – G/town</b>		
Rehabilitation of quadrangular building	7,401	
Construction of canteen	367	
Purchase of two(2) air conditioning units	296	
Consultancy services	69	
		8,132
<b>Essequibo Technical Institute</b>		
Construction of Essequibo Technical Institute	43,293	
Purchase of tools and equipment	4,346	
Cleaning and rehabilitation of site	1,688	
Construction of furniture	1,355	
Consultancy services	4,547	55,210
<b>TOTAL</b>		<b>63,342</b>

**1105.** The contract for the rehabilitation of the Government Technical Institute’s quadrangular building was awarded in the sum of \$7.7.059M. There was an approved variation of \$342,000, giving a revised contract sum of \$7.401M. As at 31 December 2000, the full amount was expended. The rehabilitation works as well as the construction work on the canteen were physically verified while the items purchased were verified as having been received and properly brought to account.

**1106.** In relation to the construction of the Essequibo Technical Institute, the contract was awarded in the sum of \$79.078M. As at 31 December 2000, amounts totalling \$43.293M were paid to the contractor. Tools and equipment to the value of \$4.346M were also acquired. At the time of inspection, the works were completed and were physically verified while the items purchased were verified as having been received before being transported to Essequibo.

**1107.** The Government Technical Institute was awarded the contract for the



construction of furniture for the Essequibo Technical Institute and amounts totalling \$1.355M were expended. The furniture was physically verified at GTI workshop where it is stored awaiting shipment to Essequibo.

**Subhead 26007 - Guyana Industrial Training Centre**

**1108.** The sum of \$3M was voted for the purchase of tools and equipment for the Guyana Industrial Training Centre. Amounts totalling \$2.987M were expended. The contract was awarded in the sum of US\$16,057, equivalent to G\$2.970M, on 28 December 2000. However, at the time of the audit in October 2001, the Ministry was not in receipt of tools and equipment ordered. Evidence was seen where the Ministry wrote the supplier in April 2001, giving two(2) weeks for the intended date of the supply the tools to be stated. At the time of reporting, the items were still not received. The Accounting Officer explained that the matter was referred to the Director of Public Prosecutions.

**Subhead 26008 - Carnegie School Of Home Economics**

**1109.** The sum of \$2M was voted for (a) the rehabilitation of the annex and (b) the purchase of an air conditioning unit and equipment for the kitchen, laundry and sewing rooms. Amounts totalling \$987,848 were expended in the construction of a walkway and in the purchase of equipment for the sewing rooms and laundry. The works were physically verified while the items purchased were verified as having been received and properly brought to account.

**Subhead 26009 - School Furniture & Equipment**

**1110.** The sum of \$20M was allocated for the purchase of furniture and equipment for schools. Amounts totalling \$14.589M were expended in the acquisition of the following:-

DESCRIPTION	AMOUNT \$'000
School furniture	3,747
Equipment	7,267
306	

Educational videotapes	2,500
Contributions to schools	871
Miscellaneous purchases	204
<b>TOTAL</b>	<b>14,589</b>

- 1111.** The amount of \$3.747M expended on furniture includes a payment of \$1.168M representing a mobilisation advance to a supplier for construction and delivery of school furniture. The contract was awarded in the sum of \$5.840M. Up to the time of reporting, the supplier has not fulfilled his obligation to the Ministry.
- 1112.** Also included in the figure of \$3.747M is an amount of \$1.010M relating to contracts awarded in 1999. Approval was obtained to meet this expenditure from the 2000 provision, and the related furniture, videotapes and the other items purchased were verified as having been received and properly brought to account.
- 1113.** An amount of \$871,000 was expended on contributions to eighteen(18) schools to assist in the purchase of equipment. However, the schools concerned did not submit financial returns to account for the moneys received. It is recommended that in future this be done.

#### **Subhead 26010 - Resource Development Centre**

- 1114.** The sum of \$11M was voted for (a) the reconstruction of the information technology room and (b) construction of a laboratory. Amounts totalling \$6.271M were expended as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Reconstruction of information technology room	3,493
Construction of NCERD laboratory	1,031
Removal of NCERD furniture	908
Rehabilitation of NCERD fence	694
Consultancy fees	145
<b>TOTAL</b>	<b>6,271</b>

- 1115.** The contract for the reconstruction of the information technology room was awarded in the sum of \$3.857M. As at 31 December 2000, amounts totalling \$3.493M were paid to the contractor. A new contract valued at \$6.527M was awarded in 2001 for the continuation of the works, and at the time of reporting, the works were approximately 95% complete.
- 1116.** The construction of the NCERD laboratory was awarded in the sum of \$3.533M to the original contractor who undertook works on the information technology room. Payments to the contractor amounted to \$908,085 during the period. At the time of reporting, the works were put on hold because of administrative and structural problems involving the supervising consultant.
- 1117.** Approval was granted for a change in programme for the completion of the NCERD fence. At the time of inspection, the fence was completed and was physically verified.

**Subhead 26011 - Development of Text Books**

- 1118.** The sum of \$11.130M was allocated for editing and printing of text books in two(2) subject areas, namely Mathematics and Science. Approval was granted for a change in programme to purchase computers and accessories. As at 31 December 2000, the full amount was expended, as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Printing of 50,000 Mathematics and Science text books	9,670
Purchase of two(2) computers and accessories	1,058
Honoraria for preparing Mathematics and Science scripts	402
<b>TOTAL</b>	<b>11,130</b>

- 1119.** The contract for the printing of the text books was awarded in the sum of US\$98,770, equivalent to G\$18.766M. The expenditure of \$9.670M was in respect of the establishment of a letter of credit under the terms of the agreement. At the time of reporting, the books were verified as having been received and properly brought to account. The computers and accessories purchased were verified as having been received and properly brought to

account.

### **Subhead 45003 - Linden Technical Institute**

- 1120.** The sum of \$10M was voted for (a) extension of the carpentry and joinery workshop and (b) the purchase and installation of workshop machinery and electrical fittings. As at 31 December 2000, amounts totalling \$2.773M were expended on the extension to the workshop and on consultancy fees. The contract was awarded in the sum of \$6.660M of which sums totalling \$2.638M were paid to the contractor. However, the Ministry terminated the contract because the contractor failed to complete the works.

### **Subhead 45004 - Adult Education Association**

- 1121.** The sum of \$100,000 was provided for the purchase of fans for the electrical laboratory. Amounts totalling \$90,000 were expended in the purchase of nine(9) floor model fans. The items purchased were verified as having been received and properly brought to account in the records of the Association.

## **Division 544**

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

- 1122.** The sum of \$452.579M 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. A supplementary provision of \$152.7M was approved, giving a revised allocation of \$605.279M. According to the Appropriation Account, amounts totalling \$608.047M were expended, resulting in an excess expenditure of \$2.768M.
- 1123.** 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, and an examination of the audited accounts for 2000 revealed an expenditure of \$757.115M. The difference of \$149.068M was

due to (a) disbursements totalling \$25.686M made in 1999 now brought to account and (b) disbursements totalling \$174.754M made in 2000 not yet brought to account.

**1124.** The following is a breakdown of the audited expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$000</b>
Works on pilot schools	444,023
Procurement of goods	120,741
Payments to consultants	142,220
Training of teachers etc.	23,557
Operating expenses of PEU	26,574
<b>TOTAL</b>	<b>757,115</b>

**1125.** The amount of \$444.023M was expended in the rehabilitation of twelve(12) primary, secondary and community high schools. The related contracts were awarded through a system of international competitive bidding and in keeping with World Bank guidelines. The Project engaged the services of a civil works consultant to supervise the works. At the time of inspection, the works were completed and were physically verified.

**1126.** In relation to the procurement of goods valued at \$120.741M, this represents the purchase of text and library books, science laboratory equipment, teaching aids and audio visual equipment for the twelve(12) pilot schools. The procurement was done through a system of international competitive bidding and in accordance with World Bank guidelines. The items purchased were verified as having been received and properly brought to account.

**1127.** The amount of \$142.220M shown as payments to consultants, represents (a) the hiring of consultants and (b) the emoluments of senior staff of the Project. The consultants were involved in the supervision of the rehabilitation of the pilot schools, teachers' training, design and implementation of management information systems and procurement services. The recruitment of the consultants was done in accordance with World Bank guidelines. Some of these consultancies were completed

during the year while others continued into 2001. Final reports were submitted to the Project and the World Bank in respect of consultancies completed during the year. These were reviewed and accepted.

- 1128.** The sum of \$23.557M was expended on (a) improving teachers' skills and knowledge in the areas of content and methodology, curriculum development and CXC core subjects (2) the writing of curriculum guides for teachers and students in four(4) subject areas namely, Language Arts, Mathematics, Social Studies and Science for levels 7, 8 and 9 and (c) conducting pilot school examinations in the four(4) subject areas.

## **HEAD 42 & DIVISION 515**

### **MINISTRY OF HEALTH & LABOUR**

#### **Current Expenditure**

##### **Employment Costs**

- 1129.** 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 on average one and a half months after they ceased to be employed. In fact, for the period under review, amounts totalling \$14.527M were reflected as unclaimed salaries, resulting mainly from this problem, though evidence was seen that the amounts were refunded to the main bank account. 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.
- 1130.** Arising out of the above situation, the related deductions would have been paid over to the relevant agencies. However, there was no evidence of recovery from these agencies. As a result, expenditure would have been overstated by an undetermined amount. It is recommended that the agencies concerned be written to with a view to recovering the overpayments.
- 1131.** An examination of the bank reconciliation statements for the period under review revealed the following unsatisfactory features:-

- (a) The cash book balances shown in the reconciliation statements did not agree with the actual balances shown in the cash book, as shown below:-

<b>MONTH</b>	<b>BALANCE PER RECONCILIATION STATEMENT</b> \$	<b>ACTUAL CASH BOOK</b> \$	<b>DIFFERENCE</b> \$
January	53,582,416	4,287,643	49,294,773
February	49,936,348	4,432,628	45,503,720
March	41,369,324	2,606,829	38,762,495
April	51,731,638	12,623,749	39,107,889
May	49,997,148	55,034,756	5,037,608
June	45,385,411	50,675,839	5,290,428
July	44,926,271	50,216,653	5,290,382
August	45,179,593	50,685,524	5,505,931
September	11,410,885	17,156,843	5,745,958
October	(16,561,997)	(10,661,165)	5,900,832
November	11,180,529	17,455,038	6,274,509
December	657,934	8,268,618	7,610,684

In the circumstances, the reconciliation of this account cannot be regarded as a reliable basis for comparing the balances as reflected in the bank's records with those shown in the Ministry's records.

- (b) An amount of \$1.178M was reflected in the cash book as having been deposited in December 1998 but was not reflected on the bank statements. The Accounting Officer is advised to investigate this amount with a view to ensuring that the bank account is credited with the said amount; and
- (c) Significant amounts were reflected as stale-dated cheques. In particular, an examination of the list of un-presented cheques in the December 2000 reconciliation statement revealed that 265 cheques valued at \$16.265M had become stale-dated. It is recommended that all stale-dated cheques be written back to the cash book and transferred to the main bank account.

**1132.** 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, as can be noted from the above table, the cash book reflected large balances at the end of each month. In particular, for the months

of May to August 2000, the cash book reflected balances in excess of \$50M while in the month of October 2000, it reflected a negative balance of \$10.662M.

- 1133.** The large balances shown above were due to an incorrect entry in the cash book. The adjustment was made in September 2000. In relation to the negative balance, this was due to the payment of wages and salaries before the related cheque was received from the main bank account. The balances shown at the end of the other months were due to delays in paying over deductions to the relevant agencies. The Accounting Officer is urged to ensure strict compliance with the laid down procedures.

### **Other Charges**

- 1134.** 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 2000. The Accounting Officer is again advised to investigate the reason(s) for this large overdraft and to take steps to close the account.

- 1135.** The present main bank account No. 3079 reflected a large balance of \$447.157M as at 31 December 2000. However, at the time of reporting, this account was only reconciled to July 2001. 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 and in a timely manner.

- 1136.** An examination of the reconciliation statement for December 2000 in respect of account No. 3079 revealed the following unsatisfactory features:-

- 1,152 cheques valued at \$515.315M were unrepresented, 220 of which and valued at \$257.677M were drawn during the period 1998 to 1999. Included in the latter figure is a cheque valued at \$245.601M which was drawn in favour of the Consolidated Fund being refund of unspent balances for 1999. This cheque was, however, not paid over to the Accountant General until 27 November 2000; and
- An amount of \$20,000 was shown as “difference on cheque”. Enquiries revealed that the cheque was initially drawn for \$7,970 but was fraudulently adjusted to \$27,970. It is understood that the concerned officer had since resigned.



- 1137.** During the period 2 January to 15 February 2001, a total of 680 cheques valued at \$122.9M were drawn but were backdated to 31 December 2000. 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.
- 1138.** The Accounting Officer explained that the above payments were made to avoid having to deal with substantial liabilities at the end of the year. The correct procedure should have been for the amounts involved to be re-budgeted for in the following year in keeping with established procedures.
- 1139.** Included in the amount of \$507.663M expended on Materials, Equipment & Supplies were sums totalling \$393.299M relating to the purchase of drugs and medical supplies. Of the latter amount, \$378.779M relates to purchases from overseas suppliers. These were acquired from specialised agencies as approved by Cabinet in 1997. The items purchased were verified as having been received and properly brought to account.
- 1140.** The following is a breakdown of the remainder of the purchases made under this line item:-

<b>AUTHORITY LIMIT</b>	<b>NO. OF PURCHASES</b>	<b>AMOUNT \$'000</b>
Below \$90,000	840	23,650
\$90,000 - \$180,000	84	14,372
\$180,000 - \$600,000	11	11,239
\$600,000 - \$6M	19	38,526
Above \$6M	2	26,491
<b>TOTAL</b>	<b>956</b>	<b>114,278</b>

- 1141.** Included in this expenditure is an amount of \$16.791M which was expended on the purchase of thirty(30) pharmaceutical microscopes for the Vector

Control Unit. However, nine(9) of these microscopes valued at \$5.597M were received damaged and were returned to the supplier. Up to the time of reporting, they were not replaced.

- 1142.** 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. Corrective action has since been taken with effect from 2001.
- 1143.** Amounts totalling \$18.693M were expended on Fuel & Lubricants for thirty-eight(38) vehicles and twelve(12) motor cycles. However, an examination of the related log books 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 determined whether all journeys undertaken were authorised and whether there was effective control over the use of these vehicles.
- 1144.** Amounts totalling \$50.629M were expended on Rental & Maintenance of Buildings. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Repairs to Head Office buildings	10,359
"    " Nurses Training School	6,554
Cleaning & janitorial supplies	5,632
Rental of buildings	5,458
Repairs to seven(7) buildings	3,564
"    " Vector Control Building	3,364
"    " Vaccination building	2,766
Consultancy Services	2,016
Purchase of building materials	1,707
Miscellaneous repairs	9,209
<b>TOTAL</b>	<b>50,629</b>

- 1145.** Four(4) contracts valued at \$11.326M were awarded in 2000 for the repairs to Head Office buildings. As at 31 December 2000, amounts totalling \$9.635M were paid to the contractors. The difference of \$724,080 relates to final payment on a contract which was awarded in 1999. In relation to the repairs to Nurses' Training School, three(3) contracts valued at \$6.554M were awarded in 2000. As at 31 December 2000, the full amount was paid to the contractors.
- 1146.** Ten(10) contracts valued at \$12.641M were awarded for the repairs to the other buildings. As at 31 December 2000, amounts totalling \$9.276M were paid to the contractors. The difference of \$417,881 relates to final payment on a contract which was awarded in 1999. At the time of reporting, the above works were completed and were physically verified while, based on test-checks carried out, the items purchased were verified as having been received and properly brought to account.
- 1147.** Amounts totalling \$3.908M were expended on Maintenance of Infrastructure. The following gives a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Rehabilitation of fences	1,393
Repairs to Mildred Mansfield Youth Club Walkway	904
Weeding & cleaning of compound	855
Rehabilitation of gateway	401
“ “ car park	355
<b>TOTAL</b>	<b>3,908</b>

The above works were executed by thirty(30) contracts valued at \$3.908M. The works were physically verified.

- 1148.** Amounts totalling \$75.377M were expended on Transport, Travel & Postage. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Travelling & subsistence	45,813
Repairs to vehicles and purchase of spares	13,405
Postage & telex	404
Others	15,755
<b>TOTAL</b>	<b>75,377</b>

- 1149.** An examination of the expenditure relating to the repairs to vehicles revealed that three hundred and seventy-four(374) contracts valued at \$7.681M were awarded for the said repairs while sums totalling \$5.724M 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 7147	994,152	PDD 2041	719,047
PFF 8038	654,571	PGG 7028	367,695
PCC 7091	388,810	PFF 7246	408,458
PEE 7972	430,017		

- 1150.** The Accounting Officer explained that these vehicles were used by departments such as Health Science, Vector Control, Food and Drug and Maternal, Child & Health Care and that the vehicles travelled to various areas over rough terrain to transport health workers. As a result, there was constant need for repairs, spares and servicing. Notwithstanding the explanation given, it is recommended that a review of the present state and condition of the above vehicles be ascertained with a view to determining whether it is economical to retain them.

**1151.** The sum of \$81.690M was expended on Other Services Purchased. The following gives a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Security services	37,761
Maintenance of equipment	20,334
Cleaning services	5,933
Others	17,662
<b>TOTAL</b>	<b>81,690</b>

**1152.** The amount of \$37.761M was paid to seven(7) security firms. However, with the exception of three(3) security firms, the related contracts had not been renewed since 1998 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.

**1153.** The amount of \$20.334M shown as expenditure on the maintenance of equipment, represents repairs to fax machine, computers, photocopiers, solar systems, incubators, X-ray units, repairs for the steam plant, refrigerators, generators and other equipment. In relation to the amount of \$17.662M shown as payments for other services, this represents the cost surgery, x-rays and other medical treatment to individuals by private hospitals. Based on test-checks carried out, the expenditure was verified as having been properly incurred.

**1154.** Amounts totalling \$62.076M were expended on Education, Subvention & Training. This expenditure relates mainly to local and overseas training for health workers in their appropriate skills under the Health Sector Reform Programme. Several workshops were held in first aid techniques, midwifery, AIDS education, dietary, dental and food and nutrition awareness programmes. Based on test-checks carried out, the expenditure was verified as having been properly incurred.

**1155.** Amounts totalling \$261.729M were expended on Subsidies and Contributions

to Local & International Organisations. The following gives a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Wismar/Mc Kenzie Hospital	151,574
Fort Canje Mental Hospital	15,000
Ptolemy Reid Rehabilitation Centre	12,000
Caribbean Epidemiology Surveillance Centre	10,357
Kwakwani Hospital	8,000
Caribbean Regional Drug Testing Laboratory	7,672
Caribbean Food and Nutrition Institute	7,385
Caribbean Environmental Health Institute	7,279
Board of Industrial Training	5,321
Port Kaituma Hospital	5,066
Guyana Trades Union Congress	4,500
Caribbean Committee Research Council	3,372
Guyana Responsible Parenthood Association	3,755
Mahaica Chesire Home for Spastic Children	2,864
Others	17,584
<b>TOTAL</b>	<b>261,729</b>

**1156.** The amount of \$151.574M 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:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Employment costs	124,436
Drugs and medical supplies	6,846
Maintenance of building	5,707
Dietary items	5,573
Equipment maintenance	5,320
Security services	4,156
Janitorial and cleaning supplies	3,834
Utility charges	3,270
Field/office materials and supplies	3,226
Fuel and lubricants	2,274
Vehicle spares and maintenance	1,720
319	

Cleaning and extermination services	1,547
Miscellaneous	10,115

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**TOTAL** **178,025**

- 1157.** The difference of \$26.451M was financed from unspent balances relating to previous years. 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. Notwithstanding this, based on test-checks carried out, adequate documentation existed in support of the above expenditure.
- 1158.** In relation to the Fort Canje Mental Hospital, the amount of \$15M was transferred to the Committee of Management of the National Psychiatric Hospital. The Hospital has been producing independent financial statements although it is not a separate legal entity. The last set of audited accounts was in respect of 1999. Financial statements for the year 2000 were received, and at the time of reporting the audit was in progress. The amount of \$15M was verified as having been received by the Hospital. Of this amount, \$10M was received in November 2000 while the remaining \$5M was received in January 2001.
- 1159.** 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 \$12M was nevertheless verified as having been received by the Centre. Adequate documentation existed in support of the other contributions.
- 1160.** Excess expenditure totalling \$1.232M was incurred in respect of the four(4) programmes under the Ministry's control. 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**

- 1161.** In my 1999 Report, it was stated that 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. The Ministry continued to receive large quantities of gifts for the period under review and it is disappointing to report that there has been no improvement in terms of the above observation.
- 1162.** Audit inspection carried out at the Pharmacy Bond revealed the following unsatisfactory features which continued to prevail despite comments in my previous reports:-
- (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;
  - (a) 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) At the time of the audit, 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 sent 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. The Accounting Officer explained that a high performance liquid chromatograph was installed and was fully commissioned to carry out tests on drugs but staff needed to be trained to be more proficient in the use of the equipment; and



(d) The Stock Verifier carried out routine checks on the 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.

**1163.** The master inventory was not updated to reflect acquisitions and disposals 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 therefore urged to ensure strict compliance with the requirement to have proper records maintained for all the assets under the control of the Ministry.

### **Capital Expenditure**

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

**1164.** The sum of \$32M was allocated for the rehabilitation of (a) nursing schools at East Street and Liliendaal (b) Pharmacy Bond at Kingston (c) health centres at Liliendaal and Agricola and (d) the purchase and installation of an elevator at the maternity wing at the Georgetown Hospital. The benefits to be derived are improved health facilities for patients and health workers and enhanced operational efficiency. Amounts totalling \$30.051M were expended as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Installation of elevator at PHG	18,197
Rehabilitation of Pharmacy Bond	3,550
Extension of Liliendaal Annex	2,796
“        of Agricola Health Centre	1,829
Rehabilitation of Linden Hospital Complex	1,808
Extension of nursing school at East Street	1,735
Rehabilitation of Chest Clinic	136

**TOTAL****30,051**

- 1165.** The contract for the purchase and installation of the elevator at the Georgetown Hospital was awarded in the sum of \$18.197M to the higher of the two(2) bidders because of years of experience compared with the other bidder. The lower bid was \$14.210M while the Engineer's Estimate was \$20.731M. Physical inspection in July 2001 revealed that although the structure had been completed, the elevator had not yet been installed. The Facilities Manager explained that the elevator arrived in the Country and was awaiting customs clearance. At the time of reporting, the elevator had since been installed.
- 1166.** In relation to the above-mentioned contract, an advanced payment of \$5.459M was made to the contractor on 21 December 2000. On the same date, an escrow account was opened at a commercial bank, and an amount of \$12.738M, representing the balance on the contract sum, was deposited into this account. This is a breach of the FAA Act which requires all unspent balances at the end of the year to be surrendered to the Consolidated Fund. In the circumstances, it would have been more appropriate for the amount of \$12.738M to be re-budgeted for in the 2001 Estimates.
- 1167.** In relation to the rehabilitation of the Pharmacy Bond, the contract was awarded in the sum of \$3.230M. There was an approved variation of \$562,000 for additional works, giving a revised contract sum of \$3.792M. As at 31 December 2000, amounts totalling \$3.550M were expended. At the time of reporting, the works were completed and were physically verified.
- 1168.** The contract for the extension to the Liliendaal Annex was awarded in the sum of \$3.409M. Amounts totalling \$2.796M were expended as at 31 December 2000. However, two(2) payments of \$1.272M and \$842,328 were made on 27 January 2001 but the cheques were backdated to 29 December 2000. This represents a manipulation of the voted provisions. At the time of reporting, the works were completed.
- 1169.** In relation to the extension of Agricola Health Centre, the contract was awarded in the sum of \$1.666M. There was an approved variation of \$164,000 for additional works, giving a revised contract sum of \$1.829M. As at 31 December 2000, the full amount was expended. The works were physically verified.

- 1170.** Of the amount of \$1.808M expended on the rehabilitation of the Linden Hospital Complex, sums totalling \$1.296M represented final payment on five(5) contracts awarded in 1999. The difference of \$511,844 relates to the award of a contract for modification works at the Complex. The works were physically verified.
- 1171.** The contract for the extension of the nurses' training school at East Street was awarded in the sum of \$1.405M. There was an approved variation of \$330,675 for additional works, giving a revised contract sum of \$1.736M. As at 31 December 2000, the full amount was paid to the contractor. Physical verification, however, revealed that the guttering was faulty, resulting in leakages where the gutters were joined. The Accounting Officer gave the assurance that the defects would be rectified.

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

- 1172.** The sum of \$4.6M was allocated for the purchase of four(4) motor cycles for Vector Control and one(1) double-cab vehicle. According to the Appropriation Account, amounts totalling \$4.530M were expended in the purchase of a double-cab vehicle and two(2) motor cycles. However, the actual cost of the vehicle and motor cycles was \$4.601M. The difference of \$71,000 was charged to current expenditure under Subhead 122 – Field Materials & Supplies. The Accounting Officer acknowledged that this was an error. The items were nevertheless verified as having been received. However, they were not inventorised.

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

- 1173.** The sum of \$1.5M was allocated for the purchase of computers for the National Blood Transfusion Centre. The full amount was expended in the acquisition of three(3) computers and other related equipment. The items purchased were verified as having been received. However, they were not inventorised.

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

- 1174.** The sum of \$15M was voted for the purchase of medical equipment including suction machines, spectrophotometers, electrolyte machines, stabilizers and other instruments. According to the appropriation account, the full amount was expended. However, the actual cost of the equipment amounted to \$18.325M. The difference of \$3.325M was met from current expenditure, Subhead 121- Drugs & Medical Supplies.
- 1175.** The above observation represents not only a misallocation of expenditure but also a manipulation of the voted provisions. This practice is also in breach of generally accepted accounting principles and distorts the classification of expenditure. Similar observations were made in my 1999 Report in relation to the rehabilitation of the Tuberculosis Clinic and in the acquisition of eight(8) double cab vehicles. In the latter case, an amount of \$14.296M was charged to current expenditure under Subhead 122 – Field Materials & Supplies.
- 1176.** The Accounting Officer explained that the supplier demanded payment as per contractual obligation, and the Ministry had no alternative than to meet the additional expenditure from its current allocation. He gave the assurance that attempts would be made to avoid a recurrence of this practice. The items purchased were nevertheless verified as having been received. However, they were not inventorised.
- 1177.** In my 1997 Report, mention was made of the payment of \$1.678M for the purchase of micro-biological equipment which, up to the time of reporting, had not been received, despite the lapse of forty-five(45) 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. In response, the Accounting Officer stated that the company has since been liquidated.

### **Subhead 25003 - Equipment (Occupational Safety and Health Division)**

**1178.** The sum of \$2.7M was allocated for the purchase of occupational safety and health equipment, including Sensodyne sampling pump, octave band analysers, radiation alert monitors, noise dosimeters, heat stress monitors, light monitors and temperature and humidity indicators. Amounts totalling \$2.695M were expended. Although there was evidence to indicate that the items were received, they could not have been physically verified since the building in which the equipment was housed was destroyed by fire in June 2001.

### **Subhead 44001 - Technical Assistance**

**1179.** An amount of \$90M was allocated for (a) reorganisation and strengthening of the institutional structure (b) development of an integrated health service delivery (c) health financing options and resource allocation strategy and (d) development of human resources and management capacity. A supplementary provision of \$3.048M was approved, giving a revised allocation of \$93.048M. According to the appropriation account, amounts totalling \$83.280M were expended.

**1180.** 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 2000. An examination of these audited accounts revealed an expenditure of \$77.398M, giving a difference of \$5.882M which was due to timing differences relating to bringing to account of foreign disbursements.

**1181.** The following gives a breakdown of the audited expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Consultancy services	53,936
Training	810
Emoluments of Project Co-ordinator	11,720
General support	4,565
Salaries compensation for local staff	6,367

**TOTAL**

**77,398**

- 1182.** In relation to the amount of \$53.936M expended on Consultancy Services, the Project Management Unit (PMU) 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 assist the Ministry to (a) re-organise and strengthen the health sector (b) develop an integrated health service delivery strategy (c) develop a managerial capacity and human resources (d) develop health financing options and resource allocation mechanisms and (e) provide institutional development of the Public Hospital Georgetown. However, because of continued unsatisfactory performance, the contract was terminated on 10 December 2000 at which time the Consulting Firm was paid amounts totalling \$US\$990,191.
- 1183.** The amount of \$11.720M shown as emoluments to the Project Co-ordinator represents mainly the payment of salary at a rate of US\$6,000 per month. The Co-ordinator resigned on 7 July 2001 and was replaced by another co-ordinator. An amount of \$4.565M was also expended on General Support relating mainly to (a) the cost of maintenance of two(2) vehicles (b) the purchase of office supplies and (c) emoluments for the support staff of the PMU. The amounts were verified as having been properly incurred.
- 1184.** Amounts totalling \$6.367M were expended on the payment of honorarium for local staff involved in the research and counterpart activities relating to the Project. Adequate documentation existed in support of this expenditure.

## HEAD 43 & DIVISIONS 503 – 504

### MINISTRY OF HUMAN SERVICES AND SOCIAL SECURITY

#### Current Expenditure

- 1185.** Amounts totalling \$44.949M were expended on Subsidies & Contributions to Local and International Organisations. The following is a breakdown of the payments made:-

DESCRIPTION	AMOUNT \$000
Night Shelter	25,000
Women's Leadership Institute	4,000
Guyana Relief Council	3,900
Documentation Centre	1,997
National Commission for Women	700
International Association of Social Security	597
United Nations Development for Women	180
Fifty-seven(57) charitable and needy organisations	7,725
<b>TOTAL</b>	<b>44,949</b>

These amounts were verified as having been received by the respective agencies and were in conformity with the allocations approved by the National Assembly.

- 1186.** Amounts totalling \$674.885M were expended on old age pensions and social assistance. This figure, however, does not include payments totalling \$13.994M 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 2001.

- 1187.** 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 2000. 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 the audit, 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. At the time of reporting, however, this exercise ceased because of the poor state of the coupons and other related documents. The Accounting Officer explained that guidance was being sought from Ministry of Finance as to the next course of action.
- 1188.** The old age pension and public assistance imprest bank account No. 3039, with an allocation of \$130M, was established in May 1996 but was discontinued in April 1998 when the Ministry was re-organised. The account, however, reflected a balance of \$19.424M as at 31 December 2000. It is understood that the difference of \$110.576M represents vouchers to be recouped. Steps should be taken to recoup these vouchers so that the full imprest allocation can be surrendered to the Consolidated Fund.
- 1189.** The present old age pension and public assistant imprest bank account No. 3191, with an imprest allocation of \$140M, reflected an overdraft of \$21.528M as at 31 December 2000. Although the overdraft was cleared in January 2001, it should be pointed that the incurrence of overdraft without the approval of the Minister of Finance is a breach of Section 22 of the FAA Act. Efforts should be made to avoid a recurrence of this practice.
- 1190.** The ordinary imprest bank account No. 3038, with an allocation of \$1.5M, which ceased to be operational in April 1998, reflected a balance of \$161,195 at 31 December 2000. The full imprest balance should be accounted for so that transfers can be made to the Consolidated Fund.



## Capital Expenditure

### Subhead 19001 - SIMAP (PHASE 11)

- 1191.** The sum of \$1.107 billion was allocated for (a) rehabilitation of the economic and social infrastructure works (b) community projects in Amerindian and depressed areas (c) emergency infrastructure works and (d) technical and vocational training and nutritional programmes. Amounts totalling \$1.083 billion were shown as having been expended.
- 1192.** 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. The last set of audited accounts was in respect of 2000 and an examination of these accounts revealed that the full amount was expended. The following is a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000	AMOUNT \$'000
<b>Rehabilitation of Economic &amp; Social Infrastructure</b>		
Education institutions	324,623	
Water and sanitation	140,052	
Roads	82,626	
Health and nutrition	112,697	
		659,998
<b>Community Projects</b>		
Community Development & ERP	245,486	245,486
<b>Others</b>		
Technical and vocational training	11,376	
Administration and technical assistance	165,864	177,240
<b>TOTAL</b>		<b>1,082,724</b>

- 1193.** One hundred and sixteen(116) contracts valued at \$809.897M were awarded for the rehabilitation/construction of eleven(11) secondary schools, forty-six(46) primary schools and thirty-five(35) nursery schools. Fifty-nine(59) of these contracts valued at \$329.002M were awarded in 2000. As at 31 December 2000, amounts totalling \$779.461M were paid to the respective contractors. Sixty-six(66) of these schools were completed as at the time of reporting and for which certificates of satisfactory completion were issued by the engineers attached to SIMAP as well independent supervisors.
- 1194.** Physical inspection of twelve(12) of the schools which were completed revealed a number of discrepancies in respect of three(3) schools. At the Enterprise Nursery School there was a thirty(30) inch crack through a wall of the headmistress's office and the external doors could not be locked properly. Similarly, at Ann's Grove Primary School, the teachers tables were not built to specification while at Cummings Lodge Secondary School, forty-seven(47) instead of fifty-four(54) fluorescent lamps, and ninety-one(91) casement windows instead of 118 were installed.
- 1195.** The amount of \$140.052M expended on water and sanitation relates to the supply of pipelines and potable water supply system in Regions 2, 4 and 6. In this regard, forty-five(45) contracts valued at \$430.969M were awarded. Eighteen(18) of these contracts valued at \$356.426M were awarded prior to 2000. As at 31 December 2000, amounts totalling \$340.340M were paid to the respective contractors. At the time of reporting, forty-two(42) contracts were completed. Physical inspection of four(4) major contracts valued at \$93.411M were carried and the works were executed in conformity with the respective contract agreements. In respect of the remainder of the completed works, reliance was placed on certificates of satisfactory completion issued by the engineers of SIMAP as well as independent supervisors.
- 1196.** In relation to the amount of \$82.626M expended on roads, twenty(20) contracts valued at \$156.089M were awarded for the rehabilitation of nineteen(19) roads. Two(2) of these contracts valued at \$127.465M were awarded prior to 2000. As at 31 December 2000, amounts totalling \$138.474M were paid to the respective contractors. At the time of reporting, the works were completed. Physical verification was carried out in respect of six(6) roads while reliance was placed on certificates of satisfactory completion issued by the engineers of SIMAP as well as independent supervisors in respect of the remainder of the roads.

- 1197.** The amount of \$112.697M expended on health and nutrition relates to the rehabilitation of twenty-one(21) health centres and the implementation of nutritional programmes. In relation to the former, seventy(73) contracts valued at \$108.157M were awarded, twenty-six(26) of which valued \$92.879M were awarded during the period under review. As at 31 December 2000, amounts totalling \$97.506M were paid to the contractors. At the time of reporting, the works were completed.
- 1198.** An amount of \$35.508M was expended on nutritional programmes involving the distribution of drugs and food supplies in depressed areas. However, the various health centres did not maintain records attesting to the distribution to individuals. In order to prevent or minimise irregularities, it is recommended such records be maintained.
- 1199.** In relation to the amount of \$245.486M expended on community development projects and emergency rehabilitation programme (ERP), the following is a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Infrastructural works	135,558
Basic sanitation	3,216
World Food Programme	106,713
<b>TOTAL</b>	<b>245,486</b>

- 1200.** The amount of \$135.558M shown as expenditure on infrastructural works relates mainly to the rehabilitation of 140 multi-purpose projects. A total of sixty(60) contracts valued at \$288.291M were awarded, thirty-eight(38) of which valued at \$80.240M were awarded during the period under review. As at 31 December 2000, amounts totalling \$270.415M were paid to the contractors. At the time of reporting, the works were completed. Physical verification was carried out in respect of four(4) community centres with a total contract value of \$72.938M while reliance was placed on certificates of satisfactory completion issued by the engineers of SIMAP as well as independent supervisors.

- 1201.** The amount of \$3.216M expended on basic sanitation represents the completion of the sanitary block at Kumaka and four(4) water projects. Reliance was placed on certificates of satisfactory completion issued by the engineers of SIMAP.
- 1202.** The amount of \$106.713M was released to the World Food Programme administered by the SIMAP Agency. The Programme is subject to separate financial reporting and audit. The last set of audited accounts was in respect of 2000 and an examination of these accounts revealed an expenditure of \$94.168M. The difference of \$12.545M was retained by the Programme. As a result, the Appropriation was overstated by this amount.
- 1203.** The expenditure of \$94.168M relates to the distribution of food and other items as well as administrative costs of the Programme. Adequate documentation existed in relation to the distribution of the items.
- 1204.** In relation to the amount of \$11.376M expended on technical and vocational training, this relates to the training of students in the the hinterland and out-of-town areas. Adequate documentation existed in support of this expenditure.
- 1205.** The amount of \$165.864M expended on Administration and Technical Assistance represents the emoluments of staff attached to SIMAP as well as consultancy and supervision costs associated with the various projects undertaken.

**Subhead 12001 - Buildings**

- 1206.** An amount of \$15M was allocated for (a) completion of the night shelter (b) rehabilitation works on training centre and Cottage No. 6 – Mahaica Hospital (c) rehabilitation of block “B” and “C” Palms Hospital and (d) renovation of probation and family welfare building at Whim, Corentyne. Amounts totalling \$7.468M were expended as follows:-

333	
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DESCRIPTION	AMOUNT \$'000
Completion of Night Shelter	4,782
Rehabilitation works at Mahaica Hospital	2,686
<b>TOTAL</b>	<b>7,468</b>

**1207.** The contract for the completion of the Night Shelter was awarded in the sum of \$4.784M. As at 31 December 2000, amounts totalling \$4.265M were paid to the contractor. The difference of \$517,000 relates to consultancy services. The rehabilitation works at the Mahaica Hospital were also executed by ten(10) contracts. At the time of inspection, the works were completed and were physically verified.

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

**1208.** An amount of \$5.616M was provided for the purchase of one(1) mini bus. Amounts totalling \$4.589M were expended in the acquisition of two(2) mini buses. The vehicles purchased were verified as having been received and properly brought to account.

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

**1209.** An amount of \$2.9M was provided for the purchase of freezers, stoves, medical equipment, bath chairs, refrigerator, cooler and fire extinguisher for the Mahaica Hospital and Palms. Amounts totalling \$2.870M 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

**1210.** 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, both positive and negative, as shown below:-

MONTH	AMOUNT \$	MONTH	AMOUNT \$
January	1,363,850	July	(276,760)
February	239,808	August	(4,935,396)
March	99,528	September	(1,785,199)
April	(6,877,156)	October	1,966,219
May	(157,223)	November	1,337,863
June	(648,358)	December	(2,063,461)

**1211.** This state of affairs was due to (a) the failure to pay over in a timely manner deductions to the relevant agencies and (b) the effecting of payments of wages and salaries before the related cheques are received from the Ministry of Finance. A similar observation was made in my 1999 Report. The Accounting Officer is again urged to ensure strict compliance with the regulations.

**1212.** Amounts totalling \$11.837M were expended on Rental & Maintenance of Buildings, of which the sum of \$1.105M relates to the rental of a building for VSOs. The difference of \$10.732M was expended in the rehabilitation of six(6) buildings. The works were executed by 103 contracts valued at \$9.268M. The full amounts were paid to the contractors. An amount of \$1.464M was also expended in the purchase of building materials for the rehabilitation works. At the time of inspection, these works were completed and were physically verified.

**1213.** Amounts totalling \$78.717M were expended on Subsidies & Contributions

etc. The following gives a breakdown of the payments made:-

<b>NAME OF ORGANISATION</b>	<b>AMOUNT \$000</b>
National Sports Commission	55,000
Guyana Museum	11,500
National Trust	6,868
Mashramani activities	3,243
Theatre Guild	600
Others	1,506
<b>TOTAL</b>	<b>78,717</b>

- 1214.** The National Sports Commission is subject to separate financial reporting and audit. The last set of audited accounts was in respect of 2000. The amount of \$55M was verified as having been received by the Commission and properly expended. The Audit Office issued an unqualified opinion on the accounts of the Commission.
- 1215.** The Guyana Museum is also subject to separate financial reporting and audit. The last set of audited accounts was in respect of 1996. The amount of \$11.5M was verified as having been received by the Museum but in the absence of audited accounts for 2000, it could not be determined whether it was properly expended.
- 1216.** In relation to the amount of \$6.868M shown as subvention to the National Trust, it could not be determined when last the Trust produced accounts for audit although it was incorporated by Act No. 2 of 1972. Audit checks, however, revealed that the above sum was used mainly for the payment of wages and salaries.

### **Other Matters**

- 1217.** 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.
- 1218.** Amounts totalling \$82.912M were received from the Guyana Lotteries Commission during 2000 and deposited into this account. The funds were to be used for assisting in the Mashramani celebrations and culture shows. As at 31 December 2000, the account reflected a balance of \$51.369M. The balance of this account at the beginning of 2000 was \$1.617M. It therefore meant that sums totalling \$33.160M were expended but were not recorded as expenditure in the Appropriation Accounts.
- 1219.** 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 2000 was \$1.263M. During the year, amounts totalling \$34.119M were deposited into this account. As at 31 December 2000, the account reflected a balance of \$452,000 indicating that \$34.930M 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.

## **Capital Expenditure**



### **Subhead 12001 – Buildings (Cultural Centre)**

- 1220.** The sum of \$7.5M was provided for the completion of rehabilitation works to the National Culture Centre. According the Appropriation Account, amounts totalling \$7.487M were expended. However, there was an omission of \$1.269M in the Votes Ledger, resulting in an understatement of expenditure. The works were executed by three(3) contracts valued at \$8.172M. As at 31 December 2000, the full amount was paid to the contractors. The difference of \$584,000 represents the purchase of various materials. At the time of inspection, the works were completed and were physically verified.

### **Subhead 12002 - Buildings**

- 1221.** An amount of \$1.5M was allocated for the replacement of flooring, fascia and ceiling to the Head Office. The full amount was expended to purchase of building materials. The works were executed by staff of the National Service and were physically verified.

### **Subhead 12003 – Umana Yana**

- 1222.** The sum of \$7M was provided for the rehabilitation of the roof of the Umana Yana. Amounts totalling \$4.768M were expended. The works were physically verified.

### **Subhead 18001 - Youth**

- 1223.** The sum of \$3.5M was provided for the rehabilitation of youth camp sites at Onverwagt. Amounts totalling \$3.430M were expended in the rehabilitation of camps at Den Amstel and Madewini. The works undertaken were physically verified.

### **Subhead 24002 – National School of Dance**

- 1224.** The sum of \$1M was provided for the purchase of audio visual equipment. As at 31 December 2000, amounts totalling \$990,000 were expended. The items purchased were verified as having been received and properly brought to account.

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

- 1225.** The sum of \$8M was provided for the rehabilitation works at Walter Roth Museum. Amounts totalling \$7.269M were expended. The contract was awarded in the sum of \$4.516M. As at 31 December 2000, the full amount was paid to the contractor. The difference of \$2.701M relates mainly to the purchase of building materials. At the time of inspection, the works were completed and were physically verified.

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

- 1226.** The sum of \$3M was voted for the construction of a kiln, the provision of a circuit breaker and installation of electrical fittings. Amounts totalling \$2.961M were expended. The works were executed by four(4) contracts valued at \$2.015M. As at 31 December 2000, the full amount was paid to the contractors. The difference of \$946,000 relates to the purchase of electrical items and building materials. The works were physically verified.

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

- 1227.** A provision of \$2M was made for the construction of benches at Fort Nassau and sanitary facilities at Fort Island. Amounts totalling \$1.829M were expended in the construction of a fence and stelling and in the demarcation of Fort Nassau. The works were executed by three(3) contracts, and documentary evidence was seen attesting to their satisfactory completion.

### **Subhead 45002 – National Archives**

- 1228.** A provision of \$1.018M was made for the purchase of microfiche readers and three(3) air conditioning units. Amount totalling \$959,719 were expended in the purchase of three(3) air conditioning units and one(1) microfiche reader. The items purchased were verified as having been received and properly brought to account.

### **Subhead 45003 - National Sports Commission**

- 1229.** The sum of \$10M was allocated for the procurement of sports gears and rehabilitation of sports facilities in all the regions. Amounts totalling \$9.983M were expended, as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Supply of sports gears	4,853
Development of sports grounds	3,750
Works at Sports Hall	1,380
<b>TOTAL</b>	<b>9,983</b>

**1230.** The contract for the supply of sports gears was awarded in the sum of \$4.853M. The items purchased were verified as having been received and properly brought to account. Three(3) grounds were also rehabilitated in Regions 2 and 3 while the construction work at the Sports Hall was executed by four(4) contracts. The works were physically verified.

#### **HEAD 45 & DIVISION 523, 524 AND 525**

#### **MINISTRY OF HOUSING & WATER**

#### **Current Expenditure**

**1231.** Amounts totalling \$604M were expended on Subsidies & Contributions to Local Organisations. The following is a breakdown of the payments made:-

<b>NAME OF ORGANISATION</b>	<b>AMOUNT \$'000</b>
Guyana Water Authority	540,000
Georgetown Sewerage & Water Commissioners	25,000
Central Housing & Planning Authority	39,000
<b>TOTAL</b>	<b>604,000</b>

**1232.** 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 2000, and an examination of these accounts revealed that amounts totalling \$515M were received as subvention from Central Government. The additional amount of \$25M was received from the Ministry of Finance to meet increases in wages and salaries. GUYWA is required to have its audited accounts laid in the National Assembly within six(6) months of the close of the financial year. However, up to the time of reporting, the audited accounts for 2000 have not been laid.

**1233.** The Audit Office issued a qualified opinion on the accounts of GUYWA for 2000 because of the following:-

- Included in the fixed assets figure of \$3.791 billion is an amount of \$3,040 representing the value of the land held by the Authority in the various Regions. However, schedules showing the locations as well as certificates of title were not produced for audit examination. In addition, the value of \$3,040 does not appear to be realistic when compared with prevailing market prices; and
- The completeness, accuracy and validity of the amount of \$276M shown as Stocks could not be satisfactorily determined since the figure was not adjusted to reflect the results of the physical count carried out at the end of the year. In addition, an examination of the stock sheets revealed significant differences between the physical count and the ledger balances.

**1234.** The following is a breakdown of revenues and expenditure of GUYWA for

the year ended 31 December 2000, compared with the previous year:-

<b>PARTICULARS</b>	<b>2000 \$'000</b>	<b>1999 \$'000</b>
<b>INCOME</b>		
Tariffs: non-metered customers	271,055	250,262
Tariffs: metered customers	33,637	11,610
<b>Total Income from Water Rates</b>	<b>304,691</b>	<b>261,873</b>
Government subsidy	515,000	512,876
Gain from sale of service connections	41,057	105,046
Other income	32,266	29,273
	<b>893,014</b>	<b>909,068</b>
<b>EXPENDITURE</b>		
Payroll and benefits	264,536	211,936
Travelling	15,129	22,851
Outside services	38,649	31,055
Office supplies	12,342	7,971
Electricity	456,614	318,655
Fuel	26,707	26,022
Chemicals	333	697
Repairs and maintenance	94,148	56,735
Depreciation	105,034	150,397
Stock adjustments	0	19
Bad Debts	29,752	0
Other administrative	22,084	28,967
	<b>1,065,329</b>	<b>855,304</b>
<b>Net Surplus/(Deficit) for the year</b>	<b>(172,315)</b>	<b>53,764</b>

**1235.** As can be noted, the Authority incurred a net deficit of \$172.315M in 2000, compared with a net surplus of \$53.764M in 1999. This was due mainly to increases in payroll costs and electricity charges. The accumulated deficit of GUYWA as at 31 December 2000 was \$1.023 billion.

**1236.** The Georgetown Sewerage and Water Commissioners was established by Chapter 30:01 of the Laws of Guyana and is subject to separate financial reporting and audit. The last set of audited accounts was in respect of 2000 and an examination of these accounts revealed that amounts totalling \$31.347M were received as subvention from Central Government. The difference of \$6.347 was received from the Ministry of Finance to meet wages and salaries increases.

**1237.** The Audit Office issued an unqualified opinion on the accounts of G S &

WC for 2000. The G S & WC is also required to have its audited accounts laid in the National Assembly within six(6) months of the close of the financial year. However, it could not be determined when last this was done.

**1238.** The following is a breakdown of the audited income and expenditure for GS & WC for the period under review, compared with the previous year:-

<b>PARTICULARS</b>	<b>2000 \$'000</b>	<b>1999 \$'000</b>
<b>OPERATING INCOME</b>		
Government subvention	31,347	200,647
Non-metered customers	229,835	205,121
Metered customers	132,458	124,539
Sewerage	28,580	0
Other income	12,845	9,182
	<b>435,065</b>	<b>539,488</b>
<b>EXPENDITURE</b>		
Employment costs	152,348	128,031
Electricity and other power	184,846	132,205
Supplies and services	54,151	41,752
Chemicals and raw water	36,085	41,052
Administrative	22,147	17,597
Transport costs	11,131	8,003
Depreciation	69,001	39,125
Provision for bad debts	128,102	0
<b>TOTAL</b>	<b>657,811</b>	<b>407,766</b>
<b>Net Surplus/(Deficit) for the year</b>	(222,747)	131,722
<b>Prior Year Adjustments</b>	433,175	0
<b>Net Operating Surplus</b>	<b>210,428</b>	<b>131,722</b>

**1239.** 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 the years 1996 to 1998 were received and at the time of reporting, the audit was in progress. The subvention of \$39M was verified as having been received by the Authority. However, in the absence of audited accounts for 2000, it could not be determined whether this amount was properly expended. It should be mentioned that there was a fire on 15 June 2001 which destroyed the building housing the Central Planning and Housing Authority.

## **Capital Expenditure**

### **Division 523**

#### **Subhead 19001 - Infrastructure Development & Buildings**

- 1240.** An amount of \$650M was voted for the development of new and upgrading of existing housing schemes at Lima Sands, Onderneeming, Zeelugt/Tuschen II, Cornelia Ida, Par Fait/Harmony, Perseverance, Mon Repos, Non Pariel, Lowlands/Hope, Bath Settlement, No. 75-77 Villages and Fortlands/Ordinance schemes in Regions 2 to 7 and 10. Amounts totalling \$401.7M were shown as having been expended.
- 1241.** The above amount was paid over to the CH & PA for that entity to undertake the works. According to the reconstructed records of the CH & PA, amounts totalling \$323.693M were expended. The difference of \$78.007M was retained by the CH & PA. This amount should have been refunded to the Consolidated Fund. As a result, the Appropriation Account was overstated by \$78.007M.
- 1242.** The following gives a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Surveying and clearing of land in Regions 2-6	122,417
Construction of roads in Regions 2-6	134,149
Installation of water distribution system	67,127
<b>TOTAL</b>	<b>323,693</b>

- 1243.** Fifteen(15) contracts valued at \$144.910M were awarded for surveying and

clearing of land in Regions 2-6. As at 31 December 2000, amounts totalling \$122.417M were paid to the contractors. At the time of inspection, the works were completed and were physically verified.

- 1244.** In relation to the construction of roads in Regions 2-6, seven(7) contracts valued at \$342.5M were awarded. As at 31 December 2000, amounts totalling \$134.149M were paid to the contractors. At the time of inspection, five(5) out of the seven(7) roads were completed and were physically verified.
- 1245.** Ten(10) contracts valued at \$145.715M were awarded for the installation of water distribution network at Belfield, Mocha, Sophia and Grove, Good Hope, Enmore/Haslington and Diamond in Region 4, Belle West in Region 3 and Cumberland in Region 6. As at 31 December 2000, amounts totalling \$67.127M were paid to the contractors. At the time of inspection, eight(8) of the nine(9) water systems were completed and were physically verified.

**Subhead 19002 – Low Income Settlement Programme**

- 1246.** The sum of \$92M was voted for the upgrading and regularising of squatting communities, development of new site and services in selected areas and institutional strengthening of CH&PA. Amounts totalling \$17.815M were expended. The programme is funded jointly by the Government of Guyana and the Inter-American Development Bank under the Loan Agreement No. 1035-SF/GY and is subject to separate financial reporting and audit.
- 1247.** The last set of audited accounts of the Project was for the period July 1999 to April 2001, and an examination of these accounts revealed an expenditure for the period under review corresponding to the amount shown in the Appropriation Account. The following are the details:-

DESCRIPTION	AMOUNT \$'000
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Consultancy services	11,492
Project management	3,804
MIS implementation & technical support	1,524
Network hardware and software	995
<b>TOTAL</b>	<b>17,815</b>

- 1248.** Three(3) contracts valued at \$24.394M were awarded in 1999 for consultancy services. These services relate to (a) the preparation of inventory and information update, conducting of feasibility studies, detailed design studies and preparation of tender documents for Block 6 Williamsburg, Cortenynne and Block A Tuhen, East Bank Essequibo. As at 31 December 2000, amounts totalling \$20.125M were paid to the contractors. At the time of reporting, the contractors had completed their work. Documentary evidence was seen attesting to the satisfactory completion of the services.
- 1249.** The amount of \$3.804M expended on project management represents the emoluments of the Project Coordinator and support staff as well as purchase of office supplies and equipment. In relation to the amount of \$1.524M expended on MIS implementation and technical support, this relates to the computerisation of the financial management system of the CH & PA. The contract was awarded in the sum of \$14.780M in January 2000. At the time of reporting, the work was still in progress.
- 1250.** The sum of \$994,560 was expended in the purchase of computers and printers. The items purchased could not, however, be physically verified since they were destroyed by fire.

## Division 524

## **Subhead 28001 - Water Supply Technical Assistance/Rehabilitation**

- 1251.** The sum of \$1.147 billion was voted for (a) the rehabilitation of four(4) major water supply systems at Eccles, Bartica, Pouderoyen and LBI, and minor systems including Yakusari, Williamsburg, Adventure and Melanie/Paradise and (b) institutional strengthening and human resource development. Amounts totalling \$931.574M were shown as having been expended.
- 1252.** 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 \$132.032M, giving a difference of \$799.542M. This difference was due mainly to (a) EU expenditure totalling \$840.183M which was not reflected in the Project financial reporting (b) foreign disbursements totalling \$140.093M made in 1999 now brought to account and (c) foreign disbursements totalling \$248.890M made in 2000 which had not yet been brought to account.
- 1253.** The following is a breakdown of the audited expenditure as well as expenditure relating to EU funding:-

<b>DESCRIPTION</b>	<b>TOTAL \$'000</b>
Civil works	905,171
Goods	18,063
Consultancy services	37,745
Administrative costs	9,456
Training	1,807
<b>TOTAL</b>	<b>972,215</b>

- 1254.** Fifteen(15) contracts valued at \$2.449 billion were awarded for the rehabilitation of the Pouderoyen and Rose Hall water supply systems and

the installation of twenty-one(21) water network systems at Regions 3 - 6. Five(5) of these contracts valued at \$2.205 billion were awarded prior to 2000. As at 31 December 2000, amounts totalling \$1.5 billion were paid to the contractors. At the time of reporting, the Pouderoyen water supply system was completed while the Rose Hall system was about 90% complete. In addition, twenty(20) of the twenty-one(21) other network systems were completed.

- 1255.** The amount of \$18.063M expended under Goods represents advanced payments for supply of two(2) generators and 5,000 water meters, based on two(2) contracts valued at \$30.089M which were awarded in 2000. At the time of reporting, the items purchased were verified as having been received and properly brought to account.
- 1256.** The amount of \$32.786M shown as consultancy services represents the payment of salaries to senior management staff contracted by the Project, audit fees and other related services.

**Subhead 28002 - Rural Water Supply (Hinterland)**

- 1257.** The sum of \$20M was provided for (i) installation of distribution systems at Siparata and Kamarang (ii) refurbishment of water storage tanks at Hosororo, Barabina and Waniama Spring Box (iii) construction of trestle and storage tanks at Morakabai, Achiwib, Karaudannau, Annai and Sarawarau (iv) construction of shed and revetment wall at Barabina. The full amount was shown as having been expended.
- 1258.** The above amount was transferred to GUYWA for that entity to undertake the works. However, according to the records of GUYWA, expenditure totalling \$5.538M was incurred. The difference of \$14.462M should have been refunded to the Consolidated Fund. As a result, the Appropriation Account was overstated by the latter amount.

- 1259.** The following is a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Rehab. of water system at Barabina & Hosororo/Wanaima	1,482
Construction of windmills at Achiwib and Karaudannau	1,618
“ “ “ at Sarawarau and Nappi	1,384
Purchase of pumps cylinders, tanks and rubber caps	537
Installation of new pipelines at Port Kaituma	426
Construction of concrete pavement at Barabina	91
<b>TOTAL</b>	<b>5,538</b>

**1260.** Four(4) contracts valued at \$12.607M were awarded in 2000 for the above works. As at 31 December 2000, amounts totalling \$4.910M were paid to the contractors. At the time of reporting, these works were completed, and reliance was placed on certificates of satisfactory completion issued by the Project Engineer.

**Subhead 28004 – Pure Water Supply (New Amsterdam)**

**1261.** The sum of \$143M was provided for the purchase and installation of pipelines and the rehabilitation of the distribution network at New Amsterdam. Amounts totalling \$127.038M were expended. The contract was awarded in May 1999 to an overseas firm in the sum of \$262.235M. As at 31 December 2000, amounts totalling \$175.097M were paid to the contractor based on measured works certified by the consultant to the Project.

**1262.** On 12 June 2001, the above contract was terminated because of the failure of contractor to execute the contract within the stipulated period. At the time of reporting, it is understood that the matter was engaging the attention of the courts. A new contract valued at \$6M was awarded in October 2001 for the completion of the works, and at the time of reporting the works were almost completed.

**Division 525**

## **Subhead 28001 - Georgetown Remedial & Sewerage Project**

- 1263.** An amount of \$173.612M 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. A supplementary provision of \$185M was approved, giving a revised provision of \$358.612M. According to the Appropriation Account, amounts totalling \$351.821M were expended.
- 1264.** 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 2000, and an examination of these accounts revealed an expenditure of \$341.815M, giving a difference of \$10.006M.
- 1265.** The difference was due mainly to (a) disbursements totalling \$128.708M made in 1999 which was brought to account in the year 2000 (b) disbursements totalling \$82.930M made in 2000 not yet brought to account (c) financial costs totalling \$21.879M which were deducted directly from the loan resources and (d) expenditure totalling \$21.714M utilising interest from the Project's Riggs bank account not reflected in the Appropriation Account.
- 1266.** The following gives a breakdown of the audited expenditure of \$341.815M:-

DESCRIPTION	AMOUNT \$'000	AMOUNT \$'000
<b>Engineering &amp; Admin.</b> Project management Administrative costs	103,454 8,758	112,212
<b>Direct Costs</b> Pipes & accessories Water meters Equipment & spares Vehicles & office equipment	43,788 110,223 52,080 1,633	207,724
<b>Financial Costs</b> Interest Credit commission	19,647 2,232	21,879
<b>TOTAL</b>		<b>341,815</b>

- 1267.** The expenditure of \$103.454M represents payments to an engineering firm for consultancy services based on a contract awarded in July 1995 in the sum of \$508.2M. The Firm was required to develop and execute a comprehensive programme designed to improve the institutional needs of the GS&WC. It was also responsible for the day to day operations, maintenance and major rehabilitation work of the GS & WC.
- 1268.** There were three(3) amendments to the contract, revising the contract sum to \$703.509M. As at 31 December 2000, amounts totalling \$597.454M were paid to the Firm. The amount of \$103.454M 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. These payments were based on certificates of satisfactory completion issued by the General Manager.
- 1269.** In relation to the amount of \$43.201M expended on pipes and accessories, this 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 three(3) contracts valued at \$255.166M during the period 1996 to 1999. At 31 December 2000, amounts totalling \$143.230M were paid on these contracts. At the time of reporting, documentary evidence in the form of certificates issued by the Project Engineer, was seen attesting to the satisfactory completion of these contracts. In this regard, a trunk main was installed at Sophia while twenty-four(24) sewerage stations were rehabilitated.

- 1270.** The amount of \$110.223M expended on water meters represents the supply and installation of distribution mains and appurtenances, testing of water meters and the supply of pumps and associated equipment. Two(2) contracts valued at \$120.917M were awarded in September 1999. As at 31 December 2000, amounts totalling \$91.394M were expended on these contracts. (The difference of \$22.496M represents payments made on two(2) of the contracts referred to in the preceding paragraph.)
- 1271.** At the time of reporting, both contracts were completely executed and the related reports attesting to their satisfactory completion were seen. In this regard, a total of 1,900 house service connections including water meters were installed in the North and South Ruimveldt area while 3,450 meters were replaced in the Queenstown/Alberttown area. In addition, twenty-two(22) turbine meters with strainers were installed in Queenstown, Alberttown, Bel Air Park, Section K Campbellville and Lamaha Gardens.
- 1272.** In relation to the amount of \$52.080M expended on the supply of equipment and spares, this represents payments for the drilling of two(2) potable water supply wells and supply and installation of computerised hardware and billing system software and an Auto-Cad system. In this regard, three(3) contracts valued at \$80.922M were awarded during the period 1998 to 2000. As at 31 December 2000, amounts totalling \$39.155M were expended on these contracts. At the time of reporting, these contracts were completely executed. Two(2) wells were drilled at Turkeyen and Tucville while the computerised billing system was in place.

## **HEAD 46**

# GEORGETOWN PUBLIC HOSPITAL CORPORATION

## Current Expenditure

### Employment Costs

- 1273.** 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, for the period under review, the cash book reflected significant balances, as shown below:-

MONTH	AMOUNT \$	MONTH	AMOUNT \$
January	11,577,043	July	14,009,139
February	6,514,868	August	23,709,760
March	11,387,697	September	24,291,578
April	27,788,469	October	12,467,441
May	23,140,551	November	10,304,051
June	10,833,414	December	(11,828,217)

- 1274.** The Accounting Officer explained that this state of affairs was due mainly to the payment of wages and salaries as well as deductions after the close of the month. The negative balance was a result of the failure of the Corporation to deposit in a timely manner four(4) amounts totalling \$18.896M. Efforts should be made to ensure strict compliance with the established procedures.
- 1275.** Amounts totalling \$19.671M were refunded as unclaimed salaries. However, the related register reflected an amount of \$17.392M. It is evident that there were omissions in the Unclaimed Salaries Register. It is recommended that this record be reconciled preferably on a monthly basis with the amounts refunded and shown in the Votes Ledger.

### Other Charges



- 1276.** An examination of the cash book for the Main Bank Account revealed that it reflected negative balances of \$78.123M and \$69.316M at the end of April and November respectively. This was due to the Corporation making payments before funds were released from the Ministry of Finance. Apart from a breach of the established procedures, the Corporation ran the risk of the bank account being overdrawn. Every effort should therefore be made to ensure strict compliance with these procedures.
- 1277.** Amounts totalling \$455.946M were expended on Materials, Equipment & Supplies. However, the Votes Ledger reflected an amount of \$491.946M. As a result the Appropriation Account was understated by \$36M.
- 1278.** Included in the amount of \$491.946M, were sums totalling \$395.111M relating to the purchase of drugs and medical supplies. The following is a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Drugs and medical supplies	395,111
Office materials and supplies	31,324
Field materials and supplies	17,244
Print and non-print materials	12,267
<b>TOTAL</b>	<b>455,946</b>

- 1279.** Included in the amount of \$395.111M expended on drugs and medical supplies, were sums totalling \$347.843M relating to purchases from overseas suppliers. Cabinet had given approval for the purchase of drugs from specialised agencies overseas. However, four(4) purchases valued at \$3.367M were made outside of the list approved by Cabinet and without adherence to tender procedures. There were also four(4) local purchases which were effected without adherence to tender procedures. Notwithstanding this, the items purchased were verified as having been received and properly brought to account.
- 1280.** Amounts totalling \$14.564M were expended on Fuel & Lubricants mainly for three(3) generators and a steam plant. The fuel was being stored in

tanks connected to the generators and steam plant. However, adequate records were not maintained to account for the receipt and utilisation of fuel. As a result, it could not be determined whether all fuel purchased were properly accounted for.

**1281.** In relation to the purchase of fuel and lubricants for vehicles, an examination of the log books revealed that they were not maintained in a satisfactory manner. For example, fuel purchased was not recorded and journeys undertaken were sometimes not authorised. In the circumstances, it could not be determined whether effective control was exercised over the use of these vehicles.

**1282.** Amounts totalling \$76.389M were expended on Rental and Maintenance of Buildings. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Rental of buildings	8,362
Cleaning and janitorial supplies	13,080
Construction of Paediatrics Building	15,000
“    “ fence	12,557
“    “ storage bond	10,258
Repairs to twelve(12) buildings	8,761
“    “ Maternity Ward	6,686
Purchase of building materials	1,685
<b>TOTAL</b>	<b>76,389</b>

**1283.** The contract for the repairs of the Paediatrics Ward was awarded in the sum of \$15M. As at 31 December 2000, the full amount was paid to the contractor. In relation to the construction of the boundary fence, the contract was awarded in the sum of \$16.620M. As at 31 December 2000, amounts totalling \$12.557M were expended.

**1284.** The contract for the construction of the storage bond was awarded in the sum of \$11.548M. As at 31 December 2000, amounts totalling \$10.258M

were expended. In relation to the repairs to buildings, twelve(12) contracts were awarded in the sum of \$8.761M. As at 31 December 2000, the full amount was expended.

**1285.** The contract for the repairs to the Maternity Ward was awarded in the sum of \$6.686M. As at 31 December 2000, the full amount was paid to the contractor. At the time of reporting, the above works were completed and were physically verified while the items purchased were verified as having been received and properly brought to account.

**1286.** Amount totalling \$9.477M were expended on telephone charges of which sums totalling \$1.106M relate to overseas telephone calls. However, a register was not maintained to monitor these calls. In the absence of this record, it could not be determined whether all overseas calls paid for by the Corporation were in the public interest and whether there should have been recoveries in respect of private overseas calls. Registers were also not maintained for electricity and water charges. The Accounting Officer explained that he was not aware of these requirements.

**1287.** The sum of \$147.070M was expended on Other Goods and Services Purchased. The following gives a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Equipment maintenance	64,379
Security services	28,576
Cleaning and extermination services	15,066
Others	39,049
<b>TOTAL</b>	<b>147,070</b>

**1288.** The amount of \$64.379M shown as expenditure on the maintenance of equipment represents repairs and installation of AC units, X-ray units,

steam plant, generators, oxygen line and sewerage chamber. However, attempts to match payments with the related contracts were rendered difficult because the related register was not properly maintained. As a result, it could not be determined whether all contracts were awarded with due regard to the adherence to tender procedures.

- 1289.** The amount of \$28.576M expended on Security Services was paid to three(3) firms. The related contracts were taken over from the Ministry of Health. However, one(1) contract was not renewed since 1998.
- 1290.** In relation to the amount of \$15.066M expended on cleaning and extermination services, twenty-two(22) contracts were awarded in the sum of \$15.066M. At 31 December 2000, the full amounts were paid to the contractors. Reliance was placed on certificates of satisfactory completion issued by the supervisory officers of the various departments.
- 1291.** The amount of \$39.049M was expended on transportation of patients, purchasing of airline tickets, freight charges and cat-scan done on patients sent overseas for medical treatment. Based on test-checks carried out, the expenditure was verified as having been properly incurred.
- 1292.** Amounts totalling \$41.653M were expended on Other Operating Expenses. The following is a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Dietary	39,369
Refreshment and meals	1,894
National and other events	390
<b>TOTAL</b>	<b>41,653</b>

- 1293.** Tender procedures were, however, not followed in respect of the purchase of dietary items. The items purchased were nevertheless verified as having

been received and properly brought to account.

- 1294.** Amounts totalling \$4.002M were expended on Local and Overseas Training which includes the cost of airline tickets and hotel accommodation. However, adequate records were not maintained to determine the number of students and the respective courses in which they participated.
- 1295.** Out of a sample of four hundred and fifty(450) payment vouchers, one hundred and eighty(180) vouchers valued at \$141.792M were not presented for audit examination. Of this amount, vouchers valued at \$109.590M were in respect of the purchase of drugs both locally and overseas. The Accounting Officer gave the assurance that the vouchers would be located and submitted for audit. Alternative audit checks were nevertheless carried out to verify that value was received in respect of these payments.
- 1296.** Excess expenditure totalling \$4.768M was incurred in respect of four(4) subheads. Since there was savings under other subheads, it would have been more appropriate for virement of funds to be sought.

### **Revenue Accounting and Control**

- 1297.** According to the Corporation's statement of receipts and disbursements, amounts totalling \$13.207M were received and paid over to the Consolidated Fund. However, there was no evidence that this amount was actually transferred to the Consolidated Fund. Investigations revealed that the amount was retained in the Corporation's bank account and was used to make payments for various expenses. This is a violation of Section 17 of the FAA Act which requires all revenues to be paid over gross to the Consolidated Fund.

## HEAD 51 & DIVISION 507

### MINISTRY OF HOME AFFAIRS (EXCLUDING POLICE)

#### Current Expenditure

##### Employment Costs

- 1298.** The salaries bank account No. 3022 reflected a balance of \$56.137M as at 31 December 2000. This account was not reconciled since its establishment in June 1996. In addition, the salaries cash book was not properly written up to reflect balances at the end of each month. However, detailed audit checks revealed that the cash book reflected “nil” balances at the end of each month. The failure to reconcile bank accounts can lead irregularities being perpetrated without detection. Every effort should be made to ensure that the bank account is reconciled and the cash book balanced on a monthly basis.
- 1299.** Amounts totalling \$3.210M were refunded to the main bank account as unclaimed salaries for the period under review. However, an examination of unclaimed salaries register revealed amounts totalling \$333,140 were refunded but were not credited to the relevant expenditure subheads. As a result, expenditure under the respective subheads under Employment Costs was overstated by these amounts. Greater care should be exercised to avoid a recurrence of this lapse.
- 1300.** Amounts totalling \$120.696M were expended on Benefits & Allowances. Included in this figure were purchases totalling \$25.945M shown below according to the various authority limits:-

AUTHORITY LIMIT	NUMBER OF PURCHASES	AMOUNT \$
Below \$90,000	142	7,949,071
\$90,000 – \$180,000	55	8,085,799
\$180,000 – \$600,000	20	6,571,940
Over \$600,000	1	3,338,109
<b>TOTAL</b>	<b>218</b>	<b>25,944,919</b>

**1301.** The following unsatisfactorily features were, however, observed in relation to these purchases:-

- (a) There was no evidence that eight(8) purchases falling within the limits of \$180,000 and \$600,000 were adjudicated by the Ministerial Tender Board; and
- (b) Eight(8) instances were observed of apparent sub-division of purchases to avoid adjudication by Ministerial Tender Board. In each case the same items were acquired on the same dates from the same suppliers. A similar observation was made in respect of four(4) sets of purchases totalling \$2.795M. These would have required adjudication by the Central Tender Board.

### **Other Charges**

**1302.** The main bank account No. 3020 reflected a large balance of \$46.451M as at 31 December 2000. This account was not reconciled since its establishment in June 1996. In this regard, the comment and recommendation in relation to the salaries bank account are also applicable. In addition, there was no evidence that the unspent balances totalling \$25.527M were refunded to the Consolidated Fund up to the time of reporting.

**1303.** 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, 118 cheque orders valued at \$20.632M were not cleared within the specified time-frame but on average seventy-seven(77) days after they were issued. In addition, up the time of reporting, a total of 574 cheque orders valued at \$54.260M relating to purchases were not cleared. Efforts should be made to ensure that there is strict compliance with the system as it relates to the clearing of cheque orders.

**1304.** Amounts totalling \$38.099M expended on Materials, Equipment & Supplies. The following is a breakdown by various authority limits:-

<b>AUTHORITY LIMIT</b>	<b>NUMBER OF PURCHASES</b>	<b>AMOUNT \$</b>
Below \$90,000	633	16,551,388
\$90,000 - \$180,000	66	9,054,536
\$180,000 - \$600,000	48	12,492,054
<b>TOTAL</b>	<b>747</b>	<b>38,098,978</b>

**1305.** In relation to twelve(12) purchases totalling \$2.787M and 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. In addition, supporting documents such as bills and receipts in respect of seventeen(17) purchases totalling \$2.658M were not presented for audit. Thirteen(13) of these purchases valued at \$1.753M could not be traced to the stock records. In the circumstances, it could not be determined whether value was received in respect of these thirteen(13) purchases.

**1306.** Amounts totalling \$17.410M were expended on Fuel & Lubricants. However, of the thirty-five(35) vehicles for which log books were required to be maintained, only thirteen(13) were presented for audit examination. The Accounting Officer explained that log books were written up but the twenty-two(22) could not be located. In the circumstances, it could not be satisfactorily determined whether effective control was exercised over the use of the Ministry's vehicles.



**1307.** Amounts totalling \$27.386M were expended for the Rental & Maintenance of Buildings. The following is a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$
Purchases of janitorial/cleaning supplies	11,662,258
Repairs to N/A & G'town prisons	8,465,944
"    " NRC building	1,460,890
"    " Timehri, N/A & G'Town	
Fire Service buildings	884,317
"    " Home Affairs building	474,680
"    " GRO & PCA buildings	57,920
Rental of buildings	4,380,000
<b>TOTAL</b>	<b>27,386,009</b>

**1308.** In respect of the purchase of janitorial and cleaning supplies, thirteen(13) instances were observed where purchases totalling \$4.188M were subdivided to avoid adjudication by Ministerial Tender Board. Nevertheless, based on test-checks carried out, the items purchased were verified as having been received and properly brought to account.

**1309.** The amount of \$8.446M was expended on the purchase of building materials for New Amsterdam and Georgetown Prison buildings. The materials were received and properly brought to account while the works for which prison labour was used, were physically verified.

**1310.** In respect of the rental of the buildings, the amount of \$4.380M represents payments to (a) the Guyana Post Office Corporation for the area occupied by the General Registrar's Office and (b) the Linden Community Development Association for use of the building housing the National Registration Centre.

**1311.** Included in the amount of \$1.461M expended on repairs to NRC buildings were ten(10) contracts awarded for miscellaneous works to the ceiling, middle flat, stores, toilet, guard hut and cashier cage. The works were physically verified.

- 1312.** In respect of the repairs to the fire service building at New Amsterdam, mainly electrical and plumbing works were carried out at the Georgetown fire service buildings, windows were repaired and painting undertaken in both instances. In both instances works were carried out by staff members.
- 1313.** In relation to the repairs to the Ministry of Home Affairs, miscellaneous works such as carpentry works to the flooring of the security check point, electrical and plumbing works were carried out. These works were physically verified.
- 1314.** Amounts totalling \$2.360M were expended for the Maintenance of Infrastructure, mainly relating to fences, compounds and minor purchases. Based on sample checks carried out five(5) purchases totalling \$1.468M were sub-divided to avoid adjudication by the Ministerial Tender Board. No satisfactory explanation was given.
- 1315.** Amounts totalling \$25.232M expended on Transport, Travel & Postage. The following gives a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Vehicle spares and service	18,251,723
Local travel and subsistence	5,762,083
Other transport, travel and postage	1,136,010
Postage, telex and cablegrams	82,249
<b>TOTAL</b>	<b>25,232,065</b>

- 1316.** Included in the amount of \$18.252M expended on Vehicle Spares and Maintenance were 335 payments totalling \$10.089M for miscellaneous purchases and services falling below \$90,000. Based on test checks the items were verified as having been received and properly brought to account, while there was documentary evidence that the maintenance works were satisfactorily completed.

**1317.** Included in the amount of \$5.762M representing Local Travel and Subsistence were amounts totalling \$1.110M expended on overseas travel which is an improper charge against the Ministry's votes. The difference of \$4.652M were expended on local travelling, meals and accommodation. Based on test checks carried out there was documentary evidence that the expenditure was properly incurred.

**1318.** Amounts totalling \$21.371M were expended on Utility Charges as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Electricity charges	12,278
Telephone charges	8,041
Water charges	1,052
<b>TOTAL</b>	<b>21,371</b>

**1319.** The amounts of \$12.278M expended on Electricity Charges was in respect of twenty-two(22) meters under the control of the Ministry. Although an electricity register was kept at the General Registrar's Office to record all charges, this record reflected total expenditure of \$306,801 while the votes ledger reflected a total expenditure of \$719,997 giving a difference of \$413,196. It is recommended that periodic reconciliation of the votes ledger with this record be carried out.

**1320.** Included in the amount of \$8.041M shown as telephone charges, were sums totalling \$461,017 representing the cost of overseas telephone calls. However, one department did not maintain a telephone register. Although telephone registers were maintained on the other five(5) departments details of overseas calls were not entered in the register at the time the calls were made. In the circumstances, it could not be determined whether recoveries in respect of private overseas calls were made.

**1321.** Amounts totalling \$11.343M were expended on Other Goods and Services

Purchased. The following gives a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Security services	3,379,200
Equipment maintenance	3,363,035
Cleaning and janitorial supplies	1,936,255
Agency fees	1,799,950
Others	864,247
<b>TOTAL</b>	<b>11,342,687</b>

**1322.** The amount of \$3.379M expended on Security Services was in respect of services provided by the Commissioner of Police at the National Registration Centre. The expenditure was verified as having been properly incurred.

**1323.** Amounts totalling \$3.363M were expended on repairs and maintenance of equipment such as computers, typewriters, A/C units, photocopier and fax machines etc. Based on test checks carried out, the expenditures were verified as having been properly incurred.

**1324.** Amounts totalling \$1.936M were expended on cleaning and janitorial supplies for period under review. Based on test checks carried out, the items purchased were verified as having been received and properly incurred.

**1325.** The amount of \$1.8M represents commission paid to the Post Office Corporation for Marriage, Birth and Death Certificates sold for the period under review.

**1326.** Amounts totalling \$87.826M were expended on Other Operating Expenses. The following gives a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Dietary items	79,004,397
Refreshment and meals	5,966,463
National Events	954,242
Overseas travel	509,295
Others	1,392,059
<b>TOTAL</b>	<b>87,826,456</b>

**1327.** In relation to the dietary items, there were seventeen(17) purchases totalling \$4.263M which were made without adjudication by the Ministerial Tender Board. A similar observation was made in respect of seventeen(17) purchases totalling \$11.602M which were made without adjudication by the Central Tender Board. Nevertheless, based on test-checks carried out, the items purchased were verified received and properly brought to account.

**1328.** Also, in respect of dietary items purchased, there were twelve(12) instances totalling \$3.404M which were sub-divided to avoid the adjudication by the Ministerial Tender Board. A similar observation was made in respect of fifteen(15) purchases totalling \$15.6M which were sub-divided to avoid adjudication by the Central Tender Board. Nevertheless, based on test-checks carried out, the items purchased were verified received and properly brought to account.

**1329.** The amount of \$509,295 expended on overseas travel is an improper charge to the Ministry's votes as this expenditure should have been met from funds provided under the Accountant General's Department.

### **Stores and Other Property**

- 1330.** The Ministry maintained sectional inventories to record fixed assets under its control. A master inventory was, however, not maintained for the period under review. In view of the numerous assets under the control of the Ministry, it is important that adequate inventory records be maintained.
- 1331.** Although one department of the Ministry maintained a gift register, a certified statement of such items received from donor agencies was not presented for audit examination. In the circumstance, it could not be determined whether all gifts were accounted for. In addition, the gifts were not valued and the Accountant General so informed so that they could be recorded in the Public Accounts.

### **Capital Expenditure**

#### **Subhead 12001 - Buildings (Prisons)**

- 1332.** The sum of \$30M was voted for (a) the purchase of cell locks (b) rehabilitation of dormitories at Timehri (c) extension of dormitory at the Georgetown prison and (d) rehabilitation works at Mazaruni prison. Expenditure totalling \$19.021M was incurred, as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Rehabilitation of Mazaruni Prison	12,442,679
"          "    Georgetown Prison	5,327,770
Purchase of tools	282,206
Consultancy services & other miscellaneous costs	967,885
<b>TOTAL</b>	<b>19,020,540</b>

- 1333.** In my 1999 Report, it was stated that an amount of \$6.006M was expended on the rehabilitation of the Mazaruni Prison based on a contract which was awarded in 1997 in the sum of \$20.392M. 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. The contractor had since died and one(1) of the cheques valued at \$1.020M was released to

his estate. The other cheque valued at \$1.445M was cancelled and replaced by three(3) cheques. Two(2) of these latter cheques valued at \$837,941 were paid to another contractor to continue the works while the third cheque valued at \$607,085 was refunded to the main bank account.

**1334.** The rehabilitation of the Mazaruni Prison for the period under review was executed through the award of a contract valued at \$27.645M on 21 December 2000. As can be noted, amounts totalling \$12.445M were expended, of which the sum of \$8.294M relates to the payment of a mobilisation advance. The difference of \$4.151M, representing the first valuation, was paid on 6 February 2001 but the related cheque was back-dated to 31 December 2000. This action violates Section 36 of the FAA Act which requires all unspent balances at the end of the year to be surrendered to the Consolidated Fund. At the time of inspection, the works were still in progress.

**1335.** The Georgetown Prison was rehabilitated at a cost of \$3.873M using prison labour. This amount represents the purchase of building materials. The difference of \$1.455M represents the discharge of a liability relating to security works undertaken and for which approval was granted for a change of programme.

**Subhead 12002 - Police Stations & Buildings**

**1336.** The sum of \$40M was provided for (a) the completion of the rehabilitation works at the Central Police Station in New Amsterdam, western barracks of the F.A.P.C., western block of the Tactical Services Unit and marine police station wharf and (b) the rehabilitation of police stations at Mahaica and Mahaicony, divisional headquarters at Essequeibo, training school at Suddie and Enmore Police Station outpost. Amounts totalling \$32M were expended in the rehabilitation of the following:-

DESCRIPTION	AMOUNT
369	

	\$
Enmore Police Station	6,000,237
Karasabai Police Station	4,379,252
Mahaicony Police Station	3,374,744
New Amsterdam Police Station	2,908,084
Mahaica Police Station	2,343,037
Western Barracks, F.A.P.C.	1,951,009
Tactical Services Unit	1,789,535
Suddie Training School	1,630,184
Consultancy Fees	793,440
Other	540,124
<b>TOTAL</b>	<b>25,709,646</b>

- 1337.** As can be noted, there is a difference of \$6.290M between the above schedule and the expenditure as shown in the Appropriation Account. This amount represents the unspent balance on the releases under this subhead, which was paid over to the Deposits Fund bank account, instead of the Consolidated Fund, in breach of Section 36 of the FAA Act. As a result, the Appropriation Account was overstated by this amount.
- 1338.** A similar observation was made in respect of an inter departmental warrant valued at \$4.4M which was received from the Ministry of Public Works. It should be mentioned that in the year 2001, amounts totalling \$7.397M were expended on various works under this subhead using funds from the Ministry's main bank account in the hope of seeking reimbursement from the Deposits Fund. This practice is clearly irregular and should be discontinued forthwith.
- 1339.** The contract for the construction of the Enmore Police Station was awarded to the lowest of eight(8) bidders in the sum of \$7.344M. As at 31 December 2000, amounts totalling \$6M were paid to the contractor, and the work was still in progress as at that date. The work was not rebudgeted in the year 2001, but expenditure totalling \$1.107M representing final payments on the contract were paid from the Deposits Account mentioned earlier. Physical inspection revealed that the roof sheeting used was 27 gauge galvanised corrugated sheets instead of 26 gauge galvanised corrugated sheets as specified in the contract.
- 1340.** The Karasabai Police Station was rehabilitated at a cost of \$4.379M using Police labour. This amount was transferred to the Commissioner of Police.



However, actual expenditure at the end of 2000 was \$3.565M as a result of which the Appropriation Account under this subhead was further overstated by \$814,000. In addition, there was no evidence that approval was granted for a change in programme to undertake the works. Because of the remoteness of the area, the works could not have been physically verified.

- 1341.** The contract for the rehabilitation of the Mahaicony Police Station was awarded in the sum of \$5.289M. As at 31 December 2000, amounts totalling \$3.375M were expended. At the time of inspection, the works were completed.
- 1342.** In relation to the rehabilitation of the New Amsterdam Police Station, the contract was awarded in the sum of \$4.535M. As at 31 December 2000, amounts totalling \$2.908M were expended. At the time of inspection, the works were completed.
- 1343.** The contract for the rehabilitation of the Mahaica Police Station was awarded to the lowest of six(6) bidders in the sum of \$5.248M. As at 31 December 2000, amounts totalling \$2.344M and the works were still in progress as at that date. The work was not rebudgeted in the year 2001, but payments totalling \$1.697M were paid to the contractor from the Deposits Account mentioned earlier. Physical inspection revealed that the roof sheeting used was 27 gauge galvanised corrugated sheets instead of 26 gauge galvanised corrugated sheets as specified in the contract. At the time of reporting the work was still in progress.
- 1344.** In relation to the rehabilitation of the Felix Austin Training School, the contract was awarded in the sum of \$3.738M. As at 31 December 2000, amounts totalling \$1.951M were expended.
- 1345.** The contract for the rehabilitation of the Tactical Services Unit was awarded in the sum of \$3.481M. As at 31 December 2000, amounts totalling \$1.790M were expended. At the time of inspection, the works were completed.
- 1346.** In relation to the rehabilitation of the Suddie Training School, the contract

was awarded in the sum of \$2.974M. As at 31 December 2000, amounts totalling \$1.630M were expended. At the time of inspection, the works were completed.

**Subhead 12003 - Fire Ambulances and Stations**

**1347.** The sum of \$18M was allocated for (a) the completion of the Alberttown Fire Station and fire service headquarters and (b) rehabilitation to Campbellville and Corriverton fire stations. Amounts totalling \$14M were expended as follows:-

DESCRIPTION	AMOUNT \$
Rehabilitation of Campbellville Fire Station	3,814,401
Completion of Headquarters Fire Station	2,061,809
“        “    Alberttown Fire Station	1,444,863
Consultancy Fees	384,925
Purchase of contract documents	197,865
<b>TOTAL</b>	<b>7,903,863</b>

**1348.** As can be noted, there is a difference of \$6.096M between the above schedule and the expenditure as shown in the Appropriation Account. This amount represents the unspent balance on the releases under this subhead, which was paid over to the Deposits Fund bank account, instead of the Consolidated Fund, in breach of Section 36 of the FAA Act. As a result, the Appropriation Account was overstated by this amount.

**1349.** In my 1999 Report, it was stated that two(2) payments totalling \$640,134 were withheld by the Ministry in respect of works at living quarters at West Ruimveldt because the contractor had died. These cheques were cancelled and two new cheques totalling the same amount were issued to a new contractor who had completed the work through the award of a contract by the Ministerial Tender Board. The work was physically verified. These transactions are highly irregular and it is recommended that the balance of \$399,708 be transferred to the Consolidated Fund.

**1350.** The contract for the rehabilitation of the Campbellville Fire Station was awarded in the sum of \$4.263M. As at 31 December 2000 the work was not

completed and was not rebudgeted for in 2001. Work continued in 2001 and an amount of \$353,666 was paid from the Deposit Fund for the completion of the work. Nevertheless, the works were physically verified.

**1351.** In respect of the rehabilitation of Fire Station Headquarters, the contract was awarded in the sum of \$6.720M as at 31 December 2000 the work was not completed and was not rebudgeted in 2001. Nevertheless, the works that were completed were physically verified.

**1352.** The contract for the rehabilitation of the Alberttown Fire Station was awarded in the sum of \$4.816M. As at 31 December 2000 the work was not completed and was not rebudgeted for in 2001. Work continued in 2001 and amounts totalling \$1.736M was paid from the Deposit Fund for the completion of the work. Nevertheless, the work was physically verified.

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

**1353.** The sum of \$4.120M was allocated for (a) the purchase of binding materials and computers (b) preservation and binding of records (c) payment for transcribes and training of officers and (c) computerisation of records. Amounts totalling \$4.040M were expended as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Payment to transcribes	2,784,165
Preservation and binding of records	449,500
Purchase of binding materials	378,480
Computerisation of records	321,047
Purchase of Furniture & Equipment	106,900
<b>TOTAL</b>	<b>4,040,092</b>

**1354.** Included in the figure of \$2.784M were amounts totalling \$2.723M paid to twelve(12) subscribers for the period under review. However, the terms of employment of these persons could not be verified since the relevant

information of the terms of employment was not provided. The binding of the books were verified as having been satisfactorily completed. The binding materials, furniture and equipment were verified as having been received and properly brought to account.

**1355.** In respect of the purchases of binding materials, furniture and equipment there was evidence of apparent sub-division of purchases to avoid adjudication by the Ministerial Tender Board. The following are example of the purchases made from the same supplier on the same date:-

<b>DATE</b>	<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
19.07.00	Purchase of one(1) executive chair	48,400
“	“ “ “ “ “	46,500
“	“ “ photocopy ink, staples etc.	67,560
“	“ “ 300 file jackets etc.	31,000
“	“ “ pens and file folders	20,450
“	“ “ 500 white envelope	40,000
<b>TOTAL</b>		<b>253,910</b>

**1356.** There was no evidence that approval was granted for a change in programme to purchase office furniture and equipment totalling \$106,900. However, all the purchases were verified as having been received and brought to account.

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

**1357.** An amount of \$20M was provided for the purchase of two(2) pick-ups, four(4) motor cycles, six(6) fibre glass boats and five(5) balahoos. Amounts totalling \$19.838M were expended in the purchase of the following:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
374	

Five(5) motor cars	10,863,000
Two (2) trucks	3,900,000
Ten(10) motor cycles	3,050,000
Two(2) fibre glass boats	1,800,000
Two(2) balahoos	224,835
<b>TOTAL</b>	<b>19,837,835</b>

**1358.** Approval for change of programme was granted. The assets purchased were verified as having been received and properly brought to account except for the balahoos which were located in the hinterlands.

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

**1359.** The sum of \$17M was voted for the purchase of fire appliances. Amounts totalling \$16.920M were expended in the purchase of the following:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Land Rover, fire appliances and delivery hoses	12,074,388
Toyota pick-up	4,112,599
Tyres and liners	733,500
<b>TOTAL</b>	<b>16,920,487</b>

**1360.** The purchase of the Land Rover, fire appliances, deliver hoses and hose control monitors were made through Crown Agent through a waiver of Central Tender Board procedures. At the time of reporting fire appliances to the value of \$707,600 were not yet received. The purchase of the pick-up was approved by Central Tender Board. However, approval was not seen for the two(2) purchases totalling \$733,500 falling within the limits of the Ministerial Tender Board. All the other items were verified as having been received and properly brought to account.

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

- 1361.** The sum of \$12.2M was provided for the purchase of one(1) truck and the construction of a motor launch. Amounts totalling \$16.980M were expended, resulting in an excess expenditure of \$4.780M. The excess was met from an advance from the Contingencies Fund which was cleared by way of a supplementary estimate in August 2001. There was approval for a change of programme not to purchase the truck but to spend the entire sum on the construction of the launch and the purchase of the engine.
- 1362.** The contract for the construction of the launch was awarded by the Central Tender Board in the sum of \$12.155M for which approval from the Cabinet was seen. However, included in the amount of \$16.980M was the sum of \$5.174M drawn in favour of the Permanent Secretary, Ministry of Home Affairs and paid into the Deposit Fund Account. The Accounting Officer explained that this amount would be utilised to purchase an engine for the launch. At the time of reporting, the construction of the launch was completed.

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

- 1363.** An amount of \$9M was voted for the purchase of office chairs, desks, cabinets, beds, typewriters, photocopiers and refrigerators. The full amount was expended, as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
Office furniture and equipment	5,787,670
Beds	1,471,100
Refrigerators	1,045,000
Road marking paint	525,000
Gas stoves	171,000
<b>TOTAL</b>	<b>8,999,770</b>

- 1364.** Included in the sum of \$5.788M was an amount of \$525,000 expended on the purchase of five(5) manual typewriters which was not subject to

adjudication by the Ministerial Tender Board. However, all the other items was subject to Tender Board procedures. Nevertheless, the items were verified as having been received and properly brought to account.

- 1365.** In respect of the purchase of office furniture and equipment, there was evidence of apparent sub-division of purchases to avoid adjudication by the Ministerial Tender Board and Central Tender Board. The following are examples of purchases made from the same supplier on the same date:-

<b>DATE</b>	<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
12.05.00	Purchase of suite	140,000
“	“ “ executive desk	96,000
<b>Total</b>		<b>236,000</b>
29.12.00	Purchase of filing cabinet	55,000
“	“ “ five typist chairs	160,000
<b>TOTAL</b>		<b>215,000</b>
27.10.00	Purchase of three refrigerators	465,000
“	“ “ four freezers	580,000
	“ “ five typewriters	525,000
<b>TOTAL</b>		<b>1,570,000</b>
01.12.00	Purchase of five typewriters	525,000
	“ “ ten cabinets	550,000
<b>TOTAL</b>		<b>1,075,000</b>

- 1366.** There was no change of programme for road marking paint and gas stoves. Nevertheless, the items purchased were verified as having been received and properly brought to account.

**Subhead 26001 - Equipment (Police)**

**1367.** The sum of \$28M was provided for the purchase of computers, finger print, photographic, communication and telephone equipment, arms and ammunition and air conditioning units. Amounts totalling \$27.299M were expended in the purchase of the following:-

DESCRIPTION	AMOUNT \$
Arms & ammunitions	13,960,000
Communication & telephone equipment	6,141,712
Computers & accessories	2,045,995
Crowd barriers	1,944,011
Air conditioning units & stabilisers	1,305,145
Others	1,902,205
<b>TOTAL</b>	<b>27,299,068</b>

**1368.** Approval for the purchase of arms and ammunitions was granted by Cabinet to the sole bidder. The purchase of the communication and telephone equipment, computer accessories and crowd barriers were approved by Central Tender Board. The items purchased were verified as having been received and properly brought to account.

**1369.** Included in the figure of \$1.902M were payments totalling \$1.134M representing the purchase of brush cutters, road marking paint and heavy duty fans for which no approval was grant for change in programme to accommodate the expenditure. Nevertheless, the items purchased were verified as having been received and properly brought to account.

**1370.** There was evidence of apparent sub-division of purchases to avoid adjudication by the Ministerial Tender Board. The following are examples of purchases made from the same supplier at the same date:-

	378	
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DATE	DESCRIPTION	AMOUNT \$
19.10.00	Purchase of brush cutters	165,000
“	“ “ filing cabinets	165,000
<b>TOTAL</b>		<b>330,000</b>
29.12.00	Purchase of amplifiers	79,900
“	“ “ microphones	69,900
“	“ “ thirteen recorders	83,840
<b>TOTAL</b>		<b>233,640</b>

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

**1371.** The sum of \$1.9M was voted for the purchase of mobile and hand-held radio sets, telephone and pagers. The full amount was expended in the acquisition of a communication set. The item purchased was verified as having been received and properly brought to account.

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

**1372.** An amount of \$5M was voted for the purchase of hoses, portable pumps, hydrant fittings and fire fighting accessories. Amounts totalling \$4.901M were expended. The items purchased were verified as having been received and properly brought to account.

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

**1373.** The sum of \$5.673M was provided for the purchase of computers, typewriters, chairs, cabinets, desks, air conditioning units, photocopiers and communication equipment. Amounts totalling \$5.046M were expended in the purchase of the following:-

379	
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DESCRIPTION	AMOUNT \$
Communication set	4,079,500
Three(3) freezers	450,000
Four(4)cabinets	451,760
Miscellaneous	65,100
<b>TOTAL</b>	<b>5,046,360</b>

**1374.** The communication set was acquired approved by the Central Tender Board through a waiver to the sole bidder. The purchase of the freezers was adjudicated by the Ministerial Tender Board to the second lowest of three bidders on the basis that the lowest bidder did not meet the specification capacity.

**1375.** Included in the figure of \$471,760 was the sum of \$208,000 representing the purchase of four filing cabinets. This purchase was approved by the Ministerial Tender Board to the lowest of three bidders. All the items purchased were verified as having been received and properly brought to account.

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

**1376.** The sum of \$7.2M was voted for the purchase of tractors and tools and the construction of pens. Expenditure totalling \$4.9M was incurred. A tractor was acquired at a cost of \$4.367M. The items purchased were verified as having been received and properly brought to account.

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

**1377.** An amount of \$1M was provided for the purchase of computers and accessories. Expenditure totalling \$989,000 was incurred. The items purchased were verified as having been received. However, they were not recorded in the master inventory.

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

**1378.** The sum of \$1M was provided for the purchase of chairs, desks, cabinets and typewriters. Amounts totalling \$994,433 were expended. The items purchased were verified as having been received. However, they were not recorded in the master inventory.

**HEAD 51**

**MINISTRY OF HOME AFFAIRS**

**PROGRAMME 2 – GUYANA POLICE FORCE**

**Current Expenditure**

**1379.** The salaries bank account No. 3032 reflected a balance of \$19.771M and the cash book showed a balance of \$6.306M as at 31 December 2000. This account was reconciled for the period under review.

**1380.** 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 \$'000	MONTH	AMOUNT \$'000
January	3,038	July	12,161
February	2,061	August	10,125
March	5,052	September	17,614
April	6,076	October	1,309
May	5,761	November	11,106
June	23,180	December	6,306

**1381.** 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.

- 1382.** Amounts totalling \$606.364M were expended on Benefits and Allowances. Included in this figure are amounts totalling \$108.208M representing purchases of uniforms for members of the force under the various authority limits shown below:-

<b>AUTHORITY LIMIT</b>	<b>NUMBER OF PURCHASES</b>	<b>AMOUNT \$'000</b>
Below \$90,000	321	14,026
\$90,000 - \$180,000	91	12,078
\$180,000 - \$600,000	85	82,103
<b>TOTAL</b>	<b>497</b>	<b>108,208</b>

- 1383.** Based on test checks carried out, the items purchased followed Tender Board procedures and were verified as having been received and properly brought to account.

- 1384.** An examination of the Register of Contributors to the National Insurance Scheme revealed that 564 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.

- 1385.** Amounts totalling \$79.544M were expended on Materials, Equipment and Supplies. An analysis of the purchases under the various limits is given below:-

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<b>AUTHORITY LIMIT</b>	<b>NUMBER OF PURCHASES</b>	<b>AMOUNT \$'000</b>
Below \$90,000	1,231	25,574
\$90,000 - \$180,000	137	18,158
\$180,000 - \$600,000	68	21,988
Above \$600,000	4	13,824
<b>TOTAL</b>	<b>1,440</b>	<b>79,544</b>

**1386.** Based on sample checks carried out the relevant Tender Board procedures were adhere to and items purchased were verified as having been received and properly brought to account.

**1387.** Amounts totalling \$46.989M were expended on Fuel and Lubricants. However, of the twenty-four(24) vehicles in use by the Force at Headquarters, log books for eight(8) were not presented for audit. Of the log books presented, it was difficult to determine the monthly consumption of fuel done due to the condition of the log books and illegibility of the hand writing. In the absence of proper maintenance of these 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.

**1388.** The sum of \$54.914M was expended on Rental and Maintenance of Buildings. The following gives a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Repairs to Living Quarters, Police Compound	18,389
“ “ eight(8) Police Station/Outpost	11,251
“ “ FAPC Auditorium/Bridge	1,857
“ “ TSU Building	1,548
“ “ FAPC Berbice	1,438
“ “ Administration Building	473
Purchases of buildings materials	13,739
Janitorial and Cleaning	6,219
<b>TOTAL</b>	<b>54,914</b>

**1389.** Fourteen(14) contracts totalling \$18.389M were awarded to eight(8)

contractors for repair works at eleven(11) police living quarters. Seven(7) of these contracts were adjudicated by Ministerial Tender Board, six(6) were awarded to the lowest bidders and one(1) to the bidder which was closest to the Engineer's Estimates. The remaining seven(7) were awarded by Central Tender Board to the lowest bidders. The works were physically verified, except in respect of the repairs to the roof of the Commander's living quarters, Leonora Police Station, the work was considered unsatisfactory since the roof leaks when it rains.

- 1390.** In respect of repairs works carried out at the eight(8) police stations, six(6) contracts totalling \$10.073M were awarded by the Central Tender Board to the lowest bidders. The remaining two(2) contracts totalling \$1.178M were awarded by the Ministerial Tender Board to the lowest bidders. The works were physically verified.
- 1391.** In relation to the repairs to the buildings at F.A.P.C. four(4) contracts totalling \$1.857M were awarded by Ministerial Tender Board to the lowest bidders. These works were mainly repairs to the walls, steps and trestle. The works were physically verified.
- 1392.** In respect of the repairs works undertaken at the T.S.U Building, the contract was awarded by Central Tender Board to the lowest of four(4) bidders in the sum of \$1.548M. The work was physically verified.
- 1393.** Three(3) contracts totalling \$4.337M were awarded to the same contractor for repairs to the library, model station and barrack room at the F.A.P.C. in Berbice. Two(2) of the contracts totalling \$3.276M were awarded by Central Tender Board while the one(1) contract for \$619,000 was awarded by the Departmental Tender Board. As at 31 December 2000, amounts totalling \$1.438M were expended and the work was still in progress. At the time of reporting expenditure totalling \$2.900M was incurred in 2001 and the works were completed.
- 1394.** Included in the figure of \$54.914M were amounts totalling \$5.920M, which were expended on repairs to fences and bridges. This expenditure should have been more appropriately charged under Maintenance of Infrastructure.
- 1395.** Amounts totalling \$123.619M were expended on Transport, Travel and

Postage. The following is gives a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Local, travel and subsistence	88,447
Vehicle spares and services	32,972
Postage, telex and cablegrams	2,200
<b>TOTAL</b>	<b>123,619</b>

Test checks revealed that the above expenditures were properly incurred.

- 1396.** Amounts totalling \$21.991M were expended on Telephone Charges, of which sums totalling \$2.1M 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.
- 1397.** Amounts totalling \$21.522M were expended on Other Goods and Services Purchased. The following gives a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Cleaning and extermination services	6,466
Equipment maintenance	4,266
Other	10,789
<b>TOTAL</b>	<b>21,522</b>

- 1398.** Included in the amount of \$6.644M expended on cleaning and extermination services were sum totalling \$4.820M, which were paid for the cleaning of police buildings at the various locations. Test checks revealed the expenditure was properly incurred.
- 1399.** The amount of \$4.266M shown as equipment maintenance represent payments

for repairs to photocopying machine, computers, typewriters etc. for the improved communication capabilities of the Force. Test checks revealed the expenditure was properly incurred.

**1400.** The figure of \$10.789M, shown as others represents payments for miscellaneous services such as internet fee, rental of truck radio, photocopying etc. Test check revealed that the above expenditure was properly incurred.

**1401.** Amounts totalling \$23.010M were expended on other operating expenses. The following is a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Funeral Expenses	12,179
Refreshment and meals	6,609
Services rendered	2,388
Miscellaneous	1,834
<b>TOTAL</b>	<b>23,010</b>

**1402.** The expenditure of \$12.179M on funeral relates to burial of the destitute and other ranks who died in the execution of their duties. Test checks revealed that payments were duly authorised and properly charged to this subhead.

**1403.** In relation to the refreshment and meals, the amount of \$6.609M represents payments made to the Police Officers' Mess and Police Central Welfare Fund for services provided to the Force. Adequate documentation existed in support of the expenditure.

**1404.** The sum of \$2.388M represents payment for food provided for prisoners held at the various lock-ups for the period reviewed. Based on test checks carried out, the expenditure was verified as having been properly incurred.

**1405.** The sum of \$5.892M expended on Training (including scholarships)



represents payments made in sending fifty(50) members of the Force on thirty-two(32) training courses held in ten(10) countries for the period reviewed. Adequate documentation existed in support of the expenditure.

## **HEAD 52 & DIVISION 514**

### **MINISTRY OF LEGAL AFFAIRS**

#### **Current Expenditure**

- 1406.** 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 positive balances in May, July and August 2000. Every effort should be made to ensure compliance with the laid-down procedures.
- 1407.** At the time of the audit in August 2001, the reconciliation of the salaries bank account No. 3120 was five(5) months in arrears. Since the failure to reconcile bank accounts in a timely manner can lead to irregularities being perpetrated without detection, the Accounting Officer is advised to ensure that this activity is carried out in a more timely manner.
- 1408.** Excess expenditure totalling \$30,000 was incurred in respect of two(2) subheads. Since there were savings in other subheads, it would have been more appropriate for a virement of funds to be sought.

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

- 1409.** 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 this record. 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**

- 1410.** The State Solicitor's bank account No. 120 reflected a balance of \$35.111M as at 31 December 2000. However, it could not be determined when last the account was reconciled. The cash book was also not cast and balanced and bore no evidence of supervisory checks. Every effort should be made to ensure that this record is properly written up and the bank account is reconciled in a timely manner.
- 1411.** In addition, the ledger accounts in support of the amount held in the above-mentioned account were not written up for the period under review. In the circumstances, the make-up of the balance shown in the bank account could not be properly determined. The Accounting Officer is urged to ensure that this record is written up and reconciled with the bank account.
- 1412.** Receipt books received from the Accountant General's Department were not recorded in the Register of Controlled Forms at the State Solicitor's Department. As a result, it could not be satisfactorily determined whether all receipt books were properly accounted for.
- 1413.** The Public Trustee's bank account No. 270 and the Official Receiver's Insolvency Estates bank account No. 330 reflected balances of \$8.562M and \$1.472M respectively as at 31 December 2000. However, it could not be determined when last these accounts were reconciled. In addition, the cash books were not cast and balanced for the period under review. These matters were drawn to attention in my previous reports.
- 1414.** A total of 5,201 applications were received by the Deeds Registry for the period under review in respect of the registration of business names. However, out of 1,000 applications selected for audit examination, 140 were not produced for audit examination due to poor filing. As a result, the fees payable on these applications could not be properly verified.
- 1415.** In relation to trade marks, a total of 525 applications were received for the period under review. However, no licences were issued in respect of these applications. A similar observation was made in respect of 1999. The Accounting Officer again explained that there was a huge backlog of applications due to staff constraints and that the earlier years were being given priority.
- 1416.** One hundred and sixteen(116) 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, twenty-eight(28) of these files were not produced for audit. As a result, a proper verification of the amounts received could not have been carried out.

- 1417.** The Deeds Registry imprest bank account No. 3122 was last reconciled to December 1998. A similar observation was made in respect of the imprest bank account No. 3121 (Attorney General's Department) which was last reconciled to April 2000. In this regard, the comments made in relation to the other bank accounts are also applicable.

### **Capital Expenditure**

#### **Subhead 12002 – Supreme/Magistrate Court**

- 1418.** The sum of \$35M was allocated for the construction of the Suddie Supreme Court. Amounts totalling \$34.673M were expended. The contract was awarded to the third lowest bidder in the sum of \$36.3M on the grounds that the lower bids were significantly less (i.e. in excess of 20%) than the Engineer's Estimate of \$49.6M. In addition, the lowest bidder, whose tendered sum was \$22.895M, did not submit eight(8) of the ten(10) required bidding documents.
- 1419.** As at 31 December 2000, amounts totalling \$33.351M were paid to the contractor. The difference of \$1.322M represents payment for consultancy services. The works were re-budgeted for in 2001, and were physically verified.

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

- 1420.** 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. Amounts totalling \$2.483M were expended in the construction of the vault and water trestle in New Amsterdam.
- 1421.** The contract was awarded in the sum of \$4.855M using a system of selective tendering involving six(6) contractors. Apart from this form of tendering not

being part of the approved procedures, only one(1) contractor tendered for the works. There was also no evidence that an Engineer's Estimate was prepared. The works were re-budgeted for in 2001, and at the time of inspection in August 2001, they had not been completed. The vault was still to be painted, and shelves and other fittings were to be inserted.

- 1422.** 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, there was still no evidence of any recoveries being made from the contractor.

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

- 1423.** The sum of \$11.2M was voted for the completing of the Vreed-en-Hoop Magistrate's Court. Amounts totalling \$9.609M were expended. The contract was awarded in 1999 in the sum of \$15.980M. There was an approved variation of \$819,500, giving a revised contract sum of \$16.8M. The full amount was paid to the contractor, and the works were physically verified.
- 1424.** In my previous reports, 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 still no evidence of any action taken in relation to this matter.

### **Subhead 15002 – Strengthening of the Deeds Registry**

- 1425.** The sum of \$32M was allocated for (a) review of the legal framework for

moveable and immovable property, and development of an action plan for reform (b) institutional strengthening of the Deeds Registry and (c) project management. Amounts totalling \$2.044M were expended in the purchase and installation of a computer system and in the conducting of a survey by a consultant. The items purchased were verified as having been received and properly brought to account while reports were seen in relation to the survey carried out.

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

- 1426.** The sum of \$2M was voted for the purchase of computer, typewriters, photocopier, desks and chairs. Amounts totalling \$1.991M were expended. The items purchased were verified as having been received and properly brought to account.

#### **Subhead 25005 - Equipment (State Solicitor)**

- 1427.** The sum of \$600,000 was allocated for the purchase of a computer and accessories. Amounts totalling \$592,000 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**

- 1428.** The salaries bank account No. 212005891 held at the Guyana National Co-operative bank reflected a balance of \$25.249M as at 31 December 2000. This account was reconciled to December 2000. However, an examination of the bank statement for 2000 revealed that there was an un-reconciled difference of \$13.509M. Similar un-reconciled differences of varying amounts were observed for the entire period under review. The Accounting Officer could not give a satisfactory explanation.
- 1429.** 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 \$'000	MONTH	AMOUNT \$'000
January	2,238	July	17,520
February	4,622	August	13,671
March	5,520	September	25,908
April	7,442	October	10,470
May	17,752	November	5,114
June	16,995	December	2,204

- 1430.** 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.
- 1431.** The unpaid salaries bank account No. 436 kept at Bank of Guyana reflected a balance of \$6.667M as at 31 December 2000, resulting mainly from the accumulation of unclaimed salaries over the years. This account was reconciled to December 2000. The cash book balance at this date was \$2.320M. 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, this balance was not paid over to the Sub-Treasury to be transferred to the Consolidated Fund.
- 1432.** 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.
- 1433.** According to the Appropriation Account an amount of \$1.926m was due to the Consolidated Fund as at 31 December 2000. However, at the time of reporting, only an amount of \$308,661 was transferred from the main account No. 3051 to the Consolidated Fund. Action should be taken to transfer the

remaining amount of \$1.617M to the Consolidated Fund.

**Other Charges**

**1434.** Amounts totalling \$57.047M were expended on Materials, Equipment & Supplies. An analysis of the purchases made under the various authority limits is shown below:-

<b>AUTHORITY LIMIT</b>	<b>NUMBER OF PURCHASES</b>	<b>AMOUNT \$'000</b>
Below \$90,000	634	15,198
\$90,000 - \$180,000	49	6,186
\$180,000 - \$600,000	45	13,489
\$600,000 - \$6M	2	1,397
Above \$6M	2	20,777
<b>TOTAL</b>	<b>732</b>	<b>57,047</b>

**1435.** 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 twenty-one(21) purchases valued at \$6.882M. Further, in respect of the other twenty-four(24) purchases totalling \$6.607M awarded by Departmental Tender Board, there was no evidence of competitive bidding. The Central Tender Board was also not involved in relation to four(4) purchases valued at \$22.173M. Similar breaches were observed in my 1999 Report. Notwithstanding these observations, based on test-checks carried out, the items purchased were verified and properly brought to account.

**1436.** Amounts totalling \$83.999M were expended on Fuel & Lubricants. The following gives a breakdown of the expenditure:-

393	
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DESCRIPTION	AMOUNT \$'000
Aviation gas for aircraft	39,462
Gasolene and dieselene	23,268
Cooking and welding gas	14,791
Charcoal	3,383
Lubricants	2,809
Kerosene	286
<b>TOTAL</b>	<b>83,999</b>

- 1437.** 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. The Accounting Officer explained that the Secretary to the Treasury was written to, to this effect, but such evidence was not seen. It is again recommended that covering approval be sought.
- 1438.** In my 1999, attention was drawn to the fact that 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. It is again recommended that the Accounting Officer take steps to recover the amount involved.
- 1439.** Of the thirty-seven(37) vehicles owned and operated by the Force which were required to keep log books, none was presented for audit. 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.
- 1440.** An examination of the fuel and lubricant Register revealed that motor car No. DFB 1199 was issued with 136 and 80 pints of lubricating oil in February and March 2000 respectively. These amounts appeared to be excessive and should be investigated.
- 1441.** Included in the figure of 14.791M expended for cooking and welding gas were sums totalling \$2.672M representing the cost of 131 cylinders (20 lbs) of cooking gas. However, only 24 of these cylinders could be located. The Officer in charge of stores could not give any explanation but however, said that the matter was being investigated.



- 1442.** Bin cards were not maintained for the receipt and issue of fuel and lubricants by the Force. In addition, the stock ledger was used only as a daily journal of receipts and issues of fuel without any opening and closing balances. Further, the goods receipt book was not written up-to-date. In the circumstances, it could not be determined whether fuel and lubricants totalling \$83.999M were received and properly brought to account.
- 1443.** Amounts totalling \$31.002M were expended on the Maintenance of Buildings. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Purchase of building materials	13,971
Janitorial & cleaning services	7,443
Repairs to Jaguar Barrak Room	3,011
“    “ Base Command Office	2,165
“    “ Medex Centre	1,173
“    “ Cadet Building B C(S)	854
“    “ ‘A’ Block Coast Guard	814
“    “ Pirai Barrack Room	458
“    “ Benab	369
“    “ Male Officers Quarters	294
Miscellaneous works/services	450
<b>TOTAL</b>	<b>31,002</b>

- 1444.** In relation to building materials purchased, there were 216 miscellaneous payments totalling \$6.355M falling below \$90,000. There was no evidence of adherence to a system of quotations in respect of twenty-nine(29) payments totalling \$3.560M falling within the limit of \$90,000 and \$180,000. There was also no evidence that the Departmental Tender Board adjudicated on eight(8) purchases totalling \$2.194M falling within the limits of \$180,000 to \$600,000. In addition, there were seven(7) other purchases totalling \$1.862M which were adjudicated by the Departmental Tender Board. However, the minutes of the meetings did not make reference to other bidders and the basis of the awards. As a result, it could not be determined whether a system of competitive bidding was being applied before contracts are awarded. Nevertheless, based on test checks

carried out, the items purchased were verified as having been received and properly brought to account.

**1445.** A similar observation was made in relation to the purchase of janitorial and cleaning materials in that there were fifty-nine(59) miscellaneous payments totalling \$1.192M falling below \$90,000. In addition, there was no evidence that a system of quotations was followed in respect of nine(9) purchases totalling \$1.126M falling within the limits of \$90,000 and \$180,000. In addition, eleven(11) purchases totalling \$3.374M which were adjudicated by the Departmental Tender Board without any evidence of competitive bidding. Nevertheless, test checks revealed that the items purchased were verified as having been received and properly brought to account.

**1446.** In relation to the repairs of the eight(8) buildings, there was no evidence that a system of quotations was followed in respect of five(5) contracts totalling \$1.481M falling within the limits of \$180,000 and \$450,000. The works were physically verified.

**1447.** Included in the amount of \$9.138M expended on repairs to buildings were ten(10) contracts totalling \$7.100M awarded by the Departmental Tender Board for works involving mainly carpentry and tiling of floors. However, the minutes of the tender board meetings did not indicate whether there were other bidders and the basis on which the award were made. This practice indicates that a system of competitive bidding was not followed in respect of the award of these contracts. The works were nevertheless physically verified.

**1448.** Amounts totalling \$23.701M were expended on Maintenance of Infrastructure. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT
396	

	<b>\$'000</b>
Weeding of compounds	7,518
Construction of timber ramp, Coast Guard	5,351
Rehabilitation of play field	3,510
Purchase of lighting accessories	2,519
Drainage and irrigation	956
Repairs to 2 buildings, Coast Guard-Kingston	649
Repairs to main gate	410
Purchase of materials	207
Miscellaneous works/purchase	2,581
<b>TOTAL</b>	<b>23,701</b>

**1449.** Included in the amount of \$23.701M were fifty-five(55) payments totalling \$5.860M falling below \$180,000 and fifty(50) payments totalling \$1.938M falling below \$90,000 for miscellaneous works and purchases, respectively. In respect of payments for works falling within the limits of \$180,000 and \$450,000, there was no evidence that a system of quotations was adhered in relation to twelve(12) payments totalling \$3.257M. A similar observation was made in respect of nine(9) purchases totalling \$1.069M falling within the limits of \$90,000 to \$180,000. Because of the nature of some of the works, physical verification, could not be carried out and reliance had to be placed on certificates attesting to the satisfactory completion of the works.

**1450.** In relation, to the construction of the Timber Ramp, Coast Guard, a contract was awarded by the Departmental Tender Board in the sum of \$5.294M on 4 December 2000, without any system of competitive bidding. This contract should have been awarded by the Central Tender Board. However, Cabinet gave a waiver of Tender Board Procedures in February 2001. In addition, this expenditure is of a capital nature and should have been provided for under the capital estimates. The work was not completed on 31 December 2000 but the full contract sum was paid to the contractor through three(3) payments made on the following dates:-

<b>P.V. NO.</b>	<b>DATE</b>	<b>PARTICULARS</b>	<b>AMOUNT \$'000</b>
8954	29.12.2000	Mobilisation advance	1,059
9006	29.12.2000	Payment on first valuation	3,970
9030	29.12.2000	Final payment	295
		397	

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**TOTAL**

**5,324**

Nevertheless at the time of reporting the work was physically verified.

**1451.** The rehabilitation of the play field was carried out under seven(7) contracts, six(6) were awarded by the Departmental Tender Board and one(1) by the Central Tender Board. However, there was no indication that a system of competitive bidding was followed in respect of the award of the these contracts. Nevertheless at the time of reporting these works were physically verified.

**1452.** Amounts totalling \$78.415M were expended on Transport, Travel & Postage. The following gives a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Hire of vehicles	57,334
Purchase of spares	14,412
Overseas conferences and visits	4,978
Travelling and subsistence	1,432
Postage and telex	260
<b>TOTAL</b>	<b>78,415</b>

**1453.** As can be noted, sums totalling \$57.334M were expended on the hire of vehicles, compared with \$51.920M expended in 1999. 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 effective 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.

- 1454.** Included in the figure of \$57.334M were ninety-five(5) payments totalling \$25.721M falling within the limits of \$180,000 to \$450,000 for which a system of quotation was not followed. In addition, twenty(20) payments totalling \$10.711M falling within the limits of \$450,000 to \$900,000 were not subject to adjudication by the Ministerial Tender Board. Further, included in the figure of \$10.711 were three(3) payments totalling \$1.541M were made from the ordinary imprest account No. 212005890 kept at GNCB.
- 1455.** Included in the figure of \$14.142M in respect of vehicle spares and services were thirteen(13) payments totalling \$3.455M falling within the limits of \$180,000 to \$450,000 for which a system of quotation was not followed. In addition, three(3) payments totalling \$2.081M falling within the limits of \$450,000 to \$900,000 were not subject to adjudication by the Ministerial Tender Board.
- 1456.** 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.
- 1457.** Amounts totalling \$1.432M represents subsistence paid to officers travelling in and out of the Interior during the period reviewed. Based on test checks carried out, the expenditures were properly incurred.
- 1458.** Included in the amount of \$16M shown as Telephone Charges were sums totalling \$3.186M representing the cost of overseas telephone calls. However, a register of overseas telephone calls was not maintained. Although a telephone register was maintained details of overseas calls made were not entered in the register at the time the calls were made and it could not be determined whether recoveries should have been made in

respect of private telephone calls.

**1459.** Amounts totalling \$17M expended on Electricity Charges were in respect of fourteen(14) meters under the control of the Force. However, the electricity charges register reflected total payments of \$16.824M, resulting in a difference of \$176,000. A reconciliation between the Electricity Charges Register and the Votes should be done.

**1460.** In relation to the amount of \$41.578M expended on Other Services Purchased, the following gives a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Maintenance of equipment	32,721
Cleaning & extermination services	3,479
Miscellaneous services	5,378
<b>TOTAL</b>	<b>41,578</b>

**1461.** Amounts totalling \$32.721M were expended on repairs and servicing of equipment such as generators, radios, pump, aircraft spares, switch board antennas etc. In respect of contracts for works and services falling within the limit of \$180,000 to \$450,000 there was no evidence that a system of quotations was adhered to for nineteen(19) contracts totalling \$5.609M. In addition, there were eight(8) contracts between the limits of \$450,000 to \$900,000 totalling \$4.598M which was not subject to the adjudication of the Departmental Tender Board, while there were eight(8) contracts totalling \$13.038M which were not adjudicated by the Central Tender Board.

**1462.** Included in the amount of \$5.609M were four(4) payments totalling \$1.253M made to one(1) supplier for the purchase of parts for the switch board. There should have been one(1) contract for these purchases subject to adjudication by the Central Tender Board, as shown below:-

		400	
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DATE	P.V. NO.	DESCRIPTION	AMOUNT \$'000
14.12	8428	Replacement of head phones	302
14.12	8430	Purchase of switchboard	325
14.12	8431	“ “ “	325
14.12	8432	Replacement of speakers	302
<b>TOTAL</b>			<b>1,254</b>

**1463.** Included in the amount of \$3.479M expended on cleaning and exterminating services were thirty-seven(37) contracts totalling \$2.902M falling below \$180,000. In respect of contracts falling within the limits of \$180,000 and \$450,000 there was no evidence that a system of quotations was adhered to in respect of two(2) contracts totalling \$577,000.

**1464.** The amount of \$5.378m represents 176 payments totalling \$4.845M for miscellaneous services such as termite eradication, rental of photocopier, repairs to brick oven, servicing of cold room, disposal of refuse etc. falling below \$180,000. In respect of contracts falling within the limits of \$180,000 and \$450,000 there was no evidence that a system of quotation was adhered to in respect of two(2) contracts totalling \$533,00.

**1465.** Amounts totalling \$345.556M were expended for Other Operating Expenses. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
401	

Dietary supplies	185,602
Clothing and equipment	100,486
Agriculture Farm supplies	27,438
Purchase of accommodation items	19,421
Entertainment and sports	10,512
Funeral expenses	1,096
Hire of vehicles for security services	1,158
Maintenance of music band corps	197
National and other events	186
<hr/>	
<b>TOTAL</b>	<b>345,555</b>

- 1466.** In relation to the amount of \$185.062M 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 thirty(30) purchases totalling \$3.833M falling within the limits of \$90,000 and \$180,000. In addition, thirty-three(33) other purchases totalling \$14.234M falling within the limits of \$180,000 to \$600,000 were made without adjudication by the Departmental Tender Board. Based on test checks carried out, the items purchased were verified as having been received and properly brought to account.
- 1467.** A similar observation was made in relation to the purchase of clothing and equipment, agriculture farm supplies, accommodation items and entertainment and sports where no evidence of adherence to a system of quotations in respect of thirty-two(32) purchases totalling \$4.031M falling within the limits of \$90,000 to \$180,000. In addition, ninety-two(92) purchases totalling \$33.931M falling within the limits of \$180,000 to \$600,000 were made without adjudication by the Departmental Tender Board. Based on test checks carried out, the items purchased were verified as having been received and properly brought to account.
- 1468.** Included in the amount of \$10.512M in respect of entertainment and sports were payments totalling \$2.705M which were made for the purchase of alcoholic beverages from various suppliers for the Christmas and Old Year's parties. This expenditure is an improper charge to public funds. Also included in the amount of \$10.512M in respect of entertainment and sport it was observed that the sum of \$387,950 was paid to a supplier for items including forty(40) cases of El Dorado 5-year old rum valued at



\$184,000. However, only thirty-two(32) were received by the Central Stores. The value of the liquor not received was \$36,800. Action should be taken to recover this amount from the supplier.

- 1469.** Amounts totalling \$71.002M were expended on Education Subvention & Training. The following gives a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Allowances, meals and accommodation	42,580
Training and tuition fees	20,553
Airline tickets, transportation and visas	6,148
Miscellaneous purchases	1,721
<b>TOTAL</b>	<b>71,002</b>

- 1470.** The above expenditure relates to academic, military training and peace keeping operations overseas. However, information relating to the conditions under which the beneficiaries were granted awards was not seen. There should adequate documentation to facilitate an independent review of the granting of these awards.

### **Revenue Accounting and Control**

- 1471.** 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.
- 1472.** 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 \$111.996M were received as revenue while payments totalled \$110.333M.

- 1473.** The GDF has one(1) helicopter, 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**

- 1474.** 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**

- 1475.** 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 2000. 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.
- 1476.** 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.
- 1477.** 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 \$'000	MONTH	AMOUNT \$'000
January	450	July	110
February	996	August	1
March	75	September	32
April	620	October	61
May	724	November	255
June	78	December	(1,018)

- 1478.** These balances resulted from the delay in paying over deductions to the relevant agencies as well as refunds of unpaid salaries which were not being paid over promptly to the Sub-Treasury. This matter was drawn to attention in my previous report. Every effort should therefore be made to ensure that 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.

**1479.** As at 31 December 2000, the salaries bank account No. 2030007754 reflected a balance of \$2.507M, and was reconciled for the period under review. Amounts totalling \$3.182M representing unpaid salaries were refunded to the Sub-Treasury.

**Other Charges**

**1480.** Amounts totalling \$5.046M were expended on Materials, Equipment & Supplies. An analysis of the purchases made under the various authority limits is shown below:-

<b>AUTHORITY LIMIT</b>	<b>NUMBER OF PURCHASES</b>	<b>AMOUNT \$'000</b>
Below \$90,000	280	4,559
\$90,000 - \$180,000	2	251
<b>TOTAL</b>	<b>282</b>	<b>4,810</b>

**1481.** Included in the above figure of \$5.046M were sums totalling \$1.214M representing drugs and medical supplies purchased for Kuru Kuru Training Centre(KKTC), New Opportunity Corp (NOC) and Sophia Training Centre. Audit Checks revealed that the Tender Board System was adhered to and items purchased were received and brought to account in the stock ledger.

**1482.** Included also in the figure of \$5.046M were sums totalling \$2.785M representing office and field supplies which included the purchase of items such as stationery, wheel barrows, typist chairs, clothes horses etc. for Kuru Kuru Training Centre, New Opportunity Corp and Sophia Training Centre. Based on sample checks carried out, the items purchased were verified as having been received and brought to account.

**1483.** Amounts totalling \$8.853M were expended on Fuel & Lubricants, of which sums totalling \$7.518M relate to the purchase of fuel for use by the seven(7) vehicles under the control of the Service. Log books in respect of all the vehicles were produced for audit inspection. However, vehicle No. GHH 417 was involved in an accident during October and is considered unserviceable. It was explained that the matter is currently receiving Police attention.

**1484.** An examination of the log book for vehicle No. PHH 416 revealed that journeys undertaken were not always authorised, also the fuel consumption and mileage not recorded. In the circumstances, it could not be determined whether effective control was exercised over the use of this vehicle.

**1485.** An examination of the fuel consumption record revealed that the average weekly consumption in respect of three(3) vehicles was thirty-one(31) gallons. This level of consumption appears to be too high. It is therefore recommended that a review be carried out to determine whether or not it can be reduced to a more realistic level. The following are the details:-

<b>VEHICLE NO.</b>	<b>FUEL COST \$'000</b>	<b>NO. OF GALS ISSUED</b>	<b>NO. OF WEEKS IN USE</b>	<b>AVERAGE WEEKLY CONSUMPTION GALS.</b>
PHH 419	523	1,377	38	36
PHH 416	415	1,092	38	29
GHH 417	280	736	25	29

**1486.** The sum of \$5.360M was voted for rental and maintenance of buildings of which amounts totalling \$4.672M were expended on purchase of building materials. The following is an analysis of the purchases under the various authority limits:-

<b>AUTHORITY LIMIT</b>	<b>NUMBER OF PURCHASES</b>	<b>AMOUNT \$'000</b>
Below \$90,000	127	4,082
\$90,000 - \$180,000	5	590
<b>TOTAL</b>	<b>132</b>	<b>4,672</b>

**1487.** No contracts were awarded under this subhead for all works were undertaken using staff of the Guyana National Service. Test checks carried out revealed that the items purchased were received and properly brought to account.

**1488.** Amounts totalling \$2.312M were expended on maintenance of infrastructure. Included in this figure were sums totalling \$1.085M utilised to purchase

materials for repairs to the road leading to the Sophia base. No contract was awarded under this subhead for all works were undertaken by pioneers of the Service.

- 1489.** Included in the amount of \$5.780M expended on transport, travel and postage were sums totalling \$1.776M representing local travelling and subsistence. This expenditure was a result of officers and other staff members having to travel on official duties around the country from time to time. In addition, the Service hired vehicles to transport ration to the different locations.
- 1490.** Included in the figure of \$5.780M were sums totalling \$3.210M representing the purchase of vehicle spares, works and services. It was observed that the three-quotation system was followed and purchases were properly authorised. In addition, petty contracts for maintenance works and services to vehicles were awarded. However, vehicles spares purchased were not taken into stock but instead they were taken into immediate use. As a result, parts taken off could not be traced to the list of unserviceable items.
- 1491.** Amounts totalling \$5.039M were expended on Utility Charges of which sums totalling \$2.158M represented telephone charges. Included in this amount is \$94,186 representing overseas calls made which were not entered at the time the calls were made. As a result, it could not be determined whether the calls were official and in the public interest and whether recovery should be made in respect of private calls.
- 1492.** Amounts totalling \$3.118M were expended on other goods and services purchased. Included in this figure is an amount of \$1.381M representing the purchase of equipment spares and payment for works and services. These payments were mainly for repairs to gas stove, servicing of typewriters for which petty contracts were awarded.
- 1493.** Included in the figure of \$43.312M was expended on other operating expenses of which amounts totalling \$30.355M were utilised for the purchase of ration and other dietary items. An analysis of the actual purchases made under the various limits is shown below:-

	408	
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<b>AUTHORITY LIMIT</b>	<b>NUMBER OF PURCHASES</b>	<b>AMOUNT \$'000</b>
Below \$90,000	327	10,631
\$90,000 - \$180,000	45	5,711
\$180,000 - \$600,000	38	12,686
\$600,000 - \$6M	2	1,337
<b>TOTAL</b>	<b>132</b>	<b>30,365</b>

**1494.** Test checks revealed that there was adherence to tender board procedures. However, audit checks at Stores at Sophia Centre revealed that the stores records were not written up to date. As a result, the receipt and issued of the items purchased for that Store could not be verified. The Accounting Officer explained that there is now an on-going exercise to bring these records up-to-date, since the Service is now under the control of the Ministry of Youth and Sports. Nevertheless, the items purchased for the other stores were verified as having been received and properly brought to account.

### **Revenue Accounting and Control**

**1495.** Revenue collected by the Service for the period reviewed amounted to \$1.93M. This amount was derived from the commercial operations of the Service, which involved the sale of vegetables and livestock. These activities mainly took place at New Opportunity Corp and Kuru Kuru Training Centre. The revenues collected were properly accounted for and were transferred to the Consolidated Fund.

## **HEAD 55**

### **SUPREME COURT**

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

## Current Expenditure

### Employment Costs

- 1496.** The salaries account No. 4002, which reflected a balance of \$3.654M as at 31 December 2000, 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.
- 1497.** 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, for the period July to December 2000, the cash book reflected significant balances, both positive and negative. Efforts should be made to ensure strict compliance with laid down procedures.
- 1498.** Amounts totalling \$1.557M 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 previous reports.
- 1499.** A comparison of the authorised staff complement against the actual staff strength revealed that the authorised establishment was exceeded by on average thirty-three(33) persons, as shown below:-

DESCRIPTION	AUTHORISED	ACTUAL	EXCESS
Clerical & office support	89	111	22
Semi-skilled operatives etc.	20	27	7
Contracted employees	0	4	4
<b>TOTAL</b>	<b>109</b>	<b>142</b>	<b>33</b>

### Other Charges

- 1500.** The main bank account No. 4004 reflected a large balance of \$149.683M as at 31 December 2000 but was not reconciled since it was established in July 1996. The cash book balance as at this date was \$54.608M. Since the failure to reconcile bank accounts can lead to irregularities being perpetrated without



detection, the Accounting Officer is advised to ensure that this activity is carried out as a matter of priority.

- 1501.** One hundred and thirty-one(131) payment vouchers and supporting documents such as bills and receipts and valued at \$38.981M, were not presented for audit examination. In addition, attempts to adopt alternative auditing procedures to verify whether or not value was received in respect of these payments, were unsuccessful.
- 1502.** In my previous reports, 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.
- 1503.** Amounts totalling \$9.068M were expended on Materials, Equipment & Supplies. However, twenty-six(26) payments totalling \$1.635M could not be traced to the Goods Received Book and the Stock Ledger. In the circumstances, it could not be determined whether value was received in respect of these payments. In addition, excess expenditure of \$147,000 was incurred under this subhead. Since there were savings under other subheads, it would have been more appropriate for a virement of funds to be sought.

- 1504.** Amounts totalling \$26.217M were expended on Maintenance of Buildings. The following is a list of buildings which were repaired:-

<b>DESCRIPTION</b>	<b>AMOUNT</b> \$
411	

Court rooms and chambers	10,547,797
Supreme Court toilet and steps	3,582,954
N/A Supreme Court Sub Registry	3,085,325
Court of Appeal building	2,815,560
Judges Quarters in New Amsterdam	1,038,925
Judicial Section in Georgetown	891,000
Law Library	785,320
Registrar's Office and stock room	598,715
Miscellaneous repairs	292,008
Janitorial & cleaning supplies	2,579,331
<b>TOTAL</b>	<b>26,216,915</b>

**1505.** The above works were executed by seventy-nine(79) contracts valued \$23.638M. The following is a breakdown by authority limits:-

<b>AUTHORITY LIMIT</b>	<b>NO. OF CONTRACTS</b>	<b>AMOUNT \$</b>
Over \$450,000	Nil	Nil
\$180,000 - \$450,000	49	20,052,280
Below \$180,000	30	3,585,304
<b>TOTAL</b>	<b>79</b>	<b>23,637,584</b>

**1506.** An examination of above contracts revealed apparent subdivision to avoid a system of public advertisement and adjudication by the Departmental Tender Board. All of the contracts were awarded on the sole authority of the Accounting Officer. In particular, the following three(3) sets of contracts were awarded to the same individual and on the same date:-

<b>DATE</b>	<b>CONTRACT NO.</b>	<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
25/02	50/2000	Repairs to Court VIII	439,950
25/02	52/2000	Repairs to Court VI	437,860

**TOTAL**

**877,810**

<b>DATE</b>	<b>CONTRACT NO.</b>	<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
14/06	173/2000	Repairs to shelves at Sub Registry	449,310
14/06	174/2000	Repairs to doors at Sub Registry	449,300
<b>TOTAL</b>			<b>898,610</b>

<b>DATE</b>	<b>CONTRACT NO.</b>	<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
04/10	277/2000	Installing rubberised step covering at Supreme Court	442,800
04/10	278/2000	Painting banister, rails to steps at Supreme Court	154,640
<b>TOTAL</b>			<b>597,440</b>

**1507.** In addition to the above violations, the following three(3) contracts were awarded to the same individual on the same day. Had one(1) contract been awarded, this would have required adjudication by the Central Tender Board.

<b>DATE</b>	<b>CONTRACT NO.</b>	<b>DESCRIPTION</b>	<b>AMOUNT \$</b>
09/05	142/2000	Repairs to Court IX	26,590
09/05	144/2000	Repairs to Court VI	430,445
09/05	145/2000	Repairs to Court IX	429,935
<b>TOTAL</b>			<b>1,286,970</b>

**1508.** Certificates of satisfactory completion of works were not appended to six(6) payment vouchers valued at \$2.383M. In addition, physical verification of the above works revealed the following discrepancies:-

- (a) Contract No. 152 valued at \$437,340 was awarded for the placing of lattice work around windows at Courts IX and X and Chambers, and the painting of same. However, checks at the Supreme Court revealed

that there was no Court X;

- (b) In relation to Contract No. 162 valued at \$443,200 for replacing rubber tiles with ceramic tiles at the Judicial Section of the Supreme Court, there was no evidence that the work was done, although the contractor was paid the full contract sum. This contract was awarded in May 2000. In August 2001, another contract (Contract No. 140) valued at \$442,100 was awarded for the same work;
- (c) Contract No. 52 valued at \$437,860 was awarded for the replacement of floor in Court VII. However, only twenty-six(26) yards of rubber matting were used instead of thirty-five(35) yards as stated in the bill of quantity. The total value of material short-supplied was \$36,000;
- (d) In relation to Contract No. 103 valued at \$174,000 for supplying and installing twelve(12) notice boards with glass doors and locks at the Supreme Court, only ten(10) were supplied and installed; and
- (e) Contract No. 48 valued at \$66,925 was awarded for making curtains for the Chancellor's and Secretary's offices. However, only ninety(90) yards of material were used instead of 135 yards. The total value of the materials short supplied was \$22,308.

**1509.** Amounts totalling \$2.999M were expended on the Maintenance of Infrastructure, mainly in relation to weeding of compound and repairs to fence. However, certificates attesting to the satisfactory completion of the works were not appended to two(2) payment vouchers totalling \$189,600. In addition, the following two(2) contracts appeared to be sub-divided to avoid a system of public tendering and adjudication by the Departmental Tender Board. These contracts were awarded to the same individual on the same date.

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT \$
09/11	312/2000	Welding fence on western side of Supreme Court	350,000
09/11	313/2000	Welding fence on western side of Supreme Court	285,000

**TOTAL**

**635,000**

- 1510.** Amounts totalling \$2.202M were expended on Transport, Travel & Postage. Included in this figure, were twelve(12) reimbursements totalling \$515,860 to the Judicial Officer for local travelling. The eighty-four(84) receipts attached to the payment vouchers, however, did not indicate the vehicle registration numbers and in some cases the purposes of the journeys undertaken were not stated. In addition, the claims were not certified by the Accounting Officer who was the next senior person. In the circumstances, the propriety of the expenditure of \$515,860 could not be satisfactorily determined.
- 1511.** In my 1999 Report, concern was expressed over the manner in which meals for prisoners and jurors were purchased. In the said report, it was recommended that purchases be effected from reputable caterers following adherence to tender board procedures in view of the significant amounts involved. This recommendation was, however, not followed, and for the period under review, sums totalling \$2.923M h were paid to two(2) individuals. These contracts were again drawn up after the meals were supplied and the related invoices submitted. The Audit Office wishes to restate its recommendation that tenders from reputable caterers be invited at the beginning of the year in which case adjudication would be done by the Central Tender Board.
- 1512.** Amounts totalling \$5.747M were paid to the Mayor & City Council as Rates and Taxes for 2000. Of this amount, sums totalling \$600,000 were paid by the Department while the difference of \$5.147M was met from appropriations from the Ministry of Works by way of an inter departmental warrant. 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. This matter was drawn to attention in my 1999 Report where the sum of \$5.290M were paid to the Mayor & City Council.

**Revenue Accounting and Control**

- 1513.** 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 indicated above, the main bank account reflected a large balance of \$149.683M as at 31 December 2000. Included in this amount, were sums totalling \$87.121M representing revenues for the period 1995 to 2000 which had not yet been transferred to the Consolidated Fund. This matter was drawn

to attention in my 1999 Report where it was stated that amounts totalling \$63.311M representing revenues for the period 1995 to 1999, had not been paid over to the Consolidated Fund.

- 1514.** Revenue totalling \$1.015M 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. A similar observation was made in my 1999 Report where it was stated that amounts totalling \$1.724M were collected but were not paid over.

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

- 1515.** The master inventory to record all fixed assets under the control of the Department, was not updated to reflect acquisitions for the period under review. In addition, except for the vehicle, assets were not marked to readily identify them as the property of the Government. These matters were drawn to attention in my 1999 Report.
- 1516.** 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 a stock ledger was being kept. In addition, a physical count of a sample of thirty-three(33) items was carried out on 4 September 2001 and comparison made with the stock ledger balances. The results revealed excesses in respect of six(6) items while there were shortages in respect of eleven(11) items. Every effort should be made to ensure strict compliance with the Stores Regulations.

### **Other Matters**

- 1517.** The execution sales bank account No. 4000 reflected a balance of \$12.220M as at 31 December 2000. 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. These matters were drawn to attention in my 1999 Report.

- 1518.** As mentioned in my previous reports, amounts totalling \$17.598M and \$5.335M relating to 1997 and 1998 respectively were misappropriated from the Execution Sales bank account through the falsification of deposit slips. At the time of reporting, the matters were still pending in the Courts.
- 1519.** The Witness Money bank account No. 4001 reflected a balance of \$880,499 as at 31 December 2000. 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.
- 1520.** 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.
- 1521.** The imprest bank account No. 3133 was last reconciled to November 1999 at the time of the audit in 2001. Efforts should be made to ensure that the reconciliation is brought up-to-date.

**PROGRAMME 2 – MAGISTRATES’ DEPARTMENT**

- 1522.** Amounts totalling \$12.908M were expended on Materials, Equipment & Supplies. However, fourteen(14) purchases valued at \$1.557M were not subject to storekeeping procedures. Alternative checks carried out could not verify the receipt of the items. In the circumstances, it could not be determined whether value was received in respect of these transactions. The Accounting Officer is advised to ensure strict adherence to the requirements of the Stores Regulations.

- 1523.** Amounts totalling \$19.763M were expended on Rental & Maintenance of Buildings. The following is a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Repairs to twelve(12) Magistrates’ Courts	15,699
Additional work at Vreed-en-Hoop Magistrate’s Court.	1,312
417	

Rental of buildings	259
Janitorial & cleaning service	2,493
<b>TOTAL</b>	<b>19,763</b>

1524. The above works were executed by fifty-five(55) contracts valued at \$17.011M. The following is an analysis by authority limits:-

AUTHORITY LIMIT	NO. OF CONTRACTS	AMOUNT \$
Over \$450,000	1	454,900
\$180,000 - \$450,000	35	14,822,615
Below \$180,000	19	1,733,358
<b>TOTAL</b>	<b>55</b>	<b>17,010,873</b>

1525. The contract valued at \$454,900 was in relation to the building of a trestle at the New Amsterdam Magistrate's Court. This would have required public advertisement and adjudication by the Departmental Tender Board. However, it was awarded by the Accounting Officer, using a three(3) quote system. Efforts should be made to ensure strict compliance with the Tender board Regulations.

1526. The following contracts were awarded to the same individual and on the same date:-

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT \$
16/02	35/2000	Removing rotten beams at G/town court	448,900
16/02	36/2000	Putty and paint interior of G/town court	442,020



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**TOTAL**

**890,920**

- 1527.** Had one(1) contract been awarded, this would have required public advertisement and adjudication by the Departmental Tender Board. Instead, these contracts were awarded by the Accounting Officer using a three(3) quote system.
- 1528.** In relation to contract No. 163 dated 1 June 2000 for the construction of a rostrum and dock at Whim Magistrate's Court, the contract was awarded to the second lowest bidder in the sum of \$448,440. Attempts to obtain an explanation why the lowest bid of \$268,754 was not favourably considered, proved futile. In addition, certificates of satisfactory completion of works were not appended to six(6) payment vouchers valued at \$910,537.
- 1529.** Physical verification of the various works undertaken revealed the following discrepancies:-
- (a) In relation to contract No. 295 valued at \$322,630, twenty(20) square yards of carpet were to be used on the floor of the Vreed-en-hoop Magistrate's Court but only thirteen(13) square yards were physically verified. The value of the materials short-supplied was \$27,300. In addition, Contract No. 292 valued at \$160,660 was awarded for miscellaneous works, including the painting of the chain link fence. Included in the contract, were three(3) gallons silver metal paint valued at \$11,700. Physical verification revealed that this part of the work was not done;
  - (b) In relation to Contract No. 40 for installing 75 yards of rubberised matting at Court VIII valued at \$312,000, physical verification revealed that only twenty-five(25) yards were used. The value of the materials short-supplied was \$200,000;
  - (c) With respect to contract No. 193 valued at \$448,470 for the fencing of Cove and John Magistrate's Court, physical verification revealed a shortage of materials valued \$45,050 when compared with the contract bill of quantities, as shown below:-

DESCRIPTION	AMOUNT AS PER ESTIMATE	AMOUNT VERIFIED	COST PER UNIT \$	VALUE OF SHORTAGES \$
Wallaba post	25	23	950	1,900
1 x 12 wood	250 bm	200	180	9,000
Barbed wire	6 rolls	4 rolls	5,500	11,000
Chain link fencing	4 rolls	2 rolls	11,575	23,150
<b>TOTAL</b>				<b>45,050</b>

- (d) Contract No. 109 valued at \$436,330 for the construction of rails at the Georgetown Magistrates' Court required 110 wood spindles and 12 - 4 x 4 brackets. However, physical verification revealed that only 54 wood spindles and 10 - 4 x 4 brackets were used. The value of materials not supplied was \$42,720;
- (e) In respect of contract No. 37 valued at \$258,950, only seven(7) grill work frames were verified as having been installed at Court II, instead of nine(9) which were paid for. The value of materials not supplied was \$41,000; and
- (f) In relation to contract No. 240 valued at \$179,265 for the repairs to Cove and John Magistrates' Court, materials to the value of \$21,182 were short-supplied, as shown below:-

DESCRIPTION	AMOUNT AS PER ESTIMATE	AMOUNT VERIFIED	VALUE OF SHORTAGES \$
4 x 4 – 16 ft wood	6	4	2,960
2 x 12 – 14 ft wood	4	2	7,862
2 x 4 – 12 ft wood	4	2	10,360
<b>TOTAL</b>			<b>21,182</b>

**1530.** An amount of \$660,000 was advanced from the main bank account to a Clerk of Court for the purchase of cleaning materials. However, bills/receipts were

not attached to the payment voucher to substantiate the payment. Attempts to verify the receipt of the items were also unsuccessful.

- 1531.** Excess expenditure of \$245,000 was incurred under one(1) subhead. Since there were savings under other subheads, it would have been more appropriate for a virement of funds to be sought.

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

- 1532.** A physical verification carried out on thirty(30) store items revealed six(6) instances where there were shortages and nine(9) instances of excesses. In addition, a permanent stores register to record assets of a permanent nature was not kept.

### **Georgetown Magisterial District**

- 1533.** The salaries bank account No. 3113, which reflected a balance of \$2.602M as at 31 December 2000, 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.
- 1534.** 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.
- 1535.** For the period under review, a total of 19,325 criminal cases and 1,405 civil cases were filed. However, the related case jackets were not filed in numerical sequence. As a result, it could not be determined whether all jackets were produced for audit.
- 1536.** Out of a sample of thirty-two(32) criminal case jackets selected for audit examination, fines imposed in respect of all the cases were not recorded in the Fines Register. As a result, fines collectible, collected and outstanding could not be readily determined. The Register was also not written up for the period September to December 2000.
- 1537.** A total of 735 commitment warrants were issued by the Magistrate for fines

due. However, annotations were not made in the related register to indicate whether the fines were paid or defendants were subsequently imprisoned. In the circumstances, 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.

- 1538.** The Traffic Ticket Record Book was not written up for the period September to December 2000 in respect of the receipt of fines. 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.
- 1539.** The old suitors' deposits account No. 157, which became non-operational in October 1996, reflected a balance of \$79.979M as at 31 December 2000. It is again recommended that this amount be transferred to the present account No. 3114 and steps taken to close the account.
- 1540.** The present suitors' deposits account No. 3114, which reflected a balance of \$54.625M as at 31 December 2000, was not reconciled since it was established in October 1996. In addition, although the cash book was balanced daily, balances were not accumulated at the end of each month. As a result, the cash book balance could not be determined.
- 1541.** Five(5) payments totalling \$449,000 were not recorded in the cash book for account No. 3114. Entries were also not made in the deposits ledger in respect of the refund of bail money for the period January to September 2000. In addition, the ledger was not written up for the period October to December 2000. It is recommended that this record be updated and the relevant entries made so as to avoid the possibility of duplication of payment.
- 1542.** Irregularities totalling \$818,250 were 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.

- 1543.** The maintenance and bastardy account No. 3115, which reflected a balance of \$2.081M as at 31 December 2000, was not reconciled since its establishment. In addition, a total of 1,110 affiliation cases were filed during 2000. However, 217 case jackets were not produced for audit. As a result, the outcome of these cases could not be determined.
- 1544.** In relation to fees and fines, twelve(12) receipts totalling \$161,075 were not entered in the collectors's cash book/statement, and an amount of \$50,000 was entered in this record as \$5,000, resulting in an amount of \$206,075 unaccounted for.
- 1545.** 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.
- 1546.** A sample of twenty-five(25) transports lodged as security for bail was selected for audit examination and the following discrepancies were observed:-
- (a) Fourteen(14) transports could not be traced in the Register of Transports Lodged;
  - (b) Transport No. 416/77 was lodged twice for security for different cases. The original was lodged on 28 May 1990 and the loss grosse was lodged on 8 October 1993; and
  - (c) The Register of Transports was not properly bound and files were not referenced to the Register for ease of verification.
- 1547.** An examination of the Bailiff's Record of Writs revealed that sixty(60) writs were filed during 2000. However, three(3) of these were not produced for audit examination. In addition, this record was not written up to indicate whether writs were satisfied or withdrawn between the plaintiff and defendant since receipt numbers were not quoted in the register. As a result, it could not be readily determined whether cases were finalised or were still pending. Further, separate stock ledgers to record items seized from each defendant were not kept and the writs had to be used to verify items on hand.
- 1548.** In my 1999 Report, it was stated that 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 still being investigated by the Police.

### **East Demerara Magisterial District**

- 1549.** An examination of the Civil/Criminal Records Book revealed that a total of 6,087 cases were filed during 2000. However, the case jackets in respect of 155 criminal cases and 5 civil cases were not produced for audit. In the circumstances, the outcome of these cases could not be properly determined.
- 1550.** In respect of commitment warrants, a total of 296 warrants valued at \$2.593M were issued during 2000. However, only amounts totalling \$231,875 were paid, and there was no indication whether the defendants were subsequently imprisoned for the outstanding amounts totalling \$2.361M.
- 1551.** An examination of the reconciliation statement for December 2000 in respect of the suitors' deposits account No. 3101 revealed an unreconciled difference of \$157,060 which had been coming forward for a considerable period of time. This difference should be written back to the cash book since it would have a positive effect on the cash book balance.
- 1552.** A similar observation was made in relation to the maintenance and bastardy account No. 3103 where there was an unreconciled difference of \$27,195. In addition, out of a total of 602 affiliation cases filed during the period under review, thirty(30) case jackets were not produced for audit examination. As a result, the outcome of these cases could not be properly determined.
- 1553.** According to case jacket No. 1720/2000, the Magistrate had imposed a fine of \$20,000 and the duplicate receipt issued to the defendant reflected the said amount. However, the triplicate receipt and the collectors' cash book/statement reflected \$15,000, resulting in an amount of \$5,000 being unaccounted for. This matter was drawn to the attention of the Clerk of Court.
- 1554.** In my 1999 Report, it was stated that two(2) 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.

- 1555.** A physical verification of a sample of thirty(30) inventory items on 14 March 2001 revealed discrepancies, both positive and negative, in respect of twelve(12) items. This is an indicator that the inventory records were not being properly maintained. It is recommended that a comprehensive physical inventory be carried out and the records adjusted accordingly. Assets were not marked to readily identify them as Government property.

### **West Demerara Magisterial District**

- 1556.** The salaries bank account No. 3110, which reflected a balance of \$1.164M as at 31 December 2000, was not reconciled since it was established in October 1996. A salaries control register and a diary of pay changes were also not maintained for the period under review while no register was maintained for the period January to August 2000 in respect of the NIS deductions.

- 1557.** The suitors' deposits bank account No. 3111 and the maintenance and bastardy account No. 3112 were not reconciled since they were established in 1996. In addition, the latter account was found to be overdrawn by \$5.056M of \$4.578M as at 31 December 2000. The cash books for these accounts were also not properly balanced since cheque payments were not taken into account.

- 1558.** Investigations carried out in September 2000 in respect of account No. 3112 revealed the following deficiencies:-

- (a) Ninety-seven(97) cheques totalling \$763,850 drawn from this account were on hand. These cheques were endorsed by the payees and paid from cash received from defendants. They were also dishonoured by the bank because of the overdraft position of this account;
- (b) Twenty-one(21) money orders and eighteen(18) cheques valued at \$159,493, which were received from defendants, were on hand. Twenty-one(21) of these valued at \$89,593 were found to be stale-

dated;

- (c) One(1) cheque drawn from the salaries bank account No. 3110 for the amount of \$19,689 was encashed from this account. The cheque was still on hand; and
- (d) An examination of the remittance register revealed no evidence that mail were opened in the presence of two(2) officers. Receipt numbers for sums received through the mail were not recorded in the register which bore no evidence of supervisory checks. In addition, there was no segregation of duties in that the opening of the mail, the preparation of receipts, making cash and cheque payments, and the writing up of deposit slips, the cash book and ledger cards, were all done by the same officer.

**1559.** In relation to the above deficiencies, the Clerk of Court explained that the officer was over a period of time converting cash receipts and money orders to his personal use. He had since been interdicted from duty and charged by the Police.

**1560.** An examination of the civil and criminal records revealed that 3,501 cases were filed during 2000. However, the case jackets in respect of 654 criminal cases and 84 civil cases were not produced for audit examination. In the circumstances, the outcome of the cases could not be properly determined.

**1561.** In relation to fines paid by instalments, the receipts issued for the subsequent payments were not recorded in the Fines Register. As a result, it could not be easily determined whether the defendants settled in full the fines imposed. In addition, annotations were not made in the Fines Register when defendants were imprisoned for the non-payment of fines. As a result, the total fines collectible and collected could not be properly determined.

**1562.** A commitment warrants register was not kept for the period under review. As a result, the number of warrants issued could not be easily determined. This has implications for the recovery of fines and possible imprisonment of defendants.

**1563.** The suitors' deposits bank account was established for the purpose of receiving and refunding of bail money. However, during the period 1989 to



1998, payments totalling \$7.447M were improperly made from the old suitors' account No. 192 to defray travelling expenses of magistrates and clerks. Up to the time of reporting, the new suitors' deposits account was not reimbursed with this amount.

- 1564.** In relation to the matter referred to in the previous paragraph, investigations revealed that payment vouchers totalling \$1.226M in respect of 1992 and 1993 were at the Supreme Court. The balance of \$6.221M could not be accounted for by way of vouchers, receipts or any other form of documentation. It is understood that the Police were still investigating the matter.
- 1565.** Two(2) personal cheques valued at \$308,180 were encashed in August 1998 by an employee from funds belonging to the old suitors' deposit account No. 192. 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. However, there was no evidence that recoveries were made from these officers up to the time of reporting.
- 1566.** In my 1999 Report, it was stated that sixteen(16) instances were observed in the Suitors' Deposits Ledger where amounts received as per receipts were altered to show higher amounts, resulting in sums totalling \$2.447M being overpaid to the bailers/defendants. It is understood that the Police were still investigating the matter.
- 1567.** Also mentioned in my 1999 Report, were two(2) instances 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.
- 1568.** Two(2) amounts totalling \$28,000 were received in 1999 as bail money. However, according to disbursement receipts, amounts totalling \$83,000 were refunded, resulting in an overpayment of \$55,000. This matter was also referred to the Police for investigation.
- 1569.** An examination of the suitors' deposits ledger for the period 1994 to 1997 revealed thirty(30) instances where amounts received were adjusted upward.

The amounts shown in the 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. This matter was still engaging the attention of the Police.

- 1570.** 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 properly determined. A commitment warrants register was also not kept. As such, it could not be determined how many fines were settled and whether the defendants were subsequently imprisoned.
- 1571.** There was no evidence that the collector's cash book/statements were certified for the period under review. The register of used and unused receipts was also only written up for the period August to December 2000.
- 1572.** A physical verification of assets on hand on 5 April 2001 revealed that one(1) typist chair, one(1) steel cabinet and two(2) ordinary chairs were in excess, indicating that the inventory records had not been properly updated. Assets were also not marked to readily identify them as property of the Government.

### **Essequibo Magisterial District**

- 1573.** The salaries bank account No. 3107, which reflected a balance of \$591,369 as at 31 December 2000, was not reconciled since it was established in June 1996. A similar observation was made in respect of the suitors' deposits account No. 3108 and the maintenance and bastardy account No. 3109, which reflected balances of \$2.230M and \$605,740 respectively as at 31 December 2000.
- 1574.** An examination of the civil/criminal records revealed that a total of 2,775 cases were filed during 2000. However, case jackets in respect of 179 criminal cases and 16 civil cases were not produced for examination. In addition, 156 commitment warrants valued at \$814,025 were issued for the

year. However, only amounts totalling \$224,675 in respect of 34 warrants were paid. There was no indication as to whether the defendants were subsequently imprisoned for the outstanding amounts totalling \$589,350.

- 1575.** In my 1999 Report, it was stated that thirty-six(36) advances totalling \$243,950 were issued from the suitors' deposits account No. 3108 to defray travelling expenses of magistrates and clerks. Up to the time of reporting, the account was not reimbursed.

### **Corentyne Magisterial District**

- 1576.** An examination of the civil/criminal records revealed that a total of 4,348 cases were filed during 2000. However, case jackets in respect of 27 criminal cases were not produced for examination. In the circumstances, the outcome of these cases could not be properly determined.

- 1577.** According to the Commitment Warrants Register, 429 warrants valued at \$2.629M were issued during 2000. However, only amounts totalling \$143,675 were paid, and there was no indication as to whether the defendants were subsequently imprisoned for the outstanding amounts totalling \$2.485M.

### **Berbice Magisterial District**

- 1578.** The salaries bank account No. 3105, which reflected a balance of \$397,309 as at 31 December 2000, was not reconciled since it was established in June 1996. A similar observation was made in respect of the suitors' deposits account No. 3104 which reflected a balance of \$9.870M as at 31 December 2000.

- 1579.** An examination of the civil/criminal records revealed that a total of 6,806 cases were filed during 2000. However, case jackets in respect of 411 criminal cases and 38 civil cases were not produced for examination. In the circumstances, the outcome of these cases could not be properly determined.

- 1580.** According to the Commitment Warrants Register, 289 warrants valued at \$1.760M were issued during 2000. However, only amounts totalling \$314,600 were paid and there was no indication as to whether the defendants were subsequently imprisoned for the outstanding amounts totalling \$1.445M.

- 1581.** The maintenance and bastardy account No. 3106, which reflected a balance of \$526,034 as at 31 December 2000, was not reconciled since it was established in June 1996. The cash book also bore no evidence of supervisory checks. 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.
- 1582.** In relation to account Nos. 3104 and 3106, amounts totalling \$1.445M and \$40,600 respectively were short-banked for the period under review. As a result, an officer was charged by the Police and at the time of reporting, the matter was still pending.
- 1583.** Seven(7) used receipt books were not produced for audit examination. As a result, the amounts collected on these receipts could not be properly determined. Efforts should be made to improve on the filing and security of these and other related records.

## **HEAD 56 & DIVISION 505**

### **PUBLIC PROSECUTIONS**

#### **Current Expenditure**

- 1584.** The salaries bank account No. 3173 was not reconciled since December 1998 and was overdrawn by \$29,692 at 31 December 2000. 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 25007 - Buildings**

- 1585.** An amount of \$2M was allocated for rehabilitation works to the roof, painting and guttering of building. The contract was awarded to the lowest of three(3) bidders in the sum of \$1.821M. The full amount was expended and the works were physically verified.

## **HEAD 57**

### **OFFICE OF THE OMBUDSMAN**

#### **Current Expenditure**

- 1586.** The expenditure of \$3.131M was verified as having been properly incurred and there were no material findings.

## **HEAD 58 & DIVISION 505**

### **PUBLIC SERVICE APPELLATE TRIBUNAL**

#### **Current Expenditure**

- 1587.** The salaries bank account No. 3069, which reflected a balance of \$479,129 as at 31 December 2000, 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**

- 1588.** The sum of \$1.375M was allocated for (a) construction of concrete trestle and (b) the purchase of one computer and one fax machine. In addition, a

UPS computer back up system and chairs. Amounts totalling \$1.369M 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

- 1589.** 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, for the first six(6) months in 2000, 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, if not corrected, can lead to irregularities.
- 1590.** An examination of the Register of Contributors to the National Insurance Scheme and related records revealed that one hundred and eight(108) employees were not registered with the Scheme. This represents deterioration over 1999 where it was reported that thirty-six(36) employees were not registered with the Scheme. Efforts should be made to ensure that all employees are properly registered since registration with the Scheme has implications for social security and other benefits.
- 1591.** A comparison of the authorised staff as shown in the 2000 Estimates of Expenditure with the actual staff employed by the Region in December 2000 revealed that the authorised staff was exceeded by 167 under four(4) categories, as shown below:-

DESCRIPTION	AUTHORISED	ACTUAL	EXCESS
Administrative	16	36	20
Senior technical	34	75	41
Other technical & craft skills	155	94	-
Clerical & office support	44	20	-
Semi-skilled operatives etc.	235	331	96
Temporary employees	0	10	10
<b>TOTAL</b>	<b>484</b>	<b>566</b>	<b>167</b>

**1592.** Explanations obtained indicated that the National Estimates did not include teachers in the Region. In order to ensure a meaning comparison between authorised and actual staffing, it is again recommended that teachers be included in the authorised staffing in the Region.

### **Other Charges**

**1593.** Amounts totalling \$28.261M were expended on fuel and lubricants. Of the twenty-eight(28) vehicles and equipment under the control of the Region, log books were only produced for one(1) vehicle and the power plant at Mabaruma. 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 previous reports.

**1594.** Fuel was being purchased on credit using slips of note-paper authorised by the Senior Superintendent of Works. However, the Region did not retain duplicate copies for reconciliation purposes. It is recommended that duplicate books be used for this purpose.

**1595.** The power plant at Mabaruma consumed an average of eighty-six(86) gallons of fuel per day in providing electricity to the Administration and to 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 was being sought on this matter before new charges are introduced.



**1596.** Amounts totalling \$26.211M were expended on Rental & Maintenance of Buildings. The following gives a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Repairs to three(3) hospitals	4,469
“    “ eleven(11) officers' quarters	3,659
“    “ Administration & Education buildings	2,237
“    “ eight(8) schools	2,760
“    “ four(4) health centres	1,596
Other miscellaneous repairs (\$180,000 - \$450,000)	3,775
“    “    “ (below \$180,000)	593
Purchase of building materials	4,141
Janitorial and cleaning supplies	2,840
Rental of buildings	141
<b>TOTAL</b>	<b>26,211</b>

**1597.** The three(3) hospitals repaired were the Mabaruma, Pakera and Kumaka hospitals. The contract for the repairs to the Mabaruma Hospital was awarded in the sum of \$2.449M. As at 31 December 2000, amounts totalling \$2.204M were paid to the contractor.

**1598.** In relation to the repairs to the Pakera Hospital, the contract was awarded to the higher of the two(2) bidders in the sum of \$1.526M on the grounds that the lower bid of \$842,000 was unrealistic, compared with the Engineer's Estimate of \$2.5M. The full amount was paid out on this contract.

**1599.** The Kumaka Hospital was also repaired at a cost of \$739,000. The works were physically verified, except in the case of the Pakera Hospital. Reliance was placed on the certificate of satisfactory completion issued by the senior carpenter in the Region.

**1600.** In relation to the repairs to the eleven(11) officers' quarters, the works were physically verified in respect of ten(10) quarters and reliance was placed on the certificate of satisfactory completion in respect of the other. The repairs to the Administration and Education buildings were also physically verified.

**1601.** As can be noted, eight(8) schools and four(4) health centres were also repaired.

However, because of the remoteness of the area, physical verification could have only been carried out in respect of five(5) schools and three(3) health centres. Reliance was placed on the certificates of satisfactory completion in respect of the other schools and health centre. The other works were physically verified while the materials purchased were verified as having been received and properly brought to account.

- 1602.** Excess expenditure totalling \$28,000 was incurred in respect of two(2) 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**

- 1603.** 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.
- 1604.** Inventory records to record all assets under the control of the Region, were not updated since 1998. The Accounting Officer gave the assurance that efforts would be made to update these records.
- 1605.** A large quantity of unserviceable items was seen in the store. The Accounting Officer explained that the Region was in the process of compiling a list of such items with a view to their disposal.

### **Other Matters**

- 1606.** The imprest bank account No. 992, which became non-operational in August 1996, reflected a balance of \$5,010 as at 31 December 2000. This balance should be transferred to the Consolidated Fund and steps taken to close the account.

### **Capital Expenditure**

**Subhead 11001 - Bridges**

**1607.** The sum of \$500,000 was voted for the complete rehabilitation of San Jose bridge at Moruca. Amounts totalling \$64,724 were expended in the purchase of materials. The work was undertaken using labour from the Region and was physically verified.

**Subhead 12001 - Buildings (Health)**

**1608.** The sum of \$12M was budgeted for (a) the construction of health posts at Hotoquai, Five Star, Sea Coast, Arukamai, Lower Kaituma, Hosororo and Lower Waini (b) extension of health post at Baramita and (c) construction of medex quarters at Baramita. Approval was granted for a change in programme to construct a building housing the x-ray unit at the Mabaruma Public Hospital, in addition to the above. Amounts totalling \$11.899M were expended in the construction/extension of the following:-

DESCRIPTION	AMOUNT \$'000
Health post at Hotoquai	1,076
"    "    " Five Star	1,306
"    "    " Sea Coast	1,199
"    "    " Arukamai	995
"    "    " Lower Kaituma	1,190
"    "    " Hosororo	1,100
"    "    " Lower Waini	1,041
"    "    " Baramita	1,278
Medex quarters at Baramita	1,856
X-ray unit at Mabaruma Public Hospital	858
<b>TOTAL</b>	<b>11,899</b>

- 1609.** The contract for the construction of the health post at Hotoquai was awarded in the sum of \$1.075M to the second lowest bidder on the grounds that the lowest bid of \$1.052M was incomplete. There was an approved variation of \$800, giving a revised contract sum of \$1.076M. Similarly, the contract for the construction of the health post at Sea Coast was awarded to the second lowest bidder in the sum of \$1.2M on the grounds that the lowest bid of \$874,049 was unrealistic compared with the Engineer's Estimate of \$1.2M.
- 1610.** In relation to the construction of the health post at Arukamai, the contract was awarded to the second lowest bidder for \$1.095M on the grounds that the lowest bidder, whose tendered sum was \$1.048M, did not produce the relevant compliance certificates. Similarly, the contract for the construction of the health post at Lower Kaituma was awarded to the third lowest bidder for \$1.190M on the grounds that the lowest bid of \$834,049 was unrealistic compared with the Engineer's Estimate of \$1.2M. However, no reason was stated in the minutes of the Regional Tender Board why the second lowest bid of \$1.048M was not favourably considered.
- 1611.** In relation to the construction of the health post at Hosororo, the contract was awarded to the highest of the three(3) bidders in the sum of \$1.1M. The lowest bid was not considered because it was incomplete. However, no reason was given why the second lowest bid of \$1.089M was not favourably considered.
- 1612.** All the other contracts were awarded to the most competitive bidders. The various works undertaken were physically verified with the exception of the Five Star, Lower Kaituma, Lower Waini and Baramita health posts and the medex quarters at Barimita. This was due to the remoteness of the area. However, reliance was placed on the certificates of satisfactory completion issued by the senior carpenter in the Region.

### **Subhead 12003 - Buildings (Education)**

- 1613.** The sum of \$8.1M was allocated for (a) the construction of headmaster's quarters at Wauna, St. Anthony's, Karaburi, St. Mary's, Almond Beach and Kwebana and (b) the construction of primary schools at Lower Kaituma, Santa Cruz, Kamwatta, Moruca Sea Coast and Chinese Landing. Amounts totalling \$7.439M were expended in the construction/extension of the following:-

DESCRIPTION	AMOUNT \$'000
Headmaster's quarters at Wauna	796
“ “ “ St. Anthony's	595
“ “ “ St. Mary's	598
“ “ “ Almond Beach	600
“ “ “ Kwebana	784
Chinese Landing Primary School	800
Kamwatta Primary School	979
Lower Kaituma Primary School	798
Santa Rosa Secondary School	1,489
<b>TOTAL</b>	<b>7,439</b>

- 1614.** As can be noted, no expenditure was incurred in the construction of the headmaster's quarters at Karaburi and primary schools at Santa Cruz and Moruca Sea Coast. The Accounting Officer explained that the works at Karaburi and Santa Cruz were undertaken by the Basic Needs Trust Fund and that the construction of the school at Moruca Sea Coast was placed on hold as a result of the Beal Space Project. A perusal of the Estimates of Expenditure for 2001, however, revealed that the work was not re-budgeted for.
- 1615.** The expenditure incurred on the construction of primary schools at Kamwatta and Lower Kaituma and on the extension of the Santa Rosa Secondary School relates to the cost of building materials. The labour cost was met from funds provided by the Social Impact and Amelioration Programme.
- 1616.** The various works undertaken were physically verified with the exception of the headmaster's quarters at Kwebana, Lower Kaituma and Chinese Landing. This was due to the remoteness of the area. However, reliance was placed on the certificates of satisfactory completion issued by the senior carpenter in the Region.

#### **Subhead 14001 - Roads**

**1617.** The sum of \$8M was allocated for (a) the construction of the airstrip main road, hospital waterfront road and the Barabina/Independence road and (b) the grading and shaping of roads at Mathews Ridge. Approval was granted for a change in programme to resurface the Hosororo Top/Hillfoot Road, in addition to the above. Amounts totalling \$7.890M were expended as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Construction of airstrip main road, hospital waterfront road and Barabina/Independence road	2,856
Grading and shaping roads at Mathews Ridge	1,250
Repairs to Wauna Swamp Road	1,000
Resurfacing Hosororo Top/Hillfoot Road	1,457
Miscellaneous – transportation etc.	1,327
<b>TOTAL</b>	<b>7,890</b>

**1618.** As can be noted, the Wauna Swamp Road was repaired at a cost of \$1M but there was no evidence that approval was granted for a change in programme to undertake the works. The Accounting Officer explained that the works were undertaken pending the approval of the Chief Planning Officer. He acknowledged that follow-up action should have been taken to ensure that the relevant approval was granted. In the circumstances, the works undertaken were unauthorised. Notwithstanding the above, the works were physically verified.

**1619.** The amount of \$2.586M expended on the Airstrip Main Road, the Hospital Waterfront Road and the Barabina/Independence Road, represents the purchase of bitumen and the supply of laterite. The works were undertaken using labour from the Region and were physically verified.

**1620.** In relation to the grading and shaping of roads at Mathews Ridge, the contract was awarded in the sum of \$1.250M. However, the works could not have been physically verified because at the time of inspection there was a threat of

malaria in the area. Reliance was therefore placed on the certificate of satisfactory completion issued by the senior carpenter in the Region.

- 1621.** The resurfacing of the Hosororo Road was undertaken at a total cost of \$1.457M. However, approval was granted for a change in programme for only \$1M to undertake the works. Covering approval should have therefore been sought for the additional cost of \$456,500. Notwithstanding this, the works were physically verified.

**Subhead 19001 - Agricultural Development**

- 1622.** An amount of \$5M was voted for (a) the construction of revetments at Morawhana and Barima End Road and (b) cleaning of the Moruca River. Amounts totalling \$4.959M were expended , as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Construction of 800 ft. revetment at Morawhana	1,899
“ “ 100 ft. revetment at Barima End Road	1,059
Cleaning of Moruca River	2,000
<b>TOTAL</b>	<b>4,958</b>

- 1623.** The contracts for the construction of revetment works at Morawhana and Barima End Road were awarded in the sums of \$1.760M and \$1.059M respectively. The full amounts were paid out on these contracts and the works were physically verified.

- 1624.** In relation to the cleaning of the Moruca River, the contract was awarded to the third lowest bidder in the sum of \$2M on the grounds that the lowest bid of \$370,000 was unrealistic compared with the Engineer’s Estimate of \$2M. The second lowest bid of \$1.8M was disqualified because the bidder was a councillor. The works could not have been physically verified because they were undertaken several months prior to the inspection visit. Reliance had to be placed on the certificate of satisfactory completion issued by the senior carpenter of the Region.

**Subhead 24002 - Land & Water Transport**

- 1625.** The sum of \$5.2M was allocated for the purchase of (a) one(1) 48 horse power

and one(1) 75 horse power outboard engines and (b) one(1) vehicle. Approval was granted for a change in programme to purchase, in addition to the above, a wooden ballahoo and twelve(12) life jackets. The full amount was expended. The items purchased were verified as having been received. However, they were not inventorised as the inventory records had not been updated since 1998.

#### **Subhead 25001 - Equipment & Furniture (Administration)**

- 1626.** An amount of \$500,000 was allocated for the purchase of cabinets, writing desks, office chairs and fans. The full amount was expended. The items purchased were verified as having been received. However, they were not inventorised.

#### **Subhead 25003 - Furniture & Equipment (Education)**

- 1627.** The sum of \$2M was voted for the purchase of desks, benches, tables, chairs, typewriters and steel cabinets. Approval was granted for a change in programme to purchase, in addition to the above, fifteen(15) double bunk beds, one(1) refrigerator, six(6) office chairs and one(1) portable electric generator. Amounts totalling \$1.993M were expended. The items purchased were verified as having been received. However, they were not inventorised.

#### **Subhead 25005 - Furniture & Equipment (Health)**

- 1628.** The sum of \$1.435M was voted for the purchase of rechargeable lamps, gas stoves, hospital beds and a radio set. Amounts totalling \$1.424M were expended in the purchase of four(4) gas stoves, seven(7) refrigerators and two(2) mobile radios. The items purchased were verified as having been received. However, they were not inventorised.

#### **Subhead 26003 – Power Supply**

- 1629.** The sum of \$2.5M was allocated for the extension of the electricity distribution network at Moruca. Amounts totalling \$2.469M were expended in the purchase of fifty(50) wallaba posts, electrical wire and fittings and a generator head. The items purchased were verified as having been received.

### **HEADS 72 & DIVISION 532**

## **REGION 2 - POMEROON/SUPENAAM**



## Current Expenditure

### Employment Costs

- 1630.** An examination of the bank reconciliation statement for December 2000 in respect of the salaries bank account No. 3066, revealed eighteen(18) un-presented cheques which had become stale-dated. These should be cancelled and written back to the cash book.
- 1631.** A comparison of the authorised staff strength of the Region in 2000 with the actual staff strength in December 2000, revealed an excess of 664 in respect of three(3) subheads, as shown below:-

DESCRIPTION	AUTHORISED	ACTUAL	EXCESS
Administrative	26	145	119
Senior Technical	91	345	254
Other Technical & Craft Skills	239	212	-
Clerical & Office Support	93	76	-
Semi-skilled Operatives etc.	337	48	-
Contracted Employees	0	0	-
Temporary Employees	0	291	291
<b>TOTAL</b>	<b>826</b>	<b>1,117</b>	<b>664</b>

- 1632.** 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 671 as per December 2000 Payroll. In order to ensure a meaningful comparison between the authorised and actual staff strength in the Region, it is recommended that teachers be included in the authorised establishment.

### Other Charges

- 1633.** 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 thirty-one(31) days after they were issued. Efforts should be made to ensure strict compliance with the laid down procedures.

- 1634.** Amounts totalling \$43.842M were expended under Materials, Equipment & Supplies. Included in this figure were sums totalling \$15.069M expended in the acquisition of the following capital items: -

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Four(4) sets X-ray illumination, 2 spirometers,1 electric saw	5,909
Two(2)- Mercurial Sphygonomamometers	4,088
Two(2) Kahn bone forceps, 4 suction tubes, 2 dissecting scissors	2,345
Seven(7) dri-heat sterilisers & four(4) boiling sterilisers	1,348
Six(6) printers & five(5) swivel chairs	685
Six(6)- 9. Cu. ft. refrigerators	594
One(1) four-burner gas stove	100
<b>TOTAL</b>	<b>15,069</b>

- 1635.** Documentary evidence was seen that the Secretary to the Treasury approved of the above purchases from current expenditure. However, given the nature of the expenditure, it would have been more appropriate for the above expenditure to be met from Subhead 26002 – Furniture & Equipment (Health). In this case, a supplementary estimate would have had to be sought since the savings under Subhead 26002 were not adequate. Notwithstanding this, the items purchased were verified as having been received and properly brought to account in the sectional inventory at the Suddie Hospital.

- 1636.** The other items valued at \$28.773M were also verified as having been received and properly brought to account at the Main Store and the Suddie Hospital Store, except drugs and medical equipment valued at \$1.759M which, up to the time of reporting, had not been received. The following are the details:

<b>DESCRIPTION</b>	<b>QUANTITY</b>	<b>AMOUNT \$'000</b>
Haemoglobinometers	6	420
RBS Strips	25 boxes	96
	444	

HCG Kits	4	40
Electrical Saw	1	436
Reagents	10 boxes	767
<b>TOTAL</b>		<b>1,759</b>

**1637.** Follow-up action should be taken to ensure that these items are received without further delay, failing which refunds should be sought from the suppliers.

**1638.** In my previous reports, 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 gasolene valued at \$4.307M covering the period 13 June 1996 to 12 March 1998. As a result, three(3) officers were charged and placed before the courts. However, at the time of audit this matter was not concluded. It is again recommended that a losses report be filed with the Secretary to the Treasury so that the loss can be written off.

**1639.** Amounts totalling \$9.122M were expended on Fuel & Lubricants. However, of the forty (40) serviceable vehicles and equipment for which log books were required to be maintained, log books were not presented for eighteen (18) vehicles / equipment, while there were partial submissions in respect of sixteen (16). The Accounting Officer explained that the Transport Officer who had responsibility for the monitoring of the use of these vehicles and equipment might have misplaced the books in question. He gave the assurance that efforts would be made to locate these books and to make them available for audit examination.

**1640.** An examination of the log books presented revealed that they were not properly written up. For example, the journeys undertaken were not always authorised, the driver's signature was not always shown and in some cases there was no evidence of supervisory checks on these records. In the circumstances, it could not be satisfactorily determined whether effective control was exercised over the use of the Region's vehicles and equipment.

**1641.** Amounts totalling \$18.110M were expended on Rental & Maintenance of Buildings. The following gives a breakdown of the expenditure:-

445	
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DESCRIPTION	AMOUNT \$'000
Repairs to thirty-seven(37) buildings	9,485
Purchase of cleaning materials	2,882
“    “ electrical items	2,113
“    “ building materials	2,058
Extermination of termites	1,152
Rental of buildings	343
Miscellaneous	77
<b>TOTAL</b>	<b>18,110</b>

The various works undertaken were physically verified while the purchases were verified as having been received and properly brought to account

**1642.** Amounts totalling \$32.894M were expended on Maintenance of Infrastructure. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Desilting of 136 trenches	20,358
Construction of two(2)revetments	2,688
Purchasing of building materials	2,463
Maintenance of two(2) streets	2,190
Construction of seven(7) fences	2,145
“    “ bridge, pit latrines etc.	1,111
Grading of access dam at Aurora	1,050
Transportation of sand & loam	794
Miscellaneous	95
<b>TOTAL</b>	<b>32,894</b>

**1643.** The desilting of trenches was executed by one hundred and thirty-six(136) contracts awarded to ninety-seven(97) individuals. The full amounts were paid to the contractors. Approximately twenty-eight(28) miles of trenches were desilted. A total of three hundred and twenty(320) feet of revetment was

also constructed at Akawini and St. John's in the Pomeroon River. These works were physically verified while the building materials purchased were verified as having been received and properly brought to account.

**1644.** Two(2) streets were rehabilitated at Richmond and Charity Old Housing Scheme at a cost of \$2.190M while seven(7) fences were constructed within the Charity/Onderneeming area at a cost of \$2.145M. These and the other works were physically verified.

**1645.** Amounts totalling \$16.205M were expended on Electricity Charges. However, the related register reflected a total of \$15.685M, giving a difference of \$520,000. The Accounting Officer gave the assurance that this discrepancy would be investigated. In addition, a number of officers living in the Suddie Hospital Compound were enjoying free electricity since there were only two(2) meters in the Compound. It is recommended that individual meters be placed on each building so that these officers can commence paying for electricity consumed.

**1646.** Amounts totalling \$3.682M were paid to the Anna Regina Town Council representing rates and taxes on government buildings. However, a register of government buildings was not maintained. This record is necessary to carry out periodic reconciliation with the records of the Town Council to ensure accurate billings by the Council. It is recommended that this register be introduced as early as possible.

**1647.** Amounts totalling \$10.549M were expended on Transport, Travel & Postage. The following gives a breakdown of the expenditure:-

447	
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DESCRIPTION	AMOUNT \$'000
Travelling expenses	6,128
Purchase of spares	4,001
Hire of vehicles	297
Postage	34
<b>TOTAL</b>	<b>10,460</b>

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.

**1648.** Amounts totalling \$8.252M were expended on Other Services Purchased. The following gives a breakdown of the expenditure: -

DESCRIPTION	AMOUNT \$'000
Security services	5,209
Honoraria	939
Maintenance of equipment	670
Disposal of garbage	653
Supervision of CXC examinations	228
Miscellaneous	553
<b>TOTAL</b>	<b>8,252</b>

**1649.** The amount of \$5.209M relates to security services provided to government buildings within the Region while sums totalling \$939,210 were expended on the payment of honoraria for senior education officers responsible for the operations of the Cyril Potter College of Education. These and the other expenditures were verified as having been properly incurred.

**1650.** Amounts totalling \$10.441M were expended on Other Operating Expenses, as follows:-

448	
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DESCRIPTION	AMOUNT \$
Dietary	6,938,510
Refreshments and meals at meetings	1,087,191
National events	1,209,814
Miscellaneous	485,100
<b>TOTAL</b>	<b>10,440,615</b>

- 1651.** The dietary items purchased were in respect of the Suddie and Charity hospitals. These were verified as having been received and properly brought to account, except items valued at \$302,435 which, up to the time of reporting, had not been received. Follow-up action should be taken to ensure that these items are received or to seek a refund. The other expenditures were verified as having been properly incurred.
- 1652.** Amounts totalling \$2M were expended on Subsidies & Contributions to Local and International Organisations. This sum was paid to the Operations and Maintenance (O &M) 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, the statement of receipts and disbursements and the appropriation accounts of the Region were understated by \$37.235M and \$36.774M respectively.
- 1653.** 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**

- 1654.** 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.

**1655.** 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. Goods Received Notes were also not prepared. Entries were, however, made in a Goods Received book;
- (b) There were evidence that credit purchases were being made, contrary to the Financial Regulations ;
- (c) The storekeeper acknowledged that items purchased were not always seen when entries were made in the goods received book. This 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 practise defeats the purpose of store-keeping and stores accounting and renders them ineffective; and
- (e) Although a store ledger was kept, it was rarely written up, since most items purchased were issued out immediately. Bin cards were not maintained during the period under review.

These matters were drawn to the attention in previous reports.

**1656.** Despite the disposal of a number of unserviceable items in 1999, several unserviceable machinery and equipment were still in the old Mechanical Workshop Compound. The Accounting Officer explained that a list was being compiled and that the approval of the Secretary to the Treasury would be sought to dispose of them by way of public auction.

**1657.** In my previous reports, 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. Although a losses report was submitted to the Secretary to the Treasury, there was no evidence that approval was granted



for a write-off of the amount involved. It is recommended that follow-up action be taken in relation to this matter.

**1658.** Again, in my 1999 Report, it was stated that a physical verification of dieselene on 26 October 1999 revealed an apparent shortage of 2,558 gallons valued at \$741,820. At the time of reporting, the matter was still engaging the attention of the Police. It is again recommended that a losses report be filed with the Secretary to the Treasury so that the loss can be written off.

**1659.** 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, the Goods Received Book and the Stock Ledger. This made verification of the receipt and issues of items tedious and very time-consuming; and
- (b) 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. It is again recommended that purchases be affected on a more manageable basis in order to avoid the problem outlined above.

**1660.** The following drugs appearing in the Gifts Register kept at the Suddie Hospital and shown as having been received from various donor agencies could not be traced to the stock records at the Suddie Hospital Drugs Bond. The Accounting Officer gave the assurance that the matter would be investigated:-

DESCRIPTION OF ITEMS	QUANTITY
Pre-natal all-in-one supplement	8 boxes
Ampicillin 300mg.	24
Atropine	9
Dioxin	5
Poleosic	4
Blood Lancets	725
Blood Pressure Test ships	50

Vitamin B Complex.	3
ICC Syringes	1,600
Denture Cleanser	60 boxes
Mineral Oil	24 boxes
Fluscin 400mg	600 boxes
Fleet Enema	120 boxes
Syringes	42 boxes
19 gauge needles	10 boxes

- 1661.** In addition, despite comments to this effect in previous reports, gifts were not being valued so that they can be recorded in the Public Accounts of the Country.
- 1662.** During the period under review, seventy-eight(78) officers were occupying Government Quarters. However, only thirty-four(34) officers were paying rentals. Evidence was seen that the officers concerned were written to in May 2000. However, up to the time of reporting, the position remained the same.

### **Other Matters**

- 1663.** The Imprest bank account No. 3067 with an allocation of \$1.5M was fully retired but was overdrawn by \$500 as at 31 December 2000. The overdraft should be investigated with a view to clearing it.
- 1664.** An examination of the Advances Register along with the related requisition forms, revealed twenty-three(23) instances where advances granted from the Imprest were cleared on average one(1) month after the stipulated periods. Nine(9) 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**

- 1665.** The sum of \$4M was voted for the rehabilitation of bridges at Tapakuma and Capoey. Approval was granted for a change in programme to rehabilitate a bridge at Red Lock instead of the bridge at Tapakuma. Amounts totalling \$3.802M were expended, as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Construction of bridge at Capoey	1,975
Rehabilitation of bridge at Red Lock	1,827
<b>TOTAL</b>	<b>3,802</b>

**1666.** The contract for the construction of the bridge at Capoey was awarded to the most competitive bidder in the sum of \$1.975M. In relation to the rehabilitation of the bridge at Red Lock, the contract was awarded to the second lowest bidder in the sum of \$1.827M on the grounds that lowest bidder, whose bid was \$1.709M, lacked the relevant experience. The works were physically verified.

**Subhead 12001 - Buildings (Health)**

**1667.** The sum of \$7.9M was provided for (a) the rehabilitation of the Suddie Hospital (b) extension of Capoey Health Centre (c) construction of health posts at Aurora and Lima Sands and (d) extension of sanitary block and nurses' hostel at Suddie. Amounts totalling \$7.736M were expended as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Rehabilitation of Suddie Hospital	3,398
Construction of health post at Aurora	1,141
Extension of sanitary block and nurses' hostel at Suddie	1,129
Extension of Capoey Health Centre	1,000
Construction of health post at Lima Sands	995
Miscellaneous	73
<b>TOTAL</b>	<b>7,736</b>

**1668.** The rehabilitation of the Suddie Hospital was executed by two(2) contracts valued at \$3.398M while the contract for the construction of the health post at Lima Sands was awarded to the second lowest bidder in the sum of \$1.014M on the grounds that the lowest bidder, whose tendered sum was \$892,105, was awarded another project. All the other contracts were awarded to the most competitive bidders. The works were physically verified.

**Subhead 12002 - Buildings (Education)**

**1669.** The sum of \$20M was voted for (a) the construction of headmasters' quarters at Capoey, Dredge Creek, St. John's and Liberty (b) construction of dormitory at Charity (c) extension of nursery schools at Walton Hall and Aurora (d) construction of library at Cotton Field (e) rehabilitation and extension of resource centre at Anna Regina and (f) rehabilitation of primary school at Jacklow. Approval was granted for a change in programme to construct a headmaster's quarters at Marlborough instead of the primary school at Jacklow and a nursery school at Grant Anna Regina instead of the headmaster's quarters at St. John's. Amounts totalling \$18.946M were expended, as follows:-

DESCRIPTION	AMOUNT \$'000
Construction of headmaster's quarters at Capoey	1,361
“ “ “ “ at Dredge Creek	1,299
“ “ “ “ at Liberty	1,500
“ “ dormitory at Charity	5,728
Extension of nursery school at Walton Hall	956
“ “ “ “ at Aurora	1,143
Rehabilitation and extension of Resource Centre	1,586
Construction of headmasters' quarters at Marlborough	1,250
454	

“	“ nursery school at Grant Anna Regina	1,230
“	“ library at Cotton Field	1,627
	Repairs to Aurora Primary School	632
“	“ Johanna Cecelia Community High School	551
	Miscellaneous	83

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**TOTAL** **18,946**

- 1670.** The contracts for the above works were awarded to the most competitive bidders, except in the case of the construction of the headmaster’s quarters at Capoey and Liberty, and the library at Cotton Field. In relation to the headmaster’s quarters at Capoey, the contract was awarded to the second lowest bidder in the sum of \$1.361M without any reasons being stated why the lowest bid of \$1.301M was not favourably considered. The Accounting Officer explained that this might have been an oversight.
- 1671.** In relation to the construction of the headmaster’s quarters at Liberty, the contract was awarded to the second lowest bidder in the sum of \$1.5M on the grounds that the lowest bidder, whose tendered sum was \$1.437M, did not submit a complete set of tender documents. Similarly, the contract for the construction of the library at Cotton Field was awarded to the second bidder in the sum of \$1.302M on the grounds that the lowest bidder, whose tendered sum was \$1.256M, was awarded another project.
- 1672.** Amounts totalling \$1.183M were expended on carpentry repairs, plumbing and guttering at the Aurora Primary and Johanna Cecelia Community High schools. However, these two(2) activities were not included in the Capital Profile of the Region and there was not evidence that approval was granted for a change in programme to undertake these works.
- 1673.** The Accounting Officer explained that the expenditure was incorrectly charged to this subhead since it is in the nature of current expenditure. However, an examination of the current appropriation account (Head 72 – Programme 4 (Education Delivery) revealed that the balance on Subhead 142 – Maintenance of Buildings - was only \$21,000. It is therefore evident that the charging of the expenditure of \$1.183M to this subhead was done to avoid overrunning the voted provision under Current Expenditure.
- 1674.** The above works were physically verified and conformed generally to the specifications contained in the respective bills of quantities and contract

documents.

### **Subhead 13004 - Miscellaneous D & I Works**

- 1675.** The sum of \$93M was voted for (a) the construction of irrigation checks, tail walls, re-enforced concrete tubes and revetments at locations, including Alliance, Aberdeen Dartmouth and Henrietta and (b) desilting of D & I canals at locations including Fairfield, Hibernia, Dryshore, Marias' Lodge and Spring Garden. Amounts totalling \$92.648M were expended. as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Construction of sixteen(16) revetments	41,017
“ “ twenty-two(22) irrigation checks	27,124
“ “ seven(7) tail walls	12,127
Desilting “ sixteen(16) canals	8,915
Construction of bridge at Windsor Castle	2,204
Purchase of one(1) 125 hp Yamaha engine	420
“ “ two(2) wooden boats	240
“ “ building materials	601
<b>TOTAL</b>	<b>92,648</b>

- 1676.** Sixteen(16) contracts valued at \$41.017M were awarded for the construction of the revetments, four(4) of which were not awarded to the most competitive bidders because of either the lack of ownership of the relevant machinery or the lower bidders had other jobs in the Region.
- 1677.** In relation to the construction of irrigation checks, twenty-two(22) contracts valued at \$27.124M were awarded. Thirteen(13) of these contracts were not awarded to the most competitive bidders on the grounds that the other lower bidders were engaged in other works. The price differential in respect of these thirteen(13) contracts amounted to \$1.582M. A similar observation was made in respect of the construction of seven(7) tail walls valued at \$12.127M where none of the contracts were awarded to the most competitive bidders. In this case, the price differential amounted to \$1.269M.
- 1678.** The contract for the construction of the bridge at Windsor Castle was awarded to the second lowest bidder in the sum of \$2.205M on the grounds that the

lowest bidder, whose tendered sum was \$1.798M, was awarded another job in the Region.

- 1679.** All the above works were physically verified and conformed generally to the specifications contained in the respective bills of quantities and the contract documents. The items purchased were also verified as having been received and properly brought to account.

**Subhead 14001 - Roads**

- 1680.** The sum of \$26M was voted for the rehabilitation of community roads at Devonshire Castle, Coffee Grove, Bounty Hall, Anna Regina, Redlock, Suddie, Affiance and Workshop Housing Scheme. Amounts totalling \$25.756M were expended in the rehabilitation of roads at the following locations:-

LOCATION	AMOUNT \$'000
Redlock	6,269
Devonshsire Castle	6,198
Bounty Hall	3,495
Affiance	3,415
Coffee Grove	3,337
Suddie	3,009
Miscellaneous	33
<b>TOTAL</b>	<b>25,756</b>

- 1681.** Two(2) contracts valued at \$6.123M were awarded for the rehabilitation of the community road at Redlock. There was an approved variation of \$146,000, giving revised contract sums totalling \$6.269M. In relation to the community road at Devonshire Castle, a total of 2,872 x 18 ft. was upgraded at a cost \$6.198M. 1,260 x 20 ft. of road were also upgraded at Bounty Hall at a cost of \$3.495M.

- 1682.** A total of 1,824 x 12 ft. of road was rehabilitated at Affiance at a cost of \$3.415M while in relation of Coffee Grove and Suddie, a total of 1,260 x 20 ft. and 1,432 x 18 ft. were rehabilitated at a cost of \$3.337M and \$3.009M respectively. The above works were physically verified.

### **Subhead 19001 - Land Development**

- 1683.** The sum of \$15M was voted for (a) the rehabilitation of streets in housing schemes at Charity, Richmond, Suddie and the Jib (b) installation of plastic tubes with revetment at Suddie Housing Scheme and (c) development of housing scheme at Onderneeming. Amounts totalling \$12.361M were expended, as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Rehabilitation of streets at Charity	4,019
“ “ “ “ the Jib	2,893
“ “ “ “ Suddie	1,828
Development works at Onderneeming	1,615
Rehabilitation of streets at Richmond	1,560
Installation of plastic tubes & revetment – Suddie	400
Advertising	46
<b>TOTAL</b>	<b>12,361</b>

- 1684.** A total of 1,413 x 12 ft. of streets at Charity was rehabilitated at a cost \$4.019M while in relation the Jib and Suddie, 1,752 x 12 ft. and 2,799 x 12 ft were rehabilitated at a cost of \$2.894M and \$1,826M respectively.

- 1685.** The development works at Onderneeming were in relation to the construction of 4,000 x 12 ft. of road at a cost of \$1.615M while 2,114 x 12 ft. of streets were rehabilitated at Richmond. The above works were physically verified.

### **Subhead 25001 - Furniture & Equipment (Education)**

- 1686.** The sum of \$3M was provided for the purchase of furniture for schools, including desks, benches, tables, chairs and chalk boards. Amounts totalling \$2.996M were expended.
- 1687.** In my 1999 Report, it was stated that the sum of \$1.684M was expended on the acquisition of furniture for schools. However, no furniture was acquired



and at the time of the audit in July 2000, the cheque for this amount payable to a contractor was at the Sub-Treasury. The transaction was subsequently cancelled and the amount was refunded to revenue. In September 2000, the Secretary to Treasury approved of the payment to be made out of the funds allocated in 2000 on the grounds that the Region had the amount of \$1.684M as an outstanding liability.

- 1688.** The Audit Office was unable to verify the receipt and distribution of the furniture referred to in the previous paragraph since the Region did not provide any documentary evidence in support of this. However, an internal stores requisition (ISR No. 4546 dated 2 November 2000) was seen to indicate that the items were issued but the locations were not stated. When questioned, all the signatories in the ISR stated that they have not seen the furniture. It is therefore recommended that the matter be thoroughly investigated. The other furniture valued at \$1.312M was verified as having been received and properly brought to account.

**Subhead 26002 - Furniture & Equipment ( Health)**

- 1689.** The sum of \$5M was voted for the purchase of one(1) mortuary freezer, delivery couch, beds, lactometers, thermometers and magnifying glass. Amounts totalling \$4.999M were expended. However, there was no evidence that approval was granted for a change in programme to purchase the following items:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Two(2) refrigerator and two(2) executive chairs	430
Four(4) air-conditioning units	456
Two(2) dining sets and one(1) suite	86
Three(3) high speed fan	47
<b>TOTAL</b>	<b>1,019</b>

- 1690.** The Accounting Officer explained that there were savings under this subhead

and that the items listed above were urgently needed. Covering approval should have therefore been sought to purchase these items. Notwithstanding this, the items purchased were verified as having been received and properly brought to account in the sectional inventory at the Suddie Hospital.

## **HEAD 73 & DIVISION 533**

### **REGION 3 - ESSEQUIBO ISLANDS/WEST DEMERARA**

#### **Current Expenditure**

##### **Employment Costs**

- 1691.** An examination of the Diary of Pay Changes revealed fifty-nine(59) instances where pay change directives were forwarded by the Personnel Division of the Region to the Regional Accounting Unit (RAU) on an average of four(4) 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.
- 1692.** Amounts totalling \$19.774M 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 \$1.174M were recovered from the relevant agencies. A similar observation was made in 1999 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 for 2000 would have been overstated by \$1.174M. It is again recommended that efforts be made to recover the amounts involved.
- 1693.** Of the amounts reflected as unclaimed salaries, sums totalling \$11.798M 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 that department. It is again recommended that this record be introduced urgently.

- 1694.** The cash books for the three(3) wages and salaries bank 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 mainly from the failure to pay over deductions promptly to the relevant agencies. This situation remained uncorrected, despite comments to this effect in my previous reports. The Accounting Officer is again urged to ensure strict compliance with the laid down procedures as they relate to the payment of wages and salaries.
- 1695.** An examination of the Register of Contributors to the National Insurance Scheme(NIS) for December 2000 revealed 364 instances where the employees' NIS numbers were not quoted in the Register, indicating that the 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.
- 1696.** It is a legal requirement for NIS deductions to be paid over to the Scheme not later than the 15<sup>th</sup> of the following month. However, during the period under review, ninety-four(94) instances were noted where payments totalling \$62.138M were made after the stipulated period. This has resulted in penalties and related interest totalling \$1.786M being levied against the Region for the year 2000. It should be noted also that penalties relating to previous years amounted to \$1.506M, and both these amounts remained unpaid.
- 1697.** In my 1999 Report, it was stated that 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 August 2001, 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 August 2001, there was no evidence that recoveries were made.

**1698.** A comparison of the authorised staff shown in the 2000 Estimates of Expenditure with the actual staff employed by the Region in December 2000, revealed that the authorised staff was substantially exceeded, as shown below:-

<b>DESCRIPTION</b>	<b>AUTHORISED</b>	<b>ACTUAL</b>	<b>EXCESS</b>
Administration	26	268	242
Senior Technical	97	455	358
Other Tech/ Craft Skilled	205	406	201
Clerical & Office Support	102	105	3
Semi- Skilled	493	804	311
Contracted Employees	-	7	7
<b>TOTAL</b>	<b>923</b>	<b>2,045</b>	<b>1,122</b>

**1699.** Explanations obtained indicated that the National Estimates did not include teachers. It is again recommended that the Ministry of Finance be approached with a view to including all categories of employees in the Estimates. This will provide a basis against which it can be ascertained whether or not the authorised staff strength is exceeded.

**1700.** Amounts totalling \$6.409M were expended on travelling allowances. However, the Travelling Register was not satisfactorily maintained and there was no evidence of supervisory checks on this record. Five(5) officers had also exceeded their mileage ceilings by 922 miles without the approval of the Regional Executive Officer.

### **Other Charges**

**1701.** One hundred and fifty four (154) payments vouchers totalling \$44.956M were

not presented for audit examination. Seventy-six(76) of these valued at \$37.193M represented payments for other charges while the remainder relates to employment costs. As a result, a proper examination of the related transactions could not be carried out. Efforts should be made to locate these vouchers and present them for audit examination.

**1702.** In accordance with Section 36 of the FAA Act, appropriations lapse on 31 December and unspent balances are to be surrendered to the Consolidated Fund. Despite this legal requirement, the Regional Administration continued to make payments for the financial year ended 31 December 2000 until 15 February 2001. In this regard, a total of seven hundred and sixty-six(766) cheques valued at \$83.378M were drawn during this period and were backdated to 31 December 2000. In the circumstances, it would have been more appropriate for the amounts involved to be re-budgeted for in 2001.

**1703.** Amounts totalling \$37.049M were expended on Materials, Equipment & Supplies, as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$000</b>
Drugs & medical supplies	12,495
Field materials & supplies	8,582
Office materials & supplies	11,624
Print & non-print materials	4,348
<b>TOTAL</b>	<b>37,049</b>

**1704.** The following unsatisfactory features were noted in relation to this

expenditure:-

- There was no evidence that a system of quotations was followed in respect of fifteen(15) purchases falling within the limits of \$90,000 and \$180,000; and
- Three(3) instances were noted of apparent subdivision of purchases to avoid adjudication by the Regional Tender Board. In each case, the purchases were made on the same date, from the same supplier and for identical items.

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

**1705.** Amounts totalling \$8.822M 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 for twelve(12) vehicles and for varying periods in the year. The log books presented were also not properly maintained, except in four(4) cases, in that no account was given for the use of vehicles during certain periods of time, and the signatures of authorising and checking officers were not seen. Efforts should be made to correct these lapses.

**1706.** Amounts totalling \$33.433M were expended on the Maintenance of Buildings. However, the Votes Ledger reflected a balance of \$34.392M. As a result, the Appropriation Account was understated by \$959,000. The following is a breakdown of the expenditure: -

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Miscellaneous works \$180,000 – \$450,000	14,256
Miscellaneous works below \$180,000	7,827
Purchases below \$180,000	3,811
Extension of Patentia Nursery School	2,271
Air conditioning of Drug Bond	1,785
Repairs & painting to Maternity Ward	1,665
Rehabilitation of Vive la Force Primary School	1,231
464	

Purchases \$180,000 - \$6M	1,190
Purchase of electric meter for Wakenaam Hospital	241
Rental of Buildings	115

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**TOTAL** **34,392**

**1707.** The contract for the extension of the Patentia Nursery School was awarded for \$2.142M to the second lowest bidder on the grounds that the lowest bidder, whose tendered sum was \$1.632M, was recommended for other work and did not have the requisite experience. A variation of \$128,750 was approved, giving a revised contract sum of \$2.271M. As at 31 December 2000, the full amount was paid to the contractor. However, the variation was incorrectly charged to the Public Works Programme.

**1708.** The repairs and painting of the Maternity Ward was provided for under the Region's capital programme. In this regard, two(2) contracts were awarded to the same contractor, one of which was charged to capital expenditure. In relation to the contract paid for under the current expenditure, the award was made for \$1.665M. However, physical verification revealed the following unsatisfactory features:-

(a) Works to the value of \$130,000 could not be located, as shown below:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Toilet Work - All items	78
Entrance to Female Medical - Dismantle, supply and fix four(4) complete louver windows	32
Female Dressing Room - fitting of shelves & ball catches	20
<b>TOTAL</b>	<b>130</b>

(b) Works carried out in the vicinity of the "labour room" and nurses rest

room were of poor quality. The concrete slope to the labour room was already damaged and tiles in the nurses' rest room were either broken or loose; and

- (c) In relation to the toilet works on the female medical (ground floor), two(2) of the repaired toilets were already leaking because of loose fittings;
- 1709.** In relation to the amount of \$14.256M expended on miscellaneous works falling within the limits of \$180,00 to \$450,000, forty-two(42) contracts were awarded. However, there was no evidence that a system of quotations was adopted in relation to four (4) contracts. Evidence was also seen of apparent subdivision of contracts to avoid adjudication by higher levels. These contracts were miscellaneous woodwork to an Education Department building;
- 1710.** The amount of \$1.190M expended on purchases was in respect of the acquisition of paint, lumber and electrical fittings. However, the supplier of paint valued at \$510,170 to effect the painting of the Hydronie, Farm, Parika and Tuschen Nursery Schools, normally supplied stationery and other office supplies and his place of business could not be located. While the paint was verified as having been received and properly brought to account, the Region should avoid purchasing items from agencies which are not considered reputable suppliers.
- 1711.** There were also forty three(43) instances where stationery valued at \$1.661M was purchased from the same supplier referred to in the previous paragraph. As indicated above, the location of his business as stated on the invoices, bills and receipts could not be ascertained.
- 1712.** Amounts totalling \$3.683M were expended on Maintenance of Bridges. However, the Votes Ledger reflected a balance of \$3.984M, resulting in the understatement of the reported expenditure \$301,000. In addition, some of the works undertaken were of a capital nature and should have been met from the Region's capital allocation. The charges for photocopying, advertisement etc. amounting to \$393,120 were also inappropriately included under this line item. The works were nevertheless physically verified.
- 1713.** According to the Appropriation Account, amounts totalling \$27.694M were



expended on the Maintenance of Drainage and Irrigation. However, the expenditure verified in the Votes Ledger was \$27.901M. As a result, the Appropriation Account was understated by \$207,000. The following are details of the actual amounts expended: -

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Miscellaneous works below \$180,000	12,808
Miscellaneous works \$180,000 - \$450,000	10,047
Operation of river sluices	1,497
Security for equipment	1,262
Purchases of fuel and lubricants	1,019
\$450,000 - \$9M - Cleaning Nismes Sideline Dam	548
Construct concrete culvert at Bella Dam	319
Hire of vehicles and equipment	299
Repairs to bridge at Farm	192
<b>TOTAL</b>	<b>27,901</b>

**1714.** The following observations were made in relation to the above expenditure: -

- (a) The nature of the weeding, cleaning and excavation works valued at \$23.403M, coupled with the lapse in time between the execution of the various contracts and the auditing of the transactions, resulted in the inability to properly review the extent of the works carried out. In this regard, the Region was requested to provide monthly details of contracts issued, but failed to provide these in a timely manner; and
- (b) The expenditure for security equipment, fuel and lubricants, repairs to bridge and vehicle and equipment hire was inappropriately charged to this line item and should have been included in relevant current expenditure accounts. Similarly, the cost of the construction of concrete culvert at Bella Dam should have been met from the Region's capital allocation.

**1715.** According to the Appropriation Account, amounts totalling \$8.421M were expended on Maintenance of Other infrastructure. However, the Votes Ledger reflected a balance of \$8.364M, resulting in the overstatement of the reported expenditure by \$58,000. The following observations were also made in relation to this expenditure:-

- (a) Construction works valued at \$4.992M in relation to fences, culvert, trestle, box koker, bridge, septic tanks, gasolene bond and grill gate, were of a capital nature and should have been met from the Region's capital appropriation;
- (b) The construction of the fence at Farm Nursery School was awarded to the higher of two(2) bidders for \$979,100 on the grounds that the prices quoted on the lower bid were inadequate. The lower bid was \$558,995. Physical verification revealed that the fence was 587 feet, instead of the required 640 feet, resulting in an overpayment of \$58,830;
- (c) The second highest of seven(7) bidder was awarded the contract for the construction of a fence at Hydronie Nursery School in the sum of \$488,560 on the grounds that the lower bids were unrealistic. A variation of \$93,500 was approved, giving a revised contract sum of \$582,060. Physical verification of the works revealed that the fence was 369 feet, instead of the required 402 feet;
- (d) A fence at Patentia Secondary School was to be constructed. In this regard, the contractor was paid an amount of \$532,618 for materials to be supplied. However, at the time of the audit in August 2001, the materials were not supplied. The Regional Executive Officer explained that the contractor was contacted and had indicated that the materials would have been delivered by 30 September 2001;
- (e) In relation to the construction of a bridge at Windsor Forest Primary School, there was no explanation for the choice of the third lowest bid of \$257,355 from nine(9) bids received. The lowest bid was \$229,310; and
- (f) The related costs of transporting road base to Hogg Island, repairs to the Regional Executive Officer's Quarters and travelling and subsistence, were inappropriately charged to Maintenance of Other infrastructure.

- 1716.** An amount of \$3.990M was expended on the Maintenance of Roads. This expenditure was mainly in relation to the purchase of 800 tons crusher run and the cost of transporting 50 loads sand. The materials were utilised on Wakenaam roads at Fredricksburg, Belle Plaine and Maria's Pleasure and Dutch Road, Fort Island.
- 1717.** According to the Appropriation Account, amounts totalling \$19.179M were expended as Transport, Travel and Postage. However, the Votes Ledger reflected a balance of \$19.855M, resulting in an understatement of expenditure by \$676,000. The following is a breakdown of the actual expenditure: -

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Local Travel & Subsistence	12,102
Postage, Telex & Cablegrams	6
Vehicle Spares & Maintenance	7,747
<b>TOTAL</b>	<b>19,855</b>

- 1718.** The following observations were made in relation to the above expenditure: -
- (a) A significant amount of the expenditure of \$12.102M for Local Travel and Subsistence was attributed to the hiring of speedboats and taxis. However, the requisite authorities and certificates that the journeys were undertaken in public interest were not seen. Additionally, in eighteen(18) instances amounting to \$28,720, such hire was unsubstantiated by receipts;
  - (b) Amounts totalling \$27,900 were paid as overtime to staff of the Accountant General, Sub-Treasury Reg. No. 3. Such expenditure was inappropriate charges to the Region's allocation;
  - (c) Eight(8) payment vouchers totalling \$210,160 were not entered in the Votes Ledger, resulting in an understatement of expenditure;
  - (d) Amounts totalling \$2.139M 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 for midday and after hours worked. Instead, the Regional Administration had paid in each case the subsistence rate of \$400. This latter payment is only applicable for work away from base in excess of six(6) hours. An overtime register was also not kept to monitor overtime work undertaken;

- (e) The rates of taxi hire for persons travelling between the office and their homes after overtime work appeared exorbitant, since such rates ranged between \$500 and \$1,000 for travel within the same or sometimes neighbouring districts; and
- (f) Of the \$7.747M expended for Vehicle Spares and Services, amounts totalling \$5.170M were expended on repairs to vehicles. However, historical records were not maintained for the Region's vehicles, to monitor the cost of repairs for each vehicle.

**1719.** According to the Appropriation Account, amounts totalling \$11.785M were expended as Utility Charges. However, the Votes Ledger reflected a balance of \$11.8M, resulting in an understatement of expenditure by \$15,000. The following is a breakdown of the actual expenditure: -

DESCRIPTION	AMOUNT \$'000
Electricity Charges	6,987
Water Charges	3,067
Telephone Charges	1,746
<b>TOTAL</b>	<b>11,800</b>

**1720.** Amounts totalling \$1.746M were expended on telephone charges. However, the telephone register reflected recordings totalling \$1.327M, 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.

**1721.** Amounts totalling \$14.596M were expended on Other Goods and Services Purchased. However, the Votes Ledger reflected an amount of \$14.579M. As

a result, the Appropriation Account was overstated by \$17,000. The following is a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Repairs & maintenance of equipment	4,175
Security services	3,547
Cleaning & extermination services	2,564
Other	4,293
<b>TOTAL</b>	<b>14,579</b>

**1722.** The following observations were, however, made in relation to the above expenditure:-

- The expenditure of \$3,547M on security services includes inappropriate charges of \$717,135 for travelling and subsistence, \$18,860 for the rehabilitation of two(2) suites and \$75,000 for surveying and planning for work at Goed Intent, Leguan; and
- A system of quotations was not used in the award of a contract valued at \$229,840 for the repairs to one of the West Demerara Regional Hospital's heavy-duty washing machine.

**1723.** Amounts totalling \$1.9M were expended for Subventions to Local Authorities. However, an examination of the related transactions revealed that the actual expenditure was \$3.310M. As a result, the Appropriation Account was understated by \$1.310M.

**1724.** Excess expenditure totalling \$1.971M was incurred under three(3) 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**

**1725.** A review of the operations of the Vreed-en-Hoop Store revealed the following

shortcomings:-

- A number of items issued on loan since 1993 were not yet returned to the Store. This matter was drawn to attention in my 1999 report. If these items can no longer be recovered, then formal losses report should be prepared and submitted to the Secretary to the Treasury;
- Several unserviceable items were found in the Store. These should be boarded and appropriate action taken to dispose of them;
- The stock ledgers were not written up-to-date.
- An examination of the issues from the stores revealed that although items of stores were purchased from the voted provision of specific programmes within the Region, a significant amount of the cost was transferred to other programmes through issues. As a result, the true cost of the programmes is distorted;
- Details of where items were to be utilized or the purpose of the purchase, were rendered inadequate for proper verification of the related transactions;
- There was no evidence of reconciliation of the bin cards with the Stock Ledger for the period under review. This task should be performed preferably on a monthly basis by the stock verifier; and
- Dieselene was being stored in a tank but there was no calibrating dip stick to ascertain the quantity of fuel on hand at any one point in time. Efforts should be made to have the tank calibrated.

**1726.** The store at Crane was reportedly broken into on two(2) occasions, resulting in losses valued at \$1.603M. The items stolen included a quantity of Bulldozer and Hymac parts and an outboard engine. The Police were investigating the matter, and a losses report was filed with the Secretary to the Treasury. This store also did not maintain stock ledgers and had a quantity of unserviceable items on hand.

**1727.** A physical verification of lubricants revealed the following discrepancies when comparison was made with the related stock records:-

DESCRIPTION	BIN CARD/STOCK LEDGER BALANCE	PHYSICAL COUNT	SHORTAGE (EXCESS)
<b>Crane Store</b>			
Lubricating Oil No. 40	892 pints	24 pints	868 pints
Lubricating Oil No. 90	546 pints	60 pints	160 pints
Two(2) Stroke Oil	53 bottles	31 bottles	22 bottles
Grease	401 lbs.	105 lbs.	296 lbs.
<b>WDRH Store</b>			
Lubricating Oil No.140	656 pints	640 pints	16 pints
Lubricating Oil HDX 50	1,174 pints	1,160 pints	14 pints

**7128.** While no explanation was offered in relation to the apparent shortages at the Crane Store, the Storekeeper of the WDRH Store contended that several other functionaries in the Region had keys to the Store. It is recommended that a critical review of the internal controls at the latter store be carried out with a view to ensuring restricted access. Meanwhile, the above discrepancies should be investigated as early as possible and the results communicated to the Audit Office.

### Capital Expenditure

#### Subhead 11001 - Bridges

**1729.** The sum of \$5M was allocated for the construction of bridges at Leonora Hospital and Mora. According to the Appropriation Account, amounts totalling \$4.983M were expended. However, the Votes Ledger reflected an amount of \$4.954M, resulting in an overstatement of \$29,000 in expenditure.

**1730.** The amount of \$4.955M was expended in the construction of bridges in the following areas:-

LOCATION	AMOUNT \$'000
Hague	1,275
Cow Dam, Leonora	1,259
473	

Ruimzeight Cremation Site	745
Ruby Back Dam	658
Mora	518
Leonora Hospital	500
<hr/>	
<b>TOTAL</b>	<b>4,955</b>

- 1731.** Approval was granted for a change in programme to accommodate the works at Ruimzeight Cremation Site and Cow Dam Leonora. However, no such approval was seen for the construction of the bridge at Hague.
- 1732.** The contract for the construction of bridge at Hague was awarded to the second lowest bidder in the sum of \$1.146M on the grounds of experience in the construction of bridges of similar nature. A variation of \$128,360 was approved, giving a revised contract sum of \$1.275M. However, the lowest bidder, whose tendered sum was \$1.048M, had performed satisfactorily in the construction of a bridge at Tuschen in 1999. Therefore, had the contract been awarded to him, there might have been a cost saving of \$227,000.
- 1733.** In relation to the construction of the bridge at Cow Dam, Leonora, the contract was awarded in the sum of \$1.259M. There was an approved variation of \$301,200 to provide for revetment works, giving a revised contract sum of \$1.560M. The variation was, however, charged to current expenditure. It is evident that this was done to avoid overrunning the voted provision under this subhead.
- 1734.** The contract for the construction of bridge at Ruimzeight Cremation Site was awarded to the second lowest bidder in the sum of \$539,465 following the disqualification of the lowest bid due to incompleteness. The contractor, however, failed to commence the job, resulting in an award to the fifth lowest bidder for \$627,425. The other lower bids were overlooked because of outstanding jobs. A variation of \$117,400 was approved, giving a revised contract sum of \$744,825.
- 1735.** In relation to the construction of the bridge at Ruby Back Dam, the contract was awarded for \$606,900. However, the contractor failed to start the job on time, resulting in the job being reassigned to the second lowest bidder for



\$658,410. A similar observation was made in relation to the award of the contract for the construction of a bridge at Mora where the lowest bidder was awarded the contract for \$432,160 but failed to start the job on time. The contract was then awarded to the third lowest bidder for \$517,600 because of the illness of the second lowest bidder.

- 1736.** The contract for the construction of bridge at Leonora Hospital was awarded to the second lowest bidder in the sum of \$499,540 because he had a good track record with the Region, compared with the lowest bidder. At the time of inspection, the above works were completed and were physically verified.

**Subhead 12001 - Buildings (Education)**

- 1737.** The sum of \$25M was voted for construction of (a) nursery schools at Hague, Pouderoyen and Crane and (b) headmaster’s quarters at Saxakalli. Amounts totalling \$24.934M were expended in the construction of nursery schools at the following locations:-

<b>LOCATION</b>	<b>AMOUNT \$'000</b>
Pouderoyen	7,066
Crane	6,896
Hague	5,861
Vergenoegen	5,111
<b>TOTAL</b>	<b>24,934</b>

- 1738.** As can be noted, the construction of the headmaster’s quarters at Saxakalli was not undertaken. An approval was also not seen for the change in programme to construct the school at Vergenoegen.

- 1739.** The contract for the construction of the nursery school at Pouderoyen was awarded for \$5.423M to the fifth lowest bidder because (a) of an excellent track record with the Region and (b) the lower bids were significantly lower than the Engineer’s Estimate of \$7.168M. The lowest bid was \$3.998M.

There was also a variation of \$773,924, giving a revised contract sum of \$6.197M. As at 31 December 2000, the full amount was paid to the contractor. The difference of \$869,000 relates to painting and electrical works. Physical inspection, however, revealed that the building was not yet put to use. It was also burglarised, and losses included all lavatory and kitchen facilities and some electrical units. The Police investigated the matter, and an individual was charged and convicted.

**1740.** In relation to the construction of the nursery school at Crane, the contract was awarded to the fourth lowest bidder in the sum of \$5.301M. The lower bids, which ranged from \$3.998M to \$4.826M, were deemed unrealistic when compared with Engineer's Estimate of \$7.168M. A variation of \$613,615 was approved, increasing the contract sum to \$5.915M. As at 31 December 2000, the full amount was paid to the contractor. The difference of \$981,000 relates to painting and electrical works. The works were physically verified.

**1741.** The contract for the construction of nursery school at Hague was awarded to the fourth lowest bidder in the sum of \$5.3M. The lower bids, which ranged from \$4.449M to \$5.227M, were deemed to be unrealistic compared with the Engineer's Estimate of \$7.168M. There was a variation of \$447,900, giving a revised contract sum of \$5.748M. As at 31 December 2000, the full amount was paid to the contractor. Physical verification of the works, however, revealed that a 400 gallon water tank valued at \$18,000 was not installed.

**1742.** In relation to the construction of the nursery school at Vergeneogen, the contract was awarded in the sum of \$5.644M. There was an approved variation of \$571,992, giving a revised contract sum of \$6.216M. As at 31 December 2000, amounts totalling \$5.111M were paid to the contractor. At the time of inspection, the works were completed and were physically verified.

#### **Subhead 12002 – Buildings (Health)**

**1743.** The sum of \$11M was allocated for (a) the rehabilitation of the nurses' hostel at West Demerara Hospital (b) the construction of AIDS clinic and maternity

ward at West Demerara Hospital and (c) the construction of a health post at Richmond Hill, Leguan. Amounts totalling \$10.940M were expended. However, the Votes Ledger reflected a balance of \$10.910M, resulting in an overstatement of expenditure by \$30,000.

**1744.** The following is a breakdown of the actual expenditure: -

DESCRIPTION	AMOUNT \$
Construction of AIDS Clinic at WDRH	8,530,349
Repairs & painting of maternity ward at WDRH	1,469,363
“    to nurses’ hostel at WDRH	560,000
“    & painting of sewing room	350,400
<b>TOTAL</b>	<b>10,910,112</b>

**1745.** There was, however, no evidence that approval was granted for a change in programme to effect the repairs and painting of the sewing room. The Accounting Officer was explained that the charge to this subhead was an error and should have been met from current expenditure.

**1746.** As can be noted, there was no recorded expenditure in relation to the construction of the Health Post at Richmond Hill, Leguan. A contract was, however, awarded in the sum of \$1.174M. A variation of \$324,250 was approved, giving a revised contract sum of \$1.498M. While works were carried out and completed during the period, payments were not made due to unavailability of funds. Nevertheless, the related commitment on the voted provision is regarded as over expenditure.

**1747.** In relation to the construction of AIDS Clinic at West Demerara Regional Hospital, the contract was awarded to the second lowest bidder in the sum of \$5.535M on the grounds of incomplete submission by the lowest bidder. A variation of \$3.049M for works not previously included in the contract, was approved, giving a revised contract sum of \$8.584M. The works were physically verified.

**1748.** The repairs and painting of maternity ward at the West Demerara Regional Hospital was executed in two(2) parts. Current expenditure accounted for an amount of \$1.665M. It is evident that the charging of this amount to current expenditure was done to avoid overrunning the voted provision under this subhead. In relation to the capital provision, the contract was awarded in the sum of \$1.910M to the second lowest bidder on the grounds that the lowest bid of \$1.286M was unrealistic compared with the Engineer's Estimate of \$1.974M. As at 31 December 2000, the contractor was paid \$1.469M. Physical verification of the works, however, revealed apparent overpayments, as shown below:-

- (a) A comparison of the bills of quantities for both contracts revealed apparent duplication of payment, resulting in the contractor being overpaid by \$70,420 for supplying and fitting non-skid tiles;
- (b) The following works which were paid for, were not undertaken by the contractor: -

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Maternity Ward - Supply and fit 2 No. louvre windows	19
Female Medical Ward (all items)	159
Sluice (or Wash Room ) Supply and fit 1"x4" skirting	3
Sterilization Room - Arborite & ironmongery	11
Male Medical Scullery - Supply & fit mortise lock	6
<b>TOTAL</b>	<b>198</b>

- (c) The contractor was paid \$419,400 for plumbing works and fittings. However, the area where the works were to be carried out was not stated in the bill of quantities, and it could not be determined if the work was carried out. In addition, in the contract charged to the current expenditure, plumbing works valued at \$247,600 were also carried out in the maternity ward area. Further, works valued at \$403,120 in an unspecified toilet and bathroom area were paid for but could not be located.

**1749.** The contracts for the rehabilitation of nurses' hostel and the repairs and painting of the sewing room at the West Demerara Regional Hospital were awarded in the sums of \$560,000 and \$442,400 respectively. At the time of inspection, the works were completed and were physically verified.

**Subhead 13001 - Agricultural Development**

**1750.** The sum of \$30M was voted for (a) the excavation of Potosi Canal (b) construction of kokers at Enterprise, Wakenaam, Free and Easy and Open Freeze - Hogg Island (c) damming of creeks at Hogg Island and (d) rehabilitation of Tuschen sluice. According to the Appropriation Account, amounts totalling \$29.975M were expended. However, the Votes Ledger reflected a balance of \$29.994M, resulting in an under-statement of \$18,000 in expenditure.

**1751.** The following is a breakdown of the actual expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Excavation of Potosi Escape channel drain	6,883
Purchase of fuel & lubricants	6,252
Construction of greenheart boxes at Hogg Island	4,404
Engineering design & construction of koker at Enterprise, Leguan	4,049
Construction of koker at Hoopen Vries at Western Hogg Island	3,042
Miscellaneous works	3,328
Travelling & subsistence	1,737
Vehicle spares & services	299
<b>TOTAL</b>	<b>29,994</b>

**1752.** As can be noted, amounts totalling \$8.088M were expended on fuel and lubricants, travelling and subsistence and vehicle spares and services. These should have been charged to current expenditure where provision was made.

- 1753.** The excavation of the Potosi Escape Channel was executed by two(2) contracts valued at \$6.833M. As at 31 December 2000, the full amounts were paid to the contractors. Two(2) greenheart box kokers were also constructed at Hogg Island at a cost of \$4.850M which includes a variation of \$446,902. As at 31 December 2000, the full amount was paid to the contractors. However, the variation was charged to current expenditure. It is evident that this was done to avoid overrunning the voted provision under this subhead.
- 1754.** In relation to the construction of koker at Enterprise, Leguan, the Regional Tender Board awarded two(2) contracts valued at \$14.587M to the same contractor. Had one(1) contract been awarded, this would have required adjudication by the Central Tender Board. The first contract was awarded to the second lowest bidder in the sum of \$9M after the disqualification of the lowest bidder, whose tendered sum was \$7.044M, for failure to submit required documentation. The selected contractor's bid was \$9.633M. He, however, agreed to reduce his price to \$9M to allow the Regional Tender Board to adjudicate over the matter. The second contract was awarded to the same contractor in the sum of \$5.187M.
- 1755.** As at 31 December 2000, the contractor was paid \$12.097M. Of this amount \$4.049M was charged to this subhead while the difference of \$8.551M was charged to Division 508 (Ministry of Agriculture) Subhead 13003 - Rehabilitation of Drainage and Irrigation Areas, based on two(2) inter departmental warrants valued at \$21.700M which the Ministry had issued to the Region for related works.
- 1756.** The contract for the construction of a koker at Hoopen Vries in Hogg Island was awarded in the sum of \$4.879M. Two(2) variations totalling \$4.350M were approved for rebuilding of the damaged foundation and the diversion of drains. This gives a revised contract sum of \$9.229M. Had the two(2) additional pieces of work been foreseen at the time of soliciting bids, the Central Tender Board would have had to adjudicate on the award instead of the Regional Tender Board.
- 1757.** As at 31 December 2000, amounts totalling \$3.732M were paid to the contractor. Of this amount \$3.042M was charged to this subhead while the difference of \$690,566 was charged to the current expenditure. It is evident that this was done to avoid overrunning the voted provision under this subhead.

**1758.** The amount of \$3.328M expended on miscellaneous works was in relation to minor jobs. However, a sluice door at Tuschen was constructed at a cost of \$853,453 but an amount of \$265,544 representing a variation was charged to current expenditure. It is again evident that this was done to avoid overrunning the voted provision under this subhead. Notwithstanding the above observations, at the time of inspection, the works undertaken under this subhead were completed and were physically verified.

**Subhead 14001 - Roads**

**1759.** The sum of \$35M was voted for the construction of roads at locations, including Murphy, Fisher, Dennison, Rock and Roll, Clark, Para-Field, Good Success, Richmond Hill and La Bagatelle. According to the Appropriation Account, amounts totalling \$34.173M were expended. However, the Votes Ledger reflected an amount of \$34.581M. As a result, the Appropriation Account was understated by \$408,000.

**1760.** The expenditure of \$34.582M was in relating to the construction of roads at the following locations:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Rustum Dam, Wales	6,214
Murphy Dam, Wales	4,851
Crane/Best Link	4,486
Good Intent, Leguan	3,731
Para-field, Leonora	3,461
Church Street, Zeeburg	2,660
Groenveldt, Leonora	2,608
Dennison, Leguan	1,637
Engineering Design & Supervision	1,268
East Road, La Bagatelle, Leguan	1,009
Seven(7) other roads	2,657
<b>TOTAL</b>	<b>34,582</b>

**1761.** As can be noted, no works were undertaken in relation to roads at Fischer,

Clark, Good Success and Richmond Hill. In addition, there was no evidence that approval was granted for a change in the programme to include Rustum Dam, Good Intent, Meten-Meer-Zorg (Prem Nagar), Anna Catherina, Cornelia Ida and San Souci, Wakenaam.

- 1762.** Three(3) contracts valued at \$6.214M were awarded for the construction of 2,955 ft. of road at Rustum Dam, Wales. However, physical verification revealed that 2,904 feet of road was completed, resulting in the contractor being overpaid by \$107,247. In addition, the road was ridden with potholes and large areas were overgrown with grass.
- 1763.** In relation to the construction of road at Murphy Dam, Wales, the contract was awarded in the sum of \$4.469M and involved 1,060 ft. of chip sealed road to be constructed. A variation of \$381,592 was approved for constructing an additional 100 feet of road, resulting in a revised contract sum of \$4.851M. Physical verification, however, revealed that 1,142 ft. of road was constructed of which 107 ft. were incomplete. As a result, the contractor was overpaid by \$220,758.
- 1764.** The construction of Crane/Best Link road was undertaken through the award of a contract valued at \$4.486M and involved the construction of 1,163 feet of sand-sealed road. A variation of \$638,190 to facilitate the construction of an additional 150 feet of road was approved, resulting in a revised contract sum of \$5.124M. Physical verification, however, revealed that the completed works measured 1,275 ft., instead of 1,313 ft., resulting in the contractor being overpaid by \$143,998. In addition, the road was inundated with potholes. Further, the variation of \$638,190 was incorrectly charged to Subhead 19001 – Land Development.
- 1765.** In relation to the construction of the road at Goed Intent, Leguan, the contract was awarded in the sum of \$4.403M and involved 1,925 feet of loam road to be built, with a width of 12 feet. As at 31 December 2000, amounts totalling \$3.731M were paid to the contractor. Physical verification of the works, however, revealed that the completed works measured 1,855 feet, resulting in the contractor being overpaid by \$160,114. The Accounting Officer agreed to recover the overpayment from the outstanding balance of \$671,740.
- 1766.** The contract for the construction of road at Para-field, Leonora was awarded in the sum of \$3.236M. A variation of \$225,122 was approved, giving a revised contract sum of \$3.461M. As at 31 December 2000, the full amount



was paid to the contractor. In relation to the construction of road at Church Street, Zeeburg, the contract was awarded in the sum of \$2.956M. As at 31 December 2000, amounts totalling \$2.660M were paid to the contractor. At the time of inspection, the works were completed and were physically verified.

- 1767.** In relation to the construction of roads at Groenveldt, Leonora, the contract was awarded in the sum of \$2.897M. The works required that two(2) parallel roads be built with compact crusher-run surfaces and that each should have dimensions of 600 feet by 10 feet. As at 31 December 2000, the contractor was paid \$2.608M. Physical verification, however, revealed that one of the roads was finished at 462 feet while the other had 447 feet. As a result, the contractor was overpaid amounts totalling \$702,598.
- 1768.** The contract for the construction of road at Dennison Street, Leguan was awarded in the sum of \$1.937M. As at 31 December 2000, amounts totalling \$1.637M were paid to the contractor. The works required that the road be built of loam with dimensions of 668 feet by 10 feet. Physical verification, however, that while the works were completed in accordance with the contract, a portion of the road measuring 115 feet was densely overgrown with grass.
- 1769.** The sum of \$1.268M paid for engineering design and supervision was in respect of works on Rustum and Murphy Dams and the roads at Para-field, Leonora; La Bagatelle, Dennison and Goed Intent, Leguan; and San Souci, Wakenaam. The charges were based on an agreed price of 3% of the initial contract sums for design and an additional 3% for the supervision of construction. Given the observations in relation to the physical verification of the aforementioned works, there are questions as to whether the engineering supervision was conducted with due care and professionalism. Additionally, it could not be determined if the award of the engineering contract had the recommendation of the Regional Tender Board and the approval of the Finance Committee.
- 1770.** The contract for the construction of road at East Road, La Bagatelle in Leguan was awarded on the basis of a sole bid in the sum of \$1.243M. The works required a road of 430 feet by 12 feet in dimension to be constructed with white sand sub-base and compact white sand/loam surface. As at 31 December 2000, amounts totalling \$1.009M were paid to the contractor. However, physical verification revealed that the surface of the road was not

adequately compacted, resulting in the constant displacement of the materials during use.

- 1771.** In relation to the construction of West Road at La Bagatelle, Leguan, the contract was awarded in the sum of \$699,020. The works required a white sand/loam road, 380 feet long and 12 feet wide, to be built. As at 31 December 2000, the contractor was paid \$573,786. Physical verification revealed that the road measured 370 feet in length, a difference of 10 feet. Additionally, the surface was not adequately compacted and this resulted in constant displacement of the road materials during use.
- 1772.** In relation to the construction of the road at Prem Nagar, Meten-Meer-Zorg, two(2) contracts valued at \$4.748M were awarded. The works required the construction of 1,720 feet of DBST surfaced roadway. As at 31 December 2000, the full amount was paid to the contractor. However, amounts totalling \$4.511M were met from Subhead 19001 – Land Development.
- 1773.** The contract for the construction of the road at Anna Catherina, North was awarded in the sum of \$1.619M. The works required 920 feet of mixed white sand/loam roadway to be constructed. The full amount was paid to the contractor, but amounts totalling \$1.538M were met from Subhead 19001 – Land Development. However, the completed works appeared to be of an unsatisfactory quality. In addition, 720 feet of the road were overgrown with grass. The density of the grass indicated that the requirements for 24 inches of compacted white sand base course and 8 inches of compacted white sand/loam surface, were not strictly followed.
- 1774.** In relation to the the construction of the road at Anna Catherina, South, the contract was awarded in the sum of \$1.365M. The works involved the construction of 640 feet long and 10 feet wide of road with compacted loam surface. However, physical verification revealed that the road was constructed only 8 feet wide. As a result, of the contractor was overpaid \$127,960.

#### **Subhead 19001 - Land Development**

- 1775.** The sum of \$15M was allocated for the construction of bridges and streets at locations, including Best, Crane, Anna Catherina, Zeelugt, Meten-Meer-Zorg, Belle Vue and Cornelia Ida squatting area. According to the Appropriation Accounts, amounts totalling \$14.730M were expended. However, the Votes

Ledger reflected an amount of \$14.723M, resulting in the Appropriation Account being overstated by \$7,000.

**1776.** The amount of \$14.723M was expended in the construction of the following:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Roads at Meten-Meer-Zorg (Prem Nagar), Crane/Best Anna Catherina (North & South) and Cornelia Ida	9,684
Goolisar St., Anna Catherina	1,550
Bridge at Anna Catherina	948
Bridge at Best Road	619
Engineering Design and Supervision	521
Bridge at Crane	505
Bridge at Goed Fortuin Squatting Area	477
Bridge at Goed Fortuin	419
<b>TOTAL</b>	<b>14,723</b>

**1777.** As can be noted, no works were undertaken at Zeelugt and Belle Vue. In addition, there was no evidence that approval was granted for a change in programme to construct two(2) bridges at Goed Fortuin.

**1778.** The contract for the construction of road at Goolisar Street, Anna Catherina was awarded in the sum of \$2.5M. The works required that the road be built

with a crusher run surface measuring 969 feet by 10 feet. Physical verification, however, revealed that the road was not covered with the required 4 inches of crusher run. Additionally, 233 feet of the road was heavily overgrown with grass. The value of the unfinished work amounted to \$817,425. It should be mentioned that as at September 2001, the Region had retained an amount of \$949,730 due to the contractor under the contract.

- 1779.** In relation to the construction of bridge at Anna Catherina, the contract was awarded to the third lowest of four bids in the sum of \$861,840. The reason given for not preferring the two lower bids was that the prices, which ranged from \$690,580 to \$700,020, were inadequate. There was a variation of \$85,720, thus increasing the contract sum to \$947,560. The works were physically verified.
- 1780.** The contract for the construction of the bridge at Best Road was awarded in the sum of \$509,240. There was a variation of \$109,860, giving a revised contract sum of \$619,100. The completed works were physically verified
- 1781.** The amount of \$521,066 expended for engineering design and supervision were in relation to road works at North and South Anna Catherina, Meten-Meer-Zorg (Prem Nagar) and Cornelia Ida. The charges were based on an agreed price of 3% of the initial contract sums for design and an additional 3% for the supervision of construction. The observations made during a physical verification of the works at North and South Anna Catherina would tend to indicate that the engineering supervision was conducted without due care and professionalism. In addition, it could not be determined whether the award of the engineering contract had had the recommendation of the Regional Tender Board and the approval of the Finance Committee.

#### **Subhead 25001 - Equipment (Health)**

- 1782.** The sum of \$10M was voted for the purchase of one(1) x-ray machine and medical equipment such as sterilisers, analysers, distillator and microscope. Amounts totalling \$6.696M were expended for the purchase of two(2) x-ray machines. However, there was no evidence that approval was granted for a change in programme to acquire the additional machine. The items purchased were nevertheless were verified as having been received.

#### **Subhead 25003 - Furniture & Equipment (Education)**

- 1783.** The sum of \$3M was allocated for the purchase of sewing machines, typewriters, desks and benches, and screens. Amounts totalling of \$2.612M

were expended as follows: -

DESCRIPTION	AMOUNT \$'000
Construction of chalkboards, desks & benches	1,265
"        " nursery sets, teachers tables & chairs	780
Purchase of Whirlpool refrigerator	126
"        " Intel computer	111
"        " Two (2) sewing machines	90
"        " brush cutter	87
"        " refrigerator	85
"        " Panasonic microwave	45
"        " stabilizer	23
<b>TOTAL</b>	<b>2,612</b>

- 1784.** As can be noted, no typewriters were purchased. In addition, there was no evidence that approval was granted for a change in programme to accommodate the purchases of refrigerators, microwave, computer, stabiliser and brush cutter.
- 1785.** Two(2) contracts valued at \$2.045M were awarded for the construction of school furniture, involving 200 desks and benches, 40 teachers' tables, 30 chalk boards and 50 sets of nursery school furniture. These, as well as the other items, were verified as having been received.

## HEAD 74 & DIVISION 534

### REGION 4 - DEMERARA/MAHAICA

#### Current Expenditure

##### Employment Costs

- 1786.** The salaries bank account No. 3029 was overdrawn on numerous instances during the year, and as at 31 December 2000 the overdraft was \$9.848M. Another salaries bank account No. 3036 reflected a large balance of \$35.657M as at this date. In addition, these accounts as well as the other salaries bank account No. 3030 were not reconciled since they were established.

- 1787.** These matters were drawn to attention in my previous reports, and despite this, there was no evidence of remedial action taken to avoid the account in question being overdrawn and to effect the prompt reconciliation of bank accounts. The Accounting Officer explained that the failure to reconcile bank accounts was due to staff shortages. It should, however, be mentioned that at the time of reporting, the Region had a staff complement of seventeen(17) accounting personnel. It would therefore appear that reconciliation of bank accounts was not being the priority it deserves.
- 1788.** Another non-operational bank account No. 684 reflected a balance of \$1,110. This balance should be transferred to the Consolidated Fund, and steps taken to close the account.
- 1789.** 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, the cash books reflected significant balances at the end of each month and were not balanced for certain months. This observation is a further indicator of the absence of proper monitoring of these accounts. The following are the details:-

MONTH	A/C NO. 3029 \$	A/C NO. 3030 \$	A/C. NO. 3036 \$
January	11,994,229	1,976,137	27,692
February	12,233,333	1,984,796	141,489
March	12,261,300	1,976,606	33,633
April	23,665,009	6,347,420	85,825
May	12,263,140	3,382,750	8,501
June	Not balanced	3,778,728	186,291
July	“ “	5,244,659	244,969
August	“ “	5,154,047	212,557
September	“ “	5,120,235	190,515
October	“ “	5,159,176	188,165
November	“ “	12,823,920	137,828
December	“ “	Not balanced	Not balanced

- 1790.** The Accounting Officer explained that the above 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 to the requirement for the cash book to reflect a 'nil' balance at the end of each month.

- 1791.** During the period under review, the Region employed on average 1,896 persons. However, the NIS numbers for 683 employees were not quoted in the Register of Contributors to the Scheme, indicating that these persons were not registered with the Scheme. Since contributions to the NIS 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**

- 1792.** 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 fifty-six(56) days later. Every effort should be made to ensure strict compliance with the laid down procedures.
- 1793.** At the time of the audit in August 2001, one hundred and nineteen(119) cheque orders valued at \$136.324M had not been cleared. At the time of reporting, however, the number was reduced to seventeen(17) and valued at \$1.620M. In the circumstances, it could not be determined whether value was received in respect of the latter amount. In addition, one(1) instance was noted where drugs valued at \$150,500 were short-supplied. (Voucher No. 4580 dated 1December 2000 refers.). These matters were drawn to the attention of the Accounting Officer for investigation.
- 1794.** Amounts totalling \$9.383M were expended on Fuel & Lubricants. However, of the six(6) operational vehicles for which log books were required to be maintained, log books were presented in respect of only one(1) vehicle. In the absence of log books, it could not be satisfactorily determined whether effective control was exercised over the remaining five(5) vehicles.

**1795.** Amounts totalling \$43.485M were expended on the Rental & Maintenance of Buildings. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Rehabilitation of 13 primary schools	15,973
"    "    3 secondary schools	4,002
"    "    2 nursery schools	3,081
"    "    headteachers' quarters – Silver Hill	2,047
"    "    CHS – Beterverwagting	2,112
"    "    teachers' quarters – Long Creek	1,229
Repairs to D-72 building - Triumph Compound	1,073
"    "    Triumph Sub-Office	1,032
Miscellaneous repairs (\$450,000 - \$950,000)	6,656
Miscellaneous    "    (\$180,000 - \$450,000)	1,380
Miscellaneous    "    (below \$180,000)	2,036
Purchase of building materials	1,591
Rental of buildings	1,273
<b>TOTAL</b>	<b>43,485</b>

**1796.** The above works were executed by sixty(60) contracts valued at \$40.621M, fifteen(15) of which were in excess of \$1M. However, it was observed that



variation orders to the value of \$3.583M and representing 26.4% of the contract sums, were issued in respect of nine(9) of the contracts in excess of \$1M, as shown below:-

<b>LOCATION</b>	<b>ORIGINAL CONTRACT SUM \$</b>	<b>VARIATION \$</b>	<b>REVISED CONTRACT SUM \$</b>
Kuru Kuru Nursery	2,036,000	195,350	2,231,350
Victoria Primary	1,823,601	889,692	2,713,293
Dora Primary School	1,651,780	335,975	1,987,755
Dora Secondary	1,622,480	347,350	1,969,830
Block 2 Dora Sec.	1,586,076	445,650	2,031,726
Teachers quarters – Silver Hill	1,328,510	718,270	2,046,780
Beverwagating CHS	1,315,049	557,050	1,872,099
Teachers quarters – Long Creek	1,174,095	55,000	1,229,095
Long Creek Primary School	1,035,015	38,400	1,073,415
<b>TOTAL</b>	<b>13,572,606</b>	<b>3,582,737</b>	<b>17,155,343</b>

**1797.** Of the sixty(60) contracts which were awarded under this subhead, only eleven(11) contracts were awarded to the most competitive bidders. The reasons given varied from the failure to submit complete information to unsatisfactory performance in relation to previous contracts.

**1798.** The above works were physically verified and conformed generally to the specifications contained in the respective bills of quantities and contract documents. The items purchased were also verified as having been received

and properly brought to account.

**1799.** Amounts totalling \$56.423M were expended on the Maintenance of Infrastructure. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
D & I Works	24,930
Rehabilitation of Annandale South market street	4,159
"    "    Philander Street, Buxton	2,936
"    "    Belfield Access Road	2,933
"    "    Bamboo Dam, Buxton	2,777
"    "    Water Street, Bagotstown	2,244
Construction of fifteen(15) security huts	2,206
Rehabilitation of Peters Hall back street	1,951
"    "    Melanie Access Road	1,277
"    "    Jossie Street, Ann's Grove	1,269
"    "    Prospect Nursery School bridge	1,266
Miscellaneous rehabilitation works (\$450,000 - \$1M)	5,218
"    "    "    (below \$450,000)	2,632
Purchases of building materials	625
<b>TOTAL</b>	<b>56,423</b>

**1800.** Included in the amount of \$24.930M expended on D& I works were sums totalling \$15.095M in respect of fifteen(15) contracts for the weeding and

cleaning of trenches and canals, desilting of basin, grading and levelling of access dams and the rehabilitation of a pump station. Seven(7) of these contracts valued at \$5.168M were awarded to three(3) NDCs while the remaining eight(8) contracts valued at \$9.927M were awarded to individuals. The balance of \$9.835M relates to several small contracts.

- 1801.** The contract for the rehabilitation of Market Street in Annandale South was awarded to the third lowest bidder in the sum of \$4.150M on the grounds that the lowest bidder, whose tendered sum was \$2.837M, did not submit information relating to his record of past performance, manpower, equipment and financial capabilities. The second lowest bidder had two(2) major road projects on hand.
  
- 1802.** In relation to the rehabilitation of Philander Street in Buxton, the contract was awarded to the second lowest bidder for \$2.256M on the grounds that the lowest bid of \$1.297M was too low, compared to the Engineer's Estimate of \$3.485M. There was an approved variation of \$758,004, giving a revised contract sum of \$3.014M.
  
- 1803.** With regard to the rehabilitation of the Access Road in Belfield, the contract was awarded to the third lowest bidder in the sum of \$2.963M. The two(2) lower tenders were not favourably considered because all the required information was not submitted. The lowest bid was \$2.191M. A similar observation was made in relation to the rehabilitation of Bamboo Dam in Buxton where the contract was awarded to the third lowest bidder in the sum of \$2.342M. The lowest bid was \$2.058M while the Engineer's Estimate was \$4.861M. There was an approved variation of \$475,000, giving a revised contract sum of \$2.817M.
  
- 1804.** The rehabilitation of Water Street in Bagotstown was executed at a cost of \$2.284M, inclusive of an approved variation of \$127,775. In relation to the construction of the fifteen(15) security huts, the basis of the award of the related contract could not have been determined because the tender documents along with minutes of the Regional Tender Board were not produced for examination.
  
- 1805.** The contract for the rehabilitation of the back street at Peters Hall was awarded

in the sum of \$2.201M while that for the rehabilitation of the Melanie Access Road was awarded in the sum of \$2.928M. As at 31 December 2000, amounts totalling \$1.277M were paid the contractor while the remainder was paid in 2001.

- 1806.** In relation to the rehabilitation of Jossie Street in Ann's Grove, the contract was awarded to the second lowest bidder in the sum of \$1.299M on the grounds that the lowest bidder, whose tendered sum was \$1.229M, did not submit NIS and PAYE compliance certificates. A similar observation was made with respect to the rehabilitation of the Prospect Nursery School Bridge where the contract was awarded to the second lowest bidder in the sum of \$1.266M on the grounds that the lowest bidder did not submit all the required information. The lowest bid was \$1.085M.
- 1807.** Notwithstanding the above observations, the works were physically verified and conformed generally to the specifications contained in the respective bills of quantities and contract documents.

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

- 1808.** At the time of the audit, several obsolete and unserviceable items were lying in the Triumph Store. This matter was also drawn to attention in my previous reports. The Accounting Officer again gave the assurance that action would be taken to dispose of these items.
- 1809.** 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 could be reflected in the Public Accounts.
- 1810.** 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.

### **Capital Expenditure**

### **Subhead 11001 - Bridges**

- 1811.** The sum of \$5M was voted for the construction of one bridge at Coconut Dam in Cane Grove. Approval was granted for a change of programme to construct two(2) additional bridges at Enmore and Goedverwagting and the rehabilitation of a bridge at Clonbrook. Amounts totalling \$3.945M were expended in the construction/ rehabilitation of the following:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Bridge at Coconut Dam in Cane Grove	1,624
“ “ Enmore	1,289
“ “ Goedverwagting	577
“ “ Clonbrook	455
<b>TOTAL</b>	<b>3,945</b>

- 1812.** The contract for the construction of the bridge at Coconut Dam was awarded to the fourth lowest bidder in the sum of \$1.553M on the grounds that the lowest bid of \$732,800 was too low as compared to the Engineer's Estimate of \$1.948M. The other two(2) lower bidders did not submit information about their financial and equipment capabilities. There was an approved variation of \$70,800, giving a revised contract sum of \$1.624M.
- 1813.** In relation to the construction of the bridge at Enmore, the contract was awarded to the third lowest bidder in the sum of \$1.242M on the grounds that the two(2) other lower bidders were engaged in other work. The lowest bid was \$1.211M. There was an approved variation of \$77,600, giving a revised contract sum of \$1.289M.
- 1814.** The above works were physically verified and conformed generally to the

specifications as contained in the respective bills of quantities and contract documents.

**Subhead 12001 - Buildings (Education)**

**1815.** The sum of \$18M was allocated for (a) the completion of Mon Repos Nursery School (b) construction of nursery school at Enmore/Hope (c) extension of nursery school at Eccles and (d) rehabilitation of Friendship Community High School. Amounts totalling \$17.773M were expended as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Extension of Eccles Nursery School	7,741
Construction of Nursery School at Enmore/Hope	4,272
Completion of Mon Repos Nursery School	2,525
Rehabilitation of Friendship CHS	2,286
Consultancy fees	950
<b>TOTAL</b>	<b>17,774</b>

**1816.** The contract for the extension of the Eccles Nursery School was awarded in the sum of \$8.862M. As at 31 December 2000, amounts totalling \$7.741M were paid to the contractor. The works were re-budgeted for in 2001. At the time of reporting, the works were completed and were physically verified

**1817.** In relation to the construction of the Enmore/Hope Nursery School, the contract was awarded to the fourth lowest tenderer in the sum of \$8.104M on the grounds that the three(3) lower bidders did not produce records of past performance and/or statements of financial standing. The lowest bid was \$7.245M while the Engineer's estimate was \$8.930M. As at 31 December 2000, amounts totalling \$4.272M were paid to the contractor. The works were re-budgeted for in 2001. However, at the time of inspection in August 2000, work had not re-commenced.

- 1818.** The contract for the construction of the Mon Repos Nursery School was awarded in 1999 in the sum of \$8.159M. As at 31 December 2000, amounts totalling \$7.948M were paid to the contractor. The works were physically verified. However, at the time of reporting, the building was not put into use.
- 1819.** With respect to the rehabilitation of the Friendship Community High School, the contract was awarded in 1999 for \$3.393M. As at 31 December 2000, amounts totalling of \$2.525M were paid to the contractor. A perusal of the 2001 Estimates, however, revealed that the works were not re-budgeted for. Physical inspection also revealed that no further work was done on the building which remained unoccupied.

#### **Subhead 12002 - Buildings (Administration)**

- 1820.** The sum of \$2M was voted for the completion of Craft Centre at Grove. The contract was awarded in 1999 in the sum of \$2.733M. There was an approved variation of \$3.2M for additional works to be undertaken, giving a revised contract sum of \$5.933M. As at 31 December 2000, amounts totalling \$3.444M were paid to the contractor. The works were re-budgeted for in 2001. At the time of reporting, the works were completed and were physically verified.

#### **Subhead 12003 - Buildings (Health)**

- 1821.** The sum of \$3.5M was provided for the construction of health posts at Yarrowkabra and Sand Hills. Amounts totalling \$2.330M were expended. The contract for the construction of the health post at Yarrowkabra was awarded in the sum of \$1.243M. There was an approved variation of \$72,261, giving a revised contract sum of \$1.316M. In respect of the construction of the Sand Hills health centre, the contract was awarded in the sum of \$1.014M. The works were physically verified and conformed generally to the specifications as contained in the respective bills of quantities and contract documents.

#### **Subhead 14001 - Roads**

- 1822.** The sum of \$20M was allocated for the construction of roads at Paradise,

Nabaclis, Buxton Sideline, Enterprise, Grove and Herstelling. The full amount was expended in the construction of the following roads:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Nabaclis	4,599
Paradise	3,974
Enterprise	3,514
Grove	2,790
Herstelling	2,001
Buxton sideline	1,826
Consultancy services	1,296
<b>TOTAL</b>	<b>20,000</b>

- 1823.** The contract for the construction of the road at Nabacalis was awarded in the sum of \$4.157M. There was an approved variation of \$441,672, giving a revised contract sum of \$4.599M. The full amount was paid to the contractor.
- 1824.** In respect of the road at Paradise, the contract was awarded to the highest of four(4) bidders whose bid was \$8.950M. He, however, agreed to undertake the work at the revised sum of \$3.820M because the amount available on this project was \$3.5M. The scope of the work was also revised to accommodate the amount available. The Engineer's Estimate was \$4.966M. The other three(3) lower bids were not favourably considered because of the non-submission of method statements, record of past performance, manpower, equipment and financial capabilities. There was an approved variation of \$153,499, giving a revised contract sum of \$3.974M. The full amount was paid out on the contract.
- 1825.** The contract for the construction of the road at Enterprise was awarded in sum of \$3.880M. As at 31 December 2000, amounts totalling \$3.514M were paid to the contractor. The works were re-budgeted for in 2001. In relation to the construction of the road at Grove, the contract was awarded in the sum of \$3.151M. As at 31 December 2000, amounts totalling \$2.790M were paid to the contractor.
- 1826.** With respect to the construction of the Buxton sideline road, the contract was awarded to the third lowest bidder in the sum of \$1.769M on the grounds that the lower bids were incomplete. There was an approved variation of \$57,000,



giving a revised contract sum of \$1.826M. The full amount was paid to the contractor.

- 1827.** The above works were physically verified and conformed generally to the specifications as contained in the respective bills of quantities and contract documents.

**Subhead 17001 - Agricultural Development**

- 1828.** The sum of \$25M was voted for (a) construction of revetments at Cane Grove and Golden Grove (b) excavation of canals at Buxton/Friendship and Supply and (c) desilting north façade trench at Enmore/Haslington. Amounts totalling \$24.830M were expended, as follows:-

DESCRIPTION	AMOUNT \$'000
Excavation of canals at Buxton/Friendship	11,072
Construction of revetment at Golden Grove	6,169
“ “ revetments at Cane Grove	3,962
Excavation of canal at Supply	1,450
Engineering surveys	1,826
Desilting Enmore/Haslington trench	351
<b>TOTAL</b>	<b>24,830</b>

- 1829.** In relation to the excavation of canals at Buxton/Friendship, the contract was awarded to the third lowest bidder in the sum of \$8.122M on the grounds that the lowest bid of \$6.4M was considered too low when compared to the Engineer’s Estimate of \$8.770M. The second lowest bidder did not submit method statement and a record of financial standing. There was an approved variation of \$2.950M for additional works, giving a revised contract sum of \$11.072M. The full amount was paid to the contractor, and the work was physically verified.

- 1830.** The contract for the construction of the revetment at Golden Grove was awarded to the second lowest bidder in the sum of \$5.909M on the grounds that the lowest bid of \$3.255M was too low as compared to the Engineer’s Estimate of \$9.967M. The bidder’s record of past performance was also not submitted. There was an approved variation of \$260,000 giving a revised contract sum of \$6.169M. The full amount was paid out on this contract, and

the works were physically verified.

- 1831.** In relation to the construction of the revetments at Cane Grove, two(2) contracts valued at \$3.962M were awarded. The main contract was awarded to the third lowest tenderer in the sum of \$3.114M because the two(2) lower bidders did not submit records of past performance and financial and equipment capabilities. There was an approved variation of \$154,600, giving a revised contract sum of \$3.269M. The second contract was awarded to the second lowest bidder in the sum of \$693,800 since the lowest bidder did not submit record of past performance, manpower and financial equipment capabilities. The full amounts were paid to the contractors, and the works were physically verified.
- 1832.** The excavation of the canal at Supply was executed at a cost of \$1.450M. The contract was awarded to the highest of three bids because the lowest bid of \$850,000 was too low when compared to the Engineer's Estimate of \$1.475M. The second lowest bidder did not have a satisfactory record of performance. The full amount was paid to the contractor, and the work was physically verified.
- 1833.** Four(4) engineering surveys were carried out in Buxton/Friendship area at a cost of \$1.826M. The surveys were in relation to the excavation of canals. Documentary evidence was seen attesting to the performance of this service.

**Subhead 25001 - Furniture and Equipment (Education)**

- 1834.** The sum of \$3.5M was allocated for the purchase of benches, desks, benches, chairs, tables, cupboards, cots and swings for schools. Amounts totalling \$2.996M were expended. The items purchased were verified as having been received and distributed to the various schools in the Regions.

**Subhead 25003 - Equipment (Health)**

- 1835.** The sum of \$3M was voted for the purchase of dental chairs, sterilisers and refrigerators. Amounts totalling \$2.933M were expended in the purchase of ten(10) sterilisers and ten(10) refrigerators. The items were verified as having been received. They were, however, not inventorised.

**HEAD 75 & DIVISION 535**

**REGION 5 - MAHAICA/BERBICE**

**Current Expenditure**

**Employment Costs**

**1836.** 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, the cash book for account No. 3096 reflected significant balances at the end of each month, as shown below:-

<b>MONTH</b>	<b>AMOUNT \$</b>	<b>MONTH</b>	<b>AMOUNT \$</b>
January	5,122,319	July	2,261,788
February	4,689,739	August	3,027,720
March	5,191,477	September	1,937,859
April	11,469,335	October	2,008,602
May	3,551,956	November	2,008,032
June	3,307,928	December	11,091,641

**1837.** This state of affairs was due mainly to the failure to prepare within the month 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.

**1838.** An examination of the bank reconciliation statement for the salaries bank account No. 3096 for December 2000, revealed that there were eighteen(18) stale-dated cheques valued \$279,494 which were shown as being unpresented. These should be cancelled and the cash book adjusted accordingly.

**1839.** A comparison of the authorised staffing as shown in 2000 Estimates of Expenditure with the actual staff employed by the Region in December 2000 revealed that the actual staffing was substantively exceeded, as shown below:-

DESCRIPTION	AUTHORISED	ACTUAL	EXCESS
Administrative	18	119	101
Senior Technical	38	232	194
Other Technical & Craft Skills	95	124	29
Clerical & Office Support	67	51	(16)
Semi-skilled Operatives etc.	325	716	391
Temporary Employees	0	8	8
<b>TOTAL</b>	<b>543</b>	<b>1,250</b>	<b>707</b>

**1840.** Explanations obtained as well as further analysis revealed that the authorised staff strength of the Region as reflected in the National Estimates did not include teachers. In order to ensure meaningful comparisons between the authorised and actual staffing, it is recommended that teachers be included in the authorised establishment of the Region.

### **Other Charges**

**1841.** 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 sixty-five(65) days after they were issued. In addition, at the time of reporting, seven(7) cheque orders valued at \$1.004M in respect of purchases remained outstanding.

**1842.** The Audit Office was able to verify that value was received in respect of six(6) cheque orders valued at \$895,515. The remaining cheque order relates to the

purchase of medical supplies. The Accounting Officer is therefore advised to ensure (a) strict compliance with the laid down procedures and (b) that follow up action is taken in respect of the outstanding purchase.

- 1843.** Amounts totalling \$4.130M were expended on Fuel & Lubricants. However, of the twenty(20) vehicles, plant and equipment owned by the Region, log books for twelve(12) were not presented for audit examination. In addition, an examination of the log books presented revealed that they were not properly written up. For example, issues of fuel and lubricants were not always recorded and the authority for journeys undertaken was not always stated. In the circumstances, it could not be satisfactorily determined whether effective control was exercised over the use of the Region's vehicles and equipment.
- 1844.** Amounts totalling \$27.262M were expended on the Rental & Maintenance of Buildings. The following gives a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Rehabilitation of fourteen(14) sanitary blocks	11,648
“ “ three(3) schools & three(3) living quarters	5,779
Extension of dressing room at Fort Wellington Hospital	1,097
Rehabilitation of Pay Office at Mahaicony Hospital	1,028
Miscellaneous repairs (below \$180,000)	5,108
Purchase of building materials etc.	2,602
<b>TOTAL</b>	<b>27,262</b>

- 1845.** Fourteen(14) contracts valued at \$11.648M were awarded for the rehabilitation of the sanitary blocks at various schools. Including in this figure was the rehabilitation of the sanitary block at the Bygeval Multilateral School. The contract was awarded to the second lowest bidder in the sum of \$1.780M on the grounds that the lowest bidder, whose tendered sum was \$1.497M, did not have an established track record in the Region. There was an approved variation of \$691,000, giving a revised contract sum of \$2.399M. As at 31 December 2000, the full amount was paid to the contractor.
- 1846.** A sanitary block at Esau and Jacob Primary School was also rehabilitated at a cost of \$1.345M. The contract was awarded to the third lowest bidder in the

sum of \$1.345M on the grounds that the lowest bidder, whose tendered sum was \$1.214M, would not be able to effectively mobilise for the job while the second lowest bidder failed to complete works awarded to him in 1999.

- 1847.** The contract for the rehabilitation work of the sanitary block at the Ithaca Primary School was awarded in the sum of \$831,805 to the fourth lowest bidder on the grounds that the most competitive bidder, whose bid was \$285,095, was unrealistic compared with the Engineer's Estimate of \$849,517. The second lowest bid of \$637,445 was ruled out because the bidder was already awarded other works. The third lowest bid of \$730,824 was not favourably considered because the bidder did not complete works awarded to him in the previous year.
- 1848.** In relation to the sanitary block at the Mahaicony Primary School, the contract was awarded to the third lowest bidder in the sum of \$1.345M on the grounds that the lowest bid of \$957,813 was too low compared with the Engineer's Estimate of \$1.524M. The second lowest bidder with a tender price of \$1.255M was also ruled out because of his failure to complete works in 1999.
- 1849.** Six(6) contracts valued at \$5.852M were awarded for the rehabilitation of three(3) schools and the(3) living quarters. Included in this amount is a contract for the rehabilitation of the Cotton Tree Primary School. The contract was awarded to the second lowest bidder in the sum of \$1.105M. According to the Tender Board minutes, the lowest bid of \$1.098M was only \$16,000 less than the second lowest bid and that mobilisation would have taken more time.
- 1850.** Two(2) contracts valued at \$2.4M were awarded for the extension of the dressing room at Fort Wellington Hospital and the pay office at Mahaicony Hospital. The full amounts were expended on these contracts. In addition, twenty-four(24) contracts valued at \$5.110M were awarded for carpentry, plumbing and electrical works at various locations.
- 1851.** The above works were physically verified and conformed generally to the specifications contained in the respective bills of quantities and contract documents. The items purchased were also verified as having been received and properly brought to account.
- 1852.** Amounts totalling \$80.883M were expended on the Maintenance of Infrastructure. The following rehabilitation works were executed for this sum:-

DESCRIPTION	AMOUNT \$'000
Twelve(12) community roads & two(2) streets	34,973
D & I systems within seven(7) NDC's	11,983
Four(4) bridges at Blairmont & Mahaicony	9,953
Five(5) canals at Mahaicony	8,939
One(1) roadway at Lichfield and seven(7) structures	8,689
Miscellaneous works (below \$180,000)	5,312
Purchases of pipes & building materials	1,034
<b>TOTAL</b>	<b>80,883</b>

- 1853.** In relation to the twelve(12) community roads and two(2) streets, fourteen(14) contracts valued \$35M were awarded. These contracts were awarded to the most competitive bidders, except that for the maintenance of De Hoop Branch Road from the railway embankment to De Hoop Primary School. This contract was awarded to the second lowest bidder in the sum of \$2.430M on the grounds that the lowest bidder, whose tendered sum was \$2.4M, had several other jobs to complete.
- 1854.** Eleven(11) contracts valued \$11.990M were awarded for weeding, cleaning and de-silting of drains in the Mahaica-Rosignol area. Amounts totalling \$11.983M were paid to the contractors.
- 1855.** In relation to the rehabilitation of four(4) bridges at Blairmont and Mahaicony, four(4) contracts valued at \$9.984M were awarded. Two(2) of these valued at \$4.846M were awarded to the third lowest bidders on the basis that the lower bidders did not provide evidence of track records. Another contract for the rehabilitation of the Greenheart Bridge at Davis, Mahaicony, was awarded to the second lowest bidder in the sum of \$2.538M. The reasons given were that the lowest bidder, whose tendered sum of \$2.538M, was unknown to the Region and his duration for the execution of the works was considered too long.
- 1856.** The rehabilitation of the five(5) canals in the Mahaicony area was executed at a cost of \$8.939M and involved clearing and digging of approximately twenty-three(23) miles. In relation to the roadway at Lichfield, approximately three hundred yards of road were rehabilitated at a cost of \$2.981M while seven(7) structures were rehabilitated at a cost of \$5.708M.
- 1857.** The miscellaneous works undertaken at a cost of \$5.311M relate to

rehabilitation of kokers and sluice doors and the digging of drains. These were executed by thirteen(13) contracts.

**1858.** The above works were physically verified and conformed generally to the specifications contained in the respective bills of quantities and contract documents. The items purchased were also verified as having been received and properly brought to account.

**1859.** The sum of \$8.706M was expended on Transport, Travel and Postage. Local travelling and subsistence accounted for \$5.350M while \$3.337M was spent on vehicle spares and services. Included in the latter amount, were forty-one(41) items valued \$141,522 which could not be traced to the stock records. This matter was drawn to the attention of the Accounting Officer.

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

**1860.** 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 goods received were not brought to account therein. A similar observation was made in respect of bin cards;
- (b) Goods received notes were not prepared for the period January to July 2000 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;
- (d) One hundred and forty-eight(148) instances were noted where items purchased and valued at \$1.040M were not recorded in the Goods Received Book. No alternative audit procedures could have been adopted to verify the receipt of the items. This matter was also drawn to the attention of the Accounting Officer;



- (e) Although bin cards were maintained, the prescribed format was not in accordance with Stores Regulations in that columns for GRN and ISR numbers were not included. This makes it difficult to trace receipts and issues of items purchased. In addition, seventy(70) stores items did not have bin cards and there was no evidence of reconciliation between the bin cards and store ledgers by the Field Audit Section;
- (f) Fifteen(15) used ISR books were not produced for audit examination while eight(8) used ISR books were not recorded in the related register. Thirty-six(36) instances were also noted where requisitioned quantities on the original copies of the ISR forms were altered to show higher quantities. However, the changes were not initialled by the authorising officers. In addition, sixty(60) original copies of ISR were not produced for audit examination;
- (g) The signatures of recipients were not always affixed in the Register of Controlled Forms when ISR books were issued. The Register also bore no evidence of supervisory checks;
- (h) A new stores ledger was introduced at the beginning of the year 2000. However, no balances were brought forward from 1999. This ledger was, however, discontinued in July 2000 and a new ledger introduced;
- (i) A sample of thirty(30) bin cards was selected at random. However, there were no physical stocks on hand although the bin cards reflected balances; and
- (j) Another sample of one hundred and sixty-two(162) items was physically counted and comparisons made with the related bin card balances. There were thirteen(13) instances of apparent shortages while one hundred and seventeen(17) instances reflected excesses.

**1861.** In view of the above, it is recommended that the Field Audit Section carry out a physical count of all the stores items and new bin and ledger cards opened based on the results of the exercise. Thereafter, there should be strict compliance with the Stores Regulations.

## Capital Expenditure

### Subhead 11001 - Bridges

- 1862.** The sum of \$8M was allocated for the rehabilitation of a bridge at Zorg-en-Hoop and the construction of reinforced concrete structures at Burma. Approval was granted for a change in programme to construct a concrete structure at the Mahaicony Branch Road and a bridge at Mahaicony, in addition to the above. Amounts totalling \$7.242M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Rehabilitation of bridge at Zorg-en-Hoop	2,034
Construction of concrete structure at Burma	2,351
Final payment on concrete structure at De Hoop Branch Road	163
Construction of concrete structure at Mahaicony Branch Road	2,100
“ “ bridge at Mahaicony	594
<b>TOTAL</b>	<b>7,242</b>

- 1863.** Two(2) contracts valued at \$1.757M and \$277,500 were awarded for the rehabilitation of the bridge at Zorg-en-Hoop. In relation to the construction of concrete structure at Burma, the contract was awarded in the sum of \$2.351M to the second lowest bidder on the grounds that the lowest bid of \$2.037M was arithmetically inaccurate and that some of the items in the bills of quantities were unrealistic.
- 1864.** The contract for the construction of the concrete structure at Mahaicony Branch Road was awarded in the sum of \$2.1M while that for the bridge at Mahaicony was awarded for \$594,000. The above works were physically verified and conformed generally to the specifications contained in the respective bills of quantities and contract documents.

### Subhead 12003 - Buildings (Education)

- 1865.** The sum of \$16M was allocated for (a) the rehabilitation of the Rosignol

Primary School (b) construction of nursery school at Cotton Tree and (c) extension of nursery schools at Hopetown and Bush Lot. Approval was subsequently granted for a change in programme to extend the primary school at Hopetown, instead of the nursery school. Amounts totalling \$14.547M were expended as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Rehabilitation Rosignol Primary School	3,214
Construction of nursery school at Cotton Tree	4,841
Extension of primary school at Hopetown	3,610
“ of nursery school at Bush Lot	2,389
Consultancy fees	418
Final payment on Karamant Primary School	75
<b>TOTAL</b>	<b>14,547</b>

- 1866.** The contract for the rehabilitation of the Rosignol School Primary was awarded in the sum of \$3.314M. As at 31 December 2000, amounts totalling \$3.214M were paid to the contractor. In relation to the construction of the nursery school at Cotton Tree, the contract was awarded in the sum of \$4.665M. There was an approved variation of \$413,000, giving a revised contract sum of \$5.078M. As at 31 December 2000, amounts totalling \$4.841M were paid to the contractor.
- 1867.** The contract for the extension of the primary school at Hopetown was awarded in the sum \$3.659M. As at 31 December 2000, amounts totalling \$3.610M were paid to the contractor. In relation to the extension of the nursery school at Bush Lot, the contract was awarded in the sum \$2.390M.
- 1868.** The above works were physically verified and conformed generally to the specifications as contained in the respective bills of quantities.

**Subhead 12004 - Buildings (Health)**

**1869.** The sum of \$8M was voted for (a) the rehabilitation the health centre and medex quarters at Mora Point and (b) the construction of health centre at High Dam. Amounts totalling \$3.353M were expended, as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Rehabilitation of Mora Point Health Centre & Medex Quarters	2,795
Construction of Health Centre at High Dam	186
Final payment on Belladrum Health Centre	205
Consultancy Fees	167
<b>TOTAL</b>	<b>3,353</b>

**1870.** The contract for the rehabilitation of the health centre and medex quarters at Mora Point was awarded in the sum of \$2.797M. In relation to the construction of the health centre at High Dam, the contract was awarded in the sum of \$4.361M. However, it was terminated because residents in the area objected to the works being carried out. The amount of \$186,325 expended was mainly in relation to mobilisation advance. This latter amount was used to purchase materials. These were delivered to the Region.

#### **Subhead 13001 - Drainage and Irrigation**

**1871.** The sum of \$40M was voted for (a) the extension of the Perth/ Biaboo Canal (b) construction of RC structures at Wash Clothes, Handsome Tree, Felicity and Perth/Baiboo (c) construction of revetments at Bellamy Canal, Zeskenderen and D'Edward and (d) excavation of Yankee Canal at De Hoop. Amounts totalling \$39.207M were expended on construction, rehabilitation and excavation works as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Extension of Perth/Biaboo Main Canal	2,050
Construction of RC structure at Wash Clothes	6,566
“ “ RC structure at Handsome Tree Canal	5,523
“ “ RC at Felicity	1,923
“ “ RC at Basket Plimpler/Perth/Biaboo	6,900
“ “ revetment at Bellamy Canal	2,700
“ “ revetment at Zeskenderen	3,309
“ “ revetment at D'Edward	3,816
Rehab. of Bellamy Canal from Mahaicony to Cottage	2,716
Excavation of Yankee Canal	766
Consultancy fees	2,938
<b>TOTAL</b>	<b>39,207</b>

**1872.** The contract for the extension of the Perth/Biaboo Main Canal was awarded in 1999 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 2000, amounts totalling \$3.880M were paid to the contractor. However, the works were not re-budgeted for in 2001. The Engineer explained that no further work was necessary on the contract. As a result, it was mutually terminated.

**1873.** The contract for the construction of the RC structure at Wash Clothes was

awarded in the sum of \$6.621M while that for the construction of the RC structure at Handsome Tree was for the sum of \$5.538M. In relation to the construction of the RC structure at Felicity, the contract was awarded for \$1.940M.

- 1874.** The construction of the RC structure at Basket Pimpler/Perth/Biaboo was awarded to the second lowest bidder in the sum of \$6.917M without any reasons being stated why the lowest bid of \$5.985M was not favourably considered. The Engineer's Estimate was \$8.996M. The Accounting Officer explained that this might have been an oversight.
- 1875.** The revetment work at Bellamy Canal was awarded to the second lowest bidder in the sum of \$3.025M without any reasons being stated why the lowest bid of \$2.607M was not considered. The Engineer's Estimate was \$3.578M. As at 31 December 2000, amounts totalling \$2.7M were paid to the contractor.
- 1876.** In relation to the construction of the revetment at Zeskenderen, the contract was awarded to the third lowest bidder in the sum of \$3.313M on the grounds that the lowest bid of \$2.680M was too low compared with the Engineer's Estimate of \$4.016M. The second lowest bid of \$2.703M was not favourably considered because the contractor had several other jobs in the Region. It should be noted that the difference between the lowest and the second lowest bid was a mere \$23,000. Therefore, the explanation given for not favourably considering the lowest bid does not appear to be a satisfactory one.
- 1877.** In relation to the revetment works at D'Edward, the contract was awarded to the fourth lowest bidder in the sum of \$4.038M on the basis that the lowest bidder, whose tendered sum was \$3.323M, did not furnish a valid compliance certificate from the Guyana Revenue Authority. The other lower bidders were also in default in terms of submitting compliance certificates from both the GRA and the NIS.
- 1878.** The contract for the rehabilitation works at the Bellamy Canal from Mahaicony to Cottage was awarded in the sum of \$2.716M while the contract for the excavation works at the Yankee Canal in De Hoop was awarded in the sum of \$5.675M. As at 31 December 2000, amounts totalling \$5.476M were paid on the latter contract. However, as can be noted from the above table, only \$766,000 was charged to this subhead. The difference of \$4.710M was met from (a) current expenditure under Programme 2, Account Code 153 – Maintenance of Drainage and Irrigation Works and (b) Division 508,

Subhead 13003 under the Ministry of Agriculture. This represents a manipulation of the budgetary allocation and it is evident that the splitting of the cost between capital and current expenditure, was done to avoid overrunning the voted provision under this subhead.

- 1879. The contract for consultancy services relating to the above drainage and irrigation works was awarded to the highest of three(3) bidders at a combined percentage of 9% of the value of the works without any reasons being stated why the other lower bids of 7% and 5% were not considered.
- 1880. The above works were physically verified and conformed generally to the specifications as contained in the respective bills of quantities and contract documents.

**Subhead 14001 - Roads**

- 1881. The sum of \$37M was voted for the construction of community roads at Ithaca, Shieldstown, Rosignol, Cotton Tree, No. 9 Village, Woodley Park, Bath, No. 12 Village, Hopetown, Bush Lot, No 22 Village, Ross/Yeoville, Litchfield, Paradise and Abary. Amounts totalling \$35.8M were expended on the construction of the following roads:-

DESCRIPTION	AMOUNT \$'000
Ithaca, First Street	1,259
Shieldstown	1,394
Rosignol	2,360
Cotton Tree	2,952
No. 9 Village	2,243
Woodley Park	2,213
Bath	2,746
No.12 Village	1,810
Hopetown	3,302
Bush Lot	3,427
No.22 Village	2,619
Ross/Yeoville	2,023
Litchfield	902
Paradise	2,552
Abary	2,064
Consultancy Fees	1,933
<b>TOTAL</b>	<b>35,799</b>

**1882.** The above works were undertaken by fifteen(15) contracts. However, four(4) contracts were not awarded to the most competitive bidders. While reasons were stated for not awarding the contracts to two(2) of the contractors, the same cannot be said in respect of the other two(2) contracts. Notwithstanding the above, the works were physically verified and conformed generally to the specifications contained in the respective bills of quantities and contract documents.

**Subhead 14002 – Roads**

**1883.** The sum of \$34.844M was voted for the extension of the De Hoop and Mahaicony Branch roads. Amounts totalling \$19.996M were expended as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Extension of De Hoop branch road	2,215
Extension of Mahaicony branch road	16,403
Final payment for road from Wash Clothes to Easu and Jacob	572
Consultancy fees	806
<b>TOTAL</b>	<b>19,996</b>

**1884.** The contract for the extension of the De Hoop branch road was awarded in the sum of \$3.045M to the second lowest bidder on the basis that the lowest bidder was occupied with other jobs. The above works were physically verified and conformed generally to the specifications contained in the respective bills of quantities and contract documents.

**Subhead 17001 - Land development**

**1885.** The sum of \$15M was voted for the construction of structures at Zorg-en-Hoop, Bath, Bush Lot and at the Mahaicony squatting area. The full amount was expended in the construction of structures, as shown below:-



<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Zorg-en-Hoop	899
Three(3) RC structures at Bath	5,368
Mahaicony	821
Rehab. & upgrading of streets at Zorg-en-Hoop	3,842
Rehab. Main Access road at Mahaicony	1,182
Purchases	2,888
<b>TOTAL</b>	<b>15,000</b>

**1886.** The above works were undertaken by eight(8) contracts. However, three(3) contracts were not awarded to the most competitive bidders. The reasons given were the failure of two(2) contractors to complete work previously awarded to them while the other had several contracts at that time. The works were physically verified and conformed generally to the specifications contained in the respective bills of quantities and contract documents.

**Subhead 25001 - Furniture (Education)**

**1887.** The sum of \$3M was voted for the purchase of desks, benches, tables, chairs and cabinets. Amounts totalling \$2.981M were expended. The items purchased were verified as having been received and properly brought to account.

**Subhead 25003 - Furniture & Equipment (Health)**

**1888.** The sum of \$3M was voted for the purchase of operating tables and dental chairs. Amounts totalling \$2.602M were expended, as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
One(1) dental chair	1,159
Purchase of two(2) obstetrician beds	1,043
One(1) operating table	340
One(1) fax machine	60
<b>TOTAL</b>	<b>2,602</b>

**1889.** It should be noted that at the time of the audit in July 2001, the two(2)

obstetrician beds were not received. However, the other items were verified as having been received and properly brought to account. At the time of reporting, the beds had since been received.

## HEADS 76 & DIVISION 536

### REGION 6 - EAST BERBICE/CORENTYNE

#### Current Expenditure

#### Employment Costs

- 1890.** The salaries bank account Nos. 870, which became non-operational some years ago, reflected a balance of \$1.386M as at 31 December 2000. It is again recommended that this balance be transferred to the Consolidated Fund.
- 1891.** The present salaries bank account Nos. 3070 and 3072 were overdrawn at the end of each month and as at 31 December 2000, the overdrafts were \$2.541M and \$699,646 respectively, as shown below:-

MONTH	A/C NO. 3070 \$	A/C NO. 3072 \$
January	3,188,006	1,089,621
February	5,800,823	746,056
March	9,815,529	1,096,207
April	814,819	1,469,776
May	7,213,096	1,691,191
June	6,777,092	1,536,262
July	15,829,668	52,507
August	6,307,427	1,251,503
September	8,227,954	1,403,700
October	8,614,183	1,437,624
November	13,000,629	1,527,228
December	2,540,729	699,646

- 1892.** The Accounting Officer explained that these overdrafts resulted from delays in the banking of the cheques received from the Sub-Treasury. Every effort should therefore be made to ensure that funds are in the respective salaries bank accounts before payments are effected.
- 1893.** Account No. 3072 was not reconciled since November 1996. A similar observation was made in respect of account Nos. 3070 (Salaries – Administration) and 3071 (Salaries - Education). The last two(2) accounts were last reconciled to December 2000. It should not be over-emphasised that the failure to reconcile bank accounts can lead to irregularities being perpetrated without detection. Efforts should therefore be made to bring the reconciliation of these accounts up-to-date.
- 1894.** An examination of the reconciliation statements for account Nos. 3070 and 3071 for December 2000, revealed they were hand-written and there was no evidence of checking and certification. In the circumstances, reliance could not be placed on them.
- 1895.** A comparison of the authorised staffing as shown in the 2000 Estimates of Expenditure with the actual staff employed by the Region for Programme 4 (Education) in December 2000 revealed that the actual staffing was substantively exceeded, as shown below:-

<b>DESCRIPTION</b>	<b>AUTHORISED</b>	<b>ACTUAL</b>	<b>EXCESS</b>
Administrative	1	148	147
Senior technical	12	566	554
Other technical & craft skills	64	264	200
Clerical & office support	36	62	26
Semi-skilled operatives etc.	33	437	404
<b>TOTAL</b>	<b>146</b>	<b>1,477</b>	<b>1,331</b>

- 1896.** Explanations obtained indicated that the authorised staffing did not include teachers employed by the Region. In order to ensure meaningful comparison between the actual staffing and the authorised staffing, it is recommended that representation be made to the Ministry of Finance for teachers to be included in the authorised staff strength.

**1897.** An examination of the register of contributors to the National Insurance Scheme for December 2000 revealed that 1,403 employees were without NIS numbers, indicating that they were not registered with the Scheme. Since contributions to the NIS 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**

**1898.** 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 thirty-one(31) days later. At the time of reporting, 184 cheque orders valued at \$24.248M remained outstanding, 166 of which relate to previous years.

**1899.** Ninety(90) of the outstanding cheque orders valued at \$16.377M relate to purchases while the rest were in respect of wages and salaries. In relation to the former, the Audit Office was unable to verify that value was received. The Accounting Officer is therefore advised to investigate urgently the outstanding cheque orders with a view to ensuring that value was received for the sums expended.

**1900.** Amounts totalling \$11.936M were expended on Fuel & Lubricants. However, fuel and lubricants valued at \$17.986M and purchased for the use by the Black Bush and Manarabisi pump stations and other drainage and irrigation plants and equipment were not included under this subhead. These were charged to Subhead 222 - Subventions & Contributions to Local Authorities under Programme 2. Therefore, the total purchase of fuel and lubricants for the period under review amounted to \$29.922M.

**1901.** Of the forty-nine(49) vehicles and equipment under the control of the Region, log books for only six(6) vehicles and equipment were presented for examination while there were partial submissions in respect of five(5). In particular, no log books were presented for the two(2) pump stations referred to above. In the absence of log books for 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.

**1902.** Amounts totalling \$48.762M were expended on Rental & Maintenance of Buildings. The following is a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Rehabilitation of eleven(11) schools	15,745
“    “ eleven(11) living quarters	9,569
“    “ two(2) hospitals & other health facilities	5,294
“    “ two(2) offices	1,831
Miscellaneous works – below \$450,000	6,879
Purchases	9,444
<b>TOTAL</b>	<b>48,762</b>

**1903.** Eleven(11) contracts valued at \$13.382M were awarded for the rehabilitation of the schools. There were approved variations totalling \$3.194M, giving revised contract sums totalling \$16.576M. Six(6) of these contracts were not awarded to the most competitive bidders on the grounds that the lower bidders were involved in other works. One other contract was awarded to the second lowest bidder in the sum of \$2.182M without any reasons being stated why the lowest bid of \$2.165M was not favourably considered.

**1904.** With regard to the rehabilitation of living quarters, eleven(11) contracts valued at \$10.200M were executed. Seven(7) of these contracts were not awarded to the most competitive bidders on the grounds that the lower bidders were engaged in other works while one(1) bidder's price was far below the Engineer's Estimate.

**1905.** Six(6) contracts valued at \$5.521M were awarded for the rehabilitation of the two(2) hospital and other health facilities. Two(2) of these contracts were not awarded to the most competitive bidders on the grounds that the lower bidders had outstanding jobs to complete.

- 1906.** The rehabilitation of the two(2) offices was undertaken by two(2) contracts valued at \$1.396M while the miscellaneous works were executed by 157 contracts valued at \$6.879M. The latter involves repairing, plumbing and electrical works to living quarters, schools and offices.
- 1907.** The above works were physically verified and conformed generally to the specifications contained in the respective bills of quantities and contract documents.
- 1908.** Amounts totalling \$56.712M were expended on the Maintenance of Infrastructure. The following rehabilitation works were executed for this sum:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Four(4) roads at Everton, Canje, Fyrish & New Amsterdam	9,882
Four(4) bridges at Overwinning, Kawai, Sandvoort, Yakusari	4,143
Fourteen(14) canals in BBP	10,960
Four(4) canals from Nos. 52-74	3,083
Four(4) main drains in BBP	3,326
Revetment works at Enfield	2,099
Miscellaneous works (below \$450,000)	21,937
Purchases of building materials	1,282
<b>TOTAL</b>	<b>56,712</b>

- 1909.** The above works were executed by one hundred and thirty-one(131) contracts valued at \$59.433M. However, in relation to the contract for the rehabilitation of the road at Everton, the contract was awarded to the second lowest bidder in the sum of \$5.996M without any reasons being stated why the lowest bid of \$4.746M was not favourably considered. These works were nevertheless physically verified and conformed generally to the specifications contained in the respective bills of quantities and contract documents. The items purchased were also verified as having been received and properly brought to account.

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

- 1910.** The Region operates six(6) stores. However, it was still to adhere fully to the requirements of the Stores Regulations in that no stores ledgers were being maintained at the Regional Accounting Unit to provide for an independent check on the bin cards kept by the storekeepers.
- 1911.** A sample of sixty(60) items at the New Amsterdam Hospital Store were physically counted on 16 November 2000 and the results compared with the balances on the bin cards. There were apparent shortages in respect of twenty(20) items while excesses were observed in respect of four(4) items. In addition, large quantities of expired drugs were found at New Amsterdam, Fort Canje, Port Mourant and Skeldon hospitals. The Accounting Officer explained that a list of such drugs was being compiled with a view to their disposal in the approved manner.
- 1912.** The Region did not maintain a master inventory to account for all assets under the control of the Region. Sectional inventories were, however, kept. It is nevertheless important that all assets be reflected in a consolidated document, that is, the master inventory, in keeping with the requirements of the Stores Regulations.

### **Capital Expenditure**

#### **Subhead 12002 - Buildings (Education)**

- 1913.** The sum of \$35M was allocated for (a) the completion of resource centres at No. 48 Village and at New Amsterdam and (b) construction of Alness nursery and Siparuta primary schools. Amounts totalling \$30.475M were expended, as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Construction of resource centre at New Amsterdam	7,067
“ “ “ “ at No. 48	1,625
“ “ Alness Nursery School	7,185
“ “ Siparuta Primary School	13,222
Miscellaneous	82
Consultancy fees	1,294
<b>TOTAL</b>	<b>30,475</b>

- 1914.** The contract for the construction of the resource centre at New Amsterdam was awarded in 1999 in the sum of \$9.296M. As at 31 December 2000, amounts totalling \$9.074M were paid to the contractor. In relation to the construction of the resource centre at No.48 Village, the contract was awarded in 1999 in the sum of \$10.370M. As at 31 December 2000, amounts totalling \$10.338M were paid to the contractor. An additional amount of \$418,343 was paid for electrical installation, giving a total construction cost of \$10.756M.
- 1915.** The contract for the construction of the Alness Nursery School was awarded in the sum of \$7.825M. As at 31 December 2000, amounts totalling \$7.185M were paid to the contractor. In relation to the construction of the Siparuta Primary School, the contract was awarded in the sum of \$13.678M to the second lowest bidder on the grounds that the most competitive bidder, whose bid was \$10.599M, was indebted to the Canefield Neighbourhood Democratic Council. As at 31 December 2000, amounts totalling \$13.222M were paid to the contractor.
- 1916.** The amount of \$1.294M shown as consultancy fees relates to the construction of Canefield and Alness nursery schools, and All Saints and Siparuta primary schools.
- 1917.** The above works were physically verified and conformed generally to the specifications as contained in the respective bills of quantities and contract documents.

#### **Subhead 12003 - Buildings (Health)**

- 1918.** The sum of \$26M was budgeted for (a) the rehabilitation of the New Amsterdam Hospital and (b) construction of theatre, laboratory and x-ray facilities at Port Mourant Cottage Hospital. Amounts totalling \$25.652M were expended. The following gives a breakdown of the expenditure:-



DESCRIPTION	AMOUNT \$'000
Rehabilitation of New Amsterdam Hospital	12,720
“ “ Port Mourant Hospital	6,266
Purchase of x-ray machine for New Amsterdam Hospital	4,209
Rehabilitation of Skeldon Hospital	2,000
Consultancy Fees	306
Miscellaneous	151
<b>TOTAL</b>	<b>25,652</b>

- 1919.** The rehabilitation of the New Amsterdam Hospital was undertaken by three(3) contracts, two(2) of which were awarded in 2000 at a total value of \$8.606M. The other contract was awarded in 1999 in the sum of \$9.925M. However, it was subsequently terminated in June 2000 due to the contractor's inability to complete the work at which time the contractor had been paid amounts totalling \$4.166M. In relation to the two(2) contracts awarded in 2000, amounts totalling \$8.553M were paid to the contractors as at 31 December 2000.
- 1920.** In relation to the rehabilitation of the Port Mourant Hospital, two(2) contracts valued at \$9.837M were awarded. As at 31 December 2000, amounts totalling \$6.266M were paid to the contractor.
- 1921.** An amount of \$4.209M was shown as expenditure for the purchase of an x-ray machine for the New Amsterdam Hospital. However, the cheque was not released to the supplier, but was subsequently updated and paid into revenue. As a result the Appropriation Account was overstated by \$4.209M.
- 1922.** The contract for the extension of the Skeldon Hospital was awarded in the sum of \$2.013M. As at 31 December 2000, amounts totalling \$2M were paid to the contractor. However, there was no evidence that approval was granted for a change in programme to accommodate this expenditure.
- 1923.** The above works were physically verified and conformed generally to the specification as contained in the respective bills of quantities.

### Subhead 13002 - Drainage and Irrigation

**1924.** The sum of \$60M was budgeted for (a) rehabilitation of canals at Lesbeholden, Mibicuri, Johanna, Whim, Crabwood Creek, Letter Kenny and Bloomfield (b) rehabilitation of façade canal at Nos. 52/74, Adventure/Bush Lot and Whim/Auchlyne and (c) construction of bridges at Yakusari, Mibicuri, Johanna, Lesbeholden and Nos. 52/74 NDC. Amounts totalling \$59.686M were expended as follows:

DESCRIPTION	AMOUNT \$'000
Excavation of three(3) canals & one(1) façade at No52/74	13,760
Construction of four(4) bridges within Black Bush area	10,305
Excavation of eleven(11) canals within Black Bush	8,546
Construction of sluice at No. 47/48 façade	6,881
Construction of two(2) bridges at No. 74	6,324
Excavation of four(4) canals from Bush Lot to Letter Kenny	5,338
Construction of revetment at Crabwood Creek/No. 3 sluice	4,328
Cleaning Macaw to Pledgt Anker drainage canal	1,980
Purchase of lighting plant	1,219
Construction of trash rack at Manarabisi pump station	885
Advertising	120
<b>TOTAL</b>	<b>59,686</b>

**1925.** The excavation of the three(3) canals and façade in the Nos. 52/ 74 area was undertaken by four(4) contracts valued at \$13.765M. In relation to the construction of four(4) bridges in Black Bush Polder, four(4) contracts valued at \$10.335M were awarded.

**1926.** The excavation of canals in the Black Bush Polder area was undertaken by eleven(11) contracts while the construction of sluice at No. 47/48 and the two(2) bridges at No. 74 as well as the excavation of canals from Bush Lot to Letter Kenny and other related works were undertaken by eighteen(18) contracts valued at \$25.735M. However, there was no evidence that approval was granted for a change in programme for the construction of the sluice at

No.47/48 façade. A similar observation was made in relation to the purchase of the lighting plant.

- 1927.** The above works were physically verified and conformed generally to the specification as contained in the respective bills of quantities while the lighting plant was verified as having been received and properly brought to account.

**Subhead 14001 - Roads**

- 1928.** The sum of \$45M was voted for the construction of roads at Fyrish, Liverpool, No. 73, Nigg, No. 48, Lesbeholden, Crabwood Creek and Overwinning. Amounts totalling \$34.659M were expended in the rehabilitation of the following roads:-

DESCRIPTION	AMOUNT \$'000
Three(3) roads within Lower Corentyne area	9,466
Two(2) roads within Central Corentyne area	6,975
Two(2) roads within Upper Corentyne area	6,664
Seven(7) roads contracted in 1999	6,661
One(1) road in Black Bush Polder	2,965
Consultancy	1,737
Others	191
<b>TOTAL</b>	<b>34,659</b>

- 1929.** The above works were executed by fifteen(15) contracts valued \$39.821M, seven(7) of which were awarded in late 1999. As at 31 December 2000, amounts totalling \$33.131M were paid to the contractors. At the time of inspection, the works were completed and were physically verified.

**Subhead 19001 - Land Development**

- 1930.** The sum of \$25M was voted for the development of lands for housing at Tain, Port Mourant and Edingburg. Amounts totalling \$16.923M were expended in the rehabilitation of the following roads:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Community roads at Ankerville housing development area	7,429
“ “ “ Tain housing development area	7,232
“ “ “ Glasgow housing area	1,143
Consultancy	955
Others	164
<b>TOTAL</b>	<b>16,923</b>

**1931.** The contract for the rehabilitation of community roads at Ankerville housing development area was awarded in the sum of \$7.880M to the third lowest bidder on the grounds that the lowest bidder had other jobs to complete while the second lowest bidder did not produce any bid security.

**1932.** In relation to the rehabilitation of the community roads at the Tain housing development area, the contract was awarded to the second lowest bidder in the sum of \$7.874M on the grounds that the lowest bidder had other incomplete jobs. At the time of inspection, the above works were completed and were physically verified.

**Subhead 24001 – Land Transport**

**1933.** The sum of \$700,000 was allocated for the purchase of a side slasher. Amounts totalling \$482,400 were expended. The item purchased was verified as having been received and properly brought to account.

**Subhead 25001 - Furniture & Equipment (Education)**

**1934.** The sum of \$5M was voted for the purchase of desks, benches, tables, chairs, cabinets and typewriters. Amounts totalling \$4.999M were expended. The items purchased were verified as having been received and properly brought to account.

**Subhead 25003 - Furniture and Equipment (Health)**

**1935.** The sum of \$8M was voted for the purchase of anaesthetic machine, sterilisers, oxygen guage, delivery beds, examination beds, drip stands and overhead lamps. Amounts totalling \$7.999M were expended in the purchase of the following:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Anaesthetic, suction & ECG machines, overhead compressor	4,885
Purchase of examination bed, instrument trolley etc.	3,094
Purchase of bins	20
<b>TOTAL</b>	<b>7,999</b>

**1936.** In relation to the first item in the above table, a cheque valued at \$4.886M was drawn on 29 December 2000. However, the related items were not acquired. The cheque was subsequently updated and paid over to revenue in December 2001. As a result, the Appropriation Account was overstated by \$4.886M. The other items purchased were verified as having been received and properly brought to account.

## HEAD 77 & DIVISION 537

### REGION 7 - CUYUNI/MAZARUNI

#### Current Expenditure

##### Employment Costs

**1937.** The wages and salaries bank account Nos. 3147, 3148 and 3149 were overdrawn on numerous occasions. The following gives the overdraft position at the end of the respective months:-

MONTH	A/C NO. 3147 \$	A/C NO. 3148 \$	A/C. NO. 3149 \$
January	-	-	350,716
February	-	-	-
March	-	700,534	481,654
April	-	-	82,113
May	-	-	126,101
June	481,645	1,370,464	1,026,975
July	-	-	104,733
August	4,871,046	4,341,965	1,048,143
September	3,539,110	4,338,999	1,038,319
October	-	-	396,200
November	-	276,829	179,376
December	-	-	393,499

**1938.** The Accounting Officer explained that these overdrafts were as a result of delays in making deposits in Georgetown in respect of cheques received from the Sub-Treasury. Every effort should therefore be made to ensure that deposits are made in a more timely manner to avoid the accounts being overdrawn.

**1939.** 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, the cash book for the salaries bank accounts reflected significant balances, both positive and negative, during the year. This is a

reflection of the apparent lack of care in the monitoring of the payment of wages and salaries. The Accounting Officer is therefore advised to ensure strict compliance with the laid down procedures.

- 1940.** The two(2) salaries and wages bank account Nos. 3147 and 3149 were not reconciled since June 2000 while account No. 3148 it was last reconciled for November 2000, at the time of the audit in August 2001. The Accounting Officer gave the assurance that the reconciliation of these accounts would be brought up-to-date as early as possible.
- 1941.** An examination of the Register of Contributors to the NIS revealed that seventy-eight(78) 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**

- 1942.** Amounts totalling \$14.464M were expended on fuel and lubricants. However, of the sixteen(16) vehicles and equipment for which log books were required to be maintained, log books were presented for only four(4) vehicles. In the absence of log books for the remaining vehicles and equipment, it could not be determined whether effective control was exercised over their use.
- 1943.** In my 1999 Report, it was stated that there was an apparent shortage of \$1.411M in fuel and lubricants covering the period 1998 to 2000. The Accounting Officer had explained this was due to pilferage over the years. It was 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. There was, however, no evidence that these recommendations were followed.
- 1944.** A physical count of fuel and lubricants carried out on the 13 June 2001 revealed further shortages of \$469,216 when comparisons were made between bin card balances and actual stock on hand. This brings the accumulated shortage to \$1.881M, as shown below:-

DESCRIPTION	UNIT Q'TY	BIN CARD BALANCE	ACTUAL STOCK	APPARENT SHORTAGE	VALUE \$
Gasolene	gallon	5,554.5	480	5,074.5	1,687,271
Dieselene	"	465	54	411	127,287
Kerosene	"	557	426	131	63,666
Oil 40	pint	108	96	12	2,323
<b>TOTAL</b>					<b>1,880,547</b>

**1945.** During 1997, the Region rehabilitated the Workshop with a view to installing underground storage tanks and to relocating the Stores. Audit checks in August 2000 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 2001, this had still not been done. As a result, fuel continued to be kept in 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.

**1946.** The sum of \$34.511M was expended on the Rental & Maintenance of Buildings. The following is a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Rehabilitation of 22 living quarters & 1 office	14,307
“ “ ten(10) schools	10,607
“ “ three(3) hospitals	4,417
“ “ RHO quarters at Bartica	1,750
Repairing two(2) guest houses at Paruima & Bartica	1,158
Purchases	2,272
<b>TOTAL</b>	<b>34,511</b>



- 1947.** Twenty-five(25) contracts valued at \$14.3007M were awarded for the rehabilitation of the living quarters and office while the rehabilitation of the schools was undertaken by twelve(12) contracts valued at \$10.607M. Similarly, three(3) contracts valued at \$4.417M were awarded for the rehabilitation of three(3) hospitals. As at 31 December 2000, the full amounts were paid out on these contracts.
- 1948.** The rehabilitation of the RHO quarters at Bartica was budgeted for under the Region's capital programme. The actual cost involved for the period under review was \$7.485M. However, amounts totalling \$5.735M were charged to the relevant capital subhead while the difference of \$1.750M was charged to current expenditure. Since there was a saving of only \$23,381 under the capital subhead, it is evident that the charging of \$1.750M to current expenditure was done to avoid overrunning the voted provision under the Region's capital programme. This represents a manipulation of the voted provisions.
- 1949.** Of the thirty-nine(39) works undertaken, only twelve(12) could have been physically verified. This was due to the remoteness of the area. Reliance was nevertheless placed on the certificates of satisfactory completion of the works issued by the Superintendent of Works. The items purchased were also verified as having been received and properly brought to account.
- 1950.** Amounts totalling \$29.748M were expended on the Maintenance of Infrastructure. The following gives a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Maintenance of seven(7) roads in Bartica/Potaro	11,648
Construction of three(3) revetments at Bartica Byderabo	7,268
Fencing of dormitory, hospital and six(6) quarters	4,663
Rehabilitation of two(2) bridges and one(1) driveway	4,575
Construction of toilet, ramp and trestle at Anthony's Primary	1,594
<b>TOTAL</b>	<b>29,748</b>

- 1951.** Seven(7) contracts valued at \$11.648M were awarded for the rehabilitation of sections of the Bartica/Potaro Road while three(3) contracts valued at \$7.268M were awarded for revetment works at Bartica and Byderabo.
- 1952.** Eight(8) contracts valued at \$4.663M were awarded for the fencing of the dormitory and hospital in Bartica and the six(6) quarters. The contract for the fencing of the dormitory at Bartica was awarded to the second lowest bidder in the sum of \$1.021M on the basis that the lowest bidder, whose tendered sum was \$859,801, did not state the price of posts in his tender document.
- 1953.** The fencing of the Issana Rest House was executed at a cost of \$971,650. The contract was awarded to the second lowest bidder on the grounds that the lowest bidder, whose tendered sum of \$641,140, did not submit the scheduling of the works. In relation to the rehabilitation of the bridges and driveway at Bartica, the works were executed by three(3) contracts valued \$2.478M.
- 1954.** Three(3) contracts valued \$1.593M were awarded for the rehabilitation of toilet, ramp and trestle at the Anthony Primary School. The contract for the rehabilitation of the toilet was awarded to the second lowest bidder in the sum of \$523,670 on the grounds that the lowest bidder, whose tendered sum was \$426,690, had other jobs to complete.
- 1955.** Of the twenty-one(21) works which were executed, eighteen(18) were physically verified. This was due to the remoteness of the area. Reliance was nevertheless placed on the certificates of satisfactory completion issued by the Superintendent of Works.

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

- 1956.** In my 1999 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, however, the Region was yet to act on this recommendation.

## Other Matters

**1957.** The present imprest bank account No. 3146 with an allocation of \$1M was overdrawn each month during the year, and as at 31 December 2000, the account was overdrawn by \$736,373. The Accounting Officer explained that deposits were made in the old bank account No. 694 while withdrawals were made from the new bank account. The Accounting Officer is advised to take the necessary corrective action.

## Capital Expenditure

### Subhead 12001 - Buildings (Education)

**1958.** The sum of \$24M was provided for the construction of a primary school at Isseneru - Middle Mazaruni, resource centre at Bartica, students' dormitory at Waramadong and teachers' quarters at Batavia - Cuyuni River. The full amount was expended in the construction of the following:-

DESCRIPTION	AMOUNT \$'000
Primary school at Isseneru	3,599
Resource centre at Bartica	12,268
Dormitory at Waramadong	5,501
Teachers' quarters at Batavia	1,888
Consultancy fees	744
<b>TOTAL</b>	<b>24,000</b>

**1959.** The contract for the construction of the Isseneru Primary School was awarded in the sum of \$3.599M. However, the works could not have been physically verified because of the remoteness of the area. Reliance was nevertheless placed on the certificate of satisfactory completion issued by the Superintendent of Works.

- 1960.** In relation to the resource centre in Bartica, construction work 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 walls were constructed. Funds were provided in both 1998 and 1999 to complete the building but no work was done.
- 1961.** A new contract for the continuation of the works on the Resource Centre was awarded in 2000 in the sum of \$10.973M. There was an approved variation of \$1.518M, giving a revised contract sum of \$12.491M. Amounts totalling \$12.268M were paid to the contractor as at 31 December 2000. However, a physical verification of the works in August 2001 revealed that the Centre was still incomplete although a period of in excess of six(6) years had elapsed. In addition, a perusal of the Estimates for 2001 revealed that no sums were allocated for the completion of the Centre.
- 1962.** The contract for the construction of the dormitory at Waramadong was awarded in the sum of \$5.187M. There was an approved variation of \$313,746, giving a revised contract sum of \$5.501M. The works could not have been physically verified because of the remoteness of the area. Reliance was nevertheless placed on the certificate of satisfactory completion issued by the Superintendent of Works.
- 1963.** In relation to the construction of the teachers' quarters at Batavia, the contract was awarded in the sum of \$1.550M. There was an approved variation of \$188,973, giving a revised contract sum for \$1.738M. Another contract for the cleaning of the site to build the teachers' quarters was awarded in the sum of \$150,000. The works were physically verified.

#### **Subhead 12002 - Buildings (Health)**

- 1964.** The sum of \$12M was allocated for the rehabilitation of CHW quarters at Enachu, the RHO quarters at Bartica and the Bartica Hospital. Amounts totalling \$11.977M were expended, as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Rehabilitation of CHW quarters at Enachu	3,827
Construction of RHO quarters at Bartica	5,914
Rehabilitation of Bartica Hospital	2,236
<b>TOTAL</b>	<b>11,977</b>

- 1965.** The contract for the rehabilitation of the CHW quarters at Enachu was awarded in the sum of \$3.546M. There was an approved variation of \$280,962, giving a revised contract sum of \$3.827M. The works could not have been physically verified because of the remoteness of the area. Reliance was nevertheless placed on the certificate of satisfactory completion issued by the Superintendent of Works.
- 1966.** In relation to the construction of the RHO quarters at Bartica, the contract was awarded in the sum of \$6.484M. There was an approved variation of \$1.002M, giving a revised contract sum of \$7.485M. As at 31 December 2000, the full amount was paid to the contractor. However, only \$5.735M was charged to this subhead. The difference of \$1.750M was met from current expenditure. It is evident that this was done to avoid over-running the voted provisions under this subhead. Notwithstanding this, the works were physically verified and conformed generally to the specifications as contained in the bill of quantities and the contract documents.
- 1967.** Two(2) contracts valued at \$2.531M were awarded for the rehabilitation of the Bartica Hospital. As at 31 December 2000, amounts totalling \$2.236M were paid to the contractors. The works were physically verified.

### **Subhead 14001 - Roads**

**1968.** The sum of \$10M was voted for the rehabilitation of Kamarang, Waramadong and Agatash roads. Amounts totalling \$9.999M were expended as follows:-

<b>PARTICULARS</b>	<b>AMOUNT \$'000</b>
Construction of culverts, digging drains etc. at Agatash Road	5,340
Rehabilitation of sections of Kamarang to Waramadong Road	4,659
<b>TOTAL</b>	<b>9,999</b>

**1969.** The contract for the construction of culverts and the digging of drains at Agatash Road was awarded in the sum of \$4.450M. There was an approved variation of \$893,356, giving a revised contract sum of \$5.343M. As at 31 December 2000, amounts totalling \$5.340M were paid to the contractor. The works were physically verified.

**1970.** In relation to the rehabilitation of Kamarang to Waramadong Road, the contract was awarded in the sum of \$4.236M. As at 31 December 2000, amounts totalling \$4.659M were paid to the contractor, resulting in an apparent overpayment of \$423,000. Investigations revealed that this was due to additional work undertaken but no variation order was issued.

### **Subhead 25003 - Furniture and Equipment (Education)**

**1971.** The sum of \$5M was provided for the purchase of desks, benches, tables, chairs, chalkboards and cupboards. Amounts totalling \$4.995M were expended as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Construction of 39 pairs of desk & benches	1,711
“ “ 85 tables and 50 clothes horses	1,340
“ “ 60 double beds and 20 long tables	1,367
“ “ 36 chairs	80
Purchase of 79 mattresses	498
<b>TOTAL</b>	<b>4,995</b>

**1972.** Four(4) contracts valued at \$4.597M were awarded for the construction of the above-mentioned furniture. Documentation was seen indicating that the furniture was received and distributed to the various schools in the Regions. The mattresses were also verified as having been received and issued to the dormitory in Bartica.

#### **Subhead 26001 - Furniture and Equipment (Health)**

**1973.** The sum of \$3M was allocated for the purchase of operating tables, anaesthetic machine, operating instrument, cabinets and beds. However, no expenditure was incurred. The Accounting Officer explained that the funds provided were inadequate to purchase the items mentioned.

#### **Subhead 26003 - Power Extension**

**1974.** The sum of \$4.5M was voted for (a) the installation of distribution systems at Kamarang and Waramadong and (b) the installation of change-over-system at the Bartica Hospital. The full amount was expended. The contracts for the installation of the distribution systems were awarded in the sums of \$1.167M and \$798,000 respectively. However, due to the remoteness of the area the works could not have been physically verified. Reliance was nevertheless placed on the certificates of satisfactory completion issued by the Superintendent of Works.

**1975.** The installation of the change-over-system at the Bartica Hospital was executed at a cost of \$2.580M and involved the purchase of the relevant electrical items as well as installation costs. The works were physically verified.

#### **Subhead 26004 - Furniture & Equipment (Lands and Surveys)**

**1976.** The sum of \$300,000 was voted for the purchase of one(1) computer and a printer. The full amount was expended. The items purchased were verified as having been received and properly brought to account.

## **HEAD 78 & DIVISION 538**

### **REGION 8 - UPPER POTARO/SIPARUNI**

#### **Current Expenditure**

##### **Employment Costs**

- 1977.** A diary of pay changes 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. This matter was drawn to attention in previous reports.
- 1978.** In my 1999 Report, it was stated that 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 as at 31 December 1999. These accounts were closed in October 2000 and the overdrafts transferred to the Consolidated Fund. Investigations had revealed that the overdrafts were the result of a number of fraudulent transactions which occurred in 1996, resulting in two(2) officers being charged by the Police and placed before the courts. However, at the time of reporting the matter was still engaging the attention of the courts.
- 1979.** The two (2) present salaries and wages bank accounts Nos. 3134 and 3135 were not reconciled since they were established in 1997. The Accounting Officer attributed this to staffing difficulties. In addition, these accounts were overdrawn on several occasions during the year. However, as at 31 December 2000, both accounts reflected positive balances of \$10.552M and \$158,526 respectively.
- 1980.** The cash book for the salaries 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. Corrective action was, however, taken with effect from 2001. In relation to Account No. 3135, no cash book was maintained. The Accounting Officer again explained that this was due to staff constraints.



**1981.** An examination of the National Insurance Scheme (NIS) records kept by the Region revealed that one hundred and ten(110) employees were not registered with the Scheme. Since contributions to the NIS 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**

**1982.** Amounts totalling \$3.881M were expended on Fuel & Lubricants. However, of the nine(9) vehicles and equipment under the control of the Region at Madhia, log books for only two(2) vehicles were presented for audit examination. In the absence of log books, it could not be determined whether effective control was exercised over the use of the vehicles and equipment. The Accounting Officer explained that the log books in question might have been misplaced.

**1983.** There were also three(3) vehicles and a lighting plant which were stationed in the North Pakaraima mountains and for which log books were not seen at Madhia. Given the remoteness of the area, it is recommended that all completed log books be returned to Mahdia for audit purposes.

**1984.** An examination of the Stock Ledger for the period under review revealed that fuel valued at \$184,000 was issued without the use of internal stores requisitions(ISR's). The Accounting Officer explained that these were emergency issues for which covering ISR's should have been prepared. He gave the assurance that corrective action would be taken.

**1985.** Amounts totalling \$18.362M were expended on the Rental & Maintenance of Buildings. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Extension of Mahdia Guest House	2,995
“    “ Monkey Mountain Health Post	2,655
”    ” Waipa Health Post	2,740
Repairs to RHO quarters in Mahdia	2,845
”    ” stores building	899
Constr. of water trestle etc. at Tumatumari Health Post	790
Painting of H/M quarters at Paramakatoi	779
Tiling of Education Office floor	468
Repairs to nurses' quarters at Mahdia	373
Construction of w/c facilities - Amerindian Hostel in Mahdia	285
Repairs to Mahdia Primary School	211
Miscellaneous repairs (below \$180,000)	1,912
Rental of building	360
Purchases of building materials	1,049
<b>TOTAL</b>	<b>18,361</b>

**1986.** The above works were executed by twenty-seven(27) contracts valued at \$16.953M. However, as can be noted, some of the works were of a capital nature, the cost of which should have been met from the related capital subheads. Had this been done, there would have been cost overruns. It is therefore evident that the charging of expenditure relating to capital works to current expenditure, was done to avoid overrunning the relevant subheads under the Region's capital programme.

**1987.** Within the Mahdia area, the works were physically verified while in respect of the other areas, reliance was placed on the certificates of satisfactory completion issued by the relevant head teachers and health officers. In relation to the purchase of building materials, these were verified as having been received and properly brought to account.

**1988.** Amounts totalling \$12.852M were expended on the Maintenance of Infrastructure. The following gives a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Rehabilitation of roadway (104-108 Miles Bartica/Potaro)	2,968
"    " bridge at 111 Miles, Mahdia	2,856
"    " roadway (111 – 112 Miles Bartica/Potaro)	1,042
Construction of bridge at Kaibarupai	294
Miscellaneous repairs (below \$180,000)	3,323
Purchase of building materials	411
Discharge of 1999 liabilities - rehab. of Bartica/Potaro Road	2,003
<b>TOTAL</b>	<b>12,852</b>

**1989.** The above works were executed by fifty-six(56) contracts awarded to eight(8) persons. The works were physically verified, except the bridge at Kaibarupai where reliance was placed on certificate issued by the village captain attesting to the satisfactory completion of the works. In relation to the purchase of building materials, these were verified as having been received and properly brought to account.

**1990.** In relation to the discharge of the 1999 liabilities on the Bartica/Potaro Road, this relates to a contract valued at \$2.003M for the rehabilitation of 24,600 feet of roadway. However, there was no evidence that approval was granted for the discharge of this liability using the voted provision for 2000. Notwithstanding this, the works were physically verified.

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

**1991.** In my 1999 Report, it was stated that several unserviceable items were found in the store. During the audit inspection for the period under review, the position remained the same. It is again recommended that these items be boarded with a view to their disposal at the earliest opportunity.

**1992.** A review of the operations of the Regional Store at Mahdia revealed the following shortcomings:-

- Both the stores ledger and the bin cards 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 again recommended that the stores ledger be kept at the Regional Accounting Unit to provide for an independent check on the bin cards maintained by the storekeeper;
- It was difficult, tedious and time-consuming to trace transactions in the store ledger to the goods received book and vice versa because the records were not cross-referenced;
- Although bin cards were seen in the store, they were not being maintained; and
- Several items were issued out on loan, but a loans register was not maintained.

**1993.** A physical verification of a sample of thirty(30) items was carried out on 28 August 2001. However, eighteen(18) items reflected apparent shortages. This is a reflection of the quality of storekeeping and can lead to irregularities.

**1994.** An examination of stock records at the Drug Bond of the Mahdia District Hospital revealed that drugs received from Georgetown were not always recorded in the stock ledger. In addition, drugs received by the Dispensary Department from the Drug Bond were not recorded in the stores records before the issues were made to the patients. Further, the Dispensary Department did not prepare Internal Stores Requisitions (ISR's) when requesting drugs from the Drug Bond. Instead, such requests were made on pieces of paper. It is recommended that urgent action be taken to ensure strict compliance with the Stores Regulations.

## Other Matters

- 1995.** The Imprest Account No. 3136 was overdrawn on two(2) occasions during the year and was not reconciled since it was established in 1997. The Accounting Officer offered the same explanation as that relating to the salaries and wages bank accounts.

## Capital Expenditure

### Subhead 11001 - Bridges

- 1996.** The sum of \$9.5M was allocated for the construction of (a) heavy duty bridges at Kaibarupai and 111 Miles Mahdia and (b) revetment at Princeville-Bartica/Potaro River. Amounts totalling \$2.219M were expended in the construction of a bridge at 111 Miles Mahdia. The works were physically verified. In respect of the other works, the Accounting Officer explained that these could not have been undertaken because of flooding in the area.

### Subhead 12001 - Buildings (Education)

- 1997.** The sum of \$22M was voted for (a) the construction of a secondary school at Mahdia, a primary school at Chuing Mouth and teachers' quarters at Mahdia and Paramakatoi and (b) extension of Paramakatoi Secondary School. Amounts totalling \$20.571M were expended in the construction/extension of the following:-

DESCRIPTION	AMOUNT \$'000
Secondary school at Mahdia	8,093
Primary " " Chuing Mouth	4,384
Teachers' quarters at Mahdia	3,755
Paramakotai Secondary School	3,574
Education Office at Kato	765
<b>TOTAL</b>	<b>20,571</b>

- 1998.** The contract for the construction of the secondary school at Mahdia was

awarded in the sum of \$8.093M. As at 31 December 2000, the full amount was paid to the contractor. However, physical inspection in August 2001 revealed that the building was substantially incomplete in that, among others, windows were not installed, the flooring was not inserted and the guttering was not done.

- 1999.** In relation to the construction of the primary school at Chuing Mouth, the contract was awarded in the sum of \$4.384M. As at 31 December 2000, the full amount was paid to the contractor. However, because of the remoteness of the area the works could not have been physically verified. Reliance was placed on the certificate of satisfactory completion issued by the headmaster and the village captain.
- 2000.** The contract for the extension of the secondary school at Paramakatoi was awarded in the sum of \$3.574M to the second lowest bidder on the grounds that the lowest bidder, whose tendered sum was \$3.361M, was awarded another job in the Region. As at 31 December 2000, the full amount was paid to the contractor. However, because of the remoteness of the area, the works could not have been physically verified. Reliance was placed on the certificate of satisfactory completion issued by the headmaster and the village captain.
- 2001.** In relation to the construction of the teachers' quarters at Mahdia, the contract was awarded in the sum of \$3.755M. As at 31 December 2000, the full amount was paid to the contractor. The works were physically verified.
- 2002.** As can be noted, an amount of \$764,697 was expended on the construction of Education Office at Kato. The contract was awarded in 1999 in the sum of \$2.372M and at the end of 1999, amounts totalling \$2.149M were paid to the contractor, giving an outstanding liability of \$223,000. The Region issued a variation order in 2000 in the sum of \$542,000 for additional works. This has resulted in the liability increasing to \$764,697. However, there was no evidence that approval was granted for a change in programme to undertake the additional works and to discharge the liability out of the budgetary allocation for 2000. Because of the remoteness of the area, the works could not have been physically verified. Reliance was placed on the certificate of satisfactory completion issued by the Education Officer.

#### **Subhead 12002 - Buildings (Administration)**

- 2003.** The sum of \$2.5M was voted for the completion of the Orinduik Guest House. Amounts totalling \$2.499M were expended. The contract for the construction of the Guest House was awarded in 1999 in the sum of \$3.495M. At the end of 1999, the full amount was paid to the contractor.
- 2004.** A new contract valued at \$2.499M was entered into in 2000 for the enclosure of the bottom flat. The full amount was paid to the contractor. This gives a total construction cost of \$5.994M. Because of the remoteness of the area, the works could not have been physically verified. Reliance was placed on the certificate of satisfactory completion issued by the village captain.

**Subhead 12003 - Buildings (Health)**

- 2005.** The sum of \$12M was allocated for the construction of health posts at Kopinang, Kamana and Itabac. Amounts totalling \$11.328M were expended in the construction of health posts at the following locations:-

<b>LOCATION</b>	<b>AMOUNT \$'000</b>
Kopinang	3,448
Kamana	3,834
Itabac	4,046
<b>TOTAL</b>	<b>11,328</b>

- 2006.** The contracts for the construction of the health posts at Kopinang, Kamana and Itabac were awarded in the sums of \$3.448M, \$3.834M and \$4.045M respectively. The full amounts were paid to the contractors. Because of the remoteness of the area, the works could not have been physically verified. Reliance was placed on the certificates of satisfactory completion issued by the community health workers.

**Subhead 14001 - Roads**

**2007.** The sum of \$5M was voted for the construction of a road between Paramakatoi and Maikwak. The full amount was expended. The works were executed by three(3) contracts. 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**

**2008.** The sum of \$1.5M was voted for the purchase of one(1) aluminium boat for Chenapau and one(1) wooden boat for Tumatumari. Amounts totalling \$1.448M were expended. However, one(1) outboard motor and one(1) motor cycle were acquired but there was no evidence that approval was granted for a change in programme to acquire the additional items.

**2009.** At the time of inspection in August 2001, the Region did not receive the motor cycle. The Accounting Officer explained that the supplier was conducting tests on the asset which was expected to be delivered within a month. The aluminium boat and the outboard motor could not have been physically verified because of the remoteness of the area. Documentary evidence was nevertheless seen attesting to their receipt by the Region.

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

**2010.** The sum of \$3M was allocated for the purchase of desk, benches, cupboards and chalk-boards. Amounts totalling \$1.962M were expended. However, a photocopier and two(2) sets of beds, wardrobes, coffee tables, dinette sets and suites valued \$850,000 were also acquired but there was no evidence that approval was granted for a change in programme to acquire these items. The items were nevertheless verified as having been received and properly brought to account.

#### **Subhead 25002 - Furniture (Staff Quarters)**

**2011.** The sum of \$2M was voted for the purchase of beds, wardrobes, food safe and tables. Amounts totalling \$1.943M were expended. The items purchased were verified as having been received and properly brought to account.

### **HEAD 79 & DIVISION 539**



## REGION 9 - UPPER TAKATU/UPPER ESSEQUIBO

### Current Expenditure

#### Employment Costs

- 2012.** The salaries bank account No. 3125 was overdrawn on numerous occasions during the year and as at 31 December 2000, the overdraft was \$6.592M. 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 September 2001, both salaries bank account Nos. 3125 and 3126 were only reconciled to September 2000. The Accounting Officer explained that this was due to staff constraints.
- 2013.** A comparison of the authorised staff as shown in the 2000 Estimates of Expenditure with the actual staff employed by the Region in December 2000 revealed that the authorised staff was exceeded by 349 under two(2) categories, as shown below:-

<b>SUB-HEAD</b>	<b>DESCRIPTION</b>	<b>AUTHORISED</b>	<b>ACTUAL</b>	<b>EXCESS</b>
101	Administrative	18	58	40
102	Senior Technical	29	24	-
103	Other Tech. & Craft Skilled	118	43	-
104	Clerical & Office Support	45	354	309
105	Semi-skilled & unskilled	145	98	-
	<b>TOTAL</b>	<b>385</b>	<b>577</b>	<b>349</b>

- 2014.** This state of affairs was due to the omission from the National Estimates of teachers employed in the Region. It is therefore recommended that the National Estimates reflect all authorised positions. This will enable checks to be carried out to determine whether or not the authorised strength is exceeded.
- 2015.** Amounts totalling \$1.157M 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**

- 2016.** Cheque orders are required to be cleared within sixteen(16) days of their issue through the submission of bills, receipts and other supporting documents. At the time of the audit in September 2001, however, 404 cheque orders valued at \$44.169M had not been cleared. Of this amount, 210 cheque orders valued at \$9.550M 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.
- 2017.** Amounts totalling \$21.390M 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 \$11.264M 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.
- 2018.** 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 again recommended that consideration be given to the establishment of sub-stores so as to ensure greater accountability for items purchased.
- 2019.** Included in the amount of \$21.390M expended on Materials, Equipment & Supplies were sums totalling \$8.153M expended on the purchase of nine(9) air conditioning units, one(1) morgue refrigerator, one(1) incubator and five(5) solar panels. These are items of a capital nature which should have been acquired under Subhead 250005 – Furniture & Equipment (Health). However, there was only \$3,000 in savings under this subhead. It is therefore evident that the charging of the amount of \$8.153M to current expenditure, was done to avoid overrunning the voted provision under Subhead 25005. Evidence was, however, seen that the Secretary to the Treasury approved of the above purchases from current expenditure. Notwithstanding this, the acquisition of capital items under current expenditure is a breach of generally accepted accounting principles and distorts financial reporting.

**2020.** Amounts totalling \$11.509M were expended on Fuel & Lubricants. However, of the thirty-eight(38) serviceable vehicles and equipment for which log books were required to be maintained, log books were only presented in respect of thirteen(13) 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 September 2001, a physical count of gasolene, dieselene, kerosene and lubricants on hand revealed apparent shortages of 955, 268, 594 and 442 gallons respectively. The Accounting Officer gave the assurance that these discrepancies would be investigated.

**2021.** Amounts totalling \$22.747M were expended on the Maintenance of Buildings. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Purchase of building materials	10,510
Construction of seven(7) health huts	3,436
Electrical works to twenty-five(25) buildings	3,271
Repairs to five(5) schools	2,579
“    “ two(2) guest houses	1,120
Other miscellaneous repairs	496
Purchase of janitorial & cleaning items	1,335
<b>TOTAL</b>	<b>22,747</b>

**2022.** The above works were executed by forty-seven(47) contracts valued at \$10.902M. The works within the Lethem and the North Rupununi areas, comprising three(3) health huts, twenty-four(24) buildings, three(3) schools and guest house, were physically verified. Because of the remoteness of the other areas, reliance had to be placed on certificates issued by the Senior Superintendent of Works and village captains attesting to the satisfactory completion of the works.

**2023.** Amounts totalling \$4.679M were expended on the Maintenance of Infrastructure, including roads, fences and bridges. The works were executed by sixteen(16) contracts valued at \$1.624M. The difference of \$3.055M relates to the purchase of building materials. The works were physically

verified.

- 2024.** The sum of \$1M was expended on behalf of 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. This matter was drawn to attention in my previous report.

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

- 2025.** In 1995, the inventory records of the Region were destroyed by fire. Recommendations had been made for a physical inventory to be carried out 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 September 2001, the exercise was still to be completed. In addition, office equipment and furniture were not marked to readily identify them as State property.
- 2026.** 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**

- 2027.** The imprest bank account No. 3127, which reflected a balance of \$50,229 as at 31 December 2000, was only reconciled to September 2000 at the time of the audit in September 2001.

### **Capital Expenditure**

#### **Subhead 11001 - Bridges**

- 2028.** The sum of \$12.5M was voted for the construction of bridges at Kabanawu,

Arawau, Mariwau, Kuyuwini/Karadarnawu and Moco Moco. Amounts totalling \$11.860M were expended in the construction of bridges at the following locations:-

DESCRIPTION	AMOUNT \$'000
Kabanawu	2,478
Arawau	1,464
Mariwau	1,272
Kuyuwini/Karadarnawau	5,461
Moco Moco	230
Miscellaneous	955
<b>TOTAL</b>	<b>11,860</b>

- 2029.** The contract for the construction of the bridge at Kabanawu was awarded in the sum of \$2.478M to the fourth lowest bidder on the grounds that he was the most experienced, compared to the other lower bidders. The lowest bid was \$2.394M while the Engineer's Estimate was \$2.515M. As at 31 December 2000, the full amount was paid to the contractor.
- 2030.** In relation to the bridge at Arawau, the contract was awarded in the sum of \$1.610M. Amounts totalling \$1.463M were paid to the contractor while the bridge at Mariwau was constructed at a cost of \$1.272M. Seven(7) bridges at Kuyuwini/Karadarnawu were also constructed/rehabilitated at a total cost of \$5.461M.
- 2031.** Except in the case of Moco Moco, the works could not have been physically verified because of the remoteness of the area. Reliance was placed on the certificates of satisfactory completion issued by the Senior Superintendent of Works in the Region.

#### **Subhead 12001 - Buildings (Education)**

- 2032.** The sum of \$44M was allocated for (a) the construction of nursery schools at Karasabai, Yupukari, Yakarinta and Shulinab (b) completion of headmaster's quarters at Aranaputa and Parikwarinawa (c) construction of primary school

at Baitoon (d) construction of dormitory at Aishalton and (e) construction of dormitory and kitchen at Annai.

**2033.** Approval was granted for a change in programme to (a) rehabilitate/extend the Aranaputa Nursery School (b) construct headmaster's quarters at Kwaimatta (c) carry out electrical works and construction of auditorium at Annai Secondary School (d) construct double bunk beds for Annai Secondary School and (e) rehabilitate and extend Toka Nursery School, in addition to the above. Amounts totalling \$43.888M were expended, as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Construction/rehabilitation of five(5) nursery schools	3,183
"    of dormitory at Aishalton	445
"    "    "    and kitchen at Annai	28,153
Construction of headmaster's quarters at Kwaimatta	584
Electrical works & constr. of auditorium at Annai Secondary	809
Construction of headmaster's quarters at Parikwarinawa	584
Purchase of building materials	9,095
Consultancy services	648
Miscellaneous	387
<b>TOTAL</b>	<b>43,888</b>

**2034.** The nursery school at Karasabai, the headmaster's quarters at Aranaputa and the primary school at Baitoon were not constructed, as programmed. The Accounting Officer explained that the works at Karasabai and Baitoon were undertaken by the Basic Needs Trust Fund.

**2035.** The various works undertaken were physically verified with the exception of the nursery schools at Yakarinta and Shulinab, the dormitory at Aishalton and the headteachers' quarters at Kwaimatta and Parikwarinawa. This was due to the remoteness of the area. However, reliance was placed on the certificates of satisfactory completion issued by the Senior Superintendent of Works in the Region. The items purchased were also verified as having been received and

properly brought to account.

**Subhead 12002 - Buildings (Health)**

**2036.** The sum of \$6M was allocated for the construction of (a) nurses' quarters at Sand Creek Village and (b) health posts at Yakarinta, Kotaka, Kwatamang and Rupanau. Amounts totalling \$5.347M were expended in the construction of the following:-

DESCRIPTION	AMOUNT \$'000
Nurses' quarters at Sand Creek	584
Health Post at Yakarinta	498
"    "    "    Kotaka	497
"    "    "    Kwatamang	498
"    "    "    Rupanau	498
Purchase of building materials	2,672
Miscellaneous	100
<b>TOTAL</b>	<b>5,347</b>

**2037.** The above works were executed by five(5) contracts valued at \$2.577M. The full amounts were paid to the contractors. Except for the nurses' quarters at Sand Creek, the works could not be physically verified because of the remoteness of the area. Reliance was placed on the certificates of satisfactory completion issued by the Senior Superintendent of Works. The materials purchased were also verified as having been received and properly brought to account.

**Subhead 12004 - Buildings (Agriculture)**

**2038.** The sum of \$2.5M was voted for the construction of office/quarters for agriculture officers at Annai sub-region. Amounts totalling \$2.479M were expended. The contract was awarded to the second lowest bidder in the sum of \$1.027M on the grounds that the lowest bidder, whose tendered sum was

\$997,610, was involved in other work in the Region. There was an approved variation of \$276,132, giving a revised contract sum of \$1.303M. The full amount was paid to the contractor, and the works were physically verified. The difference of \$1.176M represents the purchase of building materials. These were verified as having been received and properly brought to account.

### **Subhead 14001 - Roads**

- 2039.** The sum of \$16.5M was allocated for the construction and rehabilitation of roads at Lethem/Aishalton, Toka/Karasabai, Lethem, Kuyuwini/Karadarmawau, Manari/ Parashara and cutting of road trail. Amounts totalling \$16.498M were expended as follows:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Rehabilitation of Lethem Road	846
“ “ Kuyuwini/Karadarnawau Road	300
“ “ Manari/Nappi Road	150
Repairs to vehicles and purchase of spares	5,720
Payment of salaries, overtime, subsistence	5,217
Purchase of 217 concrete tubing	2,958
Miscellaneous	1,307
<b>TOTAL</b>	<b>16,498</b>

- 2040.** The contract for the rehabilitation of the road at Lethem was awarded in the sum of \$8.464M. As at 31 December 2000, an amount of \$846,408 was paid to the contractor as mobilisation advance. The works were re-budgeted for in 2001 and at the time of inspection, they were in progress.
- 2041.** In relation to the rehabilitation of roads at Kuyuwini/Karadarbawau and Manari/Nappi, three(3) contracts totalling \$450,000 were awarded to clear the roads and to install culverts. These works were physically verified.
- 2042.** Included in the amount of \$5.720M expended in the purchase of vehicle spares and in the repairs to vehicles were amounts totalling \$2.415M expended on the repairs to four(4) trucks, a backhoe and engines. Spares totalling \$3.305M



were also acquired. These were verified as having been received and properly brought to account.

### **Subhead 19001 - Land Development**

- 2043.** The sum of \$3M was allocated for occupational survey, design and cadastral surveys, construction of roads and drains in the Tabatinga, Moco Moco and Takatu areas. The full amount was shown as having been expended. Of this amount, sums totalling \$1.5M were expended in the purchase of 7,690 metres of transmission cables. However, there was no evidence that approval was granted for a change in programme to accommodate this expenditure. The Accounting Officer explained that the item was purchased for use at the Region's industrial site. Notwithstanding the observation made, the cables were verified as having been received and properly brought to account.
- 2044.** The difference of \$1.5M relates to an inter departmental warrant issued to the Ministry of Housing for conducting cadastral survey to the Culvert City Area. However, financial returns were not seen in support of the expenditure.

### **Subhead 25002 – Furniture & Equipment (Agriculture)**

- 2045.** The sum of \$4M was allocated for the purchase of one(1) tractor and trailer. Amounts totalling \$3.996M were expended. However, the trailer was not acquired due to the inadequacy of the allocation. The tractor purchased was, however, not inventorised.

### **Subhead 25004 – Furniture and Equipment (Education)**

- 2046.** The sum of \$2.5M was allocated for the purchase of desks, benches, tables, chairs, cupboards and chalk-boards. Amounts totalling \$2.363M were expended. The items purchased were verified as having been received and distributed to the various schools in the Regions.

### **Subhead 25005 – Furniture and Equipment (Health)**

**2047.** The sum of \$2.5M was allocated for the purchase of ECG machine, ultra sound machine, surgical kits, mattresses, cabinets and writing desks. Amounts totalling \$2.497M were expended. The items purchased were verified as being received but were, however, not inventorised.

#### **Subhead 26003 - Power Extension**

**2048.** The sum of \$4.5M was voted for the purchase of (a) generators for Karasabai sub-region and Sand Creek and (b) wallaba poles. Amounts totalling \$4.369M were expended in the purchase of two(2) generators, forty-two(42) wallaba poles and a quantity of electrical items. The items purchased were verified as having been received. However, the generators were not inventorised nor were they installed at the time of the inspection visit in September 2001.

#### **Subhead 28001 – Water Supply**

**2049.** The sum of \$3M was provided for the construction of hand-dug wells at Kwatamang, Achwaib, Kotaka, Kaicumbay, Kwaimatta, Rewa, Crash Water, Shiriri, Small Sand Creek and Baitoon. Approval was granted for a change in programme to construct four(4) other wells on the assumption that the Guyana water Authority would construct seven(7) of the above wells.

**2050.** Amounts totalling \$2.959M were expended in the construction of the seven(7) wells in question. The works were executed by seven(7) contracts valued at \$3.414M. However, only a mobilisation advance of \$50,500 was paid in respect of one(1) well. The works were re-budgeted for in 2001. Because of the remoteness of the area, physical verification was carried out in respect of only two(2) wells. Reliance had to be placed on the certificates of satisfactory completion issued by the Senior Superintendent of Works in respect of the other four(4) wells.

### **HEADS 80 & DIVISION 540**

#### **REGION 10 - UPPER DEMERARA/BERBICE**

#### **Current Expenditure**

#### **Employment Costs**

- 2051.** The old salaries bank account No. 861, which became non-operational in June 1996, continued to be overdrawn by \$5.466M as at 31 December 2000. It is again recommended that efforts be made to investigate the reason(s) for the overdraft with a view of clearing it and steps be taken to close the account.
- 2052.** The two(2) present salaries account Nos. 3092 and 3094, with balances of \$3.938M and \$8.634M as at 31 December 2000, were not reconciled since September 1998 and November 1999 respectively. 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 several occasions during the year. The Accounting Officer explained that the overdrafts were as a result of late deposits into the account.
- 2053.** In my 1999 Report, it was stated that 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 had explained that the NIS had declined to accept these cheques because the Region was unable to provide information relating to the contributors. At the time of reporting, the position remained the same.
- 2054.** An examination of the Register of Contributors to the National Insurance Scheme revealed 134 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.
- 2055.** A comparison of the authorised staff as shown in the 2000 Estimates of Expenditure with the actual staff employed by the Region in December 2000 revealed that the authorised staff was exceeded by 724, as shown below:-

<b>DESCRIPTION</b>	<b>AUTHORISED</b>	<b>ACTUAL</b>	<b>EXCESS</b>
Administrative	15	25	10
Senior technical	44	313	269
Other technical & craft skills	87	274	187
Clerical & office support	51	61	10
	557		

Semi-skilled operatives etc.	75	322	247
Contracted employees	0	1	1
<b>TOTAL</b>	<b>272</b>	<b>996</b>	<b>724</b>

**2056.** Explanations obtained indicated that the National Estimates did not include teachers in the Region. In order to ensure a meaning comparison between authorised and actual staffing, it is again recommended that teachers be included in the authorised staffing in the Region.

### **Other Charges**

**2057.** 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, based on sample tests carried out, cheque orders were being cleared on average fifty(50) days later. In addition, at the time of the audit in August 2001, 222 cheque orders valued at \$49.092M had not been cleared. Of this amount, ninety-two(92) valued at \$16.799M 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.

**2058.** Amounts totalling \$50.757M were expended on Materials, Equipment & Supplies. Included in this figure were drugs valued at \$15.748M purchased for the Upper Demerara Hospital and health centres. The items purchased were verified as having been received and properly brought to account.

**2059.** Amounts totalling \$4.045M were expended on Fuel & Lubricants. However, of the nine(9) vehicles and three(3) motor cycles for which log books were required to be maintained, log books were presented for only one(1) vehicle. In the circumstances, it could not be determined whether there was effective control over the use of these assets.

**2060.** In my 1999 Report, it was stated that there were sixteen(16) vehicles and three(3) trailers which were unserviceable and were lying at various workshops for a considerable period of time. At the time of reporting, the position remained the same. It is again recommended that urgent action be taken to dispose of these unserviceable items.

**2061.** Amounts totalling \$53.999M were expended on the Rental & Maintenance of Buildings. The following is a breakdown of the expenditure:-

<b>DESCRIPTION</b>	<b>AMOUNT \$'000</b>
Repairs to sixteen(16) schools	16,286
“    “ forty-two(42) officers quarters	20,684
“    “ Upper Demerara Hospital	5,361
“    “ two(2) health centres	505
“    “ two(2) administrative buildings	1,069
Purchase of building materials	3,655
Janitorial and cleaning supplies	5,261
Consultancy services	94
Rental of building	1,084
<b>TOTAL</b>	<b>53,999</b>

**2062.** Twenty-five(25) contracts valued at \$20.233M were awarded for the repairs to sixteen(16) schools. Amounts totalling \$16.286M were paid to the contractors as at 31 December 2000. The balance of \$3.947M was met out of the Region's 2001 allocation. At the time of inspection in August 2001, all the schools were completed and were physically verified.

**2063.** In relation to the repairs to the officers' quarters, a total of forty-seven(47) contracts valued at \$24.974M were awarded. Amounts totalling \$20.684M were paid to the contractors. The balance of \$4.290M was met from the Region's 2001 allocation. At the time of inspection, the works were completed and were physically verified.

**2064.** Two(2) contracts valued at \$5.004M were awarded for the repairs to the Upper Demerara Hospital. As at 31 December 2000, the full amounts were paid to the contractors. The difference of \$358,195 relates to the release of retention fees pertaining to a contract which was awarded in 1999.

- 2065.** One of the contracts was awarded in the sum of \$4.686M to the fourth lowest bidder on the grounds that the successful bidder was the most competent, compared with the other lower bids. The lowest bid was \$3.918M while the Engineer's Estimate was \$4.909M. Physical inspection, however, revealed that only 3,923 square feet of tiles were removed and replaced, instead of 6,900 square feet. This matter was drawn to the attention of the Accounting Officer who wrote the contractor in relation to this discrepancy. At the time of reporting, it could not be determined whether or not the contractor had fulfilled his obligations for which he was paid.
- 2066.** The other works were physically verified while the items purchased were verified as having been received and properly brought to account.
- 2067.** Excess expenditure of \$17,000 was incurred in respect of two(2) subheads. 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**

- 2068.** Master and sectional inventories were not kept by the Regional Administration for the period under review. In the circumstances, it could not be satisfactory determined whether all fixed assets under the control of the Region were duly accounted for and properly safeguarded.
- 2069.** A physical verification of a sample of eighty-two(82) items of stock kept at the Region's store in 26 July 2001 revealed discrepancies in respect of twenty-three(23) items when comparison was made with the stock records. In sixteen(16) instances there were shortages. This matter was drawn to the attention of the Accounting Officer for investigation.

#### **Other Matters**

- 2070.** The imprest bank account No. 3093, which reflected a balance of \$1.002M as at 31 December 2000, was not reconciled since October 1997.
- 2071.** At the time of inspection in August 2001, 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 had 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 again recommended that the advice of the Accountant General be sought in relation to this matter.

## Capital Expenditure

### Subhead 12002 - Buildings (Education)

**2072.** The sum of \$14M was allocated for the construction of nursery schools at Three Friends/Coomacka and Spikeland. Amounts totalling \$9.660M were expended, as follows:-

DESCRIPTION	AMOUNT \$'000
Construction of staff quarters at St. Lust	4,898
“ “ “ “ “ Calcuni	3,610
Completion of teachers' hostel at Amelia's Ward	1,152
<b>TOTAL</b>	<b>9,660</b>

**2073.** As can be noted, no nursery schools were constructed. The Accounting Officer explained that although the designs for the schools in question were available, the works could not have been completed by the end of 2000. However, a perusal of the Estimates for 2001 revealed that the construction of the two(2) nursery schools was not re-budgeted for.

**2974.** Approval was granted for a change in programme to complete the construction of the teachers' hostel in Amelia's Ward. However, no such approval was seen in respect of the construction of the staff quarters at St. Lust and Calcuni. The Accounting Officer explained that the works were undertaken pending the approval of the Chief Planning Officer. However, follow-up action should have been taken to ensure that the relevant approval is granted. In the circumstances, the construction of the staff quarters at St. Lust and Calcuni was unauthorised.

**2075.** The contract for the construction of staff quarters at St. Lust was awarded to the higher of two(2) bidders in the sum of \$4.949M on the grounds that the lower bidder, whose tendered sum was \$4.031M, was a self-employed person

(as opposed to a contractor) and that the successful bidder had a good track record. As at 31 December 2000, amounts totalling \$4.898M were paid to the contractor. Physical inspection in August 2001, however, revealed that although the building was completed, the water pump was not provided and installed. In addition, fly mesh was not placed on the windows and expanding metal was not inserted on all the windows. The building was also not occupied at the time of inspection.

- 2076.** In relation to the construction of the staff quarters at Calcuni, the contract was awarded in the sum of \$4.413M. As at 31 December 2000, amounts totalling \$3.610M were paid to the contractor. Physical inspection in August 2001, however, revealed that although the building was substantially completed, gutters were still to be installed and the roof was still to be painted, in addition to the application of a second coat of paint to the building. The floor was also to be lacquered. In addition, a perusal of the Estimates for 2001 revealed that the works were not re-budgeted for. Meanwhile, the building remained unoccupied.
- 2077.** In my 1999 Report, it was stated that the contract for the construction of the teachers' hostel at Amelia's Ward 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 in 1999 was in respect of additional works undertaken but no approved variation order was seen. A further payment of \$1.152M was made in 2000, giving a total construction cost of \$21.859M. The building has since been completed and was handed over to the Region.
- 2078.** 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 inspection in August 2001, the building was completed at a cost of \$2.873M using funds provided for under current expenditure. However, there was no evidence that the amount of \$1.518M was recovered from the previous contractor.

**Subhead 12003 - Buildings (Health)**

**2079.** The sum of \$12M was voted for the construction of (a) health posts at Great Fall and Malali in the Demerara River and Kimbia in the Berbice River (b) staff quarters at Kwakwani and a health centre at West Watooka and (c) staff quarters at Blue Berry Hill. Amounts totalling \$9.804M were expended on construction of health posts/staff quarters in the following areas:-

DESCRIPTION	AMOUNT \$'000
Great Fall	2,518
Malali	2,247
Kimbria	1,036
West Watooka	2,214
Blue Berry Hill	1,665
Consultancy services	124
<b>TOTAL</b>	<b>9,804</b>

**2080.** As can be noted, the staff quarters at Kwakwani were not constructed. The work was re-budgeted for in 2001. In relation to the construction of the health post at Great Fall, the contract was awarded in sum of \$2.616M to the second lowest bidder on the grounds that the lowest bidder, whose tendered sum was \$2.474M, lacked the relevant experience. There was an approved variation in the sum of \$181,375, giving a revised contract sum of \$2.798M. At the end of 2000, amounts totalling \$2.518M were paid to the contractor. Because of the remoteness of the area, the works could not have been physically verified. Reliance had to be placed on the certificate of satisfactory completion issued by the senior superintendent of works.

**2081.** The contract for the construction of a health post at Malali was awarded in the

sum of \$2.496M. Amounts totalling \$2.247M were expended as at 31 December 2000. However, the interior of the building could not have been physically verified because the keys were in the possession of the Medex Officer who was out of the Region at the time. Reliance was nevertheless placed on the certificate of satisfactory completion issued by the senior superintendent of works.

- 2082.** In relation to the construction of the health post at Kimbia, the contract was awarded in the sum of \$2.504M. As at 31 December 2000, amounts totalling \$1.036M were paid to the contractor. At the time of inspection in August 2001, the building was substantially incomplete, and a perusal of the 2001 Estimates revealed that the works were not re-budgeted for.
- 2083.** The contract for the construction of a health centre at West Watooka was awarded in the sum of \$2.460M to the fourth lowest bidder on the grounds that he was most experienced, compared with the other lower bidders. The lowest bid was \$2.291M while the Engineer's Estimate was \$3.030M. As at 31 December 2000, amounts totalling \$2.214M were paid to the contractor. Physical inspection in August 2001, however, revealed that the walls were cracked in several places and about two-thirds of the tiles had become loose. In addition, the building was not put in use because the contractor had not handed it over to the Region.
- 2084.** In relation to the construction of staff quarters at Blue Berry Hill, the contract was awarded in 1999 in the sum of \$2.256M. There was an approved variation of \$220,138, giving a revised contract sum of \$2.476M. As at 31 December 2000, the full amount was paid out to the contractor. The works were physically verified.
- 2085.** In my 1999 Report, it was stated that the contract for the extension of the health post at Amelia's Ward was awarded in 1998 in the 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 August 2000, however, had revealed that the health post was still substantially incomplete. The building was not plastered, windows, doors and toilets were not installed and plumbing and electrical works were still to be completed. A subsequent inspection in August 2001, revealed that the position remained the same as reported in my 1999 Report.

### **Subhead 13001 – Drainage & Irrigation**

**2086.** The sum of \$10M was allocated for the construction of revements at Amelia's Ward. Amounts totalling \$1.929M were expended in the construction of fifty(50) feet of concrete drain and revetment. In addition, approximately five(5) miles of drains were cleared. The works were physically verified.

#### **Subhead 14001 - Roads**

**2087.** The sum of \$15M was allocated for the rehabilitation of West Watooka, Linden/Kwakwani and Ituni/Takama roads. Amounts totalling \$13.383M were expended in the rehabilitation of the Linden/Kwakwani Road. No work was done on the Ituni/Takama Road. The Accounting Officer explained that this was due to difficulties in recruiting a consultant for the project. The works were re-budgeted for in 2001.

**2088.** The rehabilitation of the Linden/Kwakwani Road involved the loading, trucking and spreading of bauxite capping. A total of forty-one(41) contracts were awarded for this service at prices ranging from \$3,500 to \$4,500 per hour. Amounts totalling \$10.253M were paid out to the contractors, and approximately three and one half miles of road were completed. However, physical inspection in August 2001 revealed large pools of water and potholes at sections of the road. In addition, several heaps of unused material were seen in the middle and sides of the road.

#### **Subhead 19001 - Infrastructure Development**

**2089.** The sum of \$6M was voted for the development of lands for new housing areas at Amelia's Ward and Block 22, Linden. Amounts totalling \$5.436M were expended in the clearing of the land at Amelia's Ward. The work was undertaken through the recruitment of surveyors and power saw operators.

**2090.** As can be noted, no work was done at Block 22, Linden. The Accounting Officer explained that this was due to the relevant surveys not being completed. The works were re-budgeted for in 2001.

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

**2091.** The sum of \$5M was voted for the purchases of desks, benches, cupboards, gas stoves and sewing machines. The full amount was expended in the purchase of chairs, tables, desks, benches and cupboards. The items purchased were verified as having been received and distributed to the various schools in the Region.

**Subhead 25003 - Furniture and Equipment (Health)**

**2092.** The sum of \$3M was provided for the purchase of dental chairs and a refrigerator for the storage of vaccines. Amounts totalling \$2.998M were expended in the purchase of one(1) dental chair, three(3) computers, four(4) printers and two(2) stabilisers. However, there was no evidence that approval was granted for a change in programme to acquire the items not listed in the Capital Profile of the Region. The items purchased were nevertheless verified as having been received but were not inventorised.

**Subhead 28001 - Water Supply**

**2093.** The sum of \$50M was voted for the improvement of water supply system in Linden. The full amount was shown as having been expended. This amount was paid over to the Linden Mining Enterprises Ltd to offset the cost of supplying water to residents in the area. The amount was verified as having been received by LINMINE.

## **REPORT ON OTHER ENTITIES**

### **Audits of Public Enterprises**

- 2094.** 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 twenty-five(25) additional entities had become my responsibility.
- 2095.** 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.
- 2096.** 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.
- 2097.** 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.
- 2098.** In August 2001, however, the Constitution was amended to, inter alia, delink the Audit Office from the Executive and to place it under Parliamentary oversight. To give effect to this amendment, the Audit Office prepared and submitted the following action plan to the Public Accounts Committee, the oversight body:-
- Developing a new organisational structure, new job specifications and descriptions, and salary scales for the Audit Office;

- Promulgating a new Audit Law; and
- Preparing a policies and procedures manual.

**2099.** I am happy to report that the Public Accounts Committee has approved the action plan as well as the proposed organisational structure, job specifications and descriptions, and salary scales. Cabinet has also since approved the principles to the contained in the new Audit Law with the proviso that the Government reserves the right to seek a second opinion from a private auditing firm on the audit of any Government programme. At the time of reporting, the draft legislation has been completed with the assistance of an IDB consultant. The draft was submitted to the PAC for its consideration while work has since commenced on the Policies and Procedures Manual.

**2100.** For the period under review, twenty-three(23) audits have been finalised under the contracting out arrangements referred to above at a total cost of \$46.878M. The following are the details in respect of entities for which audit fees and expenses exceeded \$1M:-

	<b>YEAR OF</b>	<b>FEES &amp;</b>
569		

NAME OF ENTITY	ACCOUNTS	RELATED COSTS \$'000
1. Guyana National Cooperative Bank	1998	6,000
2. Guyana National Cooperative Bank	1999	6,000
3. Guyana Oil Co. Ltd.	1999	1,900
4. Guyana Stores Limited	1999	2,465
5. Guyana Post Office Corp.	1994	2,100
6. Guyana Electricity Corporation	1996	3,600
7. Guyana Electricity Corporation	1997	3,930
8. Guyana National Printers Ltd.	1998	1,045
9. Linden Mining Enterprise	1998	4,875
10. Berbice Mining Enterprise Ltd.	1998	5,960
11. Guyana Rice Development Board	1997	1,315
12. Guyana Rice Development Board	1998	1,300
13. Guyana National Newspapers Ltd.	1999	1,200
<b>TOTAL</b>		<b>41,690</b>

**2101.** 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, up to the time of reporting, there was no evidence of any action taken in this regard in relation to most of these entities, 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.

**2102.** 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.

**2103.** 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. Such a situation should not be condoned since it does not auger well for public accountability.

- 2104.** An analysis of the opinions issued in respect of the audits of the twenty-three(23) entities referred to above, reveals that six(6) reports were disclaimers of opinion reflecting uncertainties of a fundamental nature in relation to amounts shown in the respective financial statements. Four(4) 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.

<b>DISCLAIMERS OF OPINION</b>	
<b>NAME OF ENTITY</b>	<b>YEAR OF ACCOUNTS</b>
1. Sanata Textiles Ltd.	1997
2. Sanata Textiles Ltd.	1998
3. Guyana National Printers Ltd.	1998
4. Bauxite Industry Develop. Co. Ltd.	1994
5. Guyana Post Office Corporation	1994
6. Linden Mining Company Ltd.	1998

<b>QUALIFIED OPINIONS</b>	
<b>NAME OF ENTITY</b>	<b>YEAR OF ACCOUNTS</b>
1. Berbice Mining Company Ltd.	1998
2. Mards Rice Milling Company	1997
3. Guyana Oil Company Limited	1999
4. Surapana Agricultural & Allied Services Limited	1998

**Audits of Municipal and District Councils**



- 2105.** The Municipal and District Councils Act, Chapter 28:01 of the Laws of Guyana, requires the accounts of municipal and district councils to be made up yearly, not later than four(4) months after the end of the financial year to which they relate, and for those accounts to be audited by me as soon as practicable. Under the Act, a treasurer shall be guilty of an offence if he neglects to make up accounts as described above.
- 2106.** 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, the majority of 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.
- 2107.** The following table show the status of the audits in respect of the six(6) municipalities at the time of reporting:-

<b>NAME OF ENTITY</b>	<b>YEAR LAST AUDITED</b>	<b>REMARKS</b>
Georgetown City Council	1996	Audit in progress for 1997
Anna Regina Town Council	1996	No financial statements for later yrs.
Corriverton Town Council	1998	Audit in progress for 1999
Linden Town Council	1984	No financial statements for later yrs.
New Amsterdam Town Council	1996	“ “ “ “ “ “
Rose Hall Town Council	1981	Audit in progress for 1994 – 1998.

- 2108.** 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.
- 2109.** In September 1994, the local government system was reorganised and sixty-five(65) neighbourhood democratic councils (NDC's) were established as

successor organisations to the district councils and village and country councils. Of these, only twenty-eight(26) have had some form of financial reporting since they were established although for the period under review the sixty-five(65) NDC's received subventions from Central Government totalling \$195M. Notwithstanding this, for the period under review, fifty(50) opinions were issued in respect of these entities.

### **Audits of Statutory Bodies**

**2110.** I am also the External Auditor of some forty-seven(47) 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, sixty-five(65) audits were finalised for the period under review.

**2111.** 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
Guyana National Energy Authority	1984
National Dairy Development Project	1996
State Planning Commission	1991
Guyana Export Promotion Council	1994
Central Housing and Planning Authority	1995
Guyana Forestry Commission	1995
Guyana Museum	1996
Guyana School of Agriculture	1996

**2112.** It is also a legal requirement for all statutory bodies to have their audited accounts laid in the National Assembly, and although sixty-nine(69) such audits have been finalised in 2000, there was no evidence that such audited accounts were presented to the National Assembly.

### **Audits of Trade Unions**

**2113.** 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.

**2114.** 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:-

	<b>NAME OF ENTITY</b>	<b>YEAR LAST AUDITED</b>
1.	University of Guyana Senior Staff Association	1994
2.	Public Employees' and General Workers' Union.	1995
3.	Guyana Labour Union	1995
4.	Guyana Teachers' Union	1987
5.	Guyana Local Government Officers' Association	1990
6.	Guyana Public Service Union	1996
7.	Guyana Bauxite and General Workers' Union	1993
8.	Guyana Mining, Metal and General Workers' Union	1992
9.	Guyana Mine Workers' Union	Unknown
10.	Association of Masters and Mistresses	Unknown
11.	University of Guyana Staff Association	Unknown
12.	University of Guyana Workers' Union	Unknown

**2115.** 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**

**2116.** 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.

- 2117.** Over the years there has been some dispute in connection with the Audit Office's interpretation of the above Article despite legal support from a prominent legal counsel for it. Article 223(2) of the Constitution has since been amended to make it clear that the Public Accounts include all foreign funded projects, whether by way of loans or grants.
- 2118.** For the period under review, it is with some degree of satisfaction that I should report that the Audit Office concluded fifty-nine(59) audits of foreign funded projects, as shown below:-

<b>FUNDING AGENCY</b>	<b>NO. OF OPINIONS</b>
Inter American Development Bank	11
United Nations Development Programme	19
International Development Association	13
United Nations Environment Programme	1
United States Aid for International Development	5
European Union	7
International Fund for Agricultural Development	1
International Bank for reconstruction & Development	2
<b>TOTAL</b>	<b>59</b>

### **ACKNOWLEDGEMENTS**

- 2119.** 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.

- 2120.** 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.