

31 October 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 2001**

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 2001.

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,

**B. BALRAM**  
**AUDITOR GENERAL(Ag.)**

**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 2001**

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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 2001**

**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 2001, as set out in pages 2/1 to 2/257. 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 any 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 2001. 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 2001.*

**B. BALRAM**  
**AUDITOR GENERAL(Ag.)**

**31 October 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 2001**

**EXECUTIVE SUMMARY**

***Financial Performance***

1. *For the period under review, a deficit of \$2.734 billion of current revenue over current expenditure was recorded. This performance compares favourably with that of 2000 where a deficit of \$4.745 billion was recorded. The decrease of \$2.011 billion in the recorded deficit resulted mainly from a combination of the following:*
  - (a) *a decrease of \$4.932 billion in the repayment and servicing of the Public Debt from \$15.845 billion to \$10.913 billion. This is in contrast to an increase of \$3.049 billion in 2000;*
  - (b) *an increase in current expenditure (excluding the repayment and servicing of the Public Debt) of \$3.844 billion from \$32.289 billion to \$36.133 billion; and*

*an increase of \$922.107M in current revenue from \$43.389 billion to \$44.312 billion.*
2. *The collection of current revenue exceeded projected levels by 0.55%, compared with similar performances in 2000 and 1999, i.e. an excess of 13.23% and 15.36%, respectively. Estimated current revenue in 2001 totalled \$44.068 billion while actual collections amounted to \$44.312 billion, giving a budgetary surplus of \$244M. Of particular importance is the fact that Other Tax Revenues and Dividends and Transfers exceeded their targets by \$1.818 billion and \$183.879M 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 \$11.148 billion. Actual amounts budgeted to be collected totalled \$23.349 billion while the recorded actual collections amounted to \$12.201 billion, giving a percentage shortfall of 47.75%. This is in contrast to the performance recorded in 2000 where capital revenue collections fell below the projected level of \$17.679 billion by \$385.889M or 2.18%.*
4. *Capital expenditure also fell below estimated levels. Of a total amount of \$22.515 billion budgeted to be spent on capital projects, sums totalling \$18.216 billion were actually expended, giving a shortfall of \$4.299 billion or 19.09%, compared with a shortfall in 2000 of \$1.428 billion or 7.84% 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\$310.827 billion as at 31 December 2001, the external portion accounting for G\$207.686 billion. In equivalent United States dollars, the Public Debt was US\$1.633 billion, the external debt accounting for US\$1.091 billion.*
6. *Compared with 2000, the Public Debt has decreased by G\$4.271 billion, the external portion accounting for G\$9.911 billion. However, in terms of US dollars, the external debt increased by US\$25M from US\$1.066 billion to US\$1.091 billion. The internal debt has, however, decreased by G\$14.181 billion from G\$117.322 billion to G\$103.141 billion. Expressed as a factor of current revenue, the Public Debt at the end of 2001 was 7.01 times current revenue, compared with a factor of 7.12 at the end of 2000 and 7.39 at the end of 1999.*
7. *As mentioned above, there was a decreased of G\$4.932 billion in the repayment and servicing of the Public Debt. This decreased resulted from (a) decreases of \$2.965 billion from \$6.013 billion to \$3.048 in repayment of principal of both internal and external debt and (b) decreases of \$1.969 billion from \$9.833 billion to \$7.864 billion in repayment of interest of both internal and external debt.*
8. *Expressed as a percentage of current revenue, the repayment and servicing of the Public Debt in 2001 represented 24.62% of current revenue, compared with 35.52%, 31% and 41.14% in 2000, 1999 and 1998 respectively.*

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

9. *The Consolidated Fund was overdrawn by \$63.726 billion as at 31 December 2001, compared with overdrafts of \$54.263 billion, \$57.110 billion and \$52.568 billion at the end of 2000, 1999 and 1998 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 \$15.983 billion at the end of 2001, compared with \$22.143 billion, \$14.101 billion and \$12.437 billion as at the end of 2000, 1999 and 1998 respectively. In the absence of the reconciliation of the vast majority of the Government's bank accounts, the positive balance of \$15.983 billion represents the best available estimate of the cash position of the Government as at 31 December 2001.*
11. *The following gives a breakdown of the bank balances in summarised form with comparative figures at the end of the preceding year:-*

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| DESCRIPTION                               | AMOUNT        | AMOUNT        |
|---|---------------|---------------|
|   | 2000<br>\$M   | 2001<br>\$M   |
| Consolidated Fund                         | (54,263)      | (63,726)      |
| Deposits Fund                             | 2,311         | 2,269         |
| Contingencies Fund                        | (728)         | 141           |
| General Account                           | 20,550        | 25,795        |
| Non-Sub-Accounting Ministries/Departments | 13,168        | 9,635         |
| Other Ministries/Departments' Accounts    | 6,544         | 1,641         |
| Monetary Sterilisation Account            | 34,561        | 40,228        |
| <b>TOTAL</b>                              | <b>22,143</b> | <b>15,983</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\$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 for subsequent years were not available) :-*

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

13. *As can be noted, the combined Guyana dollar equivalent of these liabilities 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 2001, the total amount held in special accounts on behalf of the Government as at 31 December 2001 was \$20.554 billion. Of this amount, sums totalling \$3.855 billion relate to the HIPC relief on the Bank of Guyana's liability to the CARICOM Multilateral Clearing Facilities while amounts totalling \$15.690 billion are funds which are transferable to the Consolidated Fund. Had such funds been transferred, the cash position as at 31 December 2001 would increase to \$31.673 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. However, it was noted that the Procurement Act No. 6 of 2002 was passed by the National Assembly and assented to by the President on 28 June 2002.*

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

18. *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.*
19. *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***

20. *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**

21. *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 23 January 2002 and payments were backdated to 31 December 2001.*
22. *Despite comments in my previous Reports about the importance of reconciliation of bank accounts, several Ministries/Departments/Regions continued to have the reconciliation of their salaries and main accounts in arrears; some dating back several years. In addition, the salaries cash book in respect of several of these entities did not reflect “nil” balances at the end of each month as is required by financial instructions*
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 2001, amounts totalling \$1.739 billion were received as the Government’s share of the Lotteries while payments totalling \$1.539 billion were made. However, only the amount of \$211.717M was transferred to the Consolidated Fund in December 2001, leaving a balance of \$200M as at 31 December 2001.*
24. *The Ministry of Home Affairs transferred unspent balances totalling \$18.803M on five(5) capital programmes to the Deposits Fund bank account, instead of the Consolidated Fund, to be used in 2002. 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 February 2002.*
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 Ministries of Agriculture, Public Works & Communications and Home Affairs, the basis of the award of certain 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 for the period 1997 to 2001, 565 advances totalling \$48.994M remained outstanding. There were also 90 payment vouchers valued at \$19.234M which were not presented for audit examination.*
30. *In relation to the Customs and Excise Department, a total of 1,003 cargo vessels arrived in port in 2001. However, completed ship's files in respect of only 220 were made available for audit examination. The remainder were still at the various transit sheds. In relation to the Inland Revenue Department, there were 3,712 registered companies. However, only 327 submitted annual returns.*
31. *In relation to the Ministry of Public Works & Communications, there were several instances of overpayments on the contracts. In addition, the bridge at Mandella Avenue was also poorly constructed, resulting in a final construction cost of approximately \$25M, including rectification costs. Further, a contract valued at \$189M for sea defence works was treated as a variation of an ongoing contract for a smaller value of \$179M; instead of being awarded by a process of competitive bidding.*
32. *At Regions 2, 3, 5 and 6 storekeeping and stores accounting were unsatisfactory. 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 2001**

**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 2002, 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 three(103) of the two hundred and sixteen(216) 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 which was received on 16 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 seven(7) 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 2001, 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 Assistant Accountant and there was no evidence of checking and certification by senior officers. In addition, the account was only reconciled up to July 2001;
  - 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 the month of July 2001 showed amounts of \$11.142 billion and \$2.433 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 2001, the overdraft on this account was \$63.726 billion, compared with overdrafts of \$54.263 billion, \$57.110 billion and \$52.568 billion at the end of 2000, 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 2001, the overdraft on the Consolidated Fund increased by \$41.269 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 \$15.983 billion as at 31 December 2001, compared with positive balances of \$22.143 billion, \$14.101 billion, \$12.437 billion and \$15.933 billion at the end of 2000, 1999, 1998 and 1997 respectively.
- 26.** In the absence of the reconciliation of the vast majority of these accounts, the positive balance of \$15.983 billion represents the best available estimate of the cash position of the Government as at 31 December 2001.

27. The following gives a breakdown of the bank balances in summarised form with comparative figures at the end of the preceding year:-

| DESCRIPTION                               | AMOUNT        | AMOUNT        |
|---|---------------|---------------|
|   | 2000<br>\$M   | 2001<br>\$M   |
| Consolidated Fund                         | (54,263)      | (63,726)      |
| Deposits Fund                             | 2,311         | 2,269         |
| Contingencies Fund                        | (728)         | 141           |
| General Account                           | 20,550        | 25,795        |
| Non-Sub-Accounting Ministries/Departments | 13,168        | 9,635         |
| Other Ministries/Departments' Accounts    | 6,544         | 1,641         |
| Monetary Sterilisation Account            | 34,561        | 40,228        |
| <b>TOTAL</b>                              | <b>22,143</b> | <b>15,983</b> |

28. The figure of \$15.983 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 2001 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 2001 was \$20.554 billion. Of this amount, sums totalling \$3.855 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<br>\$'000  |
|--------------|---|-------------------|
| 200880       | Accountant General                                      | 1,327,746         |
| 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                       | 6,511,952         |
| 201160       | Agricultural Sector Programme – Lo. 965-SF/GY           | 5,558,235         |
| 201200       | CPF-8 <sup>th</sup> EDF Structural Adjustment Programme | 142,094           |
| 201210       | EPDS – Buy Back Programme                               | 549,026           |
| <b>TOTAL</b> |   | <b>15,689,625</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 \$31.673 billion as at 31 December 2001.
- 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 2001 was \$1.531 billion. During the year, amounts totalling \$2.388 billion were received, of which sums totalling \$1.935 billion relate to debt relief under the HIPC Initiative. During the year, payments totalling \$2.591 billion were made of which sums totalling \$2.334 billion relate to transfers to the Consolidated Fund. This gives a closing balance of \$1.328 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 an end 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\$2.972M, equivalent to G\$549.026M, 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. 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.

46. 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>2001<br/>\$'000</b> | <b>2000<br/>\$'000</b> | <b>1999<br/>\$'000</b> |
|----------------------------------|------------------------|------------------------|------------------------|
| Current Receipts                 | 44,311,511             | 43,389,404             | 41,216,899             |
| Capital Receipts                 | 12,201,148             | 17,293,048             | 10,741,513             |
|                                  | <b>56,512,659</b>      | <b>60,682,452</b>      | <b>51,958,412</b>      |
| Current Payments                 | 49,578,000             | 51,540,375             | 43,863,895             |
| Capital Payments                 | 19,182,397             | 17,110,479             | 13,634,844             |
|                                  | <b>68,760,397</b>      | <b>68,650,854</b>      | <b>57,498,739</b>      |
| Excess of Receipts over Payments | <b>(12,247,738)</b>    | <b>(7,968,402)</b>     | <b>(5,540,327)</b>     |

47. As can be noted, there has been a deficiency of receipts over payments of \$12.248 billion, compared with similar deficiencies of \$7.968 billion and \$5.540 billion in 2000 and 1999 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 \$5.266 billion as well as the payments to meet capital expenditure exceeded capital revenue by \$6.981 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 \$3.522 billion.
48. An examination of the Cash Book of the Consolidated Fund kept by the Accountant General revealed that sums totalling \$71.687 billion were received and deposited into this account, compared with \$56.513 billion reported in the financial statements, giving a difference of \$15.174 billion.
49. A similar observation was made in respect of payments. The cash book reflected an amount of \$80.250 billion while the financial statements showed \$68.760 billion, a difference of \$11.490 billion. Further examination revealed that proceeds from the issuing of Treasury Bills totalling \$11.181 billion and the redemption of Treasury Bills totalling \$11.540 billion were not reflected in the financial statements. Taking this into account, there still remains unexplained differences of (\$3.994) billion and \$50 million between the financial statements and the related cash book in terms of receipts and payments of the Consolidated Fund respectively.

50. 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 2001, the divestment bank account No. 3179 reflected a balance of \$76.542M. In particular, for the period under review, amounts totalling \$593 million 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.
51. Amounts totalling \$1.392 billion representing dividends and transfers were paid into the Consolidated Fund and shown as current revenue. However, an investment register was not kept at the Ministry of Finance to monitor Government's investments while at the National Industrial and Commercial Investments Ltd. (NICIL), the register only recorded amounts collected. As a result, it could not be determined what amounts were collectible from the various State Agencies. It is again recommended that such a record be introduced so that amounts due can be properly monitored and early action taken to collect them.
52. 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 \$461.122M 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**

53. 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>2001<br/>\$'000</b> | <b>2000<br/>\$'000</b> | <b>1999<br/>\$'000</b> |
|--|------------------------|------------------------|------------------------|
| <b>CURRENT REVENUE</b>                       |                        |                        |                        |
| Revenue Actually Paid into Consolidated Fund | 44,311,511             | 43,389,404             | 41,216,899             |
| Estimates of Revenue                         | 44,067,771             | 38,319,465             | 35,773,729             |
| Over/(Under) the Estimates                   | <b>243,740</b>         | <b>5,069,939</b>       | <b>5,443,170</b>       |
| <b>CAPITAL REVENUE</b>                       |                        |                        |                        |
| Revenue Actually Paid into Consolidated Fund | 12,201,148             | 17,293,048             | 10,741,513             |
| Estimates of Revenue                         | 23,348,584             | 17,678,937             | 17,853,272             |
| Over/(Under) the Estimates                   | <b>(11,147,436)</b>    | <b>(385,889)</b>       | <b>(7,111,759)</b>     |

54. The collection of current revenue in 2001 exceeded projected levels by 0.55%, compared with a similar performance in 2000, i.e. an excess of 13.23%, and 15.36% in 1999. Estimated current revenue in 2001 totalled \$44.068 billion while actual collections amounted to \$44.312 billion, giving a budgetary surplus of \$244 million. Compared with 2000, total current revenue collections, however, increased by only \$914M or 2.11%.
55. In relation to capital revenue, it is to be noted that amounts totalling \$593 million 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 fell short of projected levels by \$10.554 billion or 45.20%, compared with an excess of \$669.162 million or 3.79% and a shortfall of \$7.112 billion or 39.83% in 2000 and 1999, respectively. Estimated capital revenue from all sources totalled \$23.349 billion while actual revenue collected was \$12.794 billion.
56. Proceeds from external loans fell short of the projected levels by \$5.931 billion or 41.82%, compared with a excess of \$1.311 billion or 10.88% in respect of 2000. Of the amount of \$14.181 billion budgeted as inflows from external loans, actual inflows amounted to \$8.250 billion. In relation to external grants, of the amount of \$3.954 billion budgeted, actual inflows amounted to \$987 million. 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\$1.088M, equivalent to \$207.130M were disbursed by way of grants to various Government agencies. These were reflected neither in the estimates of revenue and expenditure for 2001 nor in the public accounts.

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

57. 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>2001<br/>\$'000</b> | <b>2000<br/>\$'000</b> | <b>1999<br/>\$'000</b> |
|----------------------------|------------------------|------------------------|------------------------|
| <b>CURRENT EXPENDITURE</b> |                        |                        |                        |
| Actual Expenditure         | 47,045,985             | 48,133,683             | 42,136,812             |
| Revised Estimates          | 50,304,086             | 52,144,670             | 46,710,550             |
| Over/(Under) the Estimates | <b>(3,258,101)</b>     | <b>(4,010,987)</b>     | <b>(4,573,738)</b>     |
| <b>CAPITAL EXPENDITURE</b> |                        |                        |                        |
| Actual Expenditure         | 18,215,664             | 16,784,664             | 12,089,702             |
| Revised Estimates          | 22,514,544             | 18,212,633             | 14,260,273             |
| Over/(Under) the Estimates | <b>(4,298,880)</b>     | <b>(1,427,969)</b>     | <b>(2,170,591)</b>     |

58. There has been an overall decrease of \$1.088 billion or 2.26% in current expenditure in 2001, compared with an increase of \$5.997 billion or 14.23% in 2000. This was due to the following:-
- (a) a decrease of \$4.932 billion or 31.13% in the repayment and servicing of the Public Debt from \$15.845 billion to \$10.913 billion; and
  - (b) an increase of \$3.844 billion or 12.31 % in expenditure by Ministries, Departments and Regions, compared with an increase of \$2.948 billion or 10.05% in 2000. Employment costs have decreased by \$47.237 million or 0.32% while expenditure on Other Charges increased by \$3.797 billion.
59. Capital expenditure has increased by \$1.431 billion or 8.53%, compared with a increase of \$4.695 billion or 38.83% in 2000. Compared with the Revised Estimates, there has been a shortfall of \$4.299 billion or 19.09%. A similar shortfall of \$1.428 billion or 7.84% was noted in 2000. 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.

60. The main Ministries which have not achieved their anticipated levels of capital expenditure activity in 2001 are as follows:-

| <b>NAME OF MINISTRY/<br/>DEPARTMENT</b> | <b>REVISED<br/>ESTIMATES<br/>\$'000</b> | <b>ACTUAL<br/>EXPEND.<br/>\$'000</b> | <b>SHORTFALL<br/>\$'000</b> |
|---|---|--------------------------------------|-----------------------------|
| Min. of Agriculture                     | 1,487,407                               | 1,292,750                            | 194,657                     |
| Min. of Works – Bridges                 | 312,992                                 | 134,594                              | 178,398                     |
| Min. of Works – Sea Defences            | 1,637,536                               | 1,400,168                            | 237,368                     |
| Min. of Works Comm.                     | 1,781,728                               | 1,185,836                            | 595,892                     |
| Min. Housing - Water Supply             | 1,316,939                               | 900,836                              | 416,103                     |
| Min. of Finance                         | 4,480,546                               | 3,625,090                            | 855,456                     |
| Min. of Local Gov't                     | 685,859                                 | 263,800                              | 422,059                     |
| Min. of Trade & Tourism                 | 264,919                                 | 45,179                               | 219,740                     |
| Min. of Education                       | 1,061,008                               | 880,994                              | 180,014                     |
| <b>TOTAL</b>                            | <b>13,028,934</b>                       | <b>9,729,247</b>                     | <b>3,299,687</b>            |

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

61. 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.
62. 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.

63. 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.
64. 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.
65. The reported Public Debt as at 31 December 2001 (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<br/>G\$`000</b> | <b>INTERNAL<br/>G\$`000</b> | <b>TOTAL<br/>G\$`000</b> |
|-----------------------------|-----------------------------|-----------------------------|--------------------------|
| Unfunded                    | 207,685,656                 | 56,090,851                  | 263,776,507              |
| Funded                      | -                           | -                           | -                        |
| <b>Sub-total</b>            | <b>207,685,656</b>          | <b>56,090,851</b>           | <b>263,776,507</b>       |
| Treasury Bills<br>(90 days) | -                           | 2,600,000                   | 2,600,000                |
| (182 & 365 days)            | -                           | 44,450,250                  | 44,450,250               |
| <b>TOTAL</b>                | <b>207,685,656</b>          | <b>103,141,101</b>          | <b>310,826,757</b>       |

66. As can be noted, the total Public Debt stood at \$310.827 billion, compared with G\$315.098 billion at the end of 2000, a decrease of G\$4.271 billion. In equivalent United States dollars, the total Public Debt as at 31 December 2001 was US\$1.633 billion. Expressed as a factor of current revenue, the total Public Debt at the end of 2001 was 7.01 times current revenue, compared with a factor 7.12 at the end of 2000 and 7.39 at the end of 1999.

67. The External Debt at the end of 2001 was G\$207.686 billion, compared with G\$197.775 billion at the end of 2000, an increase of G\$9.911 billion. In equivalent United States dollars, the External Debt as at 31 December 2001 was US\$1.091 billion, compared with US\$1.066 billion at the end of 2000, an increase of US\$25M. This increase was due mainly to (a) repayments totalling US\$38.369M (b) disbursements totalling US\$60.663M in respect of loans contracted and (c) the movement of the exchange rate from US\$1 = G\$185.5583 to US\$1 = G\$190.3291. The Internal Debt has, however, decreased by G\$14.181 billion from G\$117.322 billion to G\$103.141 billion. In 2000, the Internal Debt had increased by G\$6.899 billion.
68. During the period under review, there were two(2) new loans which were contracted, but at the time of reporting the related agreements were not laid in the National Assembly.

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

69. In accordance with Section 3(1) of the Guarantee of Loans (Public Corporations and Companies) Act, Chapter 77:01 of the Laws of Guyana, the Government is authorised to guarantee the discharge by a Corporation or Company of its obligations under any agreement which may be entered into by the Corporation with a lending agency in respect of any borrowing by that Corporation which is authorised by the Government. The aggregate amount of the liability of the Government in respect of guarantees given under the said Act shall not, at any time, exceed the sum of \$1 billion.
70. The system provides for a corporation or company to seek the approval of the Minister of Finance to raise a loan from a lending agency and for the Government to be the guarantor. The Minister will consider the application and if he considers it appropriate will approve it. The Accountant General is informed of all new guarantees as well as all repayments made, for the purpose of updating his records. At the end of each year, he is required to prepare a statement of all outstanding loans or credits guaranteed by the Government and to submit it for audit.
71. According to the Statement of Outstanding Loans or Credits Guaranteed by the Government, as set out on page 2/36, the total outstanding liability as at 31 December 2001 was \$7.233M, compared with \$7.051M at the end of 2000, an increase of \$182,000.
72. In my previous reports, several deficiencies in the system governing the recording, monitoring and reporting of outstanding loans and credits guaranteed by Government were highlighted. These deficiencies continued to prevail in 2001, 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 2001. There was no continuous recording of disbursements by funding agencies and repayments made;
- (c) The statement was not prepared from records maintained in the Accountant General's Department but from confirmations received from the borrowing Corporations and from the records kept at the Debt Management Division. This is a significant breakdown in the record keeping at the Accountant General's Department;
- (d) The relevant files kept at the Accountant General's Department did not contain adequate information for a proper evaluation of the status of each loan or credit guaranteed by the Government. For example, details of repayments made by the relevant agencies and copies of certified statements of indebtedness as well as audited financial statements were not contained in the files, resulting in much difficulty being experienced in attempting to verify the completeness and accuracy of the amounts shown in the financial statement; and
- (e) The inadequate record keeping resulted in a situation whereby there was no assessment of whether interest might have been accruing on some of the loans or credits outstanding.

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

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

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

75. The statement of outstanding loans and advances made from the Consolidated Fund as at 31 December 2001 is shown on pages 2/37 to 2/41 and is summarised as follows:-

| <b>DESCRIPTION</b>                      | <b>AMOUNT<br/>\$'000</b> |
|---|--------------------------|
| Public Corporations & Boards            | 6,647,127                |
| Loans to Municipalities                 | 1,014                    |
| Loans made to Public Institutions       | 96                       |
| Other Statutory Bodies                  | 806                      |
| Other Loans & Advances                  | 400                      |
| Loans to Local Authorities              | 1,719                    |
| Loans to Co-operative Societies         | 575                      |
| Loans to Students                       | 146                      |
| Loans to Motor Vehicles – Hire Purchase | 17                       |
| Loans to Miners Scheme                  | 98                       |
| Loans to Remigrated & Other Officers    | 680                      |
| <b>TOTAL</b>                            | <b>6,652,678</b>         |

76. Included in the figure of \$6.653 billion shown as Loans to Public Corporations are amounts totalling \$1.997 billion representing three(3) loans granted to the Linden Mining Enterprise during the period under review. In view of the financial difficulties of LINMINE as well as its impending privatisation, the recoverability of \$5.665 billion shown as outstanding as at 31 December 2001, 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 \$9.901M respectively. Mards Rice Milling Company Ltd. is also indebted to the Government in the sum of \$500M.
77. Also included in the figure of \$6.647 billion are amounts totalling \$5.601M which have been coming forward for a considerable period of time. No records were also not 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 twenty(20) years without evidence of any action being taken to recover them.

78. 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.
79. 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.
80. 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 \$6.653 billion shown as outstanding loans and advances made from the Consolidated Fund as at 31 December 2001 could not be determined.

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

81. 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.
82. The Statement of Statutory Expenditure for 2001 is shown on page 2/42, and is summarised below with comparative for the preceding two(2) years:-



| DESCRIPTION                          | 2001<br>\$'000    | 2000<br>\$'000    | 1999<br>\$'000    |
|--------------------------------------|-------------------|-------------------|-------------------|
| Internal Debt - Principal            | 101,135           | 2,398,037         | 1,66,615          |
| “ “ - Interest                       | 4,851,939         | 5,031,287         | 3,564,716         |
| External Debt - Principal            | 2,947,841         | 3,614,428         | 3,588,214         |
| “ “ - Interest                       | 3,012,081         | 4,801,252         | 3,976,851         |
| <b>Sub-Total</b>                     | <b>10,912,996</b> | <b>15,845,004</b> | <b>12,796,396</b> |
| Constitutional Offices               | 312,926           | 300,135           | 231,836           |
| Pensions & Gratuities                | 894,219           | 703,807           | 440,162           |
| Payments to Dependants' Pension Fund | 4,847             | 6,955             | 6,206             |
| <b>Total Statutory Expenditure</b>   | <b>12,124,988</b> | <b>16,855,901</b> | <b>13,474,600</b> |

83. As can be noted, the repayment and servicing of the Public Debt decreased by \$4.932 billion or 31.13% from \$15.845 billion to \$10.913 billion, compared with an increase of \$3.049 billion in 2000. This significant decrease was due mainly to a decrease of \$2.298 billion in repayment of internal principal.
84. Expressed as a percentage of current revenues, the repayment and servicing of the Public Debt in 2001 represented 24.62 % of current revenue, compared with 35.79%, 31%, 41.14% and 54.15% in 2000, 1999, 1998 and 1997 respectively. In other words, over the last five(5) years, on average 37.34 % of current revenues went towards the repayment and servicing of the Public Debt.
85. It should be noted that, for the period under review, interest charges relating to the servicing of the Public Debt totalled \$7.864 billion, representing 72.06 % of the total payments thereof, compared with \$9.833 billion or 62.05% in 2000. In 1999, 58.89% of the repayment and servicing of the Public Debt represented interest charges. In other words, over the last three(3) years interest charges averaged 64.33% 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**

- 86.** 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.
- 87.** 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.
- 88.** The Statement of Receipts and Payments of the Contingencies Fund for the year ended 31 December 2001 is shown on pages 2/43 to 2/48. Total payments of the Contingencies Fund amounted to \$1.024 billion, compared with \$3.366 billion in 2000, a decrease of \$2.342 billion. Total receipts from the Consolidated Fund amounted to \$1.351 billion, compared with \$3.755 billion in 2000, a decrease of \$2.404 billion. This gives an excess of receipts over payments of \$327.617M.
- 89.** The following is a summary of the payments made from the Contingencies Fund for the period under review:-

| <b>DESCRIPTION</b>  | <b>NO. OF ADVANCES</b> | <b>AMOUNT \$'000</b> |
|---|------------------------|----------------------|
| Ministry of Finance – LINMINE, IDB, CDB, GRA, GPL etc.  | 9                      | 225,997              |
| Guyana Defence Force - office materials, fuel, travel & subs., electricity & telephone charges etc.             | 15                     | 154,654              |
| Ministry of Works – to meet additional costs on sea defence, rip rap etc.                                       | 3                      | 42,000               |
| Office of the President – purchase of aircraft for the GDF, payment of salaries, etc.                           | 14                     | 289,650              |
| Ministry of Tourism, Industry & Commerce - to meet capital & current expenditure for National Exhibition Centre | 2                      | 31,483               |
| Ministry of Home Affairs - subsistence, travelling telephone, electricity, purchase of equipment etc.           | 6                      | 35,590               |
| Ministry of Human Services - old age pension  | 1                      | 79,700               |
| Other Ministries/Departments  | 11                     | 98,785               |
| <b>TOTAL</b>  | <b>61</b>              | <b>1,023,636</b>     |

90. As at 31 December 2001, thirty-seven(37) advances totalling \$314.225M remained outstanding. Taking into account the closing cash book balance of \$775.161M, the balance on the Contingencies Fund as at 31 December 2001 was \$1.089 billion.
91. Included in the amount of \$314.225M 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.
92. 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.

93. 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<br/>\$'000</b> |
|--------------------------|---|--------------------------|
| Ministry of Tourism      | To meet current expenditure for NEC   | 17,983                   |
| Ministry of Home Affairs | Local travel & subsistence, etc.  | 12,500                   |
| Supreme Court            | Print & non print materials, maintenance of buildings, janitorial and cleaning supplies | 10,700                   |
| GDF                      | Print & non print materials   | 5,650                    |
| Ministry of Finance      | Purchase of risograph   | 2,000                    |
| <b>TOTAL</b>             |   | <b>48,833</b>            |

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

94. Section 23 of the FAA Act provides for the establishment of a Deposits Fund into which shall be paid, pending repayment or application to the purposes for which they were deposited:-
- (a) the balances held on deposit in respect of any special funds established by law or otherwise or of any other deposits (other than trust funds or the balances of the Consolidated Fund); and
  - (b) such amounts, not exceeding the sums not required for early withdrawal, as the Minister authorises to be issued from the Consolidated Fund.
95. The Minister may authorise the making of advances from the Deposits Fund not exceeding in the aggregate \$8M, or such greater sum as the National Assembly may by resolution direct:-
- (a) on behalf of, and recoverable from, other Governments;
  - (b) to officers where such advances are in the public interest; and

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

96. The Accountant General is responsible for managing the Deposits Fund, and a bank account is held at the Bank of Guyana styled "Accountant General for Deposits Fund". He is required to keep adequate records to ensure proper accountability of the Fund and to prepare and present for audit examination and certification a statement of balances held on deposit at the end of each year and outstanding advances made pursuant to Section 23 of the FAA Act.
97. Prior to 1996, the last audited Statement of 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.
98. The Statement of Deposit held by the Accountant General and Outstanding Advances made therefrom is shown on pages 2/49 to 2/50 and is summarised below:-

| <b>Balances Held on Deposit</b>               | <b>\$'000</b>    |
|---|------------------|
| Held for Investments                          | 1,199,030        |
| " on behalf of Ministries/Departments/Regions | 1,357,695        |
| " " " " Dependants' Pension Fund              | 196,492          |
| " " " " Sugar Industry Welfare Committee      | 15,205           |
| <b>TOTAL</b>                                  | <b>2,768,422</b> |

| <b>Outstanding Advances</b> | <b>\$'000</b>    |
|-----------------------------|------------------|
| Personal                    | 6,139            |
| Motor Vehicles              | 113,319          |
| Bicycles & Motor Cycles     | 589              |
| Furniture                   | 12               |
| Statutory Bodies            | 1,642,656        |
| <b>TOTAL</b>                | <b>1,762,715</b> |

- 99.** As can be noted, the balance on the Deposits Fund as at 31 December 2001 was \$2.768 billion while the bank account reflected a balance of \$2.269 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.
- 100.** The amount of \$1.199 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.
- 101.** 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 \$1.763 billion shown as advances outstanding as at 31 December 2001 could not be substantiated.
- 102.** The Statement also includes an amount of \$196.492M 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 2000. As a result, the accuracy of this amount could not have been properly determined from the entity's records.
- 103.** 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**

- 104.** 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.
- 105.** 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.

- 106.** 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.
- 107.** 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 2/51 and is summarised as follows:-

|   | \$M    | \$M           |
|---|--------|---------------|
| <b>CURRENT ASSETS</b>   |        |               |
| Cash at Bank of Guyana in respect of Central Government accounts              |        | 15,983        |
| Cash at Bank of Guyana in respect of special accounts                         |        | 15,690        |
|   |        | 31,673        |
| <b>LESS: CURRENT LIABILITIES</b>  |        |               |
| 90 days Treasury Bills  | 2,600  |               |
| 180 days Treasury Bills   | 7,600  |               |
| 360 days Treasury Bills   | 36,850 |               |
|   | 47,050 |               |
| Sugar Industry Welfare, Labour, Rehabilitation, and Price Stabilisation funds | 1,199  |               |
| Miscellaneous deposits  | 1,358  |               |
| Dependants' Pension Fund and Sugar Industry Welfare Committee                 | 212    | 49,819        |
| <b>NET CURRENT LIABILITY AS AT 31 DECEMBER 2001</b>                           |        | <b>18,146</b> |

- 108.** As can be noted, current assets totalled \$31.673 billion while current liabilities amounted to \$49.819 billion, resulting in a net current liability of \$18.146 billion. This gives the best available estimate of the financial position of the Government as at 31 December 2001.
- 109.** In relation to the amount of \$15.983 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<br/>2000<br/>\$M</b> | <b>AMOUNT<br/>2001<br/>\$M</b> |
|---|--------------------------------|--------------------------------|
| Consolidated Fund                         | (54,263)                       | (63,726)                       |
| Deposits Fund                             | 2,311                          | 2,269                          |
| Contingencies Fund                        | (728)                          | 141                            |
| General Account                           | 20,550                         | 25,795                         |
| Non-Sub-Accounting Ministries/Departments | 13,168                         | 9,635                          |
| Other Ministries/Departments' Accounts    | 6,544                          | 1,641                          |
| Monetary Sterilisation Account            | 34,561                         | 40,228                         |
| <b>TOTAL</b>                              | <b>22,143</b>                  | <b>15,983</b>                  |

- 110.** 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 \$25.795 billion at the end of 2001. 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.
- 111.** 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 \$9.635 billion as at the end of 2001, 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.



- 112.** 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.
- 113.** 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.
- 114.** 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, legislation had been passed on public procurement and contracting but an order to bring it into operation has not been issued by the Minister of Finance. 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.
- 115.** In respect of the bank accounts of Ministries, Departments and Regions, as can be noted, the total of all the bank balances amounted to \$1.641 billion at the end of 2001, of which the following reflected balances in excess of \$100M:-

| <b>ACCOUNT NO.</b> | <b>DESCRIPTION</b>                            | <b>AMOUNT<br/>\$'000</b> |
|--------------------|---|--------------------------|
| 102                | Accountant General Int. on Bonds              | 3,577,415                |
| 404                | Redemption of Treasury Bills A/c              | (13,209,512)             |
| 489                | Customs & Excise Revenue Account              | 169,165                  |
| 902                | Ministry of Labour – Public Asst. Imprest A/c | (270,586)                |
| 922                | Primary Education Improvement Project         | 772,942                  |
| 946                | Ministry of Health Main A/c                   | 102,899                  |
| 964                | Gov't of Guyana Omai Royalties                | 428,433                  |
| 981                | Revenue & Deposits Fund Receipts              | 737,116                  |
| 1010               | Ministry of Public Works Main A/c             | 553,350                  |
| 3006               | Office of the President Main A/c              | 233,251                  |
| 3014               | Customs & Excise Revenue A/c                  | 526,537                  |
| 3025               | Inland Revenue Main A/c                       | 1,302,500                |
| 3046               | Region 6 Sub-Treasury A/c                     | 255,967                  |
| 3051               | GDF Sub-Treasury A/c                          | 242,309                  |
| 3054               | Ministry of Agriculture Main A/c              | 366,634                  |
| 3079               | Ministry of Health Main A/c                   | 255,966                  |
| 3119               | New National Lotteries A/c                    | 411,975                  |
| 3163               | Poor Rural community Support Service          | 101,647                  |
| 3177               | El Nino Emergency Project A/c                 | 108,359                  |
| 3195               | Internal Revenue – Revenue A/c                | 299,011                  |
| 3215               | Ministry of Health – Lotto Fund A/c           | 160,416                  |
| <b>TOTAL</b>       |   | <b>(2,874,206)</b>       |

- 116.** As can be noted, the Redemption of Treasury Bills Account No. 404 was overdrawn by \$13.210 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.
- 117.** 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.

- 118.** 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.
- 119.** 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 2001, there were sixty-nine(69) accounts with net balances totalling \$21.903M, six(6) of which had overdrawn balances totalling \$309.058M, as shown below:-

| <b>ACCOUNT NO.</b> | <b>DESCRIPTION</b>                             | <b>AMOUNT<br/>\$'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   | 28,929                   |
| 946                | Ministry of Health – Main A/c                  | 102,899                  |
| 3076               | District Commissioner – East Coast             | 20,915                   |
|                    | <b>TOTAL</b>                                   | <b>309,058</b>           |

- 120.** As at 31 December 2001, the number of active bank accounts totalled 271, 5 of which (excluding the Consolidated Fund) were overdrawn by amounts totalling \$13.230 billion. Shown below is the list of active accounts in overdraft (in excess of \$4M):-

| <b>ACCOUNT NO.</b> | <b>DESCRIPTION</b>                | <b>AMOUNT<br/>\$'000</b> |
|--------------------|-----------------------------------|--------------------------|
| 404                | Redemption of Treasury Bills A/c. | 13,209,512               |
| 902                | Ministry of Labour - Imprest A/c. | 270,586                  |
| 3125               | Region 9 – Salaries A/c           | 10,308                   |
| 3194               | G.R.A. Revenue A/c                | 9,085                    |
|                    | <b>TOTAL</b>                      | <b>13,499,491</b>        |

- 121.** 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.

- 122.** 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.
- 123.** The Monetary Sterilisation Account was set up in 1993 to capture the proceeds from the issue of medium term (i.e. 182 & 365 days) Treasury Bills. Previously, such proceeds were paid into the Consolidated Fund to meet current requirements within the meaning of Section 22 of the FAA Act, as is currently the practice in respect of short-term (i.e. 90 days) Treasury Bills.
- 124.** It therefore appears inconsistent for the proceeds from the issue of short-term Treasury Bills to be paid over to the Consolidated Fund while those relating to the issue of medium-term Treasury Bills were being kept outside of the Consolidated Fund in a special bank account. Indeed, Section 22(5) of the Act stipulates that the principal and interest of all Treasury Bills and any related expenses are charged on and are payable out of the revenues. It follows therefore that the proceeds from the issue of Treasury Bills, whether short-term or medium-term, are required to be paid into the Consolidated Fund. The failure to do so in respect of medium-term Treasury Bills appears to be a violation of the Law.
- 125.** It would also appear that the issuing of medium-term Treasury Bills was not fulfilling the requirement of Section 22 of the FAA Act in that the proceeds were not used to meet current requirements but were kept outside of the Consolidated Fund in this special bank account.
- 126.** As can be noted, the Monetary Sterilisation Account reflected a balance of \$40.228 billion as at 31 December 2001, compared with \$34.561 billion as at 31 December 2000 and \$27.567 billion at the end of 1999. However, according to the Public Debt Statement, as at 31 December 2001, amounts totalling \$44.450 billion were outstanding in respect of medium-term Treasury Bills, giving an unexplained difference of \$4.232 billion.
- 127.** 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 2001 was \$20.554 billion. Of this sum, amounts totalling \$15.690 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.
- 128.** 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 2001, could not be satisfactorily determined.

## **APPROPRIATION ACCOUNTS OF ACCOUNTING OFFICERS**

- 129.** The appropriation accounts of Accounting Officers for the year ended 31 December 2001 in respect of the votes for which they were responsible, comprising both capital and current, are shown on pages 2/52 to 2/240. 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**

- 130.** The statements of receipts and disbursements by Principal Receivers of Revenue for the year ended 31 December 2001 are shown on pages 2/241 to 2/257. 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**

- 131.** At the time of the audit in August 2002, the salaries bank account No. 3007, which had a balance of \$8.709M as at the end of 2001, was only reconciled to August 2001. Draft reconciliation was, however, seen up to September 2001.
- 132.** An examination of the reconciliation statements for August 2001 in respect of account No. 3007 revealed that there were sixty-four (64) unpresented cheques valued at \$2,081,100 which had become stale-dated. The Accounting Officer explained that action was being taken to have these cheques written back to the cash book.
- 133.** An examination of the Register of Contributors to the National Insurance Scheme revealed that fifty-nine(59) employees were not registered with the Scheme. The Accounting Officer explained that applications for registration were sent to NIS but at the time of reporting no response has been received

##### **Other Charges**

- 134.** The main bank account No. 932, which ceased to be operational in June 1996, was overdrawn by \$28.929M as at 31 December 2001. It is again recommended that efforts be made to investigate the overdraft with a view to clearing it.
- 135.** Amounts totalling \$9.481M were expended on Materials, Equipment & Supplies. Although the items purchased were verified as having been received and properly brought to account, the requirements of the Stores Regulations were not fully adhered to in that no independent stock record, i.e. a stores ledger, was not maintained by the Accounting Unit. However, it was noted that this record was introduced in January 2002.

- 136.** Amounts totalling \$22.824M were expended on Rental & Maintenance of Buildings, as follows:-

| <b>DESCRIPTION</b>                 | <b>AMOUNT<br/>\$'000</b> |
|------------------------------------|--------------------------|
| Office of the President buildings  | 3,580                    |
| Amerindian Hostel                  | 2,929                    |
| Janitorial and cleaning supplies   | 1,914                    |
| President's Residence              | 183                      |
| Public Service Ministry's building | 670                      |
| Castellani House                   | 1,007                    |
| Purchase of building materials     | 8,706                    |
| Rental of buildings                | 3,148                    |
| State House                        | 687                      |
| <b>TOTAL</b>                       | <b>22,824</b>            |

- 137.** Five(5) buildings at the Office of President were repaired at a cost of \$3.580M. The works were executed by sixty-six(66) contracts. Seven(7) of these valued at \$2,132M fell within the limits of \$180,000 and \$450,000 and were awarded by the Ministerial Tender Board.
- 138.** In respect of the maintenance of the Amerindian Hostel, the works were executed by sixty-four(64) contracts. One(1) of these contracts fell within the limits of \$180,000 and \$450,000 and there was evidence that there was adherence to Tender Board Regulations.
- 139.** The amount of \$1.914M expended on janitorial and cleaning supplies represents the purchase of various cleaning items. Three(3) payments valued at \$692,567 which fell within the limits of \$180,000 and \$600,000 were not subject to a system of quotations before the purchases were made. Amounts expended on the President's Residence, the Public Service Ministry building, Castellani House and State House were in relation to miscellaneous repairs.
- 140.** As can be noted, building materials valued at \$3.148M 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.

141. Amounts totalling \$12.689M 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:-

| <b>VEHICLE NO.</b> | <b>ASSIGNED TO</b>       | <b>1999<br/>\$</b> | <b>2000<br/>\$</b> | <b>2001<br/>\$</b> | <b>TOTAL<br/>\$</b> |
|--------------------|--------------------------|--------------------|--------------------|--------------------|---------------------|
| PFF 3383           | Presidential Guard       | 1,949,026          | 739,486            | 928,020            | 3,616,532           |
| PDD 6819           | Presidential Guard       | 1,436,113          | 400,860            | 177,254            | 2,014,227           |
| PDD 1923           | Administration. Pool     | 755,125            | 972,007            | 204,138            | 1,931,270           |
| GDD 6696           | Presidential Guard       | 956,538            | 453,793            | 16,734             | 1,427,065           |
| PDD 6727           | Political Adviser        | 103,536            | 720,486            | 353,119            | 1,177,141           |
| PDD 6145           | Presidential Guard       | 1,013,775          | 481,026            | -                  | 1,494,801           |
| PDD 1921           | PSM                      | 1,200,323          | 226,300            | -                  | 1,426,623           |
| PDD 6164           | Presidential Guard       | -                  | -                  | 575,252            | 575,252             |
| PCC 5901           | Presidential Guard       | 890,641            | 478,150            | 195,834            | 564,625             |
| PDD 5913           | Presidential Secretariat | 368,967            | 723,031            | 89,490             | 1,181,488           |
| PDD 4207           | Administration Pool      | 287,997            | -                  | -                  | 287,997             |
| PFF 3382           | Presidential Guard       | 883,581            | 538,283            | 501,028            | 1,922,892           |
| PDD 6729           | PSM                      | 715,330            | 339,964            | -                  | 1,055,294           |
| PGG 1110           | Presidential Guard       | 719,510            | 272,532            | 735,697            | 1,727,739           |
| PDD 6715           | Presidential Guard       | -                  | -                  | 504,284            | 504,284             |
| PFF 6173           | Amerindian Affairs       | -                  | -                  | 624,719            | 624,719             |
| PFF 1748           | Presidential Guard       | -                  | -                  | 629,584            | 629,584             |
| <b>TOTAL</b>       |                          | <b>11,280,462</b>  | <b>6,345,918</b>   | <b>5,535,153</b>   | <b>23,161,533</b>   |

142. 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 and at the time of reporting four(4) of the above vehicles were disposed of.
143. Included in the amount of \$55.580M expended on Other Goods & Services Purchased, were sums totalling \$20.088M, which were expended on the printing of the Official Gazette. An amount of \$9.733M was also expended on security services while expenditures totalling \$6.6582M and \$6.536M were incurred on equipment maintenance, and cleaning and extermination services respectively. Based on test-checks carried out, the expenditure of \$55.580M was verified as having been properly incurred.



144. Amounts totalling \$44.094M were expended on Training. The following is a breakdown of the expenditure:-

| <b>DESCRIPTION</b>                                   | <b>AMOUNT<br/>\$'000</b> |
|--|--------------------------|
| Allowances for overseas & local students             | 31,771                   |
| Tuition fees for GSA students                        | 2,009                    |
| Air fare and transportation costs (local & overseas) | 6,812                    |
| PSM Career Training Programme                        | 966                      |
| Others   | 2,537                    |
| <b>TOTAL</b>   | <b>44,094</b>            |

145. Included in the figure of \$31.771M shown as allowances for overseas and local students, were amounts totalling \$22.042M 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 (180) students attending various educational institutions, including the University of Guyana. Also included in the figure of \$31.771M, were sums totalling \$5.736M which were expended on graduate allowance, airfare, in-transit and incidental allowances in respect of seventeen (17) overseas students. The difference of \$2.913M represents the payment of expenses for twenty-five (25) students attending the University of Guyana.
146. The amount of \$2.009M was expended on tuition fees for eight (8) students pursuing studies at the Guyana School of Agriculture. In relation to the amount of \$6.812M 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. In relation to the PSM Career Training Programme, the amount of \$965,836 was expended on various courses administered by the PSM.
147. In my 2000 Report, it was stated that nineteen(19) students pursuing studies in Brazil, Moscow, Canada and the United Kingdom had not returned to Guyana at the end of their studies. However, at the time of reporting six(6) of these students have since returned. Evidence was seen that the other 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.
148. For the period under review, two(2) student completed their studies in Trinidad and the United Kingdom, respectively, but up to the time of reporting, had not returned home. This gives a total of fifteen (15) 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.

149. Amounts totalling \$510.416M were expended on Subsidies & Contributions to Local Organisations. The following gives a breakdown of the expenditure:-

| <b>NAME OF ORGANISATION</b>                 | <b>AMOUNT<br/>\$'000</b> |
|---|--------------------------|
| Presidential Guard                          | 130,076                  |
| National Parks Commission                   | 92,200                   |
| Guyana Office for Investment                | 40,100                   |
| Environment Protection Agency               | 60,049                   |
| Guyana Energy Agency                        | 32,600                   |
| Guyana Natural Resources Agency             | 24,500                   |
| Institute of Applied Science and Technology | 30,900                   |
| Castellani House                            | 17,298                   |
| Integrity Commission                        | 9,000                    |
| Joint Intelligence Co-ordinating Centre     | 4,357                    |
| Lands and Surveys Department                | 39,611                   |
| Government Information Agency               | 18,540                   |
| Guyana Television Broadcasting Co. Ltd.     | 11,120                   |
| Amerindian Development                      | 65                       |
| <b>TOTAL</b>                                | <b>510,416</b>           |

150. The Presidential Guard, Castellani House, the Joint Intelligence Co-ordinating Agency and Amerindian Development 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.
151. The National Parks Commission was established by Act 23 of 1977 and is subject to separate financial reporting and audit. The last set of audited accounts was in respect of the year 2000. At the time of reporting, the Audit Office was still awaiting the submission of financial statements for 2001. The amount of \$92.200M was verified as having been received by the Commission. However, in the absence of audited accounts, it could be determined whether the amount given as subvention was properly expended
152. Guyana Office for Investment was established by Order No. 38 of 1994 made under the Public Corporations Act of 1988 and is subject to separate financial reporting and audit. The last set of audited accounts was in respect of the year 2000. At the time of reporting, the Audit Office was still awaiting the submission of financial statements for 2001. The amount of \$40.100M was verified as having been received by the Office. However, in the absence of audited accounts, it could be determined whether the amount given as subvention was properly expended

- 153.** 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 received financial statements for the year 2000 and audit was in progress. The amount of \$60.049M 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.
- 154.** 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. The Guyana Energy Agency, which replaced the GNEA was established by GEA Act No.31/97 and came into being on 1 June 1998. At the time of reporting financial statements for the years 1996 to 2001 were received and the audit was in progress. The amount of \$32.600M was verified as having been received by the Agency. However, in the absence of audited accounts, it could not be determined whether the amount given as subvention was properly expended.
- 155.** The Guyana Natural Resources Agency (GNRA) was established by Order No. 37 of 1986. An examination of the audited accounts for 2001 revealed the following expenditure: -

| <b>DESCRIPTION</b>                              | <b>AMOUNT<br/>\$'000</b> |
|---|--------------------------|
| Employment Costs                                | 13,684                   |
| Subsidies & Contributions to International Org. | 5,221                    |
| Other Employment Cost                           | 2,601                    |
| Materials, Equipment & supplies                 | 2,278                    |
| Maintenance of Buildings                        | 1,188                    |
| Miscellaneous                                   | 6,697                    |
| <b>TOTAL</b>                                    | <b>31,668</b>            |

The Audit Office issued an unqualified opinion on these accounts.

- 156.** 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 the year 2000. At the time of reporting, the Audit Office was still awaiting the submission of financial statements for 2001. The amount of \$30.900M was verified as having been received by IAST. However, in the absence of audited accounts for 2001, it could not be determined whether this amount was properly expended.

157. 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. For the year 2001 the Commission received subventions totalling of \$9.M. These amounts were verified as having been received by the Commission.
158. Excess expenditure totalling \$347,000 was incurred in respect of seven (7) subheads. Since there were savings on the other subheads, it would have been more appropriate for a virement of funds to be sought to cover the excess expenditure.

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

159. 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**

160. 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**

161. The sum of \$42M was voted for the rehabilitation of (a) Headquarter’s building, Ordnance stores and Junior ranks accommodation at Camp Ayanganna (b) SNOC’s roof and Ablution Block, Cupocs. No. 1 and 2 buildings and administration roof at Camp Stephenson (c) WOs, SNCOs and other officers’ accommodation at Tacama. Amounts totalling \$41.998M were expended, as follows:-

| <b>DESCRIPTION</b>                                 | <b>AMOUNT<br/>\$’000</b> |
|--|--------------------------|
| Rehabilitation of nine(9) bldgs. at Camp Ayanganna | 22,161                   |
| ” ” four(4) buildings at Camp Stephenson           | 8,492                    |
| Purchase building materials for eight(8) buildings | 10,530                   |
| Miscellaneous                                      | 815                      |
| <b>TOTAL</b>                                       | <b>41,998</b>            |

- 162.** No work was done at Ordinance Stores at Camp Ayanganna as well as Cupocs Nos. 1 and 2 buildings and Administration roof at Camp Stevenson under the capital programme and were not re-budgeted for in 2002.
- 163.** The nine(9) buildings which were rehabilitated at Camp Ayanganna are the junior rank accommodation, ordinary ranks' mess, three(3) buildings for officers' accommodation, senior officers' quarters, WO's and NCO's mess, SNCO's accommodation and FSM's quarters. The ordinary ranks' mess was rehabilitated at a cost of \$3.207M. 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 relation to this contract.
- 164.** Similar observations were made in respect of amounts of \$3.177M and \$3.277M expended on the WO's and SNCO's mess and FSM's quarters, respectively. Physical inspection of the nine(9) buildings revealed that there were overpayments totalling \$2.272M on six(6) contracts. Action should be taken to recover these overpayments.
- 165.** The four(4) buildings rehabilitated at Camp Stephenson are Dyer's Flat, WO's and SNCO's mess, Pirai Co. Barracks and female accommodation. The contract for the rehabilitation of the WO's and SNCO's mess was awarded in the sum of \$5.192M by the Departmental Tender Board instead of the Central Tender Board. Cabinet subsequently approved of a waiver in relation to this contract. A similar observation was made in respect of the rehabilitation of the Pirai Co. Barracks at a cost of \$1.345M, but in this instance, a waiver was not approved by Cabinet. In addition, there was no public advertisement and no form of competitive bidding. Engineer's estimates were also not submitted. It was also noted that three(3) of these contracts were awarded to the same contractor. Physical inspection of the four(4) buildings revealed that there was an overpayment of \$940,100 in respect of the rehabilitation of the WO's and SNCO's mess.
- 166.** It should be noted that generally the contracts used for these projects are deemed totally inadequate as there are no provisions for defaults by the default caused by the Employer and remedies for the Contractor. It is recommended that contracts to be used should be similar to those that are internationally accepted and amended to suit local conditions.
- 167.** As can be noted, amounts totalling \$10.796M were expended in the purchase of building materials for the rehabilitation of eight(8) 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. The items purchased were nevertheless verified as having been received and properly brought to account.

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

168. The sum of \$12.9M was voted for upgrading of the Office of the President and Residence. Amounts totalling \$10.778M were expended as follows:-.

| <b>DESCRIPTION</b>                                    | <b>AMOUNT<br/>\$'000</b> |
|---|--------------------------|
| Repairs to three(3) Office of the President buildings | 5,784                    |
| Repairs to State House                                | 3,358                    |
| Purchase of items for State House                     | 1,251                    |
| Repairs to security building at Castellani House      | 385                      |
| <b>TOTAL</b>  | <b>10,778</b>            |

169. The repairs to the three(3) buildings in the Office of the President Compound were executed by six(6) contracts. Similarly, five(5) contracts were awarded for the repairs to State House. The works executed were physically verified. While the items purchased were verified as having been received and properly brought to account

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

170. The sum of \$27M was allocated for the completion of wharf and construction of living quarters at Ruimveldt. Amounts totalling \$15.995M were expended. The following is a breakdown of the expenditure:-

| <b>DESCRIPTION</b>                           | <b>AMOUNT<br/>\$'000</b> |
|--|--------------------------|
| Construction of living quarters at Ruimveldt | 9,878                    |
| Rehabilitation of old GAC Bond               | 4,262                    |
| Construction of walkway and shed             | 672                      |
| Purchase of paint                            | 938                      |
| Guttering of Coast Guard Bond roof           | 245                      |
| <b>TOTAL</b>                                 | <b>15,995</b>            |

- 171.** As can be noted no work was done at the Coast Guard Wharf; instead work was done on the rehabilitation of the old GAC Bond, construction of walkway and a shed at the new Coast Guard building, the purchase of paint and guttering of Coast Guard Bond roof for which approval was not seen for a change of programme
- 172.** In respect of the construction of the living quarters at Ruimveldt, four(4) contracts totalling \$9.878M were awarded to four(4) different contractors. Included in these contracts was one for \$4.749M, which was awarded by the Departmental Tender Board instead of the Central Tender Board. However, Cabinet subsequently granted an approval for a waiver of Tender Board procedures. Nevertheless, the works were physically verified.
- 173.** A similar observation was made in respect of the rehabilitation of the old GAC Bond, where three(3) contracts totalling \$4.262M were awarded to two(2) different contractors. Two(2) of these contracts totalling \$2.165M were awarded to the same contractor without adherence to Tender Board procedures. Included in the three(3) contracts, was one(1) which was awarded in the sum of \$2.097M by the Departmental Tender Board instead of the Central Tender Board. Cabinet subsequently granted an approval for a waiver of Tender Board procedures for this contract. The works were nevertheless, physically verified.
- 174.** In relation to the construction of the walkway and shed, the contract was awarded in the sum of \$672,550 by the Departmental Tender Board. However, the same observations were made as those mentioned in the preceding paragraph in that there was no evidence of competitive bidding. Nevertheless, the works were physically verified.
- 175.** In respect of the purchase of paint, three(3) payments totalling \$937,880 were made to two(2) suppliers for 281 gallons. The details are as follows:-

| <b>DATE OF INVOICE</b> | <b>PARTICULARS</b> | <b>AMOUNT \$'000</b> |
|------------------------|--------------------|----------------------|
| 05/02/02               | 89 gallons         | 291,920              |
| 15/02/02               | 15 gallons         | 47,700               |
| 19/02/02               | 177 gallons        | 598,260              |
| <b>TOTAL</b>           |                    | <b>937,880</b>       |

- 176.** It would appear that the purchases were sub-divided to avoid adjudication by the Central Tender Board. In addition, it would also appear that the payments were made in February 2002 but the cheques were back-dated to 31 December 2001. The paint was received and properly brought to account.

**Subhead 14015 - Amerindian Development Fund**

- 177.** The sum of \$55M was voted for (a) the land demarcation programme (b) the purchase of equipment, including swing fog machine and spraying cans (c) the purchase of outboard motors, sewing machines, beds and mattresses (d) the purchase of a tractor and trailer and (e) provision of agricultural development, including planting materials and chemicals. Amounts totalling \$54.823M were expended, as follows:-

| DESCRIPTION                                     | AMOUNT<br>\$'000 |
|---|------------------|
| Purchase of two(2) tractors, one(1) loader etc. | 12,826           |
| “      “ planting materials and chemicals       | 12,357           |
| Demarcation surveys                             | 10,000           |
| Transportation costs                            | 8,603            |
| Construction of three(3) village offices        | 2,140            |
| Purchase of office equipment and furniture      | 1,433            |
| Funeral expenses                                | 986              |
| Miscellaneous                                   | 6,478            |
| <b>TOTAL</b>                                    | <b>54,823</b>    |

- 178.** Included in the sum of \$12.826M were the purchase of two (2) tractors and one(1) loader which were acquired at a cost of \$11.295M. However, at the time of reporting in August 2002, the equipment had not yet been received. The Accounting Officer explained that wrong items were delivered and had to be returned. As a result the suppliers undertook to have the correct items re-ordered and to be delivered in September 2002. Also included in the sum of \$12.826M was the amount of \$1.531M represents the purchase of fifty-eight (58) spray cans and four (4) fog machines. These were verified as having been received and properly brought to account. The planting materials and chemicals were also verified as having been received and distributed to the various Regions.
- 179.** In relation to the demarcation surveys, an inter departmental warrant valued at \$10M was 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 only \$5.977M, resulting in the Appropriation Account being overstated by \$4.023M.
- 180.** The amount of \$8.603M expended on transportation costs relates to transporting students and patients to and from the hinterland areas and was verified as having been properly incurred. The office equipment and furniture were also purchased for the Ministry and the Amerindian Hostel and were verified as having been received and properly brought to account.



- 181.** In relation to the construction of the three(3) village Offices, two(2) inter-departmental warrants in the sums of \$1.441M and \$698,944 were issued to Regions 1 and 2, respectively. No work was done in Region 1, while the village office was constructed in Region 2 at a cost of \$691,224. As a result, the Appropriation Account has been overstated by \$1.449M. Nevertheless, the work was verified in Region 2.
- 82.** Included in the amount of \$6.478M shown as Miscellaneous is the sum of \$4.602M which was paid to the Institute of Private Enterprise Development for managing the credit facilities given to residents in the North Rupununi area.

**Subhead 17001 - Minor Works**

- 183.** The sum of \$28M was provided to finance activities that are critical and essential to national development. Amounts totalling \$27.994M were expended. The following is a breakdown of the expenditure:-

| <b>DESCRIPTION</b>   | <b>AMOUNT<br/>\$'000</b> |
|--|--------------------------|
| Contributions and subventions to various organisations           | 13,918                   |
| Hotel accommodation, transportation, airfares etc.               | 3,737                    |
| Gifts and donations  | 2,857                    |
| Funeral Expenses   | 785                      |
| Purchase of household items for PSM, Minister & Castellani Villa | 827                      |
| Purchase of office equipment and furnishings                     | 347                      |
| Others   | 5,523                    |
| <b>TOTAL</b>   | <b>27,994</b>            |

- 184.** Included in the amount of \$13.918M expended on contributions to various organisations, were sums totalling \$4.828M representing Guyana's contribution to relief efforts to Caribbean countries affected by natural disasters. Other beneficiaries include the Transport and Harbour Departments (which received \$3M) for dredging of the Coast Guard wharf at Ruimveldt and the Guyana Defence Force and Civil Defence Commission (which received \$2M and 1.2M respectively). The other expenditures were verified as having been properly incurred.

**Subhead 24002 – Land Transport**

- 185.** An amount of \$11.909M was allocated for the purchase of five(5) vehicles. The full amount was expended. Tender Board procedures were followed in the acquisition of the vehicles. However, included in the sum of \$11.909M was an amount of \$3.587M which represented a part-payment on one(1) vehicle for the President. The balance of \$4.812M was re-budgeted for in 2002 and at time of reporting this amount was paid. The vehicles were verified as having being received and properly brought to account.

**Subhead 25001 – Purchase of Equipment**

- 186.** The sum of \$7.5M was voted for the purchase a generator, computers, printer, air condition unit, desks and chairs. Amounts totalling \$7.480M were expended. The items were verified as having been received and properly brought to account.

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

- 187.** An amount of \$8M was provided for the purchase and replacement of PVC pipelines and accessories at New River, Mabaruma, Moleson Creek, Camp Stephenson and Camp Ayanganna. Amounts totalling \$7.990M were expended in the acquisition of the following:-

| <b>DESCRIPTION</b>                           | <b>AMOUNT<br/>\$'000</b> |
|--|--------------------------|
| Thirty-five(35) water tanks & seven(7) pumps | 3,306                    |
| PVC pipes & fittings                         | 1,924                    |
| Three(3) purifier & six(6) feeders           | 1,403                    |
| Two(2) filters                               | 1,181                    |
| Miscellaneous purchases                      | 176                      |
| <b>TOTAL</b>                                 | <b>7,990</b>             |

- 188.** 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.

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

- 189.** The sum of \$5.510M was voted for (a) pasture development (b) the purchase of a chicken processor and feed mixer and (c) the purchase of pullets, boars and heifers. Amounts totalling \$5.501M were expended on the rehabilitation of three(3) chicken pens and five pig pens, desilting of drains and drainage trench and purchase of a diesel engine and thirty-seven(37) water feeders. However, there was no approval for a change in programme to undertake the works and purchases, but Central Tender Board approved a waiver of tender procedures. The works were nevertheless physically verified and the items purchased were verified as having been received and properly brought to account.

### **Subhead 34005 – Guyana Office for Investment**

- 190.** The sum of \$1.359M was allocated for the purchase of air conditioning unit, a computer and accessories. The full amount was expended and items purchased were verified as having received and properly brought to account.

### **Subhead 34007 – Public Sector Modernisation Project**

- 191.** The sum of \$25M was provided for the provision of technical consultancy services, diagnostics and in-service training to improve the management of human resource in the public sector. Amounts totalling \$2.588M were expended on computer equipment and office furniture. The items purchased were verified as having been received and properly brought to account.

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

- 192.** An amount of \$200M was provided for the purchase of four(4) surf boats and the acquisition of a patrol vessel. Supplementary estimates totalling \$260M was approved for payments towards the acquisition of the HMS Orwell and a Y-1211 aircraft, giving a revised allocation of \$460M. Amounts totalling \$501.699M were expended, resulting in an excess expenditure of \$41.699M. The excess was met from an advance from the Contingencies Fund which was cleared by way of a supplementary estimate in May 2002. The following is a breakdown of the acquisitions:-

| <b>DESCRIPTION</b>                        | <b>AMOUNT<br/>\$'000</b> |
|---|--------------------------|
| HMS Orwell (MV Essequibo)                 | 272,406                  |
| Four surf boats                           | 77,886                   |
| One Chinese aircraft Y1211                | 56,345                   |
| Ten pick-ups & three motor cars           | 33,184                   |
| Eleven transceivers & equipment           | 23,179                   |
| Five generators                           | 10,818                   |
| Computer, & computer spares & accessories | 9,758                    |
| Four outboard motors                      | 3,012                    |
| One projector & two photocopiers          | 2,906                    |
| Eleven freezers & four ovens              | 2,452                    |
| Miscellaneous purchases                   | 9,753                    |
| <b>TOTAL</b>                              | <b>501,699</b>           |

- 193.** 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. Included in the amount of \$272.406M, are sums totalling \$264.906M equivalent to £989,105, which represents the payment of four(4) instalments. The difference of \$7.5M represents miscellaneous expenses, which included the cost of training, administrative expenses, etc. Test checks revealed that the expenditure was properly incurred. The items purchased were verified as having been received and properly brought to account.
- 194.** The four(4) surf boats and the Y- 1211 were purchased through the United States Treasury Department and the China National Aero-Technology Import & Export Corporation. These purchases were approved by Cabinet through a waiver of Tender Board procedures as the suppliers were the sole source. The items purchased were verified as having been received and properly brought to account..
- 195.** There was no change of programme for the purchase of the ten(10) pick-ups & three(3) motor cars, eleven(11) transceivers & equipment, five(5) generators, computer & computer spares & accessories, four(4) outboard motors, one projector & two(2) photocopiers, eleven(11) freezers & four(4) ovens and miscellaneous purchases totalling \$95.062M as detailed above. In addition, these purchases were not subject to adjudication by the Central Tender Board. The Accounting Officer explained that Cabinet approved a general waiver on 18 July 2000 for all equipment. However, it was noted that the approval specified military equipment and was dated in the year 2000. All the items purchased were verified as having been received and properly brought to account.

**Subhead 25002 – Office Equipment and Furniture (GNRA)**

- 196.** The sum of \$617,000 was allocated for the purchase of computers and fans. The full amount was expended. The items purchased were verified as having been received and properly brought to account.

**DIVISION 502**

**Subhead 13008 - El Nino Emergency Rehabilitation**

- 197.** The sum of \$717.980M 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. A supplementary provision of \$82.428M was approved, giving a revised allocation of \$800.408M. According to the Appropriation Account, amounts totalling \$776.802M were expended.
- 198.** 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 2001 revealed an expenditure of \$860.970M, giving a difference of \$84.168M. This difference was due to disbursements made in 2001 not yet brought to account. The following is a breakdown of the expenditure:-

| <b>DESCRIPTION</b>      | <b>AMOUNT<br/>\$'000</b> |
|-------------------------|--------------------------|
| Civil works             | 547,976                  |
| Procurement of goods    | 255,076                  |
| Consulting services     | 45,568                   |
| Administrative expenses | 12,351                   |
| <b>TOTAL</b>            | <b>860,970</b>           |

- 199.** The Project Agreement was signed in November 1998 with a completion date of May 2001. This date was extended to 29 March 2002. There was a further extension to 31 July 2002. The estimated cost of the Project was \$US\$10.201M. As at 31 December 2001, amounts totalling US\$7.601M representing approximately 75% of the projected expenditure.
- 200.** The amount of \$547.976M shown as Civil Works represents payments to twenty three (23) contractors for the installation of pipelines and hand pumps, construction of potable water wells, and the construction and rehabilitation of sluices, conservancies, timber plates, concrete structures at canal and upgrading hydrometeorological stations in Regions 1 to 9. The works were physically verified.

**201.** Amounts totalling \$255.076M were expended on the procurement of goods as follows:-

| <b>DESCRIPTION</b>                     | <b>AMOUNT<br/>\$'000</b> |
|--|--------------------------|
| Gravel and Mobile Pumps                | 187,342                  |
| Rubbing Strips, Steel Sheets & Winches | 32,713                   |
| Hydromet Equipment                     | 29,438                   |
| Gabion Baskets                         | 3,701                    |
| Survey Equipment & Water Tanks         | 1,063                    |
| Pipe Appurtenances & Fittings          | 819                      |
| <b>TOTAL</b>                           | <b>255, 076</b>          |

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

**202.** The amount of \$45,568M expended on Consultancy Services was in respect of the emoluments of ten(10) employees, including engineers and technicians. In relation to the amount of \$12,351M 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**

#### **Other Charges**

**203.** Amounts totalling \$4.505M were expended on the Maintenance of Buildings. Included in this amount is a contract valued at \$3.991M which was awarded to the third lowest of four(4) bidders for the rehabilitation of the Prime Minister's Office on the basis that the lower tenders did not fully understand the nature of the work to be done and also because of security reasons. In addition, there were two(2) approved variations totalling \$109,608 giving a revised contract sum of \$4.101M. As at 31 December 2001 amounts totalling \$4.001M were paid to the contractor. The works were physically verified.

**204.** Amounts totalling \$7.330M were expended on Transport, Travel & Postage. The following gives a breakdown of the expenditure:-

| <b>DESCRIPTION</b>                  | <b>AMOUNT<br/>\$'000</b> |
|-------------------------------------|--------------------------|
| Vehicle spares and services         | 3,521                    |
| Local travel and subsistence        | 3,222                    |
| Other transport, travel and postage | 568                      |
| Postage and telex                   | 19                       |
| <b>TOTAL</b>                        | <b>7,330</b>             |

- 205.** In relation to the amount of \$3.521M expended on Vehicle Spares and Maintenance, sums totalling \$3.068M were expended in respect to fifty-seven(57) contracts awarded to six contractors for the repairs of seven(7) vehicles. Stores Regulations require that a historical record be kept of each vehicle to record among other things the cost of maintenance. However, the Office did not maintain such a record. In the circumstances, the Office was not in a position to monitor the cost of maintenance of each vehicle and to determine whether the vehicles were used in an economical manner. An analysis carried out by the Audit Office revealed a high maintenance costs incurred in 2001 in respect of the following vehicles:-

| <b>VEHICLE<br/>NUMBER</b> | <b>AMOUNT<br/>\$'000</b> | <b>VEHICLE<br/>NUMBER</b> | <b>AMOUNT<br/>\$'000</b> |
|---------------------------|--------------------------|---------------------------|--------------------------|
| GDD 3996                  | 1,292                    | PEE 236                   | 414                      |
| PEE 9505                  | 557                      | PGG 1259                  | 272                      |
| PEE 7511                  | 473                      |                           |                          |

- 206.** Included in the amount of \$3.222M expended on Local Travel and Subsistence is the sum of \$1.268M expended on the charter of flights. This expenditure could have been more appropriately charged to line item 165 - Other transport, Travel and Postage. It is evident that charging the cost of the charter flights to this subhead was done to avoid the overrunning of the voted provision under Other Transport, Travel and Postage.
- 207.** Included in the figure \$568,000 shown as Other Transport, Travel and Postage is the sum of \$375,065 representing the cost of repairs to two(2) air conditioning units, two(2) refrigerators and work done on the swimming pool at the Prime Minister's Office and Residence respectively. These expenditures were totally unrelated to this line item and should have been more appropriately met from line item 182 - Equipment Maintenance and 184 - Other. As a result, the total expenditure relating to this line item has been overstated by \$375,065.

- 208.** Amounts totalling \$34.030M were expended on Subsidies and Contributions to the Public Utilities Commission (PUC). The PUC was established by Act No. 26 of 1990 which was repealed and replaced by Act No. 10 of 1999 dated 14 September 1999 and is subject to separate financial reporting and audit. The PUC became fully self-accounting in July 2000 and were required to prepare full financial statements with effect from that date. However, at the time of reporting, only an income and expenditure statement for the year 2001 was prepared. An examination of this statement revealed that amounts totalling \$18.754M were expended on employment costs and the difference of \$15.276M on other charges for the period January to June 2001. The amounts were verified as having been properly incurred.

## **DIVISION 505**

### **PUBLIC UTILITIES COMMISSION**

- 209.** The sum of \$500,000 was allocated for the purchase of filing cabinets, computer desks and shredder. No amount was expended.

## **HEAD 03 & DIVISION 526**

### **MINISTRY OF FINANCE**

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

##### **Current Expenditure**

- 210.** Included in the expenditure of \$1.089 billion shown as employment costs, were amounts totalling \$1.047 billion representing payments for the increases in salaries for employees in Ministries/Departments/Regions. The allocation under Subhead 271 – Revision of Wages & Salaries was \$1.555 billion.
- 211.** Amounts totalling \$3.407M were expended on Telephone Charges, of which sums totalling \$741,646 relate to overseas telephone charges. However, a register of overseas telephone calls was not maintained for the period January to May 2001 to monitor such calls. A register was introduced with effect from June 2001.
- 212.** Amounts totalling \$256.030M were expended on Electricity Charges. However, an amount of \$56.030M was paid to the Electricity Company as arrears in respect of Ministries/Departments. However, details were not submitted for audit examination. The remaining \$200M was repaid to the Deposits Fund arising from an advance given in 2000.
- 213.** Amounts totalling \$5.4 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>2000<br/>\$000</b> | <b>2001<br/>\$000</b> | <b>INCREASE<br/>\$000</b> |
|---------------------------------------|-----------------------|-----------------------|---------------------------|
| <b>Local Organisations</b>            |                       |                       |                           |
| GRDB                                  | 1,900,000             | 3,799,877             | 1,899,877                 |
| Guyana Revenue Authority              | 1,042,802             | 1,210,000             | 167,198                   |
| Guyana Electricity Corporation        | 400,000               | -                     | (400,000)                 |
| State Planning                        | 110,588               | 103,387               | (7,201)                   |
| CANU                                  | 96,025                | 80,938                | (15,087)                  |
| Statistical Bureau                    | 63,457                | 67,116                | 3,659                     |
| Privatisation Unit                    | 49,470                | 55,454                | 5,984                     |
| Guyana Co-op. Financial Services Ltd. | 30,060                | 35,321                | 5,261                     |
| BASS                                  | 21,814                | -                     | (21,814)                  |
| NDMA                                  | 17,260                | 19,972                | 2,712                     |
| COMU                                  | 13,207                | -                     | (13,207)                  |
| BIDCO                                 | 10,000                | 15,000                | 5,000                     |
| NICIL                                 | 4,852                 | 4,468                 | (384)                     |
|                                       | <b>3,759,535</b>      | <b>5,391,533</b>      | <b>1,631,998</b>          |
| <b>International Organisations</b>    |                       |                       |                           |
| ACP                                   | -                     | 8,955                 | 8,955                     |
| <b>TOTAL</b>                          | <b>3,759,553</b>      | <b>5,400,488</b>      | <b>1,640,953</b>          |

- 214.** The amount of \$3.8 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.
- 215.** This matter was raised in my previous Reports. 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".

- 216.** The Guyana Revenue Authority (GRA) was established by Act No. 13 of 1996 and is subject to separate financial reporting and audit. However, the GRA only became operational on January 27, 2000 by virtue of Order No. 4 of 2000, which was signed by the Honourable Minister of Finance.
- 217.** The Act provides for the transfer from Government to the Authority the functions and powers of the Inland Revenue and the Customs and Excise Departments and also the related assets and liabilities. Those Departments have been renamed Internal Revenue and Customs and Trade Administration, respectively. The last set of audited accounts was in respect of the year 2001, and an examination of these accounts revealed that amounts totalling \$1.210 billion were received as subsidies and subventions from the Ministry of Finance. Additional amounts totalling \$40.835M were also received from the Ministry of Finance to meet increases in wages and salaries. GRA is required to have its audited accounts laid in the National Assembly within six(6) months of the close of the financial year. At the time of reporting, the audited accounts have not been laid.
- 218.** As at 31 December 2001, amounts totalling \$1.241 billion were expended as follows:-

| <b>DESCRIPTION</b>                                 | <b>AMOUNT<br/>\$'000</b> |
|--|--------------------------|
| Wages and salaries                                 | 458,728                  |
| Overhead expenditure                               | 202,499                  |
| Materials equipment and supplies                   | 51,840                   |
| Fuel and lubricants                                | 8,655                    |
| Rental and maintenance of buildings                | 56,211                   |
| Transport, travel and postage                      | 33,640                   |
| Utility charges                                    | 22,353                   |
| Other goods and services                           | 54,964                   |
| Other operating expenses                           | 8,969                    |
| Education, subvention and training                 | 3,737                    |
| Subsidies and contributions to local organisations | 743                      |
| Refunds of revenue                                 | 338,466                  |
| <b>TOTAL</b>                                       | <b>1,240,805</b>         |

The Audit Office issued an unqualified opinion on the accounts of GRA for the year 2001.

- 219.** As can be noted from the above analysis, payments totalling \$306.895M were made in respect of the Customs Anti Narcotics Unit (CANU), 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.
- 220.** 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-one(51) persons. However, only twenty-four(24) officers were attached to it. The remaining twenty-seven(27) 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:-

| <b>MINISTRY/DEPARTMENT</b>              | <b>NO. OF PERSONS</b> |
|---|-----------------------|
| Ministry of Finance - Budget Department | 10                    |
| “ “ “ - Debt Management                 | 4                     |
| “ “ “ - Data Processing                 | 6                     |
| “ “ “ - Student Loan                    | 1                     |
| Office of the President                 | 6                     |
| <b>TOTAL</b>                            | <b>27</b>             |

- 221.** These matters were drawn to attention in my 2000 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 ten(10) years in arrears in terms of financial reporting.

- 222.** Although Berbice Anti Smuggling Squad (BASS), CANU and Customs Operating and Monitoring (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, the operations of BASS have been transferred to the Guyana Revenue Authority and CANU was still under the operation of the Ministry of Finance while COMU has been disbanded.
- 223.** 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.
- 224.** The accounts of NICIL were last audited to 2000. Financial statements for 2001 were received and at the time of reporting, the audit was in progress. BIDCO was, however, last audited to 1998. Financial statements for 1999 were submitted for audit examination and at the time of reporting the audit was in progress.

#### **Other Matters**

- 225.** In my 1999 and 2000 Reports, 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.
- 226.** 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. In the year 2001, the amount of \$211.717M was transferred to the Consolidated Fund and the sum of \$240M was provided under Division 526 - Subhead 45009 – Youth Initiative Programme. As at 31 December, 2001 amounts totalling \$211.717M were expended.
- 227.** As at 31 December 2001, amounts totalling \$1.739 billion were received from the Lotteries Company while payments totalling \$1.539 billion were made, giving a closing balance of \$200M. The following is a breakdown of the payments made:-

| <b>MINISTRY/DEPARTMENT/REGION</b>    | <b>AMOUNT<br/>\$'000</b> | <b>REMARKS</b>  |
|--------------------------------------|--------------------------|---|
| Region No. 1-8 & 10                  | 339,578                  | Rehab. of sports facilities                             |
| Ministry of Health and Labour        | 303,457                  | Overseas assistance in health care                      |
| Ministry of Culture Youth and Sports | 302,610                  | Mash Activities and<br>upgrading of sports facilities   |
| Transfers to Consolidated Fund       | 211,717                  |   |
| Office of the President              | 59,837                   | Rehab. of State House and T.S.C<br>Building             |
| Civil Defence Commission             | 36,000                   | Purchase of tractors and trailers                       |
| Guyana Defence Force                 | 13,801                   | Rehab. of sports ground                                 |
| Ministry of Human Services           | 11,000                   | Rehab. of Health and Shelter blg.                       |
| Ministry of Information              | 6,000                    | Establishment of video library                          |
| Guyana Broadcasting Corporation      | 1,000                    | Broadcasting of Olympic Games                           |
| Others                               | 254,041                  | Directors fees and assistance to<br>Other organisations |
| <b>TOTAL</b>                         | <b>1,539,041</b>         |   |

**228.** The last set of audited accounts of the Guyana Lotteries Commission was for the year 1999. At the time of reporting the accounts for 2000 were received and the audit was in progress.

**229.** 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;
- 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;

- 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 all are accounted for; and
- Thirteen(13) files valued at \$425.866M were not presented for audit scrutiny;

## **Capital Expenditure**

### **Subhead 12001 – Buildings**

- 230.** The sum of \$6M was allocated for the reconstruction of the Ministry’s Annex for Library and Documentation Centre. As at 31 December 2001, amounts totalling \$3.424M were expended on two(2) contracts which were awarded in the sums of \$8.568M and \$675,000, respectively for the reconstruction of the Ministry’s Annex for Library and documentation Centre.
- 231.** The first contract was awarded to the second lowest of five(5) bidders on the grounds of his past satisfactory performance. The lowest bid was \$6.028M while the Engineer’s estimate was \$9.959M. As at 31 December 2001, amounts totalling \$3.002M were paid to the contractor and the work was still in progress. The second contract was awarded for the design and supervision of works for the Central Tender Board Building and as at 31 December 2001 amount totalling \$421,875 was paid for designing fees. The works were re-budgeted for in 2002 and at the time of reporting the works were physically verified as having been satisfactorily completed.

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

- 232.** The sum of \$100M was allocated for (a) the provision of water supply at Mabaruma and South Sophia (b) the rehabilitation of health centres at Laluni and Aurora (c) the construction and rehabilitation of roads at Hopetown, Enterprise West and Golden Grove (d) the rehabilitation of nursery schools at Santa Cruz and primary school at Baitoon and (e) the construction of Port Kaituma market. A supplementary provision of \$95.416M was approved, giving a revised allocation of \$195.416M. According to the Appropriation Account, the full amount was expended.
- 233.** 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 \$185.367M, as shown below:-

| DESCRIPTION                                   | AMOUNT<br>\$'000 |
|---|------------------|
| Rehabilitation of seventeen(17) roads         | 68,087           |
| "    "    twenty(20) schools                  | 49,169           |
| "    "    two(2) water supply systems         | 36,076           |
| "    "    "    Health Centres                 | 9,240            |
| Construction/rehabilitation of two(2) markets | 600              |
| Administrative expenses                       | 22,195           |
| <b>TOTAL</b>                                  | <b>185,367</b>   |

- 234.** The difference of \$10.049M was met from the unspent balance of \$46.680M relating to previous years resulting in the Appropriation Account being understated by the former amount. It is recommended that the remaining balances of \$36.631M be transferred to the Consolidated Fund.
- 235.** The roads rehabilitated were located in Regions 3, 4 and 6. Seventeen(17) contracts valued at \$153.197M were awarded for the works to be undertaken. As at 31 December 2001, amounts totalling \$68.087M were paid to the contractors and the works were still in progress. However, at the time of reporting, the works were completed and were physically verified.
- 236.** The schools rehabilitated/constructed were located in Regions 1, 4, 5, 6, 9, and 10. Twenty(20) contracts valued at \$180.858M were awarded for the construction of one(1) school and the rehabilitation of nineteen(19) schools. As at 31 December 2001, amounts totalling \$49.169M were paid to the contractors and the works were still in progress. At the time of reporting, the works were completed and were physically verified.
- 237.** Three(3) contracts were awarded for the South Sophia Water Improvement and the Mabaruma Settlement Water Projects. In respect of the Sophia Project one(1) contract for the supply of materials was awarded to the lowest of three(3) bidders in the sum of \$28.924M for the supply of pipelines and other materials. As at 31 December 2001, the full amount was paid to the supplier and all the materials were verified as having been received and properly brought to account.
- 238.** In relation to the Mabaruma Project two(2) contracts valued at \$8.087M were awarded for the supply of materials and the construction of water trestle, reservoir and overhead tank. As at 31 December 2001, amounts totalling \$7.152M were paid to the contractors and the works were still in progress. At the time of reporting, all the materials were delivered and all works were physically verified.

- 239.** Two(2) contracts were awarded for the rehabilitation of the of the Aurora and Laluni Health Centres. In respect of the Aurora Health Centre one(1) contract was awarded to the lowest of four(4) bidders in the sum of \$5.698M. As at 31 December 2001, amounts totalling \$4.590M were paid to the contractor and the work was still in progress. The contract for the rehabilitation of the Laluni Health Centre was awarded to the lowest of three(3) bidders in the sum of \$3.279M. There was an approved variation of \$379,059, giving a revised contract sum of \$3.676M. As at 31 December 2001, amounts totalling \$3.666M were paid to the contractor and the works were still in progress. The works were completed in 2002. These works were not physically verified due to the remoteness of the area. However, reliance was placed on the certificates of satisfactory completion issued by the Project's Engineer.
- 240.** The sum of \$22.195M was expended on the payment of salaries, purchase of equipment and other administrative expenses relating to the Project. Test checks revealed that the expenditure was supported by adequate documentation.

**Subhead 24001 - Land Transport**

- 241.** An amount of \$3M was voted for the purchase of two(2) vehicles. The full amount was expended on the acquisition of one(1) Toyota Hilux Surf (PHH 3861) and one(1) Nissan Toyota Corolla (PHH 3963). These vehicles were assigned to the Chief Planning Officer and Secretary to the Treasury. The vehicles purchased were verified as having been received and properly brought to account.

**Subhead 25001 - Equipment**

- 242.** The sum of \$2.5M was allocated for the purchase of fire alarm system, smoke detectors, microwave and computers for State Planning Secretariat, Accountant General's Department, Minister's Secretariat and Valuation Unit. A supplementary provision of \$2M was approved, giving a revised allocation of \$4.5M. The full amount was expended as follows:-

| <b>DESCRIPTION</b>     | <b>AMOUNT<br/>\$'000</b> |
|------------------------|--------------------------|
| Risograph              | 2,000                    |
| Furniture              | 912                      |
| Computers and Printers | 790                      |
| Equipment              | 199                      |
| Miscellaneous          | 599                      |
| <b>TOTAL</b>           | <b>4,500</b>             |



243. As can be noted, a risograph was purchased instead of a fire alarm system, smoke detectors and microwave. However, there was no evidence of a change in programme by the Ministry. The Accounting Officer explained that verbal approval was given and due to an oversight the written approval was not pursued. Nevertheless, the items purchased were verified as having been received and properly brought to account.

**Subhead 26001 - Statistical Bureau**

244. An amount of \$15M was allocated for (a) Census preparation 2000/1 (b) extension and rewiring of the Statistical Bureau building and (c) execution of labour force survey. Amounts totalling \$11.207M were expended mainly in the Census 2001 preparatory activities and in the acquisition of computers and other associated items. The following is a breakdown of the expenditure:-

| DESCRIPTION   | AMOUNT<br>\$'000 | AMOUNT<br>\$'000 |
|---|------------------|------------------|
| <b>Census</b>   |                  |                  |
| Purchase of vehicle                                   | 5,170            |                  |
| Salaries & allowances                                 | 1,312            |                  |
| Purchase of stationery                                | 919              |                  |
| Furniture & equipment                                 | 315              |                  |
| Miscellaneous   | <u>876</u>       | 8,592            |
| <b>Trade Data</b>                                     |                  |                  |
| Transferring data from mainframe to personal computer |                  | 2,500            |
| <b>Labour Force Survey</b>                            |                  |                  |
| Meals & travelling                                    |                  | 115              |
| <b>TOTAL</b>  |                  | <b>11,207</b>    |

245. The items purchased were verified as having been received and properly brought to account, while the other expenditures were supported by adequate documentation.

**Subhead 44003 – Student Loan**

246. The sum of \$475M was allocated to provide loans to students attending the University of Guyana. A supplementary provision of \$317.454M was approved, giving a revised allocation of \$792.454M. 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.

247. The Students Loan Programme commenced in 1994, and as at 31 December 2001, amounts totalling \$3.327 billion were paid over to the Loan Agency. At the end of 2001, the balance on account No. 993 was \$255.631M, indicating that sums totalling \$3.071 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 2001 was \$3.339 billion. The difference of \$268M was due to (a) \$259M received but not yet paid over to the University and (b) interest of \$9M received from the purchase of Government's Treasury Bills.
248. 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. However, financial statements were being prepared and the last audited accounts was for the year 1998. At the time of reporting, financial statements for the years 1999 and 2000 were received and the audits are in progress.

**Subhead 44004 – National Development Strategy**

249. The sum of \$2M was allocated for the provision of poverty reduction strategy. However, no expenditure was incurred. This was due to the fact that the Project was not executed and was not re-budgeted for in 2002.

**Subhead 44006 – Poverty Programme**

250. The sum of \$500M 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 \$97.340M were shown as having been expended by way of transfers to the following agencies:-

| <b>MINISTRY/DEPARTMENT/REGION</b> | <b>AMOUNT<br/>\$'000</b> |
|-----------------------------------|--------------------------|
| Ministry of Works                 | 30,000                   |
| Office of the President           | 29,788                   |
| Ministry of Human Services        | 15,971                   |
| Region 4                          | 13,065                   |
| Ministry of Local Government      | 6,962                    |
| Region 5                          | 662                      |
| Miscellaneous                     | 892                      |
| <b>TOTAL</b>                      | <b>97,340</b>            |

- 251.** The amount of \$30M was transferred to the Ministry of Public Works. As at 31 December 2001, the full amount was shown as having been expended on the electrification of Non Pariel and Meten-Meer-Zorg. The sum of \$15M was paid for the provision of electricity for four hundred and fifteen(415) households at Non Pariel while another \$15M was also paid for the provision of electricity for three hundred(300) households at Meter-Meer-Zorg.
- 252.** The amount of \$29.788M paid over to Office of the President was in respect of relief to families affected by ongoing floods and the purchase of equipment. As at 31 December 2001, amounts totalling \$27.023M were expended as follows:-

| <b>DESCRIPTION</b>           | <b>AMOUNT<br/>\$'000</b> |
|------------------------------|--------------------------|
| Ministry of Local Government | 12,393                   |
| Ministry of Works            | 5,000                    |
| Region 2                     | 2,583                    |
| Purchase of food supplies    | 2,517                    |
| Transportation services      | 1,512                    |
| Purchases of equipment       | 836                      |
| Miscellaneous                | 2,182                    |
| <b>TOTAL</b>                 | <b>27,023</b>            |

Test checks revealed that proper documentation exists for the above expenditures and the items purchased were verified as having been received and properly brought to account.

- 253.** In relation to the amount of \$15.971M 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.
- 254.** The sum of \$13.065M was paid over to Region No. 4 for the installation of culvert, rubber tubing and excavation of sixteen(16) drains and trenches in Friendship, Buxton and Foulis as follows:-

| <b>DESCRIPTION</b>                        | <b>AMOUNT<br/>\$'000</b> |
|---|--------------------------|
| Excavation & digging of drains & trenches | 7,621                    |
| Installation of rubber tubing & culverts  | 5,444                    |
| <b>TOTAL</b>                              | <b>13,065</b>            |

- 255.** Fifteen(15) contracts were awarded in the sum of \$7.621M for the excavation of culvert, rubber tubing. As at 31 December 2001, the full amount was expended. The works could not have been verified, since they were undertaken several months prior to the inspection visit. However, reliance was placed on the certificates of satisfactory completion of works issued by the Clerk of Works of the Region. In relation to the installation of thirty(30)rubber tubing and culverts, twenty-four(24) contracts valued \$5.444M were awarded. As at 31 December 2001, the full amount was expended and the works were physically verified.
- 256.** Amount of \$6.962M paid over to Ministry of Local Government. As at 31 December 2001, the full amount was shown as having been expended as follows:-

| <b>DESCRIPTION</b>                                  | <b>AMOUNT<br/>\$'000</b> |
|---|--------------------------|
| Region 1 - Purchase of generator                    | 4,161                    |
| Region 9 - Purchase of sewing machine               | 968                      |
| Region 10 - Purchase of chain saw & outboard engine | 900                      |
| CDC Office - Purchase of computer and accessories   | 250                      |
| Region 7 – Purchase of sewing machine               | 192                      |
| Region 1 - Purchase of peanuts seeds for farmers    | 170                      |
| Miscellaneous                                       | 321                      |
| <b>TOTAL</b>  | <b>6,962</b>             |

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

**Subhead 45001 - CDB**

- 257.** An amount of \$100M was voted to meet capital contribution to the Caribbean Development Bank. Amounts totalling \$121.882M were expended. The excess expenditure of \$21.882M was met from an advance from the Contingencies Fund. This advance was cleared by Financial Paper 1/2002 dated 9 May 2002.

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

- 258.** An amount of \$20M was voted for Guyana’s capital contribution. A supplementary provision of \$1M was approved, giving a revised allocation of \$21M. Amounts totalling \$20.853M were expended.

**Subhead 45004 - IADB**

- 259.** The sum of \$17.3M was voted to meet capital contributions to the Inter-American Development Bank (IADB). A supplementary provision of \$1.262M was approved, giving a revised provision of \$18.562M. Amounts totalling \$18.337M were expended.

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

260. An amount of \$8M was provided for institutional support for PL 480 and CIDA funded projects. Amounts totalling \$3.021M were expended on the operational cost of the PL 480 Unit at the Ministry of Finance, Ministry of Agriculture and the Ministry of Public Works as shown below:-

| <b>DESCRIPTION</b>                         | <b>AMOUNT<br/>\$'000</b> |
|--|--------------------------|
| Ministry of Finance - PL 480 Admin. Office | 1,972                    |
| Ministry of Agriculture                    | 593                      |
| Ministry of Public Works                   | 456                      |
| <b>TOTAL</b>                               | <b>3,021</b>             |

The above amount represents emoluments paid to PL480 personnel.

**Subhead 45006 – Guyana Revenue Authority**

261. The sum of \$85M was allocated for (a) the renovation of buildings at New Amsterdam, Springlands and Lethem (b) purchase of office equipment including computers, desks, chairs, filing cabinets for Secretariat and Customs and Trade Administration and (c) purchase of an open back double cab pick-up vehicle. According to the Appropriation Account, amounts totalling \$76.421M were expended. However, an examination of the records of GRA revealed amounts totalling \$46.537M were expended as follows:-

| <b>DESCRIPTION</b>                                      | <b>AMOUNT<br/>\$'000</b> |
|---|--------------------------|
| Renovation of buildings at Anna Regina, Charity, Linden | 13,363                   |
| “ “ “ “ New Amsterdam                                   | 1,813                    |
| “ “ “ in Georgetown                                     | 576                      |
| Purchase of computers & related accessories             | 12,968                   |
| “ “ desks, chairs, filing cabinets                      | 6,195                    |
| “ “ photocopiers, fax machines, calculators, safe       | 3,956                    |
| “ “ air conditioning units, fans, vacuum cleaners       | 2,940                    |
| “ “ furniture, shotguns, handcuffs, etc.                | 2,163                    |
| “ “ miscellaneous items                                 | 2,563                    |
| <b>TOTAL</b>  | <b>46,537</b>            |

- 262.** The difference of \$29.884M was verified as having been paid over to the Consolidated Fund on 8 February 2002. As a result, the above appropriation would be overstated by \$29.884M.
- 263.** The buildings at Springlands and Lethem were not renovated and the open back double cab pick-up vehicle was not purchased as programmed. The Deputy Commissioner explained that the Government was in the process of constructing a complex at Lethem and as a result, a decision was taken to renovate quarters at Anna Regina and Charity. However, there was no evidence that approval was granted for a change in programme to undertake these works. In addition, there was also no evidence that approval was granted to renovate the buildings at Linden and Georgetown and for the purchase of items totalling \$2.163M as shown in the above schedule.
- 264.** Three (3) contracts totalling \$10.034M were awarded to the lowest bidders for the renovation of two (2) officers' quarters and the Customs boat house at New Amsterdam. Two(2) of these contracts were awarded by the Central Tender Board while the other was awarded by the Regional Tender Board. As at 31 December 2001, amounts totalling \$1.813M were paid out to the contractors and the works were in progress. The completion of the works was re-budgeted for in 2002.
- 265.** In relation to the works undertaken at Anna Regina, Charity and Linden, thirteen (13) contracts totalling \$13.363M were awarded for renovation and electrical works at seven (7) officers' quarters and the Customs boathouse at Charity. As at 31 December 2001 the full amounts were shown as having been paid out to the contractors. At the time of the inspection, the works were completed and were physically verified.
- 266.** Amounts totalling \$576,382 were expended to renovate the existing driveway and parking area at the Secretariat compound and the painting of a sign for the Middle Street building. In relation to the work undertaken at the Secretariat, the contract was awarded in the sum of \$3.984M to the lowest bidder and a mobilisation advance of \$398,382 was paid to the contractor. The work was re-budgeted for in 2002.
- 267.** With the exception of three (3) fire extinguishers, two (2) twelve gauge shotguns and three (3) printers all valued at \$623,645, the items purchased were verified as having been received and were brought to account in the fixed asset register. However, although each asset was assigned a number in the register and marked with the letters GRA, asset identification numbers were not affixed to the asset to aid in the verification process. As a result, the verification process was difficult and time consuming.

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

- 268.** An amount of \$200M was allocated as a loan to LINMINE. A supplementary provision of \$1.788 billion was approved, giving a revised allocation of \$1.988 billion. Sums totalling \$1.997billion were expended, giving an excess expenditure of \$9.824M. This excess expenditure was met from an advance from the Contingencies Fund. This advance cleared by Financial Paper 1/2002 dated 10 May 2002.

**Subhead 45009 – Youth Initiative Programme**

- 269.** The sum of \$240M was allocated for (a) small infrastructure, community driven projects (b) training of youths in technical vocational and information technology skills (c) small scale investment projects and (d) access and support to hinterland communities. Amounts totalling \$211.717M were expended as follows:-

| <b>DESCRIPTION</b>      | <b>AMOUNT<br/>\$'000</b> |
|-------------------------|--------------------------|
| Region 1                | 7,653                    |
| Region 2                | 12,868                   |
| Region 3                | 1,299                    |
| Region 4                | 138,357                  |
| Region 5                | 2, 875                   |
| Region 6                | 544                      |
| Region 7                | 7,001                    |
| Region 8                | 817                      |
| Region 10               | 7,460                    |
| Equipment & Accessories | 17,156                   |
| Administration          | 3,225                    |
| Miscellaneous           | 12,462                   |
| <b>TOTAL</b>            | <b>211,717</b>           |

- 270.** The sum of \$7.653M was paid over to Region 1. Nine(9) contracts were awarded for the construction of four(4) community centres at Warapoka, Waramuri, Hosororo and Chinese Landing; two(2) poultry pens at Kamawatta and Port Kaituma and one(1) basketball court at Mabaruma settlement and upgrading of play field. As at 31 December 2001, the full amount was expended and the works were physically verified.
- 271.** The sum of \$12.868M was paid over to Region No. 2. Twenty-seven(27) contracts were awarded for the construction of nine(9) fences at Hebernia, Maria's Delight, Dunkel, Cullen, Onderneeming, Pomona, Land of Plenty, Danielstown and Charity, four(4) flat concrete buildings at Anna Regina Land of Plenty, Cotton Field and Aurura, seven(7) pavillions at Maria's Delight, DeCastell, Drying Floor, West Berry, Onderneeming, Suddie and Charity, bridge at DeCastell, toilet facilities at Aurora and replaced and dismantle floor at Darthmouth, Queenstown and Danielstown. As at 31 December 2001 the full amount was expended and the works were physically verified..
- 272.** The sum of \$1.299M was paid to Region No. 3. Two(2) contracts were awarded for the construction of a pavillion at Caria Caria and upgrading of a ground at Great Troolie Island in Region 3. Because of the remoteness of the area, reliance was placed on a certificate of satisfactory completion issued by the Clerk of Works of the Region.

273. The amount of \$138.357M was paid over to Region No. 4 for the following:

| <b>DESCRIPTION</b>   | <b>AMOUNT<br/>\$'000</b> |
|--|--------------------------|
| Constructions of eleven(11) buildings                                | 45,248                   |
| Construction of twelve(12) fences                                    | 35,749                   |
| Purchase of tools, sewing machines, equipment, outboard engines, etc | 21,277                   |
| Upgrading of eleven(11) playgrounds                                  | 14,305                   |
| Construction of three(3) pavilions                                   | 12,171                   |
| Others   | 9,607                    |
| <b>TOTAL</b>   | <b>138,357</b>           |

274. In relation to the construction of eleven(11) buildings, eleven(11) contracts totalling \$45.248M were awarded to eleven(11) different contractors by Cabinet. These buildings were constructed in West Ruimveldt, Eccles. Mocha, Farm, Lodge, etc. A similar observation was made in respect of the construction of twelve(12) fences, where twelve(12) contracts totalling \$35.749M were awarded to twelve(12) different contractors by Cabinet for the construction of fences at Tucville, Sophia, Bel Air Park, Anns Grove etc. As at 31 December, 2001 the full amount was expended and the works were physically verified.
275. The sum of \$21.277M was expended for the purchase of outboard engines, tools, generators, sewing machines and other equipment. The items were verified as having been received and properly brought to account.
276. In relation to the upgrading of eleven(11) grounds, eleven(11) contracts totalling \$13.785M were awarded by Cabinet to upgrade grounds at Paradise, Anns Grove, Jones Town etc. A similar observation was made where three(3) contracts totalling \$12.17M were awarded by Cabinet for the construction of three pavillions situated at Mon Repos, Non Pariel and Laluni Highway. As at 31 December, 2001 the full amount were expended and the works were physically verified.
277. The sum of \$2.875M was expended for the construction of two pavillions at No 2 Village and Blairmont in Region 5. In respect of Region 6, the sum of \$544,000 was expended for the installation of security grills on Community centres located at Black Bush Polder, Port Mourant and No 58 Village. In respect of Region 7, amounts totalling \$11M were awarded for the rehabilitation of a building at Mongrippa Hill. There was an approved variation of \$5.758M, giving a revised sum of \$16.758M. As at 31 December, 2001 amounts totalling \$16.308M was expended. The sum of \$7.001M was spent under President Youth Choice Initiative and the difference of \$9.307M was met from Lotto Funds. The works were physically verified.



278. The sum of \$817,000 was incurred on expenses in relation to consultations on the President Youth Choice Initiative in Region 8. In respect of Region 10, \$7.460M was expended for the construction of office and garage at Watooka. The work was physically verified while proper documentation exists for the expenses.

**Subhead 45010 – Project Support Programme**

279. The sum of \$425M was allocated for the support and implementation of economic projects and programmes. However, no expenditure was incurred. The Project was re-budgeted for in 2002.

**Subhead 45011 – Linden Economic Advancement Project**

280. The sum of \$27M was allocated for (a) management and technical assistance development support services (b) provision of credit fund (c) vocational training (d) institutional strengthening (e) rehabilitation of infrastructure and (f) evaluation and audit. According to the Appropriation account amounts totalling \$18.481M were expended.
281. The Linden Economic Advancement Project is funded through a grant of Euro12.5M by the European Union. The Project is expected to re-invigorate the Township, stimulate growth, encourage small and medium private investment and create jobs. The amount of \$18.848M represents amount disbursed by the Project as at 31 December 2001.

**Subhead 45012 - Land Acquisition**

282. No allocation was made under this sub-head in the original estimates for the period under review. However, a supplementary provision of \$50M was approved for the payment to meet the cost of acquiring land owned by Toolsie Persaud for public purposes. This amount was paid over to Supreme Court bank account No. 0400533503 at Guyana National Cooperative Bank, pending the outcome of the court case.

**Revenue Accounting and Control - Current Revenue**

283. In my 2000 Report it was stated that 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 GUYSUICO 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.

- 284.** In respect of the year 2001, an amount of \$1.245 billion was budgeted to be collected as sugar levy, but no amount was collected. It was noted that the Minister of Finance approved a remission of \$10.571 billion, as provided for under Section 6(1) of the FAA Act.
- 285.** In my 1999 report, it was stated that an amount of \$4.008 billion was shown as having been received as proceeds from Rice Levy A, while the Appropriation Account amounts totalling \$4.997 billion as having been refunded to the Guyana Rice Development Board. This gives a difference a difference of \$989M. The Accounting Officer had explained that this difference was due to cheques from 1998 brought forward to 1999.
- 286.** In my 2000 Report, it was stated that an amount of \$2.758 billion shown as having been received as proceeds from Rice Levy A. The Appropriation Account had shown amounts totalling \$1.9 billion as having been refunded to the Guyana Rice Export Board. Taking into account the above explanation, there was still an unexplained difference of \$131M.
- 287.** For the period under review, amounts totalling \$3.072 billion were collected as proceeds from Rice Levy A. The Appropriation Account, however, showed amounts totalling \$3.799 billion as having been refunded to the Guyana Rice Development Board. Taking into account the above explanation, there was still an unexplained difference of \$727M.
- 288.** 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 2001. 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\$380M, equivalent to G\$214.153M, were collectible in respect of this levy for the year 2001. A similar observation was made in my 1999 and 2000 reports where it was stated that amounts totalling G\$853.814M and G\$213,010M respectively remained uncollected.
- 289.** In relation to application fees from Cambios, no amounts were shown as having been received in 2001. However, as indicated in an earlier part of this report, amounts totalling \$1.634 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. At the time of reporting the Accountant General had taken action to transfer the funds from this special account to the Consolidated Fund.
- 290.** Amounts totalling \$678.439M were shown as having been received from royalties. However, as at 31 December 2001, the Government of Guyana Omai Royalties Account No. 964 reflected a balance of \$428.433M, compared with a balance of \$353.523M at the end of 2000. 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. At the time of reporting the Accountant General had taken action to transfer the funds from this special account to the Consolidated Fund.

291. Amounts totalling \$1.392 billion were received as dividends and transfers from public enterprises as shown below:-

| <b>NAME OF CORPORATION</b> | <b>PARTICULARS</b>              | <b>AMOUNT<br/>\$'000</b> |
|----------------------------|---------------------------------|--------------------------|
| Bank of Guyana             | Profits for 2000                | 823,011                  |
| G T & T                    | Interim dividend for 2001       | 549,000                  |
| Deposit on Plots           |                                 | 18,167                   |
| Lease Rental               | Coldingen, Eccles etc. for 2001 | 1,123                    |
| NICIL                      | Refund of unspent balances      | 184                      |
| Rent                       |                                 | 25                       |
| <b>TOTAL</b>               |                                 | <b>1,391,510</b>         |

292. 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.
293. 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. It was noted that the Secretary to the Treasury had advised all Accounting Officers via circular to comply with guidelines regarding the treatment of grants and gifts. Nevertheless, the Revenue Statement of the Ministry of Finance has been understated by an undetermined amount.

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

294. The Account No. 3179 was established to deposit the proceeds from divestment and to meet related payments. At the beginning of 2001 account No. 3179 reflected a balance of \$892.998M. During the year, amounts totalling \$592.598M were received as proceeds while payments totalling \$1.409 billion were made, leaving a balance of \$76.542M as at 31 December 2001.

295. The following are the details:-

| DESCRIPTION                       | AMOUNT<br>\$'000 | AMOUNT<br>\$'000 |
|-----------------------------------|------------------|------------------|
| Balance as at 1.1.2000            |                  | 892,998          |
| Add Receipts:                     |                  |                  |
| Re: Sale of GPC                   | 248,002          |                  |
| Re: Sale of Bel Air property etc. | 147,432          |                  |
| Lease rental                      | 69,398           |                  |
| Re: Sale of GSL                   | 50,691           |                  |
| Sale to Quality Food              | 29,887           |                  |
| Sale of GPC                       | 19,093           |                  |
| Sale of GUYTRAC                   | 13,526           |                  |
| Proceeds from sale                | 11,452           |                  |
| Others                            | 3,117            | 592,598          |
|                                   |                  | 1,485,595        |
| Less: Payments:                   |                  |                  |
| GPL – Payment of outstanding a/c  | 1,126,073        |                  |
| GSL – Severance pay               | 77,377           |                  |
| NICIL - On behalf of GA 2000      | 60,500           |                  |
| UKCAA –Payment for GAC A/c        | 5,540            |                  |
| GPC –Payment of audit fees        | 656              |                  |
| GNEC - Rates and taxes            | 586              |                  |
| Sijan Plaza – Insurance           | 275              |                  |
| GTSL –Legal fees                  | 205              |                  |
| Others                            | 137,841          | 1,409,053        |
| Balance as at 31.12.2001          |                  | 76,542           |

296. 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.

- 297.** 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. The outstanding balance of US\$142,775 was paid in March 2002.
- 298.** 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 being finalised.
- 299.** 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.
- 300.** 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.
- 301.** The audits of UNDP projects for the period under review revealed that grants totalling US\$1.088M, equivalent to G\$207.130M, 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.

- 302.** 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<br/>\$000</b> | <b>PER REVENUE STATEMENT<br/>\$000</b> | <b>DIFFERENCE<br/>\$000</b> |
|---------------------------|--|--|-----------------------------|
| Inter American Dev. Bank  | 8,870,779                                  | 5,337,775                              | 3,533,004                   |
| International Dev. Assoc. | 1,369,595                                  | 820,887                                | 548,708                     |
| Caribbean Dev. Bank       | 900,637                                    | 154,800                                | 745,837                     |
| EIB                       | 342,803                                    | 482,775                                | 139,972                     |
| IFAD                      | 62,113                                     | 141,691                                | 79,578                      |
| EEC/Sysmin/EU             | -  | 37,713                                 | 37,713                      |
| USAID PL 480              | -  | 1,274,223                              | 1,274,223                   |

- 303.** 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.

- 304.** 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**

- 305.** The salaries bank account No. 506, which became non-operational in June 1996, reflected an overdraft of \$1.946M at 31 December 2001, 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.

- 306.** The salaries bank account No. 3002, which reflected a balance of \$13.636M as at 31 December 2001, was not reconciled for the period July 1996 to December 1998. Attempts have, however, been made to reconcile the monthly transactions for 1999 and 2000. 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.
- 307.** Amounts totalling \$17.713M 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.
- 308.** Amounts totalling \$49.835M were expended on overseas conferences and official visits. According to Conference Advances Register, 186 advances were granted for this amount. As at 31 December 2001, 49 advances totalling \$13.894M 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.
- 309.** Amounts totalling \$82.956M were expended on the payment of increases in pension for retired public officers and the emoluments of non-pensionable employees.
- 310.** The Consolidated Fund bank account No. 400 was overdrawn by \$63.726 billion as at 31 December 2001, 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.
- 311.** The Non Sub-Accounting Ministries/Departments bank account No. 3001 reflected a large balance of \$9.635 billion as at 31 December 2001. 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.
- 312.** The General Account No. 405 also reflected a large balance of \$25.795 billion as at 31 December 2001, 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.

- 313.** Amounts totalling \$428.432M were held in the Omai Royalties Account No. 964 at 31 December 2001, 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 2001 was \$353.523M. It is recommended that the amount of \$428.432M be transferred to the Consolidated Fund.
- 314.** The Revenue and Deposits Account No. 981 reflected a balance of \$737.116M at 31 December 2001. 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 2001 was \$605.406M. It is recommended that the processing of the related transactions be expedited so that transfers can be made to the Consolidated Fund.

## **GUYANA REVENUE AUTHORITY**

### **CUSTOMS AND TRADE ADMINISTRATION**

#### **Revenue Accounting and Controls**

- 315.** 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.
- 316.** Amounts totalling \$18.101 billion were collected as revenue for the period under review, compared with \$19.168 billion collected in 2000. This represents a 5.6% decrease in collection over 2000. Consumption tax on imported goods was the main area of decreased revenue collection. Actual collection for the period under review was \$10.580 billion, compared with \$11.398 billion collected in 2000, a decrease of \$818,063. The following table summarises the Department's total collections for 2001, with comparative figures for the previous year:-



| <b>DESCRIPTION</b>         | <b>COLLECTION<br/>2000<br/>\$'000</b> | <b>COLLECTION<br/>2001<br/>\$'000</b> | <b>DECREASE<br/>\$'000</b> |
|----------------------------|---------------------------------------|---------------------------------------|----------------------------|
| Import Duties              | 3,960,433                             | 3,685,948                             | (274,485)                  |
| Export Duties              | 7,328                                 | 12,390                                | 5,062                      |
| Stamp Duties               | 5,173                                 | 6,110                                 | 937                        |
| Consumption Tax – Imported | 11,397,570                            | 10,579,507                            | (818,063)                  |
| Consumption Tax – Domestic | 3,266,821                             | 3,116,092                             | (150,729)                  |
| Consumption Tax – Services | 217,851                               | 205,361                               | (12,490)                   |
| Licence Liquor             | 13,539                                | 14,961                                | 1,422                      |
| Environmental Tax          | 134,262                               | 353,588                               | 219,326                    |
| Overtime Fees              | 25,798                                | 33,454                                | 7,656                      |
| Departmental Fines         | 124,491                               | 64,952                                | (59,539)                   |
| Warehouse Rent & Charges   | 11,816                                | 18,116                                | 6,300                      |
| Miscellaneous Other Taxes  | 2,737                                 | 10,899                                | 8,162                      |
| <b>TOTAL</b>               | <b>19,167,819</b>                     | <b>18,101,378</b>                     | <b>(1,066,441)</b>         |

- 317.** 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 2,907 PID's which were issued for the period under review, 2 PID's valued at \$27.940M remained outstanding at the time of the audit in May 2002. 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.
- 318.** 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.
- 319.** An examination of the Seizures Register revealed that there were 52 seizures during the period under review. However, at the time of the audit only 44 files were presented for audit examination, despite repeated requests for presentation of the remainder. Evidence was seen of the disposal of the matters relating to thirty(30) seizures at the time of the audit in January 2002, giving a balance of twenty-two(22) 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.

- 320.** During the period under review, a quantity of Heineken beer and Benson and Hedges cigarettes were seized by the Department and the defaulter had promised to pay compensation in the sum of \$976,610 in lieu of court proceedings. At the time of reporting in July 2002, there was no evidence that this amount was paid to the Department and the goods were still on hand. Action should be taken to dispose of the items.
- 321.** 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.

Despite comments in my previous Reports, the Bills of Sight Register was not written up to include the 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.

- 322.** The system provides for deposits made by way of bills of sight (provisional entries) to be cleared and perfected within three(3) months. However, at the time of the inspection in May 2002, it was observed that seven(7) bills valued at \$2.881M were still outstanding for the year 1999.
- 323.** 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.
- 324.** Remissions of duties totalling \$16.331 billion were granted to various sectors, compared with amounts totalling \$13.2 billion remitted in 2000, an increase of \$3.131 billion or 23.7%. In 2000, there was a 75.13% increase in remissions from \$7.537 billion to \$13.2 billion. However, of the \$16.331 billion waived during the year, we were unable to verify amounts totalling \$1.536 billion since records for the period 13 February to 4 April 2001 were not produced for audit examination.

325. The following is a breakdown of the remissions granted in 2001, compared with the previous year:-

| <b>DESCRIPTION OF GOODS</b> | <b>AMOUNT<br/>2000<br/>\$'000</b> | <b>AMOUNT<br/>2001<br/>\$'000</b> | <b>INCREASE<br/>\$'000</b> |
|-----------------------------|-----------------------------------|-----------------------------------|----------------------------|
| Petrol                      | 6,339,455                         | 8,792,355                         | 2,452,900                  |
| Motor Vehicle               | 1,228,841                         | 1,565,982                         | 337,141                    |
| Forestry                    | 156,205                           | 197,947                           | 41,742                     |
| Computer                    | 40,960                            | 125,499                           | 84,539                     |
| Mining                      | 798,073                           | 693,589                           | (104,494)                  |
| Others                      | 4,636,737                         | 4,955,675                         | 318,938                    |
| <b>TOTAL</b>                | <b>13,200,271</b>                 | <b>16,331,047</b>                 | <b>3,130,776</b>           |

The remissions granted in 2001 represent 90.22% of actual collections by the Department, compared with 68.86%, 47.65%, 31% and 39.67% in 2000, 1999, 1998 and 1997 respectively.

326. An examination of the Ships' Rotation Book kept at Customs House revealed that 1,003 vessels came into port Georgetown for the period under review. The Commissioner explained that 781 files were completed at the various transit sheds. However, as at April 2002, only 220 files were 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.
327. In relation to consumption tax on locally manufactured goods, an examination of a sample of fifty-two(52) consumption tax files revealed that eighteen(18) manufacturers did submit their monthly returns within the prescribed fifteen(15) days of the close of the month for varying periods during the year. In addition, seventeen(17) manufacturers did not effect payment in respect of consumption tax within the prescribed fifteen(15) days of the close of the month.
328. 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 two(2) manufacturers were fined a total of \$75,000. The Commissioner explained that in ten(10) instances, fines were waived and there was documentary evidence attesting to such action.

- 329.** Amounts totalling \$205.361M were collected as consumption tax on services. Of this amount, \$197.247M relates to telephone services while the remainder was in relation to betting shops. Section 12 A(1) of the Fiscal Enactment (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 2001, annual remittances by the Telephone Company have declined from \$270.7M to \$197.247M.
- 330.** During the period under review, two(2) betting shops were in operation. The amount collected as taxes from these betting shops was \$8.114M against a budgetary allocation of \$12.659M. However, 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 engaging the attention of the Department.
- 331.** Amounts totalling \$14.961M were collected from liquor licences. An examination of liquor licences records for Regions 2, 3, 4 and 10 revealed that a total of 1,740 registered premises did not renew their licences in 2001. 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 two hundred and thirty-three(233) control visits during the period 23 January to 21 July 2002. 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.
- 332.** Amounts totalling \$33.454M were collected as overtime fees from merchants. However, the merchants overtime register for the period January to March 2001 was not produced for audit examination. At the beginning of 2001, overtime fees, which remained uncollected, amounted to \$9.283M and fees due and payable for 2001 totalled \$16.412M. During the period under review, the Department despatched several demand notices for overtime fees of which amounts totalling \$33.454M were collected, as against a total of \$25.695M outstanding at the end of 2001. It would therefore appear that all transactions were not recorded in the merchant overtime register.
- 333.** An examination of the Dishonoured Cheques Register revealed that for the period under review, a total of 165 cheques valued at \$113.320M were dishonoured. 162 of these valued at \$111.749M were referred to their respective drawers while three(3) cheques valued at \$1.571M were post-dated. In addition, nine(9) importers tendered a total of twenty-eight(28) dishonoured cheques valued at \$22.844M. It is evident that there has been some laxity in relation to adhering to established procedures for authenticating cheques before accepting them. There was, however, evidence of undue delays in the clearing of these dishonoured cheques, ranging from eight(8) days to one hundred and forty (140) days. When this happens, the Department in effect is providing a source of short-term financing to the defaulting businesses. However, at the time of reporting in August 2002, one(1) cheque valued at \$9,600 remained outstanding.

- 334.** Further examination of the above-mentioned register revealed that an additional sixty-one(61) cheques valued at \$38.350M dishonoured during the period 1996 to 2000, 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        |
| 2000         | 16                    | 8,345,635         |
| <b>TOTAL</b> | <b>61</b>             | <b>38,349,624</b> |

- 335.** 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.
- 336.** In my 1999 and 2000 Reports, 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 stale-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.
- 337.** The current revenue bank account No. 3194 was overdrawn by \$9.085M as at 31 December 2001. This account was reconciled to December 2001. The previous revenue bank account No. 3014, which became inactive in March 2000, reflected a balance of \$526.537M as at 31 December 2001. However, this account was only reconciled to February 2000. There is also an old revenue bank account No. 489, which reflected a balance of \$169.165M as at 31 December 2001. These balances should be transferred to the Consolidated Fund and steps taken to close the accounts. Action should also be taken to investigate and clear the overdraft on the current revenue bank account.

## GUYANA REVENUE AUTHORITY

### INTERNAL REVENUE

#### Revenue Accounting and Control

- 338.** Amounts totalling \$19.682 billion were collected as revenue from various sources for the period under review, compared with \$18.949 billion collected in the previous year, an increase of \$732,804 or 3.87%, as shown below:-

| PARTICULARS                            | AMOUNT<br>2000<br>\$'000 | AMOUNT<br>2001<br>\$'000 | INCREASE<br>\$'000 |
|--|--------------------------|--------------------------|--------------------|
| Corporation Tax                        | 7,064,182                | 6,728,473                | (335,709)          |
| Income Tax                             | 7,173,826                | 7,835,605                | 661,779            |
| Withholding Tax                        | 1,201,871                | 1,438,168                | 236,297            |
| Travel Tax                             | 1,058,505                | 1,092,120                | 33,615             |
| Income Tax – Self-employed             | 581,759                  | 732,358                  | 150,599            |
| Net Property Tax                       | 680,860                  | 685,571                  | 4,711              |
| Purchase Tax                           | 474,530                  | 472,314                  | (2,216)            |
| Licences – motor vehicles              | 240,982                  | 253,574                  | 12,592             |
| Capital Gains Tax                      | 157,935                  | 99,698                   | (58,237)           |
| Motor Vehicle & Road Traffic Ordinance | 153,828                  | 160,047                  | 6,219              |
|  | 18,788,278               | 19,497,928               | 709,650            |
| Others                                 | 160,886                  | 184,040                  | 23,154             |
| <b>TOTAL</b>                           | <b>18,949,164</b>        | <b>19,681,968</b>        | <b>732,804</b>     |

- 339.** In relation to Corporation tax, of the amount of \$6.728 billion collected, sums totalling \$6.524 billion relate to the Private Sector. In relation to the Public Sector, sums totalling \$236.928M were budgeted to be collected while actual collections amounted to \$204.782M.

- 340.** According to the records of the Department, there were 3,712 registered companies, of which 362 were identified as defunct. In addition, 262 companies were deemed to be inactive. It should be noted that at the time of reporting in July 2002 only 327 companies submitted annual returns to the Department, as compared to 691 in 2000. 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 five(5) companies in 2001.

- 341.** Amounts totalling \$7.835 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 250 instances where employers failed to submit returns for extended periods during 2001. 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.
- 342.** Amounts totalling \$1.438 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.
- 343.** Included in the amount of \$1.092 billion shown as having been collected as travel tax, were sums totalling \$695.226M relating to travel voucher tax. According to the records of the Department, six(6) airlines made payments through a commercial bank. However, there was no evidence that the returns were examined to verify the completeness, accuracy and validity of the information submitted to the Department.
- 344.** Amounts totalling \$732.358M were collected as income tax from self-employed persons. According to the Department's records 21,132 persons were deemed as self-employed in 2001. However, it could not be ascertained how many persons honoured their obligation to the Department.
- 345.** Included in the amount collected from self-employed persons, were sums totalling \$2.470M which were collected as professional fees from 247 persons. It is evident that a significant number of professionals did not honour their obligations to the Department, since the records of the Department showed a total of 1670 taxpayers on file. The Commissioner explained that demand notices were sent to all delinquent tax payers.
- 346.** Included in the above sum of \$19.682 billion were amounts totalling \$901.060M in respect of purchase tax, licences-motor vehicles and other miscellaneous revenues collected by the Licence Revenue Office. However, Collectors Cash Book/Statements (CCB/S) for amounts totalling \$4.832M were not presented for audit examinations.
- 347.** The sum of \$84.320M 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, six(6) hotels did not honour their obligations for an aggregate of thirty-nine(39) months during 2001 and two(2) hotels were not listed in the hotel accommodation register. In addition, there were several instances where returns were submitted as much as two(2) to over six(6) months late and evidence was seen of penalties being imposed for the late submission of returns.

- 348.** 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 2001. The Commissioner gave the assurance that efforts would be made to institute measures to monitor the collection of revenue from the outlying districts.

### **Other Matters**

- 349.** The revenue bank account No. 490, which became non-operational in May 1996, reflected a balance of \$35.589M as at 31 December 2001. It is recommended that this balance be transferred to the Consolidated Fund.
- 350.** The present revenue bank account No. 3025 reflected a large balance of \$4.361 billion 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. As at 31 December 2001, this balance was reduced to \$1.302 billion. It is recommended that this balance be transferred to the Consolidated Fund.
- 351.** Two(2) new bank accounts Nos. 3195 and 3196 were opened in March 2000 for Internal Revenue and the Licence Revenue Office and reflected balances of \$299.011M and \$23.284M as at 31 December 2001, respectively. These accounts were reconciled to December 2001. Another Licence Revenue Office revenue bank account No. 3018 reflected a balance of \$154.644M as at 31 December 2001. The account was, however, not reconciled since December 2000. There is also an old revenue bank account No. 491 with a balance of \$32.046M. All the balances on these accounts should be transferred to the Consolidated Fund and steps taken to close the old account



- 352.** At the time of the audit in July 2002, a total of thirty nine(39) dishonoured cheques totalling \$1.907M were on hand. Thirty-eight (38) of these were tendered during the period 1994 to 2000, as shown below:-

| <b>YEAR</b>  | <b>NO. OF CHEQUES</b> | <b>AMOUNT<br/>\$</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              |
| 2001         | 1                     | 30,200               |
| <b>TOTAL</b> | <b>39</b>             | <b>1,906,785</b>     |

- 353.** It is recommended that (a) a special exercise be carried out 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.

#### **HEAD 04 & DIVISION 506**

#### **MINISTRY OF FOREIGN AFFAIRS**

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

#### **Current Expenditure**

#### **Employment Costs**

- 354.** 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 2001. 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.

- 355.** The present salaries bank account No. 3086 reflected a balance of \$31.562M as at 31 December 2001. The cash book was, however, cast and balanced and bore evidence of supervisory checks. This account was nevertheless reconciled to December 2001 at the time of the audit in August 2002, using a cash book.
- 356.** 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, at the end of the respective months, as shown below:-

| MONTH    | AMOUNT<br>\$'000 | MONTH     | AMOUNT<br>\$'000 |
|----------|------------------|-----------|------------------|
| January  | 13,119           | July      | 29,945           |
| February | 11,262           | August    | 20,892           |
| March    | 29,876           | September | 29,466           |
| April    | 27,925           | October   | 29,360           |
| May      | 29,776           | November  | 27,877           |
| June     | 26,971           | December  | 43,145           |

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

- 357.** An examination of the reconciliation statement for December 2001 in respect of the present salaries account revealed that 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**

- 358.** Amounts totalling \$11.613M 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.
- 359.** Amounts totalling \$875,000 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.

- 360.** Amounts totalling \$269.169M were expended on Subsidies & Contributions to International Organisations, as shown below:-

| <b>NAME OF ORGANISATION</b>                  | <b>AMOUNT<br/>\$000</b> |
|--|-------------------------|
| CARICOM                                      | 132,803                 |
| Association of Caribbean States (ACS)        | 1,798                   |
| Commonwealth Fund for Technical Co-operation | 14,250                  |
| United Nations – local office                | 9,500                   |
| Commonwealth Secretariat                     | 28,251                  |
| Caribbean Export Development Agency          | 26,407                  |
| Organisation of American States              | 2,745                   |
| Regional Negotiating Machinery               | 23,792                  |
| Caribbean Court of Justice                   | 13,551                  |
| Commonwealth Foundation                      | 7,200                   |
| Indian High Commission                       | 5,000                   |
| Others                                       | 3,872                   |
| <b>TOTAL</b>                                 | <b>269,169</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.

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

- 361.** 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**

- 362.** The old imprest bank account No. 444, which became non-operational in July 1996, reflected an overdraft of \$51.635M as at 31 December 2001. It is recommended that this overdraft be investigated and steps taken to close this account.

## Revenue

- 363.** During the period review, amounts totalling G\$183.838M were remitted by Guyana's Overseas Missions to the Ministry of Foreign Affairs for onward transmission to the Accountant General's Department. The Accountant General's Department is required to examine the revenues remitted with the supporting documents and to deposit the revenue into the Consolidated Fund Bank Account. However, at the time of reporting, only G\$181.166M was deposited into the Consolidated Fund Bank Account. The following are the details:-

| MISSIONS     | AMOUNT<br>COLLECTED<br>\$'000 | AMOUNT<br>DEPOSITED<br>IN 400 A/C<br>\$'000 | AMOUNT NOT<br>DEPOSITED<br>INTO 400 A/C<br>\$'000 |
|--------------|-------------------------------|---|---|
| Beijing      | 1,600                         | 862   | 738   |
| Brazil       | 588                           | 487   | 101   |
| Brussels     | 697                           | 697   | Nil   |
| Caracas      | 2,937                         | 2,937                                       | Nil   |
| CGNY         | 136,731                       | 136,731                                     | Nil   |
| Cuba         | 227                           | 227   | Nil   |
| London       | 7,560                         | 7,560                                       | Nil   |
| Ottawa       | 1,529                         | 1,307                                       | 222   |
| Suriname     | 4,269                         | 3,498                                       | 771   |
| Toronto      | 15,246                        | 14,405                                      | 840   |
| Washington   | 12,454                        | 12,454                                      | Nil   |
| <b>TOTAL</b> | <b>183,838</b>                | <b>181,166</b>                              | <b>2,672</b>                                      |

- 364.** As a result, revenue has been understated by \$2.672M. In addition, although acknowledgement receipts were issued by the Accountant General's Department, these were not forwarded to the relevant Missions.

## Capital Expenditure

### Subhead 12001 - Buildings

365. The sum of \$5M was allocated for the rehabilitation of the Protocol building and Document centre in Georgetown and the Mission office in Washington. According to the Appropriation Account, amounts totalling \$3M were expended as follows:-

| DESCRIPTION                                | AMOUNT<br>\$'000 |
|--|------------------|
| Repairs to Protocol Building               | 277              |
| Repairs to roof of residence in Washington | 2,723            |
| <b>TOTAL</b>                               | <b>3,000</b>     |

366. An amount of G\$2.723M was allocated to the High Commission, Washington for the repairs to the roof of the residence in Washington. This allocation was only received in February 2002. At the time of audit in July 2002, an amount of US\$13,000 (equivalent to G\$2.464M) was expended. As a result the Appropriation Account has been overstated by G\$2.723M. The above works were nevertheless physically verified.

### Subhead 24001 - Land Transport

367. The sum of \$8.7M was allocated for the purchase of motor cars for Guyana and Brazil. Amounts totalling \$8.643M were expended in the purchase of one(1) 4x4 Toyota Hilux car for Head-Office and one(1) volvo 580 for Brazil. The motor car for Head Office was verified as having been received and properly brought to account while proper documentation exists for the one in Brazil.

### Subhead 25001 - Office Equipment and Furniture

368. The sum of \$8.5M was allocated for purchase of (a) office equipment for Head Office and mission offices, including China, Brazil, Venezuela, Washington and New York and (b) one(1) photocopier and two(2) computers for the new Ministry. Amounts totalling \$7.067M were expended as follows:

| DESCRIPTION     | NO. OF ITEMS | MISSION         | AMOUNT G\$       |
|-----------------|--------------|-----------------|------------------|
| Typewriter      | 1            | Washington      | 120,000          |
| Filing Cabinets | 2            | “               | 42,814           |
| Computer        | 1            | Ottawa          | 315,000          |
| Laser Printer   | 1            | “               | 350,000          |
| Drapes          | 1            | “               | 699,944          |
| Exhibit Display | 1            | Toronto         | 175,000          |
| Printer Server  | 1            | “               | 504,000          |
| Filing Cabinets | 2            | C.G NY          | 56,000           |
| Display Cabinet | 1            |                 | 93,000           |
| Fax Machines    | 2            | “               | 210,593          |
| Photocopier     | 1            | London          | 713,000          |
| Computer        | 1            | Brussels        | 288,015          |
| Photocopier     | 1            | Suriname        | 355,200          |
| Iron Safe       | 1            | Beijing         | 921,233          |
| Computer        | 1            | “               | 277,845          |
| Computers       | 2            | Foreign Trade   | 875,190          |
| Photocopier     | 1            | Foreign Affairs | 1,070,000        |
| <b>TOTAL</b>    |              |                 | <b>7,067,093</b> |

- 369.** It was observed that amounts totalling \$5.122M which were allocated to the Missions were remitted in the months of January and February 2002. As a result the Appropriation account has been overstated by this amount.
- 370.** An amount of G\$162,824 was allocated to the Embassy in Washington for the purchase of typewriters and filing cabinets. At the time of the audit in July 2002, five(5) typewriters were purchased at a cost of G\$123,000 and steps were being taken to acquire the filing cabinets. The items were verified as having been received and properly brought to account.
- 371.** An amount of G\$1.361M was allocated to the Guyana High Commission in Ottawa for the purchase of drapes, a computer and a laser printer. At the time of the audit in July 2002, the drapes and computer were purchased at a cost of G\$1.003M and steps were being taken to acquire the laser printer. The items were verified as having been received and properly brought to account.
- 372.** An amount of G\$679,000 was allocated to Guyana’s Consulate in Toronto for the purchase of a server upgrade and a display cabinet. At the time of audit in July 2002, an amount of C\$1,166.30 (equivalent to G\$137,466) was expended on the purchase of an Intel 84 – 1.6 Silver System and was to be installed. The Finance Officer explained that this amount represented a part-payment. The item was nevertheless verified as having been received and properly brought to account.

- 373.** Amounts totalling G\$359,593 was allocated to the Guyana Consulate in New York for the purchase of cabinets and fax machines. The allocation was received in February 2002. At the time of the audit in July 2002, the full amount was expended. As the result the Appropriation account has been overstated by G\$359,593M. Nevertheless, the items were verified as having been received and properly brought to account.
- 374.** The Guyana High Commission in London received an allocation of G\$713,000 on 22 January 2002 for the purchase of a photocopier. At the time of the audit in July 2002, an amount of G\$863,784 was expended. The difference of G\$150,784 was met from current expenditure. In respect of the Embassy in Brussels an amount of \$288,274 was received and expended for the purchase of a computer. The items were verified as having been received and properly brought to account.
- 375.** In respect of the purchase of items for the Missions in Suriname, Beijing and Caracas, adequate documentation exist for the procurement of these items. The items purchased for the Ministry's Head Office was 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**

- 376.** 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.
- 377.** 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.

**378.** An examination of the statement of expenditure for the year 2001 revealed an actual expenditure of \$34.452M, compared with a budgetary allocation of \$48.588M, giving a net saving of G\$14.136M. Employment costs accounted for \$13.024M. 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.

**379.** Excess expenditure totalling G\$0.552M was incurred in respect of four(4) subheads, as shown below:-

| <b>A/C<br/>CODE</b>             | <b>DESCRIPTION</b>         | <b>ALLOCATION<br/>\$'000</b> | <b>ACTUAL<br/>EXPENDITURE<br/>\$'000</b> | <b>EXCESS<br/>\$'000</b> |
|---------------------------------|----------------------------|------------------------------|--|--------------------------|
| 105                             | Semi Skilled and Unskilled | 2,500                        | 2,703                                    | 203                      |
| 131                             | Fuel & Lubricants          | 250                          | 458                                      | 208                      |
| 171                             | Telephone Charges          | 1,720                        | 1,743                                    | 23                       |
| 194                             | Other                      | 5,450                        | 5,568                                    | 118                      |
| <b>TOTAL EXCESS EXPENDITURE</b> |                            | <b>9,920</b>                 | <b>10,472</b>                            | <b>552</b>               |

**380.** 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 2001. It would appear necessary therefore for the Mission to be provided with a more realistic allocation in order to avoid this undesirable situation.

**381.** 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 because of insufficient and late remittance it was not remitted as expected.

**382.** In terms of capital expenditure for the year 2001, the Mission had an allocation of \$679,000 for the purchase of a server upgrade and an exhibit display cabinet. However, it did not receive the remittance, until 22 January 2002. At the time of inspection in July 2002, the items purchased were verified as having been received and properly brought to account.



### **Guyana High Commission, Ottawa**

- 383.** 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.
- 384.** 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.
- 385.** 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.
- 386.** The Remittances Register was not properly written up for the period under review, in that pertinent information such as date received, period of remittance and receipts numbers were not stated therein. As a result, alternative audit checks were carried out to verified remittances received by the High Commission for this period with information obtained from Head Office. Entries were also traced to the bank statements of the main bank account No. 131-886-4.
- 387.** In relation to the Sub Accountant's cash book, there was evidence of supervisory checks. However, at the time of inspection, the original payment vouchers and copies of the sub-accountant's cash book for the year 2001 and January 2002 to June 2002 were not submitted to the Accountant General's Department, as required by financial instructions. The Executive Officer explained that duplicate vouchers were being sent to the Accountant General's Department as certain bills/receipts were sent to Revenue Canada for rebate. He, however, gave the assurance that steps would be taken to submit the original payment vouchers to the Accountant General's Department.

- 388.** An examination of the statement of expenditure for the year 2001 revealed an actual expenditure was \$42.702M, compared with a budgetary allocation of \$60.400M, giving a net saving of \$17.638M. Employment costs accounted for \$27.243M. This latter figure, however, does not include the emoluments of home-based staff who were paid directly by Head Office. It was also observed that sub-vouchers such as bills/receipts were not attached to payment vouchers. In addition, certificates to the effect that the goods were received or works satisfactory completed were not appended to payment vouchers. In the circumstances the completeness, accuracy and validity of the expenditure of \$42.702M could not be determined.
- 389.** 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.
- 390.** Excess expenditure totalling \$76,292 was incurred in respect of the following five(5) 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>                 |
| 104                             | Clerical & Office Support | 2,320,000         | 2,349,951         | 29,951                    |
| 141                             | Rental of buildings       | 7,900,000         | 7,924,018         | 24,018                    |
| 161                             | Local travelling & Subs   | 300,000           | 307,290           | 7,290                     |
| 173                             | Water Charges             | 200,000           | 212,841           | 12,841                    |
| 184                             | Other                     | 155,000           | 157,192           | 2,192                     |
| <b>TOTAL EXCESS EXPENDITURE</b> |                           | <b>10,875,000</b> | <b>10,951,292</b> | <b>76,292</b>             |

- 391.** 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.
- 392.** In terms of capital expenditure for the year 2001, the Mission had an allocation of \$1.365M for the purchase of drapes, a computer and a laser printer. However, it did not receive the remittance, until 22 January 2001. At the time of inspection in July 2002, the drapes and the computer were bought at a cost of G\$1.003M. Steps were being taken to acquire the laser printer. The items purchased were verified as having been received and properly brought to account.

### Guyana Embassy, Washington D.C.

- 393.** 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.
- 394.** 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.
- 395.** 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.
- 396.** An examination of the statement of expenditure for the Mission for the period under review revealed an expenditure of \$61.651M, compared with a budgetary allocation of \$85.567M, giving a net saving of \$23.916M. The figure of \$61.651M, however, does not include the emoluments of home-based staff who were paid directly by Head Office.
- 397.** Excess expenditure totalling \$1.245M was incurred in respect of nine(9) line items, as shown below:-

| A/C<br>CODE                     | DESCRIPTION                 | ALLOCATION<br>\$'000 | ACTUAL<br>\$'000 | EXCESS<br>EXPENDITURE<br>\$'000 |
|---------------------------------|-----------------------------|----------------------|------------------|---------------------------------|
| 105                             | Semi-skilled operatives     | 2,900                | 2,962            | 62                              |
| 123                             | Office materials & supplies | 415                  | 419              | 4                               |
| 141                             | Rental of buildings         | 8,962                | 8,975            | 13                              |
| 142                             | Maint. of buildings         | 850                  | 998              | 148                             |
| 161                             | Local travel & subsistence  | 940                  | 1,233            | 293                             |
| 163                             | Postage, telex & cables     | 800                  | 978              | 178                             |
| 171                             | Telephones                  | 2,200                | 2,401            | 201                             |
| 183                             | Extermination services      | 200                  | 337              | 137                             |
| 184                             | Other                       | 1,300                | 1,509            | 209                             |
| <b>TOTAL EXCESS EXPENDITURE</b> |                             | <b>18,567</b>        | <b>19,812</b>    | <b>1,245</b>                    |

- 398.** This excess was due mainly to the inadequate allocation being given to the Mission. It would therefore appear necessary for the Mission to be given a more realistic allocation.
- 399.** 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.
- 400.** The total revenue collected and remitted to the Accountant General in respect of the year 2001 was G\$12.501M, equivalent to US\$66.791. 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 for 2001 was received and deposited into the Consolidated Fund. However, the amount was not recorded in the Consolidated Fund cash book. This matter was drawn to the attention of the Accountant General for investigation.
- 401.** In my 1999 and 2000 Reports, 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.
- 402.** 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 in July 2002, Head Office had not responded by which time, there were thirty-one(31) advances totalling US\$68,153, equivalent to G\$11.136M 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.
- 403.** 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 re-imbursed.

- 404.** In relation to the Mission's capital expenditure programme for 2001, an amount of US\$15,160.94 equivalent to G\$2.886M, was remitted in February 2002 to the Mission for the purchase of a filing cabinet, typewriter and repairs to the Chancery roof. This is a breach of the FAA Act which requires all unspent balances to be paid over to the Consolidated Fund.
- 405.** The typewriter was purchased in February 2002, at a cost of US\$649.99 equivalent to G\$123,173. However, the filing cabinet was not purchased and the funds remained in the main bank account instead of being refunded to Head Office. The typewriter was verified as properly received, however, at the time of inspection it was not inventorised.
- 406.** The contract for the repairs of the Chancery's roof was awarded to the lower of two(2) bidders in the sum of US\$13,000, equivalent to G\$2,476,500 on the 5 April 2002. The full amount was paid to the contractor. At the time of the inspection in July 2002 the work was completed and physically verified.

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

- 407.** 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 again urges that the appointment be made as a matter of urgency.
- 408.** 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.
- 409.** 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.
- 410.** The Consulate has been in receipt of remittances close to the end of the month and in nine(9) 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 account 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.

- 411.** An examination of the statement of expenditure for the period under review, revealed an actual expenditure G\$54.671M, compared with budgetary allocation of G\$65.993M, giving a net saving of G\$11.322M on the allocation. However, excess expenditure totalling G\$577,000 was incurred in respect of eight(8) line items, as shown below:-

| <b>A/C CODE</b>                 | <b>DESCRIPTION</b>        | <b>ALLOCATION<br/>\$'000</b> | <b>ACTUAL<br/>\$'000</b> | <b>EXCESS<br/>EXPENDITURE<br/>\$'000</b> |
|---------------------------------|---------------------------|------------------------------|--------------------------|--|
| 103                             | Other Technical           | 12,970                       | 13,089                   | 119                                      |
| 105                             | Semi-Skilled              | 3,700                        | 3,805                    | 105                                      |
| 201                             | Other Direct Labour Costs | 950                          | 965                      | 15                                       |
| 142                             | Maintenance of Buildings  | 268                          | 277                      | 9  |
| 163                             | Postage, Telex & Cables   | 300                          | 451                      | 151                                      |
| 164                             | Vehicles Spares           | 1,400                        | 1,494                    | 94                                       |
| 182                             | Equipment Maintenance     | 150                          | 168                      | 18                                       |
| 184                             | Other                     | 1,040                        | 1,106                    | 66                                       |
| <b>TOTAL EXCESS EXPENDITURE</b> |                           | <b>20,778</b>                | <b>21,355</b>            | <b>577</b>                               |

- 412.** On the 10 December 2001, Head Office issued a revised allocation for the Embassy of G\$65.993M. The Accountant had informed Head Office that the revised allocation in relation to certain line items would not be adequate to cover the expenditure up to 31 December 2001. However, the Ministry did not act on the request and as a result, the Consulate had exceeded the expenditure in respect of the eight(8) line items shown above. It is recommended that a more thorough review be undertaken by Head Office to avoid such excess expenditure.
- 413.** The total revenue collected and remitted to the Accountant General in respect of the year 2001 was US\$729,342, equivalent to G\$131.116M. 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. In addition, the Consulate did not receive acknowledgements from the Accountant General for revenue totalling G\$91.061M in respect of revenue collected and remitted for the year 2000. It is recommended that the Ministry of Foreign Affairs pursue this matter urgently with the Accountant General.

- 414.** However, it should be mentioned that the revenue collected for the period 16 July to 31 December 2001, was not remitted promptly to the Accountant General. It was explained by the Accountant that the bank where the revenue account was maintained was taken over by another bank, (CITI Bank N. A. New York) and the new bank ceased to issue bank draft in United States dollars. As a result, the Consulate was unable to remit the revenue collected for the period 16 July to 31 December 2001 until 7 March 2002. It should be noted that revenue for the period 16 July 2001 to February 2002 amounted to US\$440,474 equivalent to G\$83.701M was sent on the 7 March 2002 via wire transfer after arrangements were made with Bank of Guyana to deposit the revenue into their account in New York. However, a receipt was not written in respect of the amount and the entry was not made in the Consolidated cash book at the time of reporting.
- 415.** In relation to capital expenditure for the period under review, an amount of US\$1,889.31 equivalent to G\$359,593 was remitted to the Consulate in February 2002 for the purchase of filing cabinet, display cabinet, fax machine and fax printer. The fax machine and fax printer was purchased for the Ministry of Foreign Affairs and both items were sent to the Ministry in March 2002. However, the filing and display cabinets were not purchased. It was explained that the funds for the cabinets were insufficient to purchase the cabinets required.
- 416.** In my 2000 Report, it was mentioned that 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 again 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**

- 417.** 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.

- 418.** The actual staffing at the Mission at the time of reporting was eleven(11). The Counsellor was the only home-based staff, while the others were locally recruited staff. In addition, another home based employee was on secondment to the United Nations (UN), with effect from the 11 June 2001 for eleven(11) months. A further extension of his secondment was approved to the 31 August 2002. 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.
- 419.** 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.
- 420.** 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. In my 2000 Report, it was recommended that another person be employed to improve the internal controls in the Finance Section. On 4 March 2002, the Ministry employed an Executive Officer II to assist with the accounting duties.
- 421.** The Main Bank Account was reconciled to June 2002 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 fourteen(14) amounts totalling US\$14,143 which were recorded in the cash book as having been received but could not be traced to the bank account. The Mission was able to established that six(6) of the transactions totalling US\$5,927.04 related to deductions made from employees wages for medical insurance, and another three(3) amounts totalling US\$5,038.71 related to remittances sent by Head Office. At the time of reporting, the Mission continued investigating the matter.
- 422.** 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 account 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.
- 423.** The statement of expenditure for the year 2001 was examined. Actual expenditure was G\$196.832M against a budgetary allocation of G\$223,822, giving a net saving of G\$26.990M. Employment costs accounted for G\$71.724M. However, this latter figure does not include the salaries of the home-based staff.



424. 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.
425. Excess expenditure totalling G\$2.255M was incurred in respect of seven(7) line items, as shown below:-

| <b>A/C CODE</b>                 | <b>DESCRIPTION</b>          | <b>ALLOCATION<br/>\$'000</b> | <b>ACTUAL<br/>\$'000</b> | <b>EXCESS<br/>EXPENDITURE<br/>\$'000</b> |
|---------------------------------|-----------------------------|------------------------------|--------------------------|--|
| 105                             | Semi-Skilled                | 5,001                        | 5,134                    | 34                                       |
| 201                             | Other Direct cost           | 1,600                        | 3,349                    | 1,749                                    |
| 124                             | Print & Non Print Materials | 345                          | 514                      | 169                                      |
| 141                             | Rental of Buildings         | 107,000                      | 107,229                  | 229                                      |
| 161                             | Local Travel & Subs         | 1,700                        | 1,730                    | 30                                       |
| 172                             | Electricity Charges         | 1,538                        | 1,545                    | 7  |
| 182                             | Equipment Maintenance       | 3,059                        | 3,096                    | 37                                       |
| <b>TOTAL EXCESS EXPENDITURE</b> |                             | <b>120,342</b>               | <b>122,597</b>           | <b>2,255</b>                             |

426. The above situation resulted for the inadequacy of the allocation. In this regard, evidence was seen where the Mission in 21 December 2001 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.
427. In my 2000 Report, it was stated that Guyana was indebted to the United Nations in the sum of US\$3,918. Guyana's contribution to the UN for the year 2001 in respect of the UN Regular Budget was US\$10,343. In September 2001 the Mission made two(2) payments to the UN totalling US\$17,851. These payments liquidated Guyana's indebtedness to the UN for the regular budget for the year 2001 and its contribution in respect of peacekeeping operations and international tribunals as at 15 July 2001. Therefore, at 31 December 2001, Guyana was only indebted to the UN in the sum of US\$3,103 for contributions to peacekeeping operations for the period 16 July to 31 December 2001.

- 428.** 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.
- 429.** In terms of capital expenditure, no provision was made for the year 2001 for the Mission.

### **Guyana High Commission - London**

- 430.** 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.
- 431.** 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 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.
- 432.** 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 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.

- 433.** 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, it was because of this state of affairs, that the Accounts Section suffered two(2) resignation during the period under review. Documentary evidence was, however, seen where approval was given for an upward review of the emoluments of the locally recruited staff. However, up to the time of reporting, releases were not obtained to permit the payment of arrears, which is expected to cost £5,952.71 or G\$1.620M. The new rates, which reflect increases between 2% to 16% on the original salaries paid, were nevertheless paid as of 13 June 2002.
- 434.** 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 seven(7) months' leave to their credit. This is a reflection of the staffing situation at the Mission.
- 435.** 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.
- 436.** On the matter of securing cash and cheques, the Mission had a safe and vault. While the vault was outfitted with keylock and combination, the safe had only a combination lock. In both cases the combination locks were not operational. The High Commissioner was advised to take corrective action in this regard.

- 437.** 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 £10,400 had to be kept in the bank account to meet the emoluments of locally recruited staffs who were paid on a weekly basis. In addition, at the time of the inspection, there were liabilities totalling £3,249.08, which had been coming forward from the year 2001. 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.
- 438.** There were omissions from the Remittances Register of £ 71,281.45 in relation to salaries of home-based staff, in addition to £363,72.95 relating to other remittances to the Mission by Government Agencies. Hence, while the Remittances Register was well written, balanced and bore evidence of supervisory checks, it was not considered accurate in view of the omissions. 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, there was evidence of supervisory checks.
- 439.** The collectors' cash book statements for the period under review were also examined. These were found to be well written and accurate.
- 440.** An examination of the Votes Ledger revealed that this record was cast and balanced on a monthly basis and bore evidence of supervisory checks. In addition, based on test checks carried out the recording of transactions and balancing of records reflected a very high degree of accuracy in its maintenance.
- 441.** 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.
- 442.** 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 June 2002, at the time of inspection.

443. 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 2001 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> |

444. 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.
445. 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.
446. 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
447. 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 31 May 2002. A recommendation was again made for the dates of acquisition to be included in the inventory records.

- 448.** In relation to the Mission's building at Bayswater Street, approximately only 50% of the premises were 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.
- 449.** 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 enlist the support of the newly created Ministry of Foreign Trade with a view to sensitising local exporters of the facilities available at the Mission.
- 450.** 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\$1.046M less. Moreover, actual remittances for the year 2001 were significantly less than the budgetary allocation, resulting in the fire escape not being replaced. The works were re-budgeted for in the year 2002.
- 451.** Earlier in the year 200, 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.
- 452.** 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.

453. The statement of expenditure for the year 2001 was examined and was in agreement with the Votes Ledger. Actual expenditure was G\$60.004M, compared with a budgetary allocation of G\$87.252M, giving a net balance of G\$27.248M on the allocation. Of this balance, amounts totalling \$19.197M represented net salaries and allowances of home-based staff. Other employment costs for locally recruited staff accounted for G\$34.143M of the expenditure of \$60.004M reported in the expenditure statement. This latter figure, however, does not include the emoluments of home-based staff who were paid directly by Head Office.
454. 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.
455. Excess expenditure totalling G\$1.101M was incurred in respect of eight(8) line items, as shown below:-

| <b>A/C CODE</b>                 | <b>DESCRIPTION</b>          | <b>ALLOCATION<br/>G\$</b> | <b>ACTUAL<br/>EXPENDITURE<br/>G\$</b> | <b>EXCESS<br/>G\$</b> |
|---------------------------------|-----------------------------|---------------------------|---------------------------------------|-----------------------|
| 123                             | Office Materials & Supplies | 818                       | 922                                   | 104                   |
| 124                             | Print & Non-Print Material  | 390                       | 411                                   | 21                    |
| 131                             | Fuel & Lubricants           | 2,125                     | 2,188                                 | 63                    |
| 143                             | Cleaning & Janitorial       | 1,728                     | 1,939                                 | 63                    |
| 163                             | Postage, Telex, etc.        | 1,039                     | 1,284                                 | 245                   |
| 164                             | Vehicles spares & Service   | 1,165                     | 1,197                                 | 32                    |
| 171                             | Telephone Charges           | 2,600                     | 2,967                                 | 367                   |
| 182                             | Equipment Maintenance       | 500                       | 558                                   | 58                    |
| <b>TOTAL EXCESS EXPENDITURE</b> |                             | <b>10,365</b>             | <b>11,466</b>                         | <b>1,101</b>          |

456. 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 2001. The budgetary allocation is an important tool within the framework of budgetary control and therefore, should be provided in a timely manner.

**457.** In terms of capital expenditure for the year 2001, the Mission had an allocation of G\$713,000 for the purchase of a photocopier. However, it did not receive the remittance of £12,608.36 (equivalent to G\$709,693) until 22 January 2002. In terms of the purchase, the Mission acquired the photocopier at a cost of £3,166.63 or G\$863,784, the difference of £558.27 being utilised from funds provided under the current provision. The items acquired were nevertheless verified as having been received and properly brought to account.

### **The Guyana Embassy, Brussels**

**458.** The actual staffing at the Mission at the time of the inspection was eight(8). Five(5) 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).

**459.** 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.

**460.** On the matter of remittances from the Ministry of Foreign Affairs and other Government Agencies, the Mission received US\$273,780 (equivalent to G\$51.341M) during the period. However, only US\$200,000 was recorded in the Remittances Register. The difference of US\$73,780 (equivalent to G\$13.825M) was in respect of the salaries and allowances of home-based staff. The Missions Accountant was advised to take corrective action in this regard.

**461.** 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 during the period 1 January to 31 May 2001.

**462.** 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.



- 463.** 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.
- 464.** The sub accountant's cash book for the Belgian francs portion of the main bank account was examined. Out of remittance of US\$200,000 received for Other Charges during the year ended 31 December 2001, amounts totalling US\$175,000 were converted into a total of 7.804M Belgian Francs. Similarly, a total of US\$86,000 was converted into the new currency, the Euro during the period 1 January 2002 to 30 June 2002, yielding ninety four thousand, one hundred and fifty four Euro and twenty-four cents (94,154.24). An amount of US\$25,0000 received in December 2001 was later converted on 9 July 2002 for Euro 25,249.97. These transfers were verified with the bank statements and entries in summary cash book.
- 465.** The main bank account (Belgian Portion) was reconciled to June 2002. An examination of the reconciliation statements, however, revealed that there were two(2) unpresented cheques totalling Euro 984,09 dating back to the years 1990 and 1992. In December 2001, seven(7) cheques were BF 607,372 equivalent to US\$13,254.45, which represents stale dated cheques for 1985 was paid into revenue. It is recommended that these cheques be written back to the cash book since they have become stale-dated and were no longer valid.
- 466.** The revenue bank account was reconciled to June 2002. Out of this account, a cash float of BF 11,420 was maintained but was not being utilised. Following a recommendation made on the previous audit visit for this amount to be paid into the account as miscellaneous revenue, the closure of the cash float was effectively carried out with the paying to revenue of its Euro equivalent of 283.09 on 10 July 2002.
- 467.** The collector's cash book statements for the period 1 January 2001 to 30 June 2002 were also examined. A percentage of the entries were traced to the duplicate copies of receipts and to the bank statements. The CCBS's bore evidence of supervisory checks.
- 468.** The salaries bank account No. 310-1272952-10 and related records for the period January 2001 to June 2002 were examined. Remittances were traced to the cash book and bank statements. As at 1 January 2001, the account reflected a positive balance of BF 203,741 and as at 31 December 2001 this balance had increased to BF 262,750. The conversion of the balance to the Euro on 2 January 2002 resulted in an amount of Euro 6,513.40 from which bank charges of Euro 60.26 were deducted during the period January 2002 to May 2002. Theoretically, it should reflect a nil balance. This favourable balance was due mainly to exchange differences over the years and has served the purpose of defraying bank charges, which would have normally been paid from the current appropriation.

- 469.** 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 was receiving BF11.91 less per US dollar. In this regard it was noted that corrective action was taken in January 2002, resulting in all allowance being denoted in US dollars. Corrective action was however, taken and the salaries of the home-based staff was now being denoted in United States dollars.
- 470.** 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. At the time of inspection approval was granted for a 7% across the board increase, to be paid effective 1 January 2001. However, although the approval was received in June 2002 the new rates were not yet disbursed.
- 471.** The Votes Ledger for the year 2001 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 on 29 May 2002 based on physical verification carried out by staff. A test check of the inventory was also carried out and this revealed no discrepancies.
- 472.** The statement of expenditure for the year 2001 was examined. Actual expenditure was G\$29.045M, compared with a budgetary allocation of G\$45.192M, giving a net saving of G\$16.147M. This balance was in respect of the salaries and allowances of home-based staff which was not recorded in the expenditure records.
- 473.** The main reason for the above savings of G\$16.147M 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.

474. Excess expenditure totalling G\$294,000 was incurred under six(6) 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> |
|-----------------|-----------------------------|-----------------------|-----------------------|-----------------------|
| 123             | Office Materials & Supplies | 150                   | 192                   | 42                    |
| 124             | Print & Non-Print Materials | 240                   | 247                   | 7                     |
| 141             | Rental of Building          | 15,200                | 15,312                | 112                   |
| 163             | Postage, Telex etc.         | 842                   | 873                   | 31                    |
| 184             | Other                       | 150                   | 198                   | 48                    |
| 193             | Refreshment and Meals       | 100                   | 154                   | 54                    |
| <b>TOTAL</b>    |                             | <b>16,682</b>         | <b>16,976</b>         | <b>294</b>            |

475. 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. However, although a further revised allocation was received on 12 December 2001, it did not cover the excess expenditure.
476. The Mission collected revenue mainly from the issue and renewal of passports and the notarising 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 2001, amounts totalling BF 176,049 were collected as revenue while the period 1 January to 30 June 2002 collections amounted to Euro 2,906.04. Given the small volume of transactions, banking was not done on a daily basis, but on average once a week.
477. 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 Euro 463.14 was made on 29 January 2002, corresponding to the total collections for the year 2001.
478. The revenue bank account reflected a balance of Euro 14,075.11 as at 30 June 2002. As indicated above, collections for the period 1 January to 30 June 2002 amounted to Euro 2,906.04 giving a difference of Euro 11,169.07. It is evident that revenue for previous years had not been paid over to the Accountant General. Based on a recommendation made on the previous audit visit this balance was paid over in July 2002, as miscellaneous revenue.
479. In relation to the Mission's capital expenditure programme for 2001, an amount of US\$1,513.25 equivalent to G\$288,274 was remitted in 2002. This allocation was used for the purchase of one "Compaq Presario" computer. At the time of the inspection the Mission was not in receipt of a capital allocation for the year 2002, but it was envisaged that during the half-year July 2002 to December 2002 an amount should be disbursed for the purchase of office furniture.

## HEADS 05 AND 13 & DIVISIONS 522 AND 527

### MINISTRY OF LOCAL GOVERNMENT

#### Capital Expenditure

##### Subhead 12001 – Building Administration

480. An amount of \$5M was voted for the rehabilitation of De Winkle Building. No amount was expended as the repairs were carried out by the Ministry of Public Works and Communication.

##### Subhead 19001 – Infrastructure Development

481. An amount of \$25M was voted for (a) the rehabilitation of Charity farmers' stelling (b) construction of community centres at Parika and Bath and (c) construction of guesthouse at Annai. The full amount was expended. The following is a breakdown of the expenditure:-

| DESCRIPTION                                 | AMOUNT<br>\$'000 |
|---|------------------|
| Rehabilitation of Charity farmer's stelling | 7,000            |
| Construction of community centre at Parika  | 6,000            |
| Construction of community centre at Bath    | 6,000            |
| Construction of guest house at Annai        | 6,000            |
| <b>TOTAL</b>                                | <b>25,000</b>    |

482. The contract for the rehabilitation of the Charity farmers' stelling was awarded in the sum of \$7.425M. As at 31 December 2001, amounts totalling \$6.683M was expended and the work was still in progress. In respect of the Community centre at Parika, the contract was awarded in the sum of \$4.654M. There was an approved variation of \$1.298M, giving a revised contract sum of \$5.952M. As 31 December 2001, the work was completed and amounts totalling \$5.931M were paid to the contractor.

483. The contract for the construction of the community centre at Bath Settlement was awarded in the sum of \$6M. As at 31 December 2001, the work was completed and amounts totalling \$5.9M were paid to the contractor. In relation to the construction of the guesthouse at Annai, a labour contract was awarded in the sum of \$1.122M. As at 31 December 2001, the work had not commenced but a mobilisation advance of \$83,066 was paid to the contractor. The work was not re-budgeted for, but was completed in 2002, resulting in an amount of \$1.039 owing to the contractor. The difference of \$5.917M was incurred on the purchase of materials. The materials were verified as having been received and properly brought to account and at the time of reporting the above works were physically verified.

### Subhead 19003 – Urban Development Program

- 484.** The sum of \$954.393M 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 and (c) reconstruction of Norton and Robb Streets, mobilisation fees for markets and provision for consultancy. According to the Appropriation Account, amounts totalling \$532.334M were shown as having been expended.
- 485.** 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. The last set of audited accounts of the Program was for the year 2001, and an examination of these accounts revealed an expenditure of \$673.164M, giving a difference of \$140.830M. This difference was due to disbursements received from the Lending Agency, not paid over to the Ministry of Finance but utilised for expenditure
- 486.** The following is a breakdown of the audited expenditure:-

| <b>DESCRIPTION</b>                | <b>AMOUNT<br/>\$'000</b> |
|-----------------------------------|--------------------------|
| Infrastructure Rehab. Investments | 429,960                  |
| MLGRD Institutional Strengthening | 177,238                  |
| Programme Execution Unit          | 65,966                   |
| <b>TOTAL</b>                      | <b>673,164</b>           |

- 487.** Included in the sum of \$429.960M, in respect of Infrastructure Rehabilitation Investments, were five(5) contracts totalling \$831.277M which were awarded to five(5) contractors for rehabilitation works on Norton and Robb Streets; Stabroek, New Amsterdam, No79 Corriverton and Wismar markets and Anna Regina Town Hall. As at 31 December 2001, amounts totalling \$418.243M were paid to the contractors and all the works were completed except for Stabroek and New Amsterdam markets, which were still in progress. The works were physically verified.
- 488.** Also included in the sum of \$429.960M, in respect of Infrastructure Rehabilitation Investments were five(5) contracts totalling \$44.641M which were awarded to five(5) consultants for the design and preparation of tender dossier and supervision of infrastructure Projects at Linden, Rose Hall, Corriverton, Georgetown, New Amsterdam and Anna Regina Municipalities. As at 31 December 2001, amounts totalling \$11.717M were paid to the consultants and the design and preparation aspects of all the contracts were completed, while supervision is ongoing.

- 489.** In relation to the Institutional Strengthening of the Ministry of Local Government and Regional Development, two(2) contracts were awarded in the sums of \$480.596M and \$1.786M to two(2) consultants. Amounts totalling \$177.238M were expended.
- 490.** The first contract was awarded in July 2000 for the reorganisation and strengthening of the Ministry of Local Government and Regional Development, Property Tax Assessment Reform, Technical Assistance and Training to Municipal Governments and infrastructure rehabilitation. As at 31 December 2000, amounts totalling \$61.706M were paid to the consultant while the sum of \$176.210M was paid in 2001. As at 31 December 2001, amounts totalling \$237.16M were paid to the consultants and the works were still in progress.
- 491.** The second contract was awarded in June 2000 for the preparation of provisional initial report for the functioning and operations of the Urban Development Programme and review and analysis the operating regulations prepared by Management Consulting firm. Amounts totalling \$1.072M were paid in 2000 while the sum of \$714,400 was paid in 2001. As at 31 December 2001, the full amount was paid to the consultant who had fulfilled his contractual obligations. In addition, the sum of \$314,251 was paid to four(4) four Research Assistants.
- 492.** In relation to Programme Execution Unit, the sum of \$65.966M represents payments made to eleven(11) contracted employees, purchase of four(4) vehicles and office furniture. The items purchased were verified as having been received and properly brought to account.

**Subhead 19005 - Project Development & Assistance**

- 493.** The sum of \$254M was provided to assist Municipalities and Neighbourhood Democratic Councils (NDC'S) with their infrastructure and rehabilitation works and upgrading of drainage and irrigation, roads and bridges. Amounts totalling \$253M were expended as follows:-

| <b>NAME OF AGENCY</b>      | <b>AMOUNT<br/>\$000</b> |
|----------------------------|-------------------------|
| Sixty-five (65) NDC's      | 195,000                 |
| Georgetown City Council    | 16,000                  |
| New Amsterdam Town Council | 10,000                  |
| Linden Town Council        | 9,000                   |
| Anna Regina Town Council   | 7,000                   |
| Rose Hall Town Council     | 7,000                   |
| Corriverton Town Council   | 6,000                   |
| Miscellaneous              | 3,271                   |
| <b>TOTAL</b>               | <b>253,271</b>          |

- 494.** Financial returns were, however, not submitted to the Ministry to account for funds transferred to the six (6) municipalities and thirty-eight(38) 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.
- 495.** In relation to the amount of \$16M transferred to the Georgetown City Council, an examination of the Council's records revealed that two(2) trucks and an excavator were purchased at a cost of \$17.233M. The difference of \$1.233 was met from the Council's funds
- 496.** An examination of the records of the Linden Town Council revealed that the amount of \$9M was expended to purchased a back hoe and four (4) trailers valued at \$7.618M. The difference was used mainly to meet payroll cost. In relation to the amount of \$7M transferred to Anna Regina Town Council, the amount was used for upgrading streets and desilting of trenches. The Corriverton Town Council utilised the amount of \$6M for the purchased of burnt earth, fuel and equipment.
- 497.** 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) NDC's have not submitted financial statements for audit since they were established in 1994.
- 498.** The following gives the status of the municipalities at the time of reporting:-

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

- 499.** Financial statements for the Georgetown City Council and the Corriverton Town Council for the years 1999-2000 and 1991-2001 respectively were received, and at the time of reporting, the audits were in progress.
- 500.** 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.

- 501.** No financial statements for the years subsequent to those shown in the above table were received in respect of the New Amsterdam, Linden Town and Anna Regina Town Councils.

**Subhead 26003 - Power Generation**

- 502.** The sum of \$16M was allocated for the purchase of (a) solar system for Region No. 9 and (b) three(3) generator sets for Wauna, Orinduik and Opoteri. No expenditure was incurred. The items were re-budgeted for in 2002.

**Subhead 35001 - Office Furniture & Equipment**

- 503.** The sum of \$1.9M was allocated for the purchase of typist chairs and one telephone switchboard. Amounts totalling \$476,000 were expended for the purchase of one executive chair, one air conditioning unit and one computer. The items purchased were verified as having been received and properly brought to account.

**Subhead 36001 - Solid Waste Disposal**

- 504.** The sum of \$25M 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. No expenditure was incurred and was re-budgeted for in 2002.

**HEAD 06 & DIVISION 513**

**MINISTRY OF INFORMATION**

**Current Expenditure**

- 505.** The Ministry incurred an expenditure of \$22.042M on employment costs for thirty (30) officers, of which sums totalling \$20.840M relate to the emoluments of twenty-six (26) officers engaged on a contract/gratuity basis. However, an examination of the authorised staff strength for the period under review, revealed that no provision was budgeted by Parliament for contracted employees. In addition, the authorised staff strength of twenty-seven(27) was exceeded by three(3) persons.
- 506.** Amounts totalling \$1.334M were expended on Transport, Travel & Postage of which sums totalling \$882,300 relate to repairs and maintenance of vehicles. The following table shows the maintenance costs of these vehicles, compared with the previous years:-



| VEHICLE NO.  | AMOUNT EXPENDED |                |                |                  |
|--------------|-----------------|----------------|----------------|------------------|
|              | 1999<br>\$      | 2000<br>\$     | 2001<br>\$     | TOTAL<br>\$      |
| PFF 3671     | 482,135         | 502,130        | 699,100        | 1,683,365        |
| PGG 8680     | -               | 86,015         | 29,645         | 115,660          |
| PGG 9569     | -               | 61,445         | 145,355        | 206,800          |
| PDD 1940     | -               | -              | 8,200          | 8,200            |
| <b>TOTAL</b> | <b>482,135</b>  | <b>649,590</b> | <b>882,300</b> | <b>2,014,025</b> |

- 507.** Vehicle PFF 3671 has a high maintenance cost during the period 1999 to 2001 where sums totalling \$1.683M were expended. In view of the high cost of maintenance for this vehicle, consideration should be given to the disposal of this vehicle and for the acquisition of another.
- 508.** The amount of \$18.880M expended on Subsidies & Contributions relates to a subvention, which was paid to the Guyana Television and Broadcasting Company Ltd. (GTV). The last set of audited accounts for GTV was in respect of the year 2000. Financial statements for 2001 were however, not submitted for audit. The amount of \$18.8M was nevertheless verified as having been received by GTV.
- 509.** In 2001, the Ministry was still operating the Special Bank Account No. 1005 as a clearing account for the cost of publications on behalf of Ministries and Departments. In relation to misappropriation of the sum of \$1.641M uncovered in 1998, the Ministry had only recovered \$1.602M at the time of reporting. It was explained that the balance of \$39,000 was paid through the Courts and would be collected later.
- 510.** In my previous Reports, it was recommended that the operations of the above account be discontinued and that Government agencies be made directly responsible for arranging and paying for publications with the media, as was done in the past. It should be mentioned that as at December 2001, the account reflected a balance of \$435,498. The Accounting Officer explained that steps would be taken to close the account as soon the outstanding debt is collected from the Courts.

## Capital Expenditure

### Subhead 25002 - Furniture and Equipment

511. The sum of \$2M was voted for the purchase of office furniture and equipment and photographic equipment including video cameras, still camera, computer and air condition unit. Amounts totalling \$534,030 were expended in the purchase of three(3) desks, three(3) typist chairs, one(1) refrigerator etc. The items purchased were verified as having been received and property brought to account.

### Subhead 45001 - Guyana Television (GTV)

512. The sum of \$18M was provided for the purchase of a mobile broadcast unit and equipment including cameras, audio visual and television equipment and accessories. Amounts totalling \$8.639M were expended on the purchase of production equipment and accessories such as camcorder, digital mixer, editing recorder, multi-event controller and source player, etc. The items purchased were verified as having been received and property brought to account.

## HEAD 07 & DIVISION 505

### PARLIAMENT OFFICE

#### Capital Expenditure

### Subhead 25003 - Parliament Building

513. An amount of \$6M was allocated for (a) the payment of liabilities and (b) the purchase of communication equipment and computers. Amounts totalling \$4.569M were expended as follows:-

| DESCRIPTION                               | AMOUNT<br>\$'000 |
|---|------------------|
| Purchase of seven(7) desktop computers    | 1,898            |
| “ “ three(3) laptop computers             | 1,166            |
| Repairs & renovation to Parliament Office | 665              |
| Purchase of six(6) printers               | 510              |
| “ “ six(6) UPS                            | 330              |
| <b>TOTAL</b>                              | <b>4,569</b>     |

**514.** The contract for the repairs and renovation works to Parliament Office was awarded in the sum of \$4.251M in 1999. At 31 December 31 December 1999, amounts totalling \$3.970M was paid to the contractor. There was an approved variation of \$384,220 giving a revised contract sum of \$4.635M. The sum of \$664,982 representing unpaid liability on this contract was paid in 2001. The works were physically verified and the items purchased was verified as having been received and properly brought to account.

**HEAD 08 & DIVISION 505**

**OFFICE OF THE AUDITOR GENERAL**

**Capital Expenditure**

**Subhead 12001 - Buildings**

**515.** The sum of \$2M was voted for the construction of (a) a new filing room and (b) fence. However, there was an approved change in programme to cater for the repairs and painting of the Office building instead of the construction of a filing room. Amounts totalling \$1.962M were expended as follows: -

| DESCRIPTION                           | AMOUNT<br>\$'000 |
|---------------------------------------|------------------|
| Construction of fence                 | 1,237            |
| Repairs & painting of office building | 725              |
| <b>TOTAL</b>                          | <b>1,962</b>     |

**516.** The contract for the construction of a concrete and chain link fence was awarded in the sum of \$1.237M to the only bidder who satisfied the criteria set by the evaluation committee and was closest to the engineer's estimate of \$1.242M The full amount was paid to the contractor. The contract for the repairs and painting of the Office building was awarded in the sum of \$590,480 to the lowest of four(4) bidders by the Departmental Tender Board. There was an approved variation of \$172,690 giving a revised contract sum of \$763,170. As at 31 December 2001, amount totalling \$725,011 was paid to the contractor. The works were physically verified.

**Subhead 25001 - Office Equipment & Furniture**

**517.** The sum of \$4M was allocated for the purchase of office equipment and furniture. Amounts totalling\$3.881M were expended on the purchase of the following:-

| <b>DESCRIPTION</b>                  | <b>AMOUNT<br/>\$000</b> |
|-------------------------------------|-------------------------|
| Risograph                           | 1,930                   |
| Computer Supplies                   | 1,064                   |
| Chairs (22)                         | 249                     |
| TV, TV Stand, Camera(1), Fans(10)   | 177                     |
| Monitors(2), Printers Cartridges(3) | 130                     |
| Calculators(10)                     | 119                     |
| Filing Cabinets(3)                  | 119                     |
| Fridge and Water Dispenser          | 93                      |
| <b>TOTAL</b>                        | <b>3,881</b>            |

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

#### **Subhead 44001 – Institutional Strengthening**

- 518.** The sum of \$3M was voted for the provision of services of three consultants. Amounts totalling \$2.689M were expended mainly for the hiring of three(3) engineers and the supply of computer equipment as follows :-

| <b>DESCRIPTION</b>                 | <b>AMOUNT<br/>\$'000</b> |
|------------------------------------|--------------------------|
| Payment of salary, allowances, etc | 1,934                    |
| Computer equipment                 | 730                      |
| Miscellaneous                      | 25                       |
| <b>TOTAL</b>                       | <b>2,689</b>             |

- 519.** The sum of \$1.934M was expended for the employment of one senior engineer and two engineers to assist the audit staff in the examination of contracts and carrying out physical verification of all contract works undertaken by Ministries/Departments/Regions, Projects and other Agencies in respect of the financial year ended 31 December 2001. The items purchased were verified as having been received and properly brought to account and proper documentation exists for the incurrence of the other expenditure.

**HEAD 09 & DIVISION 505**

**PUBLIC AND POLICE SERVICE COMMISSIONS**

**Capital Expenditure**

**Subhead 25002 - Public Service Commission**

- 520.** An amount of \$1.5M was provided for the purchase of air conditioning unit, computers, fax machine and filing cabinets. Amounts totalling \$971,000 were expended on the purchase of a photocopier, two(2) air conditioning units, a filing cabinet and a television set. The items purchased were verified as having been received and properly brought to account.

**HEAD 10 & DIVISION 505**

**TEACHING SERVICE COMMISSION**

**Capital Expenditure**

**Subhead 25008 - Office Equipment**

- 521.** An amount of \$1.5M was allocated for the purchase of filing cabinets, fans, chairs and water coolers. Amounts totalling \$1.484M were expended on the purchase of the following.

| <b>DESCRIPTION</b>            | <b>AMOUNT<br/>\$'000</b> |
|-------------------------------|--------------------------|
| Thirty-five(35) office chairs | 277                      |
| Ten(10) drawer cabinets       | 510                      |
| Seven(7) executive chairs     | 270                      |
| One(1) AC Unit                | 210                      |
| Four(4) water cooler          | 91                       |
| Ten(10) local office chair    | 56                       |
| Sixteen(16) stand fans        | 41                       |
| One(1) UPS: APC backup 300W   | 29                       |
| <b>TOTAL</b>                  | <b>1,484</b>             |

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

## HEAD 11

### GUYANA ELECTIONS COMMISSION

#### Current Expenditure

##### Employment Costs

522. It is a requirement for the cash book to reflect 'nil' balances at the end of each month as a control mechanism over the payment of wages and salaries. However, it was noted that the cash book reflected both positive and negative balances, at end of each month as follows:

| MONTH    | BALANCE<br>\$ | MONTH     | BALANCE<br>\$ |
|----------|---------------|-----------|---------------|
| January  | (1,978,640)   | July      | (51,549)      |
| February | (2,054,592)   | August    | (256,529)     |
| March    | (2,513,114)   | September | (256,303)     |
| April    | (2,879,654)   | October   | 310,134       |
| May      | (1,662,521)   | November  | 351,380       |
| June     | 421,039       | December  | 2,071,130     |

523. This unsatisfactory state of affairs was due mainly to the failure to pay over the deductions in a timely manner to the relevant agencies and also effecting of payment of salaries before the related cheques were received from the Main Bank Account. It is recommended that all deductions be paid over before the end of the month and that the master cheque be deposited into the salaries bank account before payments are effected. The Accounting Officer explained that corrective measures have since been put in place to ensure that "nil" balances are reflected in the cash book at the end of each month.

##### Other Charges

524. At the time of reporting in September 2002, five(5) payment vouchers valued at \$6.487M relating to Other Charges were not presented for audit examination. As a result, it could not determine whether value was received in respect of the above amount and no alternative audit procedures could have been adopted in the absence of the vouchers. The Accounting Officer gave the assurance that efforts were being made to locate these vouchers.
525. The main bank account was not reconciled for the period under review. However, draft reconciliation statements were prepared up to December 2001, at the time of reporting, but these were not checked and certified. Therefore, reliance could not be placed on these draft statements.

- 526.** At the 31 December 2001, the cash book for the main bank account reflected a balance of \$25.335M. However, according to the Appropriation Account, an amount of \$36.263 was shown as due to the Consolidation Fund, resulting in a difference of \$10.928M. No explanation was given for this difference. At the time of reporting, the amount of \$25.335M was refunded to the Consolidated Fund on 3 October 2002.
- 527.** Amounts totalling \$4.564M were 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         | 79                         | 2,716,513        |
| \$90,000 - \$180,000   | 5                          | 737,682          |
| \$180,000 - \$600,000  | 5                          | 1,110,430        |
| <b>TOTAL</b>           | <b>89</b>                  | <b>4,564,630</b> |

- 528.** A system of quotations was followed for the five(5) items totalling \$737,682 falling between \$90,000 and \$180,000. In addition, the five(5) purchases totalling \$1.110M were adjudicated by the Departmental Tender Board. Based on test checks, the items purchased were verified as having been received and properly brought to account.
- 529.** Amounts totalling \$2.569M were expended on fuel and lubricants. However, a payment voucher to the value of \$276,956 was not recorded in Votes Ledger, resulting in the Appropriation Account being overstated by this amount. In addition, an examination of log books in respect of the fourteen(14) vehicles under the control of the Commission, revealed in many instances, the mileage incurred on the journeys undertaken were not stated in the log books. The Accounting Officer explained that corrective action was taken in 2002.
- 530.** Amounts totalling \$1.225M were expended for the rental and maintenance of the Commission's buildings. The works carried out were mainly painting, plumbing, carpentry and electrical works. The works were physically verified.
- 531.** Amounts totalling \$2.086M were expended on Transport, Travelling & Postage of which amounts totalling \$1.999M were in respect of vehicle spares and services. Included in the amount of \$1.999M shown as vehicle spares and services, were thirty-seven(37) payments totalling \$1.505M for miscellaneous purchases and services falling below \$90,000. Based on checks carried out, the items were verified as having been received and properly brought to account and the maintenance work was satisfactorily completed.

- 532.** Amounts totalling \$1.509M were expended on telephone charges during the period under review. However, ten(10) payment vouchers totalling \$327,935 were not supported by bills from G.T &T. In addition, included in the figure of \$1.509M were sums totalling \$112,391 representing the cost of overseas telephone calls. However, although a telephone register was maintained, 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 all the overseas calls were official or whether private calls were made. It is recommended that the register be written up when the calls are made and be properly authorised.
- 533.** Amounts totalling \$7.406M were expended on Other Goods and Services Purchased. The following gives a breakdown of the expenditure:-

| <b>DESCRIPTION</b>             | <b>AMOUNT<br/>\$</b> |
|--------------------------------|----------------------|
| Security Services              | 4,384,040            |
| Equipment Maintenance          | 1,491,000            |
| Cleaning & Janitorial Services | 248,291              |
| Other                          | 1,282,749            |
| <b>TOTAL</b>                   | <b>7,406,080</b>     |

- 534.** The amount of \$4.384M was expended on security services provided at the National Registration Centre by the Commissioner of Police. The expenditure was verified as having been properly incurred.
- 535.** Amounts totalling \$1.491M were expended on repairs and maintenance of equipment including computers, mobile radios, generator, photocopy machines and air condition units, while amount totalling \$248,291 was expended on cleaning and janitorial services including payment for pest control. The items purchased were verified as having been received and properly brought to account while based on test checks carried out, the other expenditures were verified as having been properly incurred.
- 536.** The amounts \$1.283M were expended for the rental of metal containers, security services, serving of office equipment, installation of carpets and painting of sign boards. Adequate documentation existed in support of the expenditure.
- 537.** According to the Appropriation Account amounts totalling \$906.664M were expended under Other Operating Expenses. However, an examination of the Votes ledger revealed expenditure totalling \$907.161M. The following gives a breakdown of the expenditure:-



| <b>DESCRIPTION</b>                      | <b>AMOUNT<br/>\$</b> |
|---|----------------------|
| Honorarium/salaries                     | 553,102,403          |
| Transport, travel, subsistence & accom. | 141,832,829          |
| Utility charges                         | 31,359,468           |
| Office furniture, equip. & maintenance  | 27,006,200           |
| Training                                | 24,447,762           |
| Office materials & supplies             | 22,066,056           |
| Advertisement                           | 22,044,896           |
| Maintenance of buildings & infrast.     | 18,835,999           |
| Rental of containers                    | 15,940,145           |
| Electrical materials                    | 15,243,468           |
| Security                                | 13,471,320           |
| Printing & photocopying                 | 12,833,637           |
| Maintenance of vehicles                 | 3,089,783            |
| Miscellaneous                           | 5,923,005            |
| <b>TOTAL</b>                            | <b>907,160,971</b>   |

- 538.** The Appropriation Account relating to this line item was understated by \$497,000 due to incorrect casting of the Votes Ledger.
- 539.** Included in the figure of \$906.212M were amounts totalling \$179.598M representing advances granted from the main bank account. However, at the time of reporting September 2002, advances totalling \$649,920 were stated in the advances receipt voucher register as outstanding as at 31 December 2001, while the votes reflected an amount of \$342,000. It is recommended that periodic reconciliation of the votes and this record be carried out.
- 540.** 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 to request a special imprest .
- 541.** The amount of \$553.102M was expended in the payment of honoraria and salaries to persons recruited specifically for the conduct of the 2001 National Elections.

- 542.** Included in the figure of \$141.833 shown as transport, travelling and subsistence is an amount of \$68.881M expended on the distribution of ID cards throughout the ten(10) Regions. In addition, amounts totalling \$31.850M were expended on local airfares incurred by regional officers, returning officers and other election affiliates connected with the National Elections. Also included in the figure of \$141.833M is an amount of \$4.100M representing overseas travel to facilitate the observation of election abroad and participation by Members in a Commonwealth Conference. In addition, included in the figure of \$4.100M were payments totalling \$523,000, which were not supported by the relevant receipts/bills. Based on test checks carried out the other expenditures were verified as having been properly incurred.
- 543.** Included in the sum of \$31.359M shown as utility charges were amounts totalling \$14M and \$17M representing rental and telephone charges respectively for 600 cell phones. The remaining amount of \$80,105 was in relation to the payment of water charges for the period reviewed. Based on test checks carried out the expenditures were verified as having being properly incurred.
- 544.** Included in the amount of \$27.006M shown as office furniture, equipment and maintenance were sums totalling \$16.349M expended on the purchase of executive chairs, desks, cabinets, bookcase and suite for the Chairman's office. The balance of \$10.657M was used to purchase computers, printers, air condition units, photocopiers, and computers and to carry out repairs to refrigerators. The items purchased were verified as having been received and properly brought to account.
- 545.** The amount of \$24.448M was expended on the training of polling day officers, returning officers, ballot clerks and regional officers for the National Elections. Test checks revealed that proper documentation exists for the expenditure.
- 546.** Amounts totalling \$22.066M were expended on the purchase office materials and supplies for the period under review. The items were verified as having been received and properly brought to account.
- 547.** Amounts totalling \$22.045M shown as advertisements were expended on notification signs, public awareness campaigns and identification signs for ballot boxes for the holding of the general elections. Similarly, the sum of \$18.836M was expended on the maintenance of buildings and infrastructure works carried out on GECOM building and compound. The maintenance work included repairs to the generator room, the roof, ceiling and painting of the Secretariat's building. These payments were supported by adequate documentation
- 548.** The figure \$15.243M shown as the purchase of electoral materials represents the purchase of padlocks and seals, indelible ink and stationery for the official list of electors, preliminary voters list and final voters list for use on polling day.

- 549.** Amounts totalling \$12.834M were expended on printing and photocopying of notices, polling place signs, preliminary voters lists, statutory forms, gazettes, envelopes and binding of documents for use during the National Elections. Test checks revealed that the expenditures were properly incurred.

**HEAD 14**

**PUBLIC SERVICE MINISTRY**

**Current Expenditure**

- 550.** The expenditure of \$54.283M was verified as having been properly incurred and there were no material findings.

## HEAD 21 & DIVISIONS 508, 510 & 512

### MINISTRY OF AGRICULTURE

#### Current Expenditure

##### Employment Costs

551. The staffing situation in all areas of the Ministry as reflected in the payrolls for December 2001 is shown below:-

| SUBHEAD | DESCRIPTION                     | AUTHORISED | ACTUAL     | VACANT     |
|---------|---------------------------------|------------|------------|------------|
| 101     | Administration                  | 40         | 17         | 23         |
| 102     | Senior technical                | 147        | 57         | 90         |
| 103     | Other technical & craft skilled | 365        | 173        | 192        |
| 104     | Clerical & support              | 119        | 81         | 38         |
| 105     | Semi skilled                    | 197        | 63         | 134        |
| 106     | Contracted Employees            | -          | 40         | -          |
| 107     | Temporary Employees             | -          | 8          | -          |
|         | <b>TOTAL</b>                    | <b>868</b> | <b>439</b> | <b>477</b> |

552. The actual staffing was therefore 50.5% of the authorised staff strength. 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. It is recommended that the problem of the staffing be urgently addressed, especially in view of the fact that the Ministry is one of the largest in terms of expenditure and where enormous amounts of capital works are undertaken.
553. At the time of reporting, the two(2) salaries bank account Nos. 3056 and 3057 were reconciled to December 2001. It should be emphasised that the failure to reconcile bank accounts in a timely manner can lead to irregularities being perpetrated without detection. The Accounting Officer is therefore advised to ensure that the reconciliation of these accounts is brought up-to-date.
554. The above two(2) accounts as well as the main bank account No. 3054 were being reconciled based on an approach recommended by the Audit Office in view of the fact that these accounts had previously not been reconciled for several years. However, a number of shortcomings were noted in relation to the reconciliation. As a result, the Audit Office met with two(2) senior accounting personnel, and it was agreed that the Ministry would reconcile the above accounts with effect from January 2002 in such a manner as to obviate the shortcomings highlighted.

- 555.** Amounts totalling \$20.654M were expended on Benefits & Allowances. Of this amount, sums totalling \$8.908M were expended on the payment of motor allowances and mileage claims. Thirty-five(35) files relating to officers in receipt of motor car allowances were requested for audit examination. However, up to the time of reporting, only four(4) files were produced. In the absence of these files, it could not be properly determined whether the concerned officers were using their vehicles in the performance of duties.

### **Other Charges**

- 556.** The main bank account No. 3054 was last reconciled to November 2001, at the time of reporting. In this regard, the comment and recommendation relating to the salaries bank accounts are also applicable to this account. In addition, the account reflected a large balance of \$366.634M as at 31 December 2001 while the cash book balance at this date was \$512,112. Detailed examination of the cash book, however, revealed that fifty-five(55) cheques valued at \$142.581M were drawn on 4 January 2002 but were backdated to 31 December 2001. Although this represents an improvement compared with 2000, it is nevertheless important to emphasise that the voted provisions for any particular year lapse on 31 December, as provided for by Section 36 of the FAA Act. Every effort should therefore be made to ensure strict compliance with the Law.
- 557.** Relevant information such as programme reference, line item and Votes Ledger reference, 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. This matter was drawn to attention in my 2000 Report. In addition, sixty-three(63) payments totalling \$44.993M 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.
- 558.** The old main bank account No. 938, which became non-operational in May 1996, was overdrawn by \$6.597M as at 31 December 2001. It is again recommended that the overdraft be investigated and steps taken to close the account. Another main bank account No. 705, which was not operational since July 1991, reflected a large balance of \$40.428M as at 31 December 2001. It is again recommended that this balance be transferred to the Consolidated Fund and steps taken to close the account.
- 559.** 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 327 cheque orders valued at \$77.626M were not cleared within the specified time, as shown below:-

| <b>PERIOD CLEARED</b> | <b>NO OF CHEQUE ORDERS</b> | <b>AMOUNT \$'000</b> |
|-----------------------|----------------------------|----------------------|
| 17 – 30 days          | 148                        | 63,359               |
| 31 – 40 days          | 83                         | 4,720                |
| Exceeding 41 days     | 96                         | 9,547                |
| <b>TOTAL</b>          | <b>327</b>                 | <b>77,626</b>        |

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

- 560.** According to the appropriation accounts, amounts totalling \$17.383M were expended on Materials, Equipment & Supplies. However, sums totalling \$1.248M were expended in the purchase of office and household furniture and equipment such as refrigerator, beds, chairs, computer and accessories. This practice is a breach of generally accepted accounting principles. It should be mentioned that there was provision under the Ministry's capital programme under Subhead 25001 - Project Evaluation & Equipment - to acquire these items. Amounts totalling \$2.8M were allocated under this subhead of which \$2.650M was expended. It is therefore evident that the charging of the cost of the above-mentioned items to current expenditure, was done to avoid overrunning the voted provision under Subhead 25001. The Ministry is urged to desist from this undesirable practice.
- 561.** Amounts totalling \$8.159M were expended on Fuel & Lubricants. However, of the thirty-three(33) vehicles and two(2) cycles which were in use by the Ministry for the period under review, log books were not presented for nineteen(19) vehicles while there were partial submissions in respect of five(5) vehicles. In the circumstances, it could not be determined whether effective control was exercised over the use of these vehicles.
- 562.** Five(5) payments vouchers valued at \$449,998 for the purchase of fuel and lubricants under Programme 3 – Fisheries were not supported by bills/receipts to substantiate the expenditure. In addition, there was no evidence that monthly returns of fuel consumption were prepared by any of the departments, as required by circular instructions.
- 563.** Amounts totalling \$29.080M were expended on Transport, Travel & Postage of which sums totalling \$5.412M represent the hire of land and water transport. Included in the latter figure were amounts totalling \$4.264M relating to the hiring of vehicles by Crops and Livestock and Hydromet Divisions. The two(2) departments together had sixteen(16) 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.

564. Amounts totalling \$352.958M were expended on Contributions to Local Organisations. The following is a breakdown of the payments made:-

| <b>NAME OF ORGANISATION</b>              | <b>AMOUNT<br/>\$'000</b> |
|--|--------------------------|
| National Agricultural Research Institute | 177,000                  |
| Guyana School of Agriculture             | 70,359                   |
| New Guyana Marketing Corporation.        | 32,066                   |
| MMA/ADA                                  | 30,000                   |
| National Dairy Development Programme     | 27,519                   |
| REPAHA                                   | 7,477                    |
| Pesticide and Toxic Chemicals Board      | 6,713                    |
| Others                                   | 1,824                    |
| <b>TOTAL</b>                             | <b>352,958</b>           |

565. The National Agricultural Research Institute (NARI) was last audited in respect of 2000. Financial statements for the year 2001 were submitted for audit, and at the time of reporting, the audit was in progress. The amount of \$177M was verified as having been received by NARI but in the absence of audited accounts it could not be determined whether this amount was properly expended.
566. The Guyana School of Agriculture was last audited for the year 1996. Financial statements for the years 1997 to 2000 were submitted for audit, and at the time of reporting, the audit was in progress. The amount of \$70.359M 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.
567. In relation to the New Guyana Marketing Corporation Ltd, the last set of audited accounts was in respect of 2001. The Audit Office issued an unqualified report on these accounts. The Corporation made a net profit of \$1.316M, compared with a loss of \$5.371M for the previous year. The accumulated deficit was \$10.651M.
568. The MMA/ADA was last audited for the year 2000. A fire in May 2001 destroyed the records of the Authority and Management had a difficulty in preparing financial statements. The amount of \$30M was verified as having been received. In addition, the Authority received \$15.772M from the Ministry of Finance for termination benefits of employees and \$24.929M from the Drainage and Irrigation Board for emergency works. These amounts were also verified as having been received by the Authority, but in the absence of audited accounts it could not be determined whether the amounts were properly expended. However, draft financial statements for 2001 have since been

submitted and at the time of reporting the audit was in progress.

- 569.** The National Dairy Development Programme (NDDP) was last audited to 1999. Financial statements for the years 2000 and 2001 were not submitted for audit. The amount of \$27.519M was verified as having been received by NDDP. However, in the absence of audited accounts, it could not be determined if the amount granted as subvention was properly expended.

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

- 570.** A master inventory to record all fixed assets under the control of the Ministry as well as sectional inventories for fifteen(15) out of the forty-three(43) sections were not produced for audit examination. In addition, the sectional inventories for the Fisheries, Crops and Livestock departments were not updated to reflect the acquisitions for the period under review. Further, assets were not marked to readily identify them as property of the Government. Every effort should be made to ensure strict compliance with the Stores Regulations.

### **Other Matters**

- 571.** According to the Deposits Ledger, amounts held on deposits in respect of third parties totalled \$46.128M. The greater portion of this balance relates to deposits which had accumulating over the years. It is recommended that the composition of this balance be reviewed with a view to effecting the necessary transfers to the Consolidated Fund. It should be mentioned that all amounts held on deposits in excess of five(5) years are required to be transferred to the Consolidated Fund, as provided for by Section 260 of the Financial Regulations.

### **Capital Expenditure**

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

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

- 572.** The sum of \$108M was allocated for (a) design and feasibility studies for drainage and irrigation areas (b) the re-organisation of land management and administrative systems and (c) conducting aerial and mapping surveys. Amounts totalling \$51.564M were shown as having been expended.
- 573.** 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 2001 revealed an expenditure of \$28.467M, giving a difference of \$23.097M. This difference resulted from (a) five(5) foreign disbursements totalling \$27.951M made in 2000 now brought to account and (b) two(2) foreign disbursements totalling \$4.854M made in 2001 which had not yet been brought to account.



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

| DESCRIPTION  | AMOUNT<br>\$'000 |
|--|------------------|
| Institutional strengthening of D & I Board         | 11,452           |
| Operating costs of Co-ordinating Unit              | 7,041            |
| Purchase of vehicles & equipment                   | 6,234            |
| Rental of building & photocopier                   | 1,963            |
| Re-organisation of land management & admin. system | 1,436            |
| Travelling & subsistence                           | 174              |
| Miscellaneous                                      | 167              |
| <b>TOTAL</b>                                       | <b>28,467</b>    |

575. The amount of \$11.452M, equivalent to US\$60,656, shown as expenditure on the institutional strengthening of the D & I Board relates to the payment for consultancy services based on a contract valued at US\$200,000 which was awarded in February 2000. The services include implementing policies, conducting feasibility studies of surveys, assisting in the strengthening of the National Drainage and Irrigation Board and conducting cadastral and occupational surveys in order to convert leasehold lands to freehold properties. As at 31 December 2001, amounts totalling US\$119,501 were paid to the consultancy firm. Evidence was seen of periodic reports which were prepared and submitted to the National D & I Board and the then Lands & Surveys Department.

576. In relation to the amount of \$7.041M shown as operating costs of the Co-ordinating Unit, this represents the emoluments and related expenses of six(6) officers attached to the Unit. In addition, the amount of \$6.234M expended on vehicles and equipment relates to the purchase of one(1) Nissan 4x4 pickup and four(4) computers and related accessories, one(1) photocopier and one(1) scanner. The assets purchased were verified as having been received and properly brought to account.

577. The amount of \$1.436M expended on the re-organisation of land management and administrative systems, represents payments to individual consultants for implementing of the safe use of pesticides, preparation of training manuals in pest management, fruit production and storage and vegetable production.

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

**578.** The sum of \$509M was voted for on-going rehabilitation and new works as follows: **On-going:** installation of two(2) diesel pumps at Mibicuri, rehabilitation of canals at Mocha, rehabilitation of channels/outfalls at Nos. 52/57 Villages and revetment at Handsome Tree (Mahaica). **New:** rehabilitation of Goed Intent/Sister Koker, revetment at La Union sluice, culvert at Maratraite, sluice at Golden Fleece, Canals at Bellfield, Crown Dam/Anns' Grove and revetment at Parika outfall.

**579.** Amounts totalling \$454.685M were expended as follows:-

| DESCRIPTION   | AMOUNT<br>\$'000 |
|---|------------------|
| Emergency works in Regions 2, 3, 4, 5, 6 and 10                     | 149,504          |
| Supply, repairs and installation of pumps                           | 85,626           |
| Rehabilitation of main drains, canals, etc                          | 54,626           |
| Construction and rehabilitation of two(2) sluices & three(3) kokers | 24,087           |
| Rehabilitation of river embankments                                 | 12,321           |
| Rehabilitation of revetments  | 10,700           |
| Hire, transport and security of equipment                           | 8,258            |
| Rehabilitation of D & I and Ministry of Agriculture buildings       | 3,186            |
| Installation of tube culverts                                       | 2,762            |
| Sealing of six(6) breaches  | 1,353            |
| Operating costs of D & I Board                                      | 102,262          |
| <b>TOTAL</b>  | <b>454,685</b>   |

**580.** Included in the amount of \$149.504M expended on emergency works, were sums totalling \$122.137M representing inter-departmental warrants issued to Regions 2, 3, 4, 5, 6 and 10. The Ministry received financial returns in support of the expenditure incurred.

**581.** The difference of \$27.367M represents emergency works valued at \$24.929M and \$2.438M carried out at the MMA/ADA and East Demerara Water Conservancy respectively. The works carried out at the East Demerara Water Conservancy relates to the use of tractor, trailer, pumps and other vehicles to assist residents in the flooded areas.

**582.** Amounts totalling \$48.5M were received by Region 2 by way of inter departmental warrants, of which sums totalling \$43.862M were expended as follows:-

| <b>DESCRIPTION</b>                                 | <b>AMOUNT<br/>\$'000</b> |
|--|--------------------------|
| Construction of revetments                         | 23,815                   |
| Desilting of trenches                              | 11,982                   |
| Purchase of fuel and lubricants                    | 5,299                    |
| Construction of bridge & revetment – Golden Fleece | 2,684                    |
| Miscellaneous works                                | 81                       |
| <b>TOTAL</b>                                       | <b>43,862</b>            |

**583.** Included in the figure of \$23.815M for the construction of revetments, amounts totalling \$20.209M relate to six(6) contracts awarded to the same contractor in the sum of \$21.258M for the construction of revetments at La Union. These works were awarded in three(3) phases of which four(4) contracts valued at \$12.336M were awarded in December 2001 and for which sums totalling \$11.286M representing 91.4% of the contract sums were paid as at 31 December 2001. It would appear therefore, that these works were sub-divided to avoid the Central Tender Board adjudication. Nevertheless, the works were verified as having been completed.

**584.** One hundred and thirty-two(132) contracts to the value of \$11.982M were awarded for the desilting of trenches. As at 31 December 2001 the full sums were paid to the contractors. In relation to the amount of \$5.299M for the purchase of fuel and lubricants, the quantities were verified as having been received and properly brought to account.

**585.** Contract No. 337/01 dated 31 December 2001 was awarded by the Regional Tender Board for the construction of a timber bridge at Golden Fleece in the sum of \$2.983M to the second lowest bidder on the basis that the lowest bidder did not have the required financial capabilities to do the work. As at 31 December 2001, the sum of \$2.684M which represents 89.9% was paid to the contractor. At the time of inspection in 2002 the works were verified as having been completed.

586. Amounts totalling \$9.374M were received by Region 3 by way of inter departmental warrants, of which sums totalling \$8.597M were expended as follows:-

| <b>DESCRIPTION</b>                           | <b>AMOUNT<br/>\$'000</b> |
|--|--------------------------|
| Construction and repairs to three(3) sluices | 3,527                    |
| Weeding and cleaning of drains               | 1,658                    |
| Purchase of fuel and lubricants              | 1,616                    |
| Purchase of spare parts                      | 1,510                    |
| Miscellaneous works                          | 286                      |
| <b>TOTAL</b>                                 | <b>8,597</b>             |

587. Six(6) contracts were awarded for the construction and repairs to sluices at Parika, Zeelugt and Hubu in the sum of \$3.527M to two(2) contractors. The full sums were paid to the contractors as at 31 December 2001 and the works were physically verified.
588. Included in the amount of \$1.658M is a contract No. 565/01 dated 11 September 2001 for cleaning of trench at Burma – Vreed-en-Hoop in the sum of \$900,550. However, there was no evidence that tender procedures were followed in the award of this contract. In relation to the purchase of fuel valued at \$1.616M and spare parts at \$1.510M, the quantities were verified as having been received and taken in stock.
589. Amounts totalling \$21.4M were received by Region 4 by way of inter departmental warrants, of which sums totalling \$16.988M were expended as follows:-

| <b>DESCRIPTION</b>              | <b>AMOUNT<br/>\$'000</b> |
|---------------------------------|--------------------------|
| Cleaning of drains, canals etc. | 15,021                   |
| Repairs to pumps                | 1,145                    |
| Installation of pipes           | 822                      |
| <b>TOTAL</b>                    | <b>16,988</b>            |

**590.** Twenty-two(22) contracts valued at \$15.073M were awarded for the cleaning of drains, canals etc. in various D & I areas. Sums totalling \$15.021M were paid towards these contracts as at 31 December 2001. In relation to the amount of \$1.145M expended on the repairs to pumps at Golden Grove and Victoria, were the award of two(2) contracts to the same individual. A waiver was obtained from the Central Tender Board for the award of these contracts. As at 31 December 2001 the full sums were paid to the contractor.

**591.** Amounts totalling \$15M were received by Region 5 by way of inter departmental warrants, of which sums totalling \$14.735M were expended as follows:-

| <b>DESCRIPTION</b>                               | <b>AMOUNT<br/>\$'000</b> |
|--|--------------------------|
| Rehabilitation of twelve(12) canals              | 9,784                    |
| Grading and shaping of three(3) embankments      | 2,260                    |
| Construction and installation of two(2) culverts | 1,391                    |
| Excavation of drains                             | 1,300                    |
| <b>TOTAL</b>                                     | <b>14,735</b>            |

The above works were executed through the award of eighteen(18) contracts and were physically verified.

**592.** Amounts totalling \$35.640M were received by Region 6 by way of inter departmental warrants, of which sums totalling \$33.677M were expended as follows:-

| <b>DESCRIPTION</b>  | <b>AMOUNT<br/>\$'000</b> |
|---|--------------------------|
| Grading, cleaning and weeding of drains and water courses | 29,583                   |
| Construction of revetment                                 | 2,217                    |
| Purchase of diesel, lubricants and spares                 | 1,567                    |
| <b>TOTAL</b>  | <b>33,677</b>            |

- 593.** In relation to the amount of \$29.583M expended on the grading, cleaning and weeding of drains and water courses, the following is a breakdown according to authority limits:-

| <b>AUTHORITY LIMITS</b> | <b>NO. OF CONTRACTS</b> | <b>CONTRACT SUM<br/>\$</b> | <b>AMOUNT PAID<br/>\$</b> |
|-------------------------|-------------------------|----------------------------|---------------------------|
| Below \$180,000         | 88                      | 10,789                     | 10,789                    |
| \$180,000 - \$450,000   | 19                      | 5,171                      | 5,171                     |
| \$450,000 - \$6M        | 7                       | 14,108                     | 13,623                    |
| <b>TOTAL</b>            | <b>129</b>              | <b>30,068</b>              | <b>29,583</b>             |

- 594.** In relation to the seven(7) contracts for \$13.623M within the limits of \$450,000 to \$6M and awarded by the Regional Tender Board, four(4) vouchers valued at \$6.837M were not evident with supporting documents as such the verification of payments could not be done. Nevertheless the works were verified as having been completed.
- 595.** Contract No. 357/01 was awarded for the hire of tools and machinery to construct revetment up and down Maratraite stream in the sum of \$2.217M. As at 31 December 2001 the full sum was paid to the contractor.
- 596.** The amount of \$1.567M was expended on the purchase of fuel, lubricants and spares for equipment. However, supporting documents in relation to eight(8) vouchers valued at \$911,888 were not attached thereto. Thus, it could not be determined whether the purchases were received and properly brought to account. The other purchases of \$655,112 were nevertheless verified as having been received and properly brought to account.
- 597.** Amounts totalling \$10M were received by Region 10 by way of inter departmental warrants, of which sums totalling \$7.415M were expended on desilting of canals and drains in Christianburg, Silver City, Green Valley, Poker Street, First Alley, Victor Valley, Wismar Road, Dahilia Creek, Kara Kara Creek and the Council areas.
- 598.** In relation to the amount of \$85.626M expended on the supply, repairs and installation of pumps, nine(9) contracts were awarded in the sum of \$171.421M. Two(2) of these contracts valued at \$168.478M were for the supply of three(3) mobile pumps and two(2) diesel engine driven units for the Mibicuri pumps. As at 31 December 2001, amounts totalling \$137.447M were paid to the suppliers. The mobile pumps were verified as having been received and were installed at Buxton, Belfield and Enmore.

- 599.** In relation to the amount of \$54.626M expended on the rehabilitation of drains, canals etc. a total of fifty-nine(59) contracts valued at \$68.888M were awarded for the various works undertaken. Thirty-three (33) contracts were awarded for the rehabilitation of the drains, canals etc. on the authority of the Ministerial Tender Board. Sixteen (16) contracts valued at \$24.973M were awarded on the basis of representation by farmers, residents and Neighbouring Democratic Councils, and were considered as emergency works, as such, the Tender Board awarded the contracts to a group leader or the NDC. Thus, there was no competitive bidding for the said works.
- 600.** In my 2000 Report it was stated that a contract 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. At the time of reporting there was no evidence that corrective action was taken.
- 601.** In relation to the amount of \$24.087M expended on the construction and rehabilitation of sluices and kokers. The following is a breakdown of the works according to authority limits:-

| <b>AUTHORITY LIMIT</b> | <b>NO. OF CONTRACTS</b> | <b>CONTRACT SUM \$'000</b> | <b>AMOUNT PAID TO 31/12/2000 \$'000</b> | <b>AMOUNT PAID IN 2001 \$'000</b> |
|------------------------|-------------------------|----------------------------|---|-----------------------------------|
| Below \$180,000        | 2                       | 226                        | -                                       | 226                               |
| \$180,000 - \$450,000  | 1                       | 216                        | -                                       | 216                               |
| Exceeding \$9M         | 2                       | 46,390                     | 22,745                                  | 23,645                            |
| <b>TOTAL</b>           | <b>5</b>                | <b>46,832</b>              | <b>22,745</b>                           | <b>24,087</b>                     |

- 602.** In relation to the two(2) contracts exceeding 9M awarded by the Central Tender Board the following are the details:-
- (a) Contract No. 790/00 was awarded in 2000 to the second lowest tenderer in the sum of \$36.144M for the reinforcement of the concrete sluice and two(2) self-acting gate structures at Bellamy canal in Mahaicony, 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 and during the period under review sums totalling \$13.399M were paid,

giving the full sum paid on the contract. The works were verified as having been completed; and

- (b) Contract No. 390/01 was awarded by the Central Tender Board for additional works for the reinforcement of concrete sluice and two(2) self-acting gate structures at Bellamy canal in Mahaicony in the sum of \$10.246M, in August 2001. The full amount was paid to the contractor and the works were verified as having been completed.

**603.** In relation to the rehabilitation of river embankments for which the sum of \$12.321M was paid, three(3) contracts were awarded in the sum of \$15.153M by the Ministerial Tender Board, of which sums totalling \$12.321M were expended. The following are the details:-

- (a) Contract No. 1016/00 was awarded in November 2000 for the construction of 'A' Line Embankment from Yankee Canal to Poor Fellow Canal, Mahaica River, Region 4, in the sum of \$4.285M. As at 31 December 2000, amounts totalling \$2.831M were paid. During the period under review amounts totalling \$1.453M were paid resulting in the full sum being paid to the contractor. The works were verified as having been completed;
- (b) Contract No. 86/01 was awarded in April 2001 for the construction of embankment from Cane Grove to Handsome Tree, Mahaica, East Coast Demerara in the sum of \$5.378M to the lowest bidder whose bid was \$6.740M on negotiation that he does the work at the Engineer's Estimate of \$5.378M. As at 31 December 2001, amounts totalling \$5.348M were paid to the contractor and the works were verified as having been completed; and
- (c) Contract No. 220/01 was awarded in May 2001 for the construction of embankment from EDWC to Mahaica River, Region 4 in the sum of \$5.061M. A variation of \$499,200 was approved in July 2001, giving a revised contract sum of \$5.560M. As at 31 December 2001, amounts totalling \$5.520M were paid to the contractor and the works were verified as having been completed.

**604.** In relation to the amount of \$10.7M expended on the rehabilitation of revetments. The following is a breakdown of the works according to authority limits:-

| <b>AUTHORITY LIMIT</b> | <b>NO. OF CONTRACTS</b> | <b>CONTRACT SUM \$'000</b> | <b>AMOUNT PAID TO 31/12/2000 \$'000</b> | <b>AMOUNT PAID IN 2001 \$'000</b> |
|------------------------|-------------------------|----------------------------|---|-----------------------------------|
| Below \$180,000        | 1                       | 180                        | -                                       | 180                               |
| \$450,000 - \$6M       | 4                       | 13,874                     | 3,355                                   | 10,520                            |
| <b>TOTAL</b>           | <b>5</b>                | <b>14,054</b>              | <b>3,355</b>                            | <b>10,700</b>                     |



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

- (a) Contract No. 1151/00 was awarded in December 2000 in the sum of \$4.255M for the construction of revetment at Endeavour Sluice, Region 3. As at 31 December 2000, amounts totalling \$1.884M were paid to the contractor. During the period under review, sums totalling \$2.371M were paid, giving the full sum of \$4.255M paid on the contract. The works were verified as having been completed;
- (b) Contract No. 1153/00 was awarded in December 2000 in the sum of \$5.915M for the construction of a heavy duty revetment at Pond Street, Enterprise. As at 31 December 2000, amounts totalling \$1.460M were paid to the contractor. During the period under review amounts totalling \$4.444M were paid, giving a total sum of \$5.904M paid to the contractor. At the time of inspection the works were verified as having been completed;
- (c) Contract No. 27/01 was awarded in the sum of \$1.256M for the construction of a thirty(30) feet greenheart revetment at Craig, East Bank Demerara. As at December 2001, the full sum was paid to the contractor and the works were verified as having been completed; and
- (d) Contract No. 88/01 was awarded in June 2001 for the construction of 150 feet timber revetment at Handsome Tree, Mahaica Creek in the sum of \$2.448M to the higher of two(2) bidders on the basis that the lowest bidder had other projects outstanding. As at 31 December 2001, the full sum was paid to the contractor and the works were physically verified.

**606.** In relation to the amount of \$8.258M expended on the hire, transport and security of equipment. The following is a breakdown by authority limits:-

| <b>AUTHORITY LIMIT</b> | <b>NO. OF CONTRACTS</b> | <b>AMOUNT \$'000</b> |
|------------------------|-------------------------|----------------------|
| Below \$180,000        | 26                      | 1,425                |
| \$180,000 - \$450,000  | 3                       | 867                  |
| \$450,000 - \$6M       | 6                       | 5,967                |
| <b>TOTAL</b>           | <b>35</b>               | <b>8,258</b>         |

**607.** Of the six(6) contracts awarded on the authority of the Ministerial Tender Board, five(5) of these contracts valued at \$4.840M were awarded to the same contractor without competitive bidding. According to the Tender Board Minutes the contractor was approached by the D &

I Board and the works were considered emergency.

- 608.** The amount of \$3.186M was expended on the rehabilitation of D & I offices and Ministry of Agriculture buildings. However, there was no evidence of a change in programme to effect the works. Nevertheless, the works were physically verified.
- 609.** In relation to the installation of tube culverts at Mocha, Region 4, Contract No. 261/01 was awarded in June 2001 by the Ministerial Tender Board in the sum of \$2.654M. As at 31 December 2001, amounts totalling \$2.762M were paid to the contractor and the works were verified as having been completed.
- 610.** In relation to the amount of \$102.262M expended on the operational costs of the Drainage and Irrigation Board, the following are the details:-

| <b>DESCRIPTION</b>                          | <b>AMOUNT<br/>\$'000</b> |
|---|--------------------------|
| Emoluments to D & I staff                   | 68,575                   |
| Purchase of field materials                 | 10,033                   |
| GUYSUCO                                     | 5,135                    |
| Fuel & lubricants                           | 4,475                    |
| Purchase of Fixed Assets                    | 3,650                    |
| Repairs & maintenance of eleven(11)vehicles | 2,701                    |
| Travelling and subsistence                  | 2,101                    |
| Security services                           | 1,082                    |
| Electricity and telephone charges           | 1,013                    |
| Stationery & office supplies                | 737                      |
| Tender advertisements                       | 709                      |
| Rental of photocopier                       | 677                      |
| Miscellaneous                               | 1,374                    |
| <b>TOTAL</b>                                | <b>102,262</b>           |

- 611.** An examination of salaries and related records in relation to the amount of \$68.575M representing emoluments to D & I Staff, revealed the following observations:-
- (a) Important information such as date of appointment, salary scale, Personnel File and Government Order reference were not recorded in the salary register. In addition 33 instances were observed where the salaries for officers ceased. However, no annotations were made in the salaries register for the cessation; and
- (b) A NIS register of contributors was not kept for the year under review. However, an examination of copies of NIS schedules revealed that the registration numbers were not recorded for five(5) officers.

- 612.** In relation to the amount of \$10.033M for the purchase of field materials, the following is a breakdown according to authority limits:-

| <b>AUTHORITY LIMIT</b> | <b>NO. OF CONTRACTS</b> | <b>AMOUNT \$'000</b> |
|------------------------|-------------------------|----------------------|
| Below \$90,000         | 45                      | 1,304                |
| \$90,000 - \$180,000   | 1                       | 108                  |
| \$180,000 - \$2M       | 6                       | 5,521                |
| Above \$2M             | 1                       | 3,100                |
| <b>TOTAL</b>           | <b>53</b>               | <b>10,033</b>        |

- 613.** In relation to the seven(7) major purchases, six(6) of these valued at \$5.521M were awarded by the Ministerial Tender Board to the sole suppliers of the various items. The other purchase to the value of \$3.1M was awarded by the Central Tender Board in February 2001 to an overseas supplier. The items purchased were verified as having been received and properly brought to account.
- 614.** The amount of \$5.135M was paid to Guysuco for labour and security services in relation to D & I pumps located in Guysuco areas.
- 615.** Amounts totalling \$4.475M were expended on Fuel & Lubricants. However, of the eleven(11) vehicles which were in use by the D & I Board for the period under review, log books were not presented for seven(7) vehicles while there were partial submissions in respect of the other four(4) vehicles. In addition, the fuel and lubricants purchased for two(2) vehicles were not recorded in the log books for the period October to December 2001. In the circumstances, it could not be determined whether effective control was exercised over the use of these vehicles.
- 616.** The amount of \$3.650M was spent on the purchase of fixed assets which includes four(4) computers and accessories, one(1) xerox processor, chairs and filing cabinets, fax machine etc. Ten(10) purchases valued \$1.5M which represents 42% of the total purchases of fixed assets were not recorded in the Goods Received Book nor could be traced to the inventory. Nevertheless, the assets were verified as having been received. However these assets were not marked to readily identify them as property of the Government.

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

- 617.** The sum of \$143M was allocated for the rehabilitation of the East Demerara Water Conservancy in order to improve the supply of potable water. Amounts totalling \$129.817M were shown as having been 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.
- 618.** According to the audited accounts for 2001, amounts totalling \$91.664M were expended, giving a difference of \$38.153M. This difference resulted mainly from (a) four(4) amounts totalling \$58.563M which were expended under the Project. However, amounts totalling \$75.145M were requested and charged to the appropriation account, resulting in an overstatement of \$16,582M in expenditure and (b) two(2) disbursements totalling \$21.633M made in 2000 and brought to account in 2001; and (c) an amount of \$62,500 overpaid in 2000 now recovered.
- 619.** The following is a breakdown of the audited expenditure:-

| <b>DESCRIPTION</b>  | <b>AMOUNT<br/>\$'000</b> |
|---|--------------------------|
| East Demerara Water Conservancy at Flagstaff to Maduni    | 52,317                   |
| East Demerara Water Conservancy at Flagstaff to Annandale | 19,740                   |
| East Demerara Water Conservancy at Annandale to Nancy     | 19,607                   |
| <b>TOTAL</b>  | <b>91,664</b>            |

- 620.** 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. During the year under review amounts totalling \$52.317M were paid, giving a total of \$91.488M paid to the contractor as at 31 December 2001. However, the basis of the award of this contract could not be determined since the related file was not submitted for audit.
- 621.** 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. During the year under review sums totalling \$19.740M were paid to the contractor, resulting in the total sum of \$128.984M paid as at 31 December 2001. However, the basis of the award of this contract could not be determined since the related file was not presented for audit.

- 622.** 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. During the year under review, amounts totalling \$19.607M were paid, giving a total sum of \$114.91M paid to the contractor as at 31 December 2001. However, the basis of the award of this contract could not be determined since the related file was not submitted for audit.
- 623.** Physical verification of the abovementioned three(3) contracts awarded in 2000 for the rehabilitation of the East Demerara Water Conservancy for sum of \$390,018 024 is detailed below:-
- (a) Flagstaff (Cane Grove) to Annandale
  - (b) Annandale to Nancy
  - (c) Flagstaff (Cane Grove) to Maduni Creek
- 624.** A breach of the dam occurred at Flagstaff (Cane Grove) to Annandale area on November 3, 2001 and had caused extensive flooding to the adjoining residential and farming areas. The area of the breach has been temporarily sealed using steel sheet piles and remedial work is ongoing in this and the other two areas.
- 625.** During the survey we had identified areas of defects on the dam that needed immediate corrective work. The reason for the deficiency was due to cracks or openings to the surface of the dam, which caused breaches to the structure. National Drainage & Irrigation Board Engineer and Secretary, East Demerara Water Conservancy Board informed us that the defects were drawn to the attention of the Contractor and instructions were given for immediate remedial action. It was noted that the instructions to correct the defects of the dam were given verbally and not in writing. This is a dangerous practice since denials of the verbal instructions can be made later.
- 626.** We had observed also, areas where there were erosions of the dam done by the Contractor. These areas have been remedied by earth filling to the side of the areas of the erosions. We are unable to determine at this time the effectiveness of the remedial work.
- 627.** It was pointed out that some of the areas where there were erosions, the depth of the waterway was much greater than the adjoining two sides. This situation should allow for a different design of the dam in the particular area where the waterway is deeper however, this was not done.
- 628.** The Conservancy Breach Investigation team, which was appointed by the Government of Guyana in its report, dated March 2002, supported our findings as stated above.

**Subhead 13005 - Agriculture Sector Hybrid Programme**

- 629.** The sum of \$268.135M was allocated for the upgrading of farm access roads in Regions 2, 3, 5 and 6 as follows:- Parika main drain, Supenaam/Charity, No. 70/71 sideline, Windsor Forest/Coglan dam and Hyde Park/Mora Point. A supplementary estimate of \$45.833M was approved, giving a revised allocation of \$313.968M. Amounts totalling \$293.730M were shown as having been 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.
- 630.** According to the audited accounts for 2001, amounts totalling \$231.218M were expended, giving a difference of \$62.512M. This difference was due mainly to two(2) foreign disbursements totalling \$62.573M made in 2000 now brought to account. The following are the details of roads which were constructed:-

| DESCRIPTION  | AMOUNT<br>\$'000 |
|--|------------------|
| 5 miles farm access roads – Winsor Forest/Coglan Dam     | 74,239           |
| 5 miles all weather farm access road – Parika main drain | 63,284           |
| 9.1 miles farm access road from Mora Point to Hyde Park  | 17,450           |
| 2.6 miles road from Burma Rice Mill to Esau & Jacob      | 4,838            |
| 6 miles access roads between Supenaam & Charity - Ph II  | 3,010            |
| 3.4 miles sideline dam – No. 70/71                       | 991              |
| Technical co-operation                                   | 36,731           |
| Administration and financial costs                       | 29,244           |
| Mooring charges  | 741              |
| Acquisition of equipment                                 | 690              |
| <b>TOTAL</b>   | <b>231,218</b>   |

- 631.** 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. During the period under review, amounts totalling \$74.239M were paid giving a total sum of \$95.937M paid as at 31 December 2001. At the time of inspection in April 2002 the works were completed and physically verified.
- 632.** 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. During the year, amounts totalling \$63.284M were paid, giving a total sum of \$104.942M. At the time of inspection in April 2002, the works were completed and physically verified.
- 633.** In relation to the construction of the farm access road from Mora Point to Hyde Park, the contract was awarded in 1998 to the third lowest bidder in the sum of \$74.876M. The lowest bid was too low, approximately \$44M below the Engineer's Estimate of \$67.180M, and the second lowest bid did not pass the post qualification test. There was an approved variation of \$11.381M, giving a revised contract sum of \$86.257M. As at 31 December 2000, amounts totalling \$65.365M were paid on this contract, and during the period under review, sums totalling \$17.450M were paid, giving an amount of \$82.815M, paid as at 31 December 2001, on the contract. At the time of inspection in April 2002 the works were completed and were physically verified.
- 634.** 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. During the period under review, amounts totalling \$4.838M were paid, giving a total sum of \$76.610M paid as at 31 December 2001. At the time of inspection in April 2002, the works were completed and physically verified.
- 635.** 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. During the year under review amounts totalling \$3.010M were paid, giving a total sum of \$128.837M paid as at 31 December 2001. At the time of inspection in April 2002, the works were completed and physically verified.
- 636.** 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. During the period under review amounts totalling \$991,226 were paid, giving a total sum of \$77.447M paid as at 31 December 2001. At the time of inspection in April 2002, the works were completed and physically verified.

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

- 637.** The sum of \$5.5M was allocated for the purchase of machinery and equipment to execute drainage and irrigation works under MMA – Phase III. However, as in 2000, no expenditure was incurred. The above acquisition was re-budgeted for in 2002.

**Subhead 17004 - National Agricultural Research Institute**

- 638.** The sum of \$18M was voted for (a) the rehabilitation of nurseries at St. Ignatius, Lesbeholden and Ebini (b) the purchase of a vehicle and tractor with implements for pilot farm at Mon Repos (c) the rewiring of buildings and (d) the rehabilitation of internal roads. According to the Appropriation Account, the full amount was shown as having been expended. However, according the records of NARI, amounts totalling \$15.321M were expended, resulting in an overstatement of expenditure by \$2.679M. This difference should have also been refunded to the Consolidated Fund. The following is a breakdown of the expenditure incurred:-

| <b>DESCRIPTION</b>  | <b>AMOUNT<br/>\$'000</b> |
|---|--------------------------|
| Purchase of incubator, hatchery, spare parts etc.                       | 9,347                    |
| Construction of plant shed and rehabilitation of nursery – St. Ignatius | 2,656                    |
| Rewiring of Mon Repos building  | 1,111                    |
| Construction of four(4) platforms to store plants                       | 760                      |
| Purchase of fixed assets  | 892                      |
| Consultant fees   | 555                      |
| <b>TOTAL</b>  | <b>15,321</b>            |

- 639.** The amount of \$9.347M was expended for the purchase of an incubator, hatchery, spare parts etc. This contract was awarded to an overseas supplier. At the time of the inspection in June 2002, the items were received and in the process of being installed.
- 640.** In relation to the amount of \$2.656M expended on the construction of plant shed and the rehabilitation of the nursery at St. Ignatius. Four(4) contracts were awarded to the value of \$1.286M, the difference of \$1.370M was expended on the purchase of materials for the construction of plant shed. These contracts were awarded and supervised by the Regional Democratic Council Region No. 9. As 31 December 2001 the full sum was paid to the contractors.
- 641.** The contract for the rewiring of the main building at Mon Repos was awarded in the sum of \$1.104M. An approved variation was seen for the sum of \$6,965, giving a revised contract sum of \$1.111M. As at 31 December 2001 the full sum was paid and the works were verified as having been completed.
- 642.** The amount of \$759,770 was expended on the construction of four(4) store plants located at Timehri, Pouderoyen, Mon Repos and Charity. Three(3) of these contracts were awarded to



the same contractor by selective tendering. As at 31 December 2001 the full amounts were paid and the works were verified as having been completed.

- 643.** The amount of \$891,161 expended on the purchase of fixed assets were verified as being received, taken on inventory and distributed at locations in Charity, Anna Regina and Naamyrcck under the project Poor Rural Support programme. An approved change of programme was seen to facilitate the purchase of the fixed assets.

**Subhead 17005 - Guyana School of Agriculture**

- 644.** The sum of \$10M was budgeted for (a) the completion of the soil science laboratory (b) the rehabilitation of dormitories and (c) upgrading of livestock farm. According to the appropriation account the full amount was expended. However, an examination of the GSA records revealed that amounts totalling \$9.388M were expended and the difference of \$611,650 was refunded to the Ministry vide receipt No. 292157 dated 8 January 2002. The Ministry, however, did not credit the votes ledger but instead charged this amount to Sundries – Revenue for 2002, thus the appropriation account was overstated by this amount. The following is a breakdown of expenditure:-

| DESCRIPTION                             | AMOUNT<br>\$'000 |
|---|------------------|
| Construction of soil science laboratory | 2,627            |
| Upgrading of livestock farm             | 2,543            |
| Rehabilitation of dormitories           | 2,340            |
| Rehabilitation of warden quarters       | 1,135            |
| Purchase of two(2) air condition units  | 240              |
| Consultants fees                        | 462              |
| Miscellaneous                           | 41               |
| <b>TOTAL</b>                            | <b>9,388</b>     |

- 645.** The construction of the soil science laboratory was awarded in three(3) phases in the years 1998, 1999 and 2000 to two(2) separate contractors in the sum of \$14.283M. As at 31 December 2000 amounts totalling \$9.069M were paid to the contractors. During the period under review, sums totalling \$2.627M were paid, giving an amount of \$11.696M paid as at 31 December 2001. At the time of reporting in June 2002, the works were still in progress.
- 646.** The contract for the upgrading of livestock farm buildings was awarded in the sum of \$2.679M in September 2001. An approved variation of \$55,407 was seen, giving a revised contract sum of \$2.735M. As at 31 December 2001, sums totalling \$2.543M were paid to the contractor. At the time of inspection in June 2002, the works were completed and physically verified.

- 647.** The sum of \$2.340M was expended on the rehabilitation of dormitories. Two(2) contracts were awarded in the sum of \$2.157M. Approved variations were seen in the sum of \$182,793 giving the contracts revised sums totalling \$2.340M. As at 31 December 2001, the full sums were paid to the contractors, and the works were completed and physically verified.
- 648.** In relation to the amount of \$1.135M expended on the rehabilitation of the warden quarters, the labour cost was borne by the carpenters attached to the institution. At the time of inspection in June 2002, the works were completed and physically verified. In addition, the two(2) air condition units were verified as having been received and taken on inventory. However, there was no evidence of a change in programme for the rehabilitation of the warden quarters and the purchase of the air-condition units.

**Subhead 17009 - National Dairy Development Programme**

- 649.** The sum of \$6.5M was allocated for (a) improving genetic potential of cattle by artificial insemination (b) the establishment and upgrading of pastures at Regions 3, 4 and 10 and (c) the purchase of a generator. According to the Appropriation Account the full amount was shown as having been expended. However, examination of the records of the National Dairy Development Programme revealed expenditure totalling \$6.448M, which resulted in the Appropriation Account being overstated by \$52,000. The following is a breakdown of the expenditure:-

| DESCRIPTION                 | AMOUNT<br>\$'000 |
|-----------------------------|------------------|
| Establishment of pastures   | 3,081            |
| Purchase of field equipment | 1,979            |
| “ “ “ materials             | 1,389            |
| <b>TOTAL</b>                | <b>6,449</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 17019 - Extension Services**

- 650.** The sum of \$3.885M was allocated for the purchase of (a) three(3) fog machines for Moruca, Mabaruma and Bartica, (b) three(3) 48 HP outboard engines for Bartica, Mabaruma and Charity/Pomeroon and (c) three(3) fibre glass boats for Bartica, Pomeroon, Springlands, Mabaruma and the Demerara River. Amounts totalling \$3.646M were expended. However, one(1) fibre glass boat was not acquired due to insufficiency of funding. Documentary

evidence was seen indicating that the items were received at Regions 1, 2 and 7.

**Subhead 21001 - Hydrometeorology**

651. The sum of \$30M was budgeted for the construction of a new tower for radar equipment and the purchase of a radar system. However, no expenditure was incurred. The works were re-budgeted for in 2002.

**Subhead 24001 – Land Transport**

652. The sum of \$3M was allocated for the purchase of a vehicle for the Ministry. However, no expenditure was incurred. The purchase was re-budgeted for in 2002.

**Subhead 25001 - Project Evaluation & Equipment**

653. The sum of \$2.8M was allocated for the purchase of computers and accessories, air conditioning units and filing cabinets. Amounts totalling \$2.649M were expended. The items purchased were verified as having been received. However, they were not inventorised.

**Subhead 33002 - Geodetic Surveys**

654. An amount of \$9M was allocated for (a) the procurement of equipment, computers, theodolite, toll station and compass (b) training of local surveyors and technicians and (c) the reproduction of maps. Expenditure totalling \$7.048M was incurred as follows:-

| DESCRIPTION                               | AMOUNT<br>\$'000 |
|---|------------------|
| Purchase of survey supplies and equipment | 3,165            |
| Emoluments to 23 employees                | 2,996            |
| Purchase of stationery                    | 277              |
| Training of fifteen(15) surveyors         | 136              |
| Purchase of computer and accessories      | 290              |
| Reproduction of maps                      | 63               |
| Miscellaneous                             | 120              |
| <b>TOTAL</b>                              | <b>7,048</b>     |

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

**Subhead 33003 - National Land Registration**

655. 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 \$15.934M were expended as follows:-

| <b>DESCRIPTION</b>                    | <b>AMOUNT<br/>\$'000</b> |
|---------------------------------------|--------------------------|
| Casdastral surveys                    | 6,197                    |
| Administration costs                  | 5,432                    |
| Purchase of field materials           | 2,838                    |
| Processing of 3,650 land applications | 670                      |
| Publishing of tender advertisements   | 399                      |
| Topographical surveys                 | 398                      |
| <b>TOTAL</b>                          | <b>15,934</b>            |

- 656.** Thirteen(13) contracts valued at \$10.823M were awarded for the carrying out of cadastral surveys in Regions 2, 3, 4, 6, 7 and 10 to five(5) contractors. Amounts totalling \$1.515M were paid as at 31 December 2000. During the period under review, sums totalling \$6.197M were paid. Reports were seen attesting to the satisfactory completion of the surveys. However, the final payments towards these contracts are to be made in 2002. As can be noted, no expenditure was incurred for the issuing of freehold titles and support to the Land Court and Go-Invest.
- 657.** The amount of \$5.432M expended on administration costs includes the payments of wages and salaries to seven(7) officers, travelling and subsistence and service and fuel to four(4) vehicles. The field materials valued at \$2.838M were verified as having been received and properly brought to account in the stock ledgers.

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

- 658.** The sum of \$226M was allocated for the establishment of the Lands and Surveys Commission. Amounts totalling \$224.195M were expended. However, an examination of the records at the Lands and Surveys Commission revealed an expenditure of \$226.462M, giving a difference of \$2.267M. The Lands and Surveys Commission was established in June 2001 and was funded jointly by the Department for International Development (DFID) in the United Kingdom and the Government of Guyana and is subject to separate financial reporting and audit. The following is a breakdown of the expenditure:-

| <b>DESCRIPTION</b>             | <b>AMOUNT<br/>\$'000</b> |
|--------------------------------|--------------------------|
| Technical cooperation          | 120,931                  |
| Equipment and office furniture | 49,728                   |
| Repairs to buildings           | 18,135                   |
| Subsistence                    | 18,100                   |
| Air fares                      | 8,259                    |
| Land Tenure Registration       | 4,976                    |
| Operating costs                | 3,652                    |
| Salaries/support staff         | 2,681                    |
| <b>TOTAL</b>                   | <b>226,462</b>           |

- 659.** The amount of \$120.931M representing technical cooperation relates to the payment of salaries to five(5) officers under the formation of the commission, three(3) under the regularisation of land tenure and one(1) under policy studies. All payments to these officers were made in pounds sterling.
- 660.** The amount of \$49.728M was spent on the purchase of equipment and office furniture. The details are as follows:-

| <b>DESCRIPTION</b>        | <b>AMOUNT<br/>\$'000</b> |
|---------------------------|--------------------------|
| Survey Equipment          | 23,959                   |
| Computers and Accessories | 19,382                   |
| Office Furniture          | 4,748                    |
| Photocopier               | 1,349                    |
| A/C Unit and Calculator   | 290                      |
| <b>TOTAL</b>              | <b>49,728</b>            |

These items were verified as having been received and brought to account in the inventory records.

- 661.** The amount of \$18.135M was spent on repairs to buildings. Twenty-nine(29) contracts were awarded, sixteen(16) of which valued at \$14.888M were on the basis of selective tendering by the consultants. There was no evidence of competitive bidding to effect the award of these works. Nevertheless, physical verification revealed that the works were completed.

- 662.** Sums totalling \$18.1M were shown as payments for subsistence. However, this amount also included payments for security, utilities and rent. The amount of \$8.259M expended on air fares was in respect of payments of travelling by foreign consultants.
- 663.** Included in the sum of \$4.976M representing Land Tenure Registration, is the payment of salary to four(4) officers and honoraria to three(3) individuals attached to the Lands and Surveys Department. Also the purchase of stationery and fuel, repairs to vehicles and travelling and subsistence were included.
- 664.** The amount of \$3.652M representing operating costs includes payment for postage fees, telephone charges, internet services, purchase of newspapers, and consumables and report production for the year under review.
- 665.** The amount of \$2.681M represents salaries paid to five(5) administration officers and four(4) vehicle drivers. Also included in this figure are amounts totalling \$339,714 paid for three(3) workshops held in Guyana for approximately forty(40) persons.

**Subhead 33005 – Intermediate Savannahs Agricultural Project**

- 666.** An amount of \$19.5M was provided for the promotion of agricultural and agro-industrial development in the intermediate savannahs. Amounts totalling \$15.441M were expended. The following gives a breakdown of the expenditure:-

| <b>DESCRIPTION</b>  | <b>AMOUNT<br/>\$'000</b> |
|---|--------------------------|
| Consultancy fees  | 6,437                    |
| Establishment of model farm, orchard crop nursery – Ebini | 4,907                    |
| Administrative costs                                      | 1,349                    |
| Purchase of fixed assets                                  | 1,134                    |
| Payment to NARI   | 769                      |
| Purchase of spares, fuel, etc. for vehicles               | 670                      |
| Photocopy of eighteen(18) maps                            | 175                      |
| <b>TOTAL</b>  | <b>15,441</b>            |

- 667.** The consultancy fees of \$6.437M were paid to four(4) individual consultants who were involved in digital mapping of Wiruni Savannahs, agricultural land use and farming activity, aerial photo interpretation and development and execution of a sustainable resource management plan. Evidence was seen of final reports, which were issued in relation to the studies.

- 668.** The amount of \$4.907M was expended on the establishment of a model farm and orchard crop nursery at Ebini which is located in the Intermediate Savannas. In relation to the amount of \$1.134M expended on the purchase of fixed assets the items were verified as being received and properly brought to account in the asset register.
- 669.** Repairs, Services and Fuel expenditure valued at \$670,355 were expended under this subhead for the use of two(2) vehicles. However, log books for these vehicles were not produced thus, the effective use of these vehicles could not be easily determined.

**Subhead 33006 – New Guyana Marketing Corporation**

- 670.** The sum of \$3M was allocated for the renovation of the bond at Sophia. Amounts totalling \$1.288M were expended. The works were physically verified.

**DIVISION 509 – MINISTRY OF AGRICULTURE  
(RURAL SUPPORT PROJECT)**

**Subhead 17001 - Rural Support Project**

- 671.** The sum of \$130.175M was provided for (a) the rehabilitation of drainage and irrigation infrastructure and upgrading of basic public support services/facilities in Regions 2 and 3 (b) providing assistance, training and credit facilities for small scale farmers and (c) provision of technical training and conducting technical and socio-economic studies. A supplementary provision of \$42.281M was approved, giving a revised allocation of \$172.456M. According to the Appropriation Account, amounts totalling \$155.479M were expended.
- 672.** 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 2001 revealed an expenditure of \$167.311M, giving a difference of \$11.832M. This difference was due to (a) a disbursement of \$45.533M made in 2000 which has now been brought to account and (b) disbursements of \$33.701M disbursed in 2001 not yet brought to account.
- 673.** The following is a breakdown of the audited expenditure:-

| <b>DESCRIPTION</b>             | <b>AMOUNT<br/>\$'000</b> |
|--------------------------------|--------------------------|
| Upgrading of Public Facilities | 119,538                  |
| Salary and Gratuity            | 29,781                   |
| Administrative Expenses        | 17,992                   |
|                                |                          |

**TOTAL**

**167,311**

- 674.** As mentioned above, the amounts totalling \$119,538,109 were expended during the year on the upgrading of public facilities. The details are as follows: -

| <b>DESCRIPTION</b>                       | <b>AMOUNT<br/>\$'000</b> |
|--|--------------------------|
| Rehabilitation of channels (16contracts) | 40,472                   |
| 10% credit to IPED                       | 32,435                   |
| Water Users Association (2contracts)     | 28,136                   |
| NARI - training                          | 7,368                    |
| Engineering services - Region 2 & 3      | 3,062                    |
| Credit assessment study (IPED)           | 2,839                    |
| Baseline study                           | 2,075                    |
| Retention payment on five(5) contracts   | 2,070                    |
| Miscellaneous contracts(3)               | 675                      |
| Purchase of hardware items               | 407                      |
| <b>TOTAL</b>                             | <b>119,538</b>           |

- 675.** The contract for the rehabilitation of SD-20 and SSC-20 channels at Aurora, Essequibo Coast was awarded in February 2001 to the lowest of five(5) bidders in the sum of \$1.727M, against the engineer's estimate of \$1.364M. As at 31 December 2001, amounts totalling \$1.627M were paid to the contractor.
- 676.** In relation to the rehabilitation of the channels SD-16 and SSC-16 at Dry Shore, Essequibo Coast, the contract was in February 2001 to the lowest of four(4) bidders in the sum of \$1.194M, against the engineer's estimate of \$1.458M. As at 31 December 2001, amounts totalling \$1.194M were paid to the contractor.
- 677.** With regards to the rehabilitation of channels SD-19 and SSC-19 at Aurora, Essequibo Coast, the contract was awarded in February 2001 to the lowest of four(4) bidders in the sum of \$2.007M, against the engineer's estimate of \$1.547M. As at 31 December 2001, amounts totalling \$1.907M were paid to the contractor.
- 678.** The contract for the rehabilitation of channel at Middlesex, Essequibo Coast was awarded in March 2001 to the lowest of three(3) bidders in the sum of \$2.453M, against the engineer's estimate of \$3.668M. As at 31 December 2001, amounts totalling \$2.190M were paid to the contractor.
- 679.** In relation to the rehabilitation of the channel Fairfield/Vilvoorden, Essequibo Coast, the contract was in March 2001 to the lowest of three(3) bidders in the sum of \$3.296M, against the engineer's estimate of \$4.725M. As at 31 December 2001, amounts totalling \$2.948M were paid to the contractor.



- 680.** With regards to the rehabilitation of channels at Huist' Dieren Pamona, Essequibo Coast, the contract was awarded in August 2001 to the lowest of two(2) bidders in the sum of \$3.573M, against the engineer's estimate of \$5.071M. As at 31 December 2001, amounts totalling \$3.198M were paid to the contractor.
- 681.** The contract for the rehabilitation of channel at Maripa, East Bank Essequibo was awarded in March 2001 to the lowest of two(2) bidders in the sum of \$18.392M, against the engineer's estimate of \$20.394M. As at 31 December 2001, amounts totalling \$7.154M were paid to the contractor.
- 682.** In relation to the rehabilitation of the channels at Parika/Ruby/Kent, East Bank Essequibo, the contract was in April 2001 to the lowest of three(3) bidders in the sum of \$7.807M, against the engineer's estimate of \$8.448M. As at 31 December 2001, amounts totalling \$3.137M were paid to the contractor. Based on documentary evidence provided during the audit, the amount paid was consistent with the extent of work done. The works continued in 2002.
- 683.** With regards to the rehabilitation of channels at Vergenoegen Agricultural WUA-Lot-3, East Bank Essequibo, the contract was awarded in April 2001 to the lowest of three(3) bidders in the sum of \$7.999M, against the engineer's estimate of \$8.767M. As at 31 December 2001, amounts totalling \$3.922M were paid to the contractor. Based on documentary evidence provided during the audit, the amount paid was consistent with the extent of work done. The works continued in 2002.
- 684.** The contract for the rehabilitation of channels SD-15 and SSC-15 at Hibernia, Essequibo Coast, was awarded in June 2001 to the lowest of three(3) bidders in the sum of \$1.552M, against the engineer's estimate of \$903,000. As at 31 December 2001, amounts totalling \$1.402M were paid to the contractor.
- 685.** In relation to the rehabilitation of the channels at Warousi, Essequibo Coast, the contract was awarded in June 2001 to the lowest of three(3) bidders in the sum of \$1.115M, against the engineer's estimate of \$664,260. As at 31 December 2001, amounts totalling \$989,640 were paid to the contractor.
- 686.** With regards to the rehabilitation of channels SB-18 and SSC-18 at Makeshift, Essequibo Coast, the contract was awarded in June 2001 to the lowest of three(3) bidders in the sum of \$981,750, against the engineer's estimate of \$599,125. As at 31 December 2001, an amount of \$870,075 was paid to the contractor.
- 687.** The contract for the rehabilitation of channels SD-21 and SSC-21 at Good Intent, Essequibo Coast, was awarded in June 2001 to the lowest of three(3) bidders in the sum of \$2.408M, against the engineer's estimate of \$1.310M. As at 31 December 2001, payments totalling \$2.193M were made to the contractor.

- 688.** In relation to the rehabilitation of the channels SD-22 and SSC-22 at Spring Garden, Essequibo Coast, the contract was awarded in June 2001 to the lowest of three(3) bidders in the sum of \$2.350M, against the engineer's estimate of \$1.279M. As at 31 December 2001, sums totalling \$2.138M were paid to the contractor.
- 689.** With regards to the rehabilitation of channels SD-23, SD-24 and SSC-23 at Spring Garden, Essequibo Coast, the contract was awarded in June 2001 to the lowest of two(2) bidders in the sum of \$2.670M, against the engineer's estimate of \$1.458M. As at 31 December 2001, sums totalling \$2.489M were paid to the contractor.
- 690.** The contract for the rehabilitation of channels SD-25, SD-26 and SD-27 at Good Hope, Essequibo Coast, was awarded in June 2001 to the lowest of three(3) bidders in the sum of \$3.378M, against the engineer's estimate of \$2.338M. As at 31 December 2001, amounts totalling \$3.114M were paid to the contractor.
- 691.** At the time of inspection, except for the rehabilitation of the channels at Parika/Ruby/Kent and Vergenoegen, East Bank Essequibo, all of the above works were completed and were physically verified.
- 692.** An agreement was entered into between the Government of Guyana and the Institute of Private Enterprise Development(IPED) on the 9 February 2001. The purpose of the agreement, was to appoint a Financial Intermediary(IPED) to act as an agent to disburse short term loans to the beneficiaries who were the poor rural households in Regions 2 and 3. The Resources allocated to this sub-project amounted to approximately SDR.1,350,000. This agreement is valid for six(6) years and it was agreed that the Credit Resources would be transferred into a special bank account called "Transfer Account" opened by IPED. In addition, another account called the "Revolving Fund Account" would be opened to account for recovery of the loans and interest payments.
- 693.** An initial deposit of \$32.345M (US\$175,150) representing 10% of the Credit was paid, and the amount was deposited into the Transfer Account and acknowledged by IPED.
- 694.** Two(2) contracts were awarded for the rehabilitation of channels under the Water Users Association Project. The details are as follows:-
- (a) The contract for the rehabilitation of the channels at Hackney/Strong Hope, Pomeroon River, was awarded in April 2001 to the sole bidder in the sum of \$51.655M, against the engineer's estimate of \$33.737M. As at 31 December 2001 \$25.353M were paid to the contractor. It should, however, be noted that tender sum of the sole bidder was 53 % over the engineer's estimate and the CDB gave its no objection for the award of the contract. At the time of inspection the works were in progress; and

- (b) The contract for the rehabilitation of channels - subsidiary drains at Windsor Forest Cattle Pasture, West Coast Demerara was awarded in February 2001 to the lowest of four(4) bidders in the sum of \$3.207M, against the engineer's estimate of \$2.917M. As at 31 December 2001 \$2.783M were paid to the contractor. At the time of inspection the works were completed and were physically verified.
- 695.** The amount of \$7.368M paid to NARI for the training of beneficiaries under the Project. This amount was verified as having been received by the Institute, but in the absence of audited accounts it could not be determined whether the amount was properly accounted for.
- 696.** The contract for the Engineering Services were awarded in 2000 to Caribbean Engineering and Management Consultants Limited (CEMCO) for carrying out surveys, preparing engineering drawings and estimates for the Project during the period under review. The expenditure of \$3.062M was verified as being properly incurred.
- 697.** The credit assessment study was done by the Institute of Private Enterprise Development in order to assess the demand for credit in Regions 2 and 3, and develop appropriate lending policies. The cost of this study was expected to be not more than US\$15,000, and the above amount of G\$2,839 was expended. A report, prepared by IPED was presented to the Management of the PRCSSP.
- 698.** The Central Tender Board awarded the contract for the Baseline Study to the University of Guyana - Institute of Development Studies, for \$3.458M. This study was to define the parameters of the Poor Rural Community Support Services Project, and was to identify the shortcomings in the two (2) Regions. In 2000 the amount of \$1.383M was expended and during the period under review the above amount of \$2.075M was paid as final payment, giving the full sum of \$3.458M paid as at December 2001. At the time of the inspection the final report was submitted and was being reviewed.
- 699.** A perusal of expenditure records of the PMU revealed that salary and contract gratuity paid to the Project's staff during the year amounted to \$29.781M. The expenditure was verified and found to be in keeping with the terms and conditions of related employment contracts.

700. The amount of \$17.992M was expended on Administrative Expenses as detailed below:-

| DESCRIPTION  | AMOUNT<br>\$'000 |
|--|------------------|
| Vehicle and equipment maintenance and running expenses | 3,970            |
| Security Services                                      | 3,843            |
| Travelling and subsistence allowances                  | 1,933            |
| Training sessions                                      | 1,515            |
| Employers contribution to National Insurance Scheme    | 1,355            |
| Repairs to PMU office buildings                        | 1,190            |
| Stationery and cleaning materials                      | 805              |
| Electricity  | 535              |
| Public advertisement                                   | 469              |
| Fees - Project Steering Committee                      | 432              |
| Telephone, Frequency Management and Internet charges   | 372              |
| Miscellaneous  | 1,571            |
| <b>TOTAL</b>   | <b>17,992</b>    |

701. The expenditure of \$3.970M in relation to vehicle and equipment maintenance and recurrent expenses, included the purchase of fuel and lubricants, vehicle spares and services and insurance. Test checks revealed that the expenditure incurred was properly authorised and supported by adequate documentation.

702. The security expenses of \$3,843,360 were in relation to services provided during the period by the security firm of RK Security Services in accordance with agreements entered into in 2001. The awards of the contracts were adjudicated by the Central Tender Board and made on the basis of sole tender received. The security services were provided at the Project Monitoring Unit's compound at Den Amstel, West Coast Demerara and Anna Regina, Essequibo.

703. The above amount of \$1.515 was spent for the purchase of stationery, meals, and payment for travelling, for training courses held in Region 2 and 3. Test checks revealed that the expenditure incurred was properly authorised and supported by adequate documentation.

704. Four(4) contracts to the value of \$1.190M were awarded by the PMU for the repairs to the offices at Den Amstel and Anna Regina. The works were completed and physically verified.

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

- 705.** The sum of \$35.5M was allocated for (a) the rehabilitation of the Abary conservancy dam (b) realignment and land titling (c) provision for state services and (d) rehabilitation of secondary D & I system. According to the Appropriation account the full amount was shown as having been expended. The Authority was last audited for the year 2000. The amount of \$35.5M was verified as having been received by the Authority, but in the absence of audited accounts, it could not be determined whether the amount was properly expended.
- 706.** It was noted that a fire in May 2001 destroyed the records of the Authority and Management had a difficulty in preparing financial statements. However, draft financial statements have since been submitted and at the time of reporting the audit was in progress.

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

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

- 707.** The sum of \$22M was allocated for (a) compilation and analysis of resource management studies data and the establishment of permanent Regional Fisheries Mechanism (RFM) and (b) provision for training. According the records of the Project, the full amount was expended as follows:-

| <b>DESCRIPTION</b>              | <b>AMOUNT<br/>\$'000</b> |
|---------------------------------|--------------------------|
| Contribution to CFRAMP          | 12,000                   |
| Training seminars and workshops | 5,747                    |
| Administration costs            | 2,762                    |
| Resource assessment studies     | 1,491                    |
| <b>TOTAL</b>                    | <b>22,000</b>            |

- 708.** The Project is funded jointly by the Government of Guyana and CIDA/CARICOM. The Government of Guyana contribution was remitted to CFRAMP, headquartered in Belize. The expenditure was supported by adequate documentation.

**Subhead 12006 - Aquaculture Development**

- 709.** The sum of \$19M was voted for the construction of a fish culture station at Mon Repos. A supplementary provision of \$9.131M was approved, giving a revised allocation of \$28.131M. According to the Appropriation Account, amounts totalling \$26.437M were

expended as follows:-

| <b>DESCRIPTION</b>                       | <b>AMOUNT<br/>\$'000</b> |
|--|--------------------------|
| Construction of fish culture station     | 16,184                   |
| Consultancy services                     | 4,060                    |
| Purchase of office furniture & equipment | 3,735                    |
| “ “ field & office supplies              | 1,183                    |
| Other operating expenses                 | 935                      |
| Training                                 | 340                      |
| <b>TOTAL</b>                             | <b>26,437</b>            |

- 710.** 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, a mobilisation advance of \$3.607M was paid to the contractor. During the period under review, the amount of \$16.184M was paid from the Ministry’s votes. The difference of \$16.278M was met from funding by the Food and Agriculture Organisation. The works were completed and physically verified.
- 711.** The amount of \$4.060M expended on consultancy services relates to the supervision of the construction of the fish culture station and related training activities. In relation to the purchase of office furniture and equipment, although the items were verified as having been received, they were not inventorised at the time of inspection. At the time of reporting, however, inventory records were introduced. The other items purchased were verified as having been received and properly brought to account.

**HEAD 22 AND 23 & DIVISIONS 528 AND 529**

**MINISTRY OF TOURISM, INDUSTRY AND COMMERCE**

**Current Expenditure**

- 712.** Amounts totalling \$68.968M were expended on Subsidies and Contributions to Local and International Organisations, as shown below:-

| NAME OF ORGANISATION                      | AMOUNT<br>\$'000 |
|---|------------------|
| <b>Local Organisations</b>                |                  |
| Guyana National Bureau of Standards       | 55,723           |
| Consumers' Advisory Bureau                | 650              |
| Guyana Consumers' Association             | 650              |
| Tourism Hospitality Association of Guyana | 388              |
| <b>International Organisations</b>        |                  |
| Caribbean Tourism Organisation            | 9,517            |
| World Trade Organisation                  | 1,467            |
| Others                                    | 573              |
| <b>TOTAL</b>                              | <b>68,968</b>    |

- 713.** The Guyana National Bureau of Standards (GNBS) was established by an Act No. 11 of 1984. The last set of audited accounts was in respect of the year 2000. At the time of reporting, financial statements for 2001 were received and the audit was in progress. The amount of \$55.723M was verified as having been received but in the absence of audited accounts, it could not be determined whether this amount was properly incurred.

**Capital Expenditure (Division 528 and 529)**

**Subhead 12001 - Building**

- 714.** The sum of \$8M was allocated for (a) the completion of renovation and rewiring of the Ministry's building, (b) installing a transformer and (c) repairs to building at National Exhibition Centre. A supplementary estimate of \$13.5M was approved, giving a revised allocation of \$21.500M. Amounts totalling \$2.398M were expended as follows:-

| <b>DESCRIPTION</b>                                 | <b>AMOUNT<br/>\$'000</b> |
|--|--------------------------|
| Renovating and rewiring of the Ministry's building | 1,614                    |
| Rewiring of National Exhibition Centre             | 499                      |
| Supplying and installing of one A.C unit           | 285                      |
| <b>TOTAL</b>                                       | <b>2,398</b>             |

- 715.** As can be noted no expenditure was incurred on the installation of the transformer and repairs to the National Exhibition Centre. These were re-budgeted for in 2002.
- 716.** Three(3) contracts valued at \$9.216M were awarded for the renovation and rewiring of the Ministry's building. Amounts totalling \$1.518M were paid to the respective contractors in 2001.
- 717.** The first contract was awarded in August 1999 in the sum \$6.973M for the renovation the Ministry's building. There was an approved variation of \$1.886M awarded in April 2001 giving a revised contract sum of \$8.859M. During the year under review amounts totalling \$1.257M was paid to the contractor. As at 31 December 2001, amounts totalling \$7.266M were paid to the contractor and the work was still in progress. However, at the time of reporting, the works were completed and were physically verified.
- 718.** The second contract was awarded in the sum of \$120,680 for consultancy services in respect of renovation of the Ministry's building. As at 31 December 2001, the contractor has fulfilled his contractual obligation and the full amount was paid.
- 719.** The third contract was awarded in November 2001 in the sum of \$140,000 for the rewiring of the Ministry's building. At 31 December the full amount was expended and the works were physically verified.
- 720.** Included in the sum of \$1.614M is an amount of \$95,950 that was expended for the purchase of electrical items. The items were verified as having being received and properly brought to account.
- 721.** The contract for electrical works at National Exhibition Centre was awarded in October 2001 in the sum of \$499,105. As at December 2001, the full amount was expended. At the time of reporting, the works were completed and were physically verified.



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

722. The sum of \$1.3M was provided for the purchase of one (1) vehicle. Amounts totalling \$1.182M were expended for the purchase of one Toyota Camry that was assigned to the Permanent Secretary. The vehicle was verified as having been received and properly brought to account.

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

723. The sum of \$1.880M was provided for the purchase of a photocopier, computer and accessories. However, no expenditure was incurred. The items were re-budgeted for in 2002.

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

724. The sum of \$14M was allocated for the rehabilitation and upgrading of selected tourist facilities and access roads to tourist sites. Amounts totalling \$7.996M were expended, as follows:-

| <b>DESCRIPTION</b>                             | <b>AMOUNT<br/>\$'000</b> |
|--|--------------------------|
| Construction of benches and benabs at No.63    | 2,000                    |
| Construction of New South Dakota Stand         | 2,000                    |
| Upgrading of Lake Mainstay Access Road         | 2,000                    |
| Rehabilitation of Pavillion in Region 7        | 1,000                    |
| Installation of benches and lights at Sea Wall | 588                      |
| Others   | 408                      |
| <b>TOTAL</b>                                   | <b>7,996</b>             |

725. The contract for the construction of benches and benab hut at No.63 beach was awarded in the sum of \$2M. As at 31 December 2001, the full amount was expended and the works were completed and physically verified.
726. The contract for the construction of New South Dakota Stand was awarded in October 2001 in the sum of \$2M. As at December 2001, the full amount was expended. At the time of inspection, the works were completed and were physically verified.
727. The contract for the upgrading of Lake Mainstay Access Road was awarded in the sum of \$2M. The full amount was expended and the works were physically verified. The sum of \$1M was expended for the rehabilitation of Pavilion in Region 7. The full amount was

expended and the works were physically verified.

- 728.** Two contracts for the installation of benches and lights at the Georgetown Seawall were awarded in the sum of \$203,000 and \$385,042 respectively. As at December 2001, the full amount was expended and the works were physically verified. The sum of \$407,900 was expended for the purchasing of toilet sets and accessories for Orinduik Resort.. The items were verified as having been received and properly brought to account.

**Subhead 45001 - Industrial Development**

- 729.** The sum of \$232.7M was provided for developing industrial sites at Eccles, Coldigen, Lethem, New Amsterdam and Belvedere and development of new industrial sites. Amounts totalling \$37.560M were expended, as follows:-

| <b>DESCRIPTION</b>  | <b>AMOUNT<br/>\$'000</b> | <b>AMOUNT<br/>\$'000</b> |
|---|--------------------------|--------------------------|
| <b>Eccles Industrial Site</b><br>Construction of access road      |                          | 10,656                   |
| <b>Coldigen Industrial Site</b><br>Resurfacing of roads - Phase I | 3,767                    |                          |
| Phase II  | <u>16,309</u>            | 20,076                   |
| Supply of Fire Hydrants   |                          | 1,554                    |
| Consultant Services   |                          | 1,530                    |
| Survey  |                          | 122                      |
| <b>New Amsterdam Industrial Site</b><br>Rehabilitation of roads   | 310                      |                          |
| Construction of bridge  | <u>279</u>               | 589                      |
| <b>Environmental Consultant Services</b><br>Lethem and Eccles     |                          | 1,882                    |
| <b>Transportation Services</b>                                    |                          | 510                      |
| <b>Miscellaneous</b>  |                          | 641                      |
| <b>TOTAL</b>  |                          | <b>37,560</b>            |

- 730.** The contract for the construction of the access road at Eccles was awarded in 1998 in the sum of \$235M. There was an approved variation of \$2.2M, giving a revised contract sum of \$237.2M. The sum of \$10,656M represents retention fees. As at 31 December 2001, the full amount was paid to the contractor. The works were completed and physically

verified.

- 731.** In relation to the resurfacing of roads at Coldigen Industrial Estate Phase 1, the contract was awarded in the sum of \$14.602M to the higher of the two (2) bidders in October 2000 on the grounds that he was more technically equipped and was already mobilised in the location. As at 31 December amounts totalling \$10.106M were paid to the contractor while the sum of \$3.767M was paid in 2001. As at 31 December 2001, amounts totalling \$13.873M were paid to the contractor and the work was still in progress. However, at the time of reporting the works were completed and physically verified.
- 732.** The contract for the resurfacing of Coldigen Industrial Estate, Phase II was awarded in the sum of \$19.619M. As at 31 December 2001 amounts totalling \$16.309M were paid to the contractor and the work was still in progress. At the time of reporting the works were completed and physically verified.
- 733.** The contract for the supply of nine(9) fire hydrants at Coldigen Industrial Estate was awarded in the sum of \$1.554M. As at 31 December 2001, the full amount was expended and the items were verified as having been received and properly brought to account.
- 734.** Three contracts were awarded in the sum of \$1.530M for consultancy services in respect of Coldigen Industrial Estate Phase 11. As at 31 December 2001, the full amount was expended. In respect of the survey carried out at Coldigen Industrial Estate, the contract was awarded in the sum of \$122,000. As at 31 December 2001, the full amount was expended for surveying of plots at Coldigen Industrial Estate.
- 735.** The contract for the rehabilitation of roads at New Amsterdam Industrial Estate was awarded in the sum of \$6.204M in 2000. As at 31 December 2001, the full amount was expended. 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 2001, amounts totalling \$2.713M were paid to the contractor. At the time of inspection, all the above works were completed and were physically verified.
- 736.** The contract for environmental consultancy services at Eccles and Lethem was awarded in the sum of \$2.103M. As at 31 December 2001, amounts totalling \$1.882M were paid to the consultant and the services continued in 2002. The sum of \$510,500 was expended for transportation services provided for the consultants travelling to Lethem to carry out environmental consultancy services.

**Subhead 47003 – Guyana National Bureau of Standards**

737. The sum of \$5.7M was allocated for the purchase of seraphin test measures, computer and generator. The amount of \$2.9M was expended as follows:-

| <b>DISCRIPTION</b>                 | <b>AMOUNT<br/>\$</b> |
|------------------------------------|----------------------|
| Purchase of seraphin test measures | 1,468                |
| Purchase of computers              | 1,431                |
| <b>TOTAL</b>                       | <b>2,899</b>         |

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

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

**MINISTRY OF PUBLIC WORKS AND COMMUNICATIONS**

**Current Expenditure**

**Employment Costs**

738. The staffing situation in all areas of the Ministry as reflected in the payrolls for December 2001 is shown below:-

| <b>SUBHEAD</b> | <b>DESCRIPTION</b>              | <b>AUTHORISED</b> | <b>ACTUAL</b> | <b>VACANT</b> |
|----------------|---------------------------------|-------------------|---------------|---------------|
| 101            | Administration                  | 35                | 18            | 17            |
| 102            | Senior technical                | 82                | 29            | 53            |
| 103            | Other technical & craft skilled | 172               | 82            | 90            |
| 104            | Clerical & support              | 119               | 61            | 58            |
| 105            | Semi-skilled                    | 127               | 87            | 40            |
|                |                                 |                   |               |               |

**TOTAL**

**535**

**277**

**258**

- 739.** The actual staffing was therefore 52% of the authorised staff strength, a 3% reduction compared with 2000 and 5% reduction over the 1999 figure. 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.
- 740.** At the time of reporting, the salaries bank account No. 1011 was last reconciled to December 2001. Draft reconciliation statements were, however, seen to July 2002.
- 741.** 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 negative balances at the end of five(5) months, as shown below:-

| <b>MONTH</b> | <b>AMOUNT<br/>\$</b> |
|--------------|----------------------|
| May          | (746,424)            |
| July         | (450)                |
| August       | (289,209)            |
| November     | (234)                |
| December     | (235)                |

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.

- 742.** In my 1999 and 2000 Reports, 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 up to June 2001, and the total cost of the exercise amounted to \$851,891 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 July 2001 with the recruitment of two(2) officers to undertake the reconciliation of bank accounts.

- 743.** An examination of the Register of Contributions to the National Insurance Scheme(NIS) for December 2001 revealed nineteen(19) employees were without NIS numbers, indicating that they were not registered with the Scheme. The Accounting Officer explained that the employees did not produce adequate personal information. Since registration with the NIS has implications for social security and other benefits, it is recommended that efforts should be made to ensure the prompt registration of employees.

#### **Other Charges**

- 744.** The main bank account No. 929, which ceased to be operational in March 1996, was overdrawn by \$8.268M as at 31 December 2001. The Accounting Officer explained that he had written the Accountant General in November 2001 seeking assistance to have the overdraft cleared. However, in my 2000 Report it was stated that it is the responsibility of the Ministry to investigate the reason(s) for the overdraft and to take steps to liquidate it. It appears that corrective action was not taken in the year 2001 or at the time of reporting.
- 745.** The cash book for the main account No. 1010 was kept open until 14 February 2002 in violation of Section 36 of the FAA Act which requires all unspent balances to be surrendered to the Consolidated Fund at the end of the year. The unspent balance of \$296.738M in the cash book was transferred to the Consolidated Fund on 8 January and 14 February 2002. In addition, the cash book was understated by \$397,879 due to a misappropriation of this sum by an employee of the Ministry in 2001. At the time of reporting, the matter was pending in the Courts. It is recommended that loss report be submitted to the Secretary to the Treasury for the amount of \$397,879.
- 746.** At the time of audit in September 2002, the main bank account was reconciled to November 2001 and a draft reconciliation statement was prepared for December 2001. This was not checked and certified. Therefore, reliance could not be placed on the draft reconciliation statement. 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. 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<br/>RECONCILIATION<br/>\$'000</b> | <b>ACTUAL CASH<br/>BOOK BALANCE<br/>\$'000</b> | <b>DIFFERENCE<br/>\$'000</b> |
|--------------|--|--|------------------------------|
| January      | 63,324   | 56,033   | 7,291                        |
| February     | 83,399   | 74,814   | 8,584                        |
| March        | 80,268   | 68,793   | 11,475                       |
| April        | 111,680  | 100,531  | 11,149                       |
| May          | 100,600  | 94,501   | 6,099                        |
| June         | 191,916  | 175,421  | 16,495                       |
| July         | 239,045  | 171,592  | 67,453                       |
| August       | 292,955  | 240,976  | 51,979                       |
| September    | 283,707  | 250,857  | 32,850                       |
| October      | 293,693  | 288,063  | 5,630                        |
| November     | 374,716  | 365,075  | 9,641                        |

- 747.** 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.
- 748.** An examination of the reconciliation statement for the month of November 2001 revealed that there were twenty-nine(29) unrepresented cheques valued at \$111.246M which had become stale-dated. Included in this amount is a cheque for \$108.106M which was paid to the Accountant General as refund of unspent balances for the 2000. These unrepresented cheques should be written back to the cash book.
- 749.** 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 one hundred and ninety-four(194) cheque orders valued at \$31.301M out of a total of two thousand seven hundred and thirty-three(2,733) were cleared on average fifty-six(56) days later. In addition, at the time of reporting, twenty-eight(28) cheque orders valued at \$4.805M remained outstanding. Efforts should be made to ensure that there is strict compliance with the system as it relates to the clearing of cheque orders. The Accounting Officer is advised to investigate this discrepancy with a view to ensuring that the Ministry receives value in respect of these payments.
- 750.** Amounts totalling \$19.222M were expended on Materials, Equipment & Supplies. Included in the above figure is an amount of \$627,450 which was charged to this line item but should have been more appropriately met from line item print and non print materials, since the expenditure related to the purchase of newspapers. In addition, further sums totalling \$2.957M expended on print and non-print materials, were also charged to this line item.

751. The following gives a breakdown of the expenditure for materials, equipment and supplies according to authority limits:-

| <b>AUTHORITY LIMIT</b> | <b>NUMBER OF PURCHASES</b> | <b>AMOUNT \$'000</b> |
|------------------------|----------------------------|----------------------|
| Below \$90,000         | 244                        | 5,928                |
| \$90,000 - \$180,000   | 40                         | 7,062                |
| \$180,000 - \$600,000  | 6                          | 1,949                |
| \$600,000 - \$6M       | 1                          | 699                  |
| <b>TOTAL</b>           | <b>291</b>                 | <b>15,638</b>        |

752. In relation to the six(6) 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 \$698,710 which would have required adjudication by the Central Tender Board but was instead approved by the Ministry's Tender Board.
753. 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. computer accessories, refrigerator, filing cabinets and telephone equipment. The total cost of such items amounted to \$953,530 and were acquired for the Civil Aviation Department. However, provision of \$9.5M was made under the Ministry's capital programme Subhead 16002 - Equipment - Civil Aviation for the acquisition of such items, of which sums totalling \$7.136M were expended and there were savings of \$2.364M.
754. Amounts totalling \$14.097M were expended on Fuel & Lubricants. However, of the nineteen(19) pieces of equipment and thirty-nine(39) vehicles in use by the Ministry for the period under review, log books were not presented for twenty-one(21) vehicles and six(6) pieces of equipment. An examination of the log books presented revealed that this record was not properly written up in respect of six(6) vehicles and seven(7) pieces of equipment. 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.
755. The Ministry made advance payments on a monthly basis for the purchase of fuel. However, the duplicate requisition slips used to uplift fuel from the supplier during the months of September to December 2001 valued in excess of \$1.870M were not submitted for audit examination. In the absence of the originals which are kept by the supplier we were unable to verify the authority for the purchases made during this period.



756. Amounts totalling \$53.160M were expended on Rental of Buildings, as shown below:-

| <b>DESCRIPTION</b>                        | <b>AMOUNT<br/>\$'000</b> |
|---|--------------------------|
| Rental of CARICOM building in High Street | 40,212                   |
| “ “ buildings for Magistrates’ Courts     | 12,864                   |
| “ “ Post Office Corp. building            | 84                       |
| <b>TOTAL</b>                              | <b>53,160</b>            |

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

757. In relation to the Maintenance of Buildings, amounts totalling \$35.730M were expended, as follows:-

| <b>DESCRIPTION</b>                              | <b>AMOUNT<br/>\$'000</b> |
|---|--------------------------|
| Nine(9) buildings at Echilibar Villas           | 12,184                   |
| Five (5) building in Ministry of Works Compound | 6,304                    |
| Eight(8) other Government buildings             | 4,174                    |
| Seven(7) buildings at Timehri                   | 3,214                    |
| Oranapai Towers                                 | 3,074                    |
| Purchases                                       | 6,402                    |
| Miscellaneous                                   | 378                      |
| <b>TOTAL</b>                                    | <b>35,730</b>            |

758. Twenty-four(24) contracts valued at \$12.184M were awarded for repairs to the nine(9) buildings at Echilibar Villas, involving mainly plumbing, painting, carpentry and electrical work. 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 nine(9) buildings were nevertheless physically verified. However, the physical inspection revealed an apparent overpayment of \$194,470 in relation to Flat Nos. 12 and 17, as shown below:-

| DESCRIPTION           | QUANTITY CLAIMED | ACTUAL QUANTITY | RATE \$ | APPARENT OVERPAYMENT \$ |
|-----------------------|------------------|-----------------|---------|-------------------------|
| Variations: cupboards | 1                | Nil             | 26,250  | 26,250                  |
| Carpentry and joinery | 60 cu. ft.       | 48 sq. yd.      | 1,250   | 60,000                  |
| Ceramic floor tiles   | 18 sq. yds.      | 12 sq. yd.      | 6,700   | 40,200                  |
| PVC down pipes        | 100 lin. ft.     | 30 lin. ft.     | 186     | 13,020                  |
| Tiles                 | 90 sq. yds.      | 80 sq. yds.     | 5,500   | 55,000                  |
| <b>TOTAL</b>          |                  |                 |         | <b>194,470</b>          |

- 759.** Included in the amount of \$6.304M expended in the repairs to the buildings at the Ministry of Works Compound, are five(5) contracts valued at \$3.532M which were awarded to two(2) contractors for the repairs to the Montgomery Building. However, there was no evidence that the works relating to three(3) of these contracts valued at \$3.369M were publicly advertised as required by Tender Board Regulations. In the circumstances, the basis under which the contractors were selected could not be determined. The works undertaken were nevertheless physically verified.
- 760.** Eleven(11) contracts valued \$4.174M were awarded for the maintenance of the eight(8) other government buildings, involving mainly plumbing, electrical and carpentry works. However, four(4) of these contracts valued at \$3.705M were awarded on the basis of selective tendering. These contracts should have been publicly advertised to facilitate a system of competitive bidding.
- 761.** In relation to the works carried out at the seven(7) buildings at Timehri, thirty-six(36) contracts valued at \$3.214M were executed for the miscellaneous repairs mainly to the CJIA building and the Control Tower. The works were physically verified.
- 762.** The amount of \$3.074M shown as repairs and maintenance to the Oranapai Towers relates to three(3) contracts valued at \$1.405M which were awarded in 2001 and one contract valued at \$1.669M awarded in 2000. Included in above figure is an amount of \$1.669M representing payment made on the contract awarded 2000 for repairs and maintenance. However, there was no evidence to indicate that the Secretary to the Treasury's approval was obtained for this payment to be made from the voted provisions of 2001.
- 763.** The amount of \$6.402M was expended mainly on purchase of building materials and electrical supplies. However, included in this figure were two amounts totalling \$253,000 expended on the purchase of one(1) suite and(1) air conditioning unit. Since these items are of a capital nature the expenditure should have been met from Subhead 25001 - Office Equipment. However, there were savings of only \$6,000 under this subhead. It is evident, therefore, that the charging of \$253,000 to current expenditure was done to avoid

overrunning the voted provision under Subhead 25001.

- 764.** Amounts totalling \$87.452M were expended on Maintenance of Infrastructure, comprising mainly roads, sea and river defences and other infrastructure. The following gives a breakdown of the expenditure:-

| <b>DESCRIPTION</b>         | <b>AMOUNT<br/>\$'000</b> |
|----------------------------|--------------------------|
| Maintenance of roads       | 31,236                   |
| " " other infrastructure   | 29,411                   |
| " " sea and river defences | 26,805                   |
| <b>TOTAL</b>               | <b>87,452</b>            |

- 765.** Included in the amount of \$31.236M expended on the maintenance of roads, is the sum of \$12.748M relating to the purchase and transportation of road building materials. However, 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.
- 766.** Also included in the amount of \$31.236M referred to in the previous paragraph, is the sum of \$10.997M expended on the repairs to the roads in Georgetown, Linden Highway, Mahaica and West Coast Berbice. The works were executed through a combination of force account and outsourcing.
- 767.** Also included in the amount of \$31.236M expended on the maintenance of roads, is the sum of \$2.049M relating to the weeding and cleaning of parapets and canals. However, because of the lapse in time between the execution of the various contracts and the auditing of the transactions, the extent of the works carried out could not be determined. Included in the amount of \$2.049M, is the sum of \$720,000 paid in respect of a contract awarded in January 2000. However, there was no evidence to indicate that approval was obtained from the Secretary to the Treasury before payment was made.

- 768.** In relation to the amount of \$29.411M expended on the Maintenance of Other Infrastructure, the following are the details:-

| <b>DESCRIPTION</b>                               | <b>AMOUNT<br/>\$'000</b> |
|--|--------------------------|
| Maintenance of Timehri & hinterland airstrips    | 19,392                   |
| Maintenance of infrastructure around the CJIA    | 3,404                    |
| Maintenance of Public Works Compound & Sea-wall  | 1,575                    |
| Maintenance of P. M's Residence & Colgrain House | 1,001                    |
| Purchases  | 4,039                    |
| <b>TOTAL</b>                                     | <b>29,411</b>            |

- 769.** The amount of \$19.392M was expended on the maintenance of Timehri and forty(40) hinterland airstrips. The works were executed by 127 contracts valued at \$18.575M and involved weeding, changing windsocks and repainting of signs and runway markings. Twelve(12) contracts valued at \$817,420 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 work.
- 770.** The amount of \$3.404M was expended on the maintenance of the sewerage system, repainting of walls, fabrication and installation of signs and weeding of the lawns around the airport terminal building. With the exception of the weeding of the lawns the works were physically verified.
- 771.** Amounts totalling \$1.575M were expended on twenty(20) labour service contracts for the cleaning of drains, weeding and sweeping of the Ministry of Public Works Compound and the sea-wall.
- 772.** The amount of \$4.039M was expended on the purchase of construction materials, baggage conveyor bearings, halogen lamps and wind-socks. The items purchased were verified as having been received and properly brought to account.

773. In relation to the maintenance of sea and river defences, the following is a breakdown of the expenditure:

| DESCRIPTION                            | AMOUNT<br>\$000 |
|--|-----------------|
| Transportation of materials & workers  | 12,293          |
| Sealing of cavities, weeding etc.      | 7,245           |
| Purchases of hot mix, crusher run etc. | 6,109           |
| Engineering surveys                    | 629             |
| Others                                 | 529             |
| <b>TOTAL</b>                           | <b>26,805</b>   |

774. Ninety-one(91) contracts valued at \$12.293M were awarded for the transportation of materials, workers and equipment to various sea defences work sites. An examination of these contracts revealed that ninety(90) of them were awarded for \$180,000 each or slightly below to twenty(20) contractors. 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.
775. An amount of \$7.245M was expended on the sealing of cavities at Melanie and Strathspey and the weeding and cleaning of the sea dams at Vigilance, Mosquito Hall, Cane Grove and Good Hope on the East Coast Demerara. Included in this figure was an inter departmental warrant for \$1.067M issued to Region 7 for the re-tarring of palling works in the Byderabo area. However, the Ministry received financial returns for only \$842,940. The difference of \$224,064 was reflected as an outstanding liability in the Ministry's Votes Ledger.
776. Included in the amount of \$6.109M expended on the purchases of hot mix, crusher run etc. is amount of \$1.8M paid to a contractor for the supply of 150 tons hot mix for road maintenance work at the Parika Market. The contract was awarded by the Ministerial Tender Board. However, the contractual agreement was not produced for audit examination. In addition, the transaction was not recorded in the contractor's earnings register. As a result, the contract's earnings would have been understated to the Guyana Revenue Authority.
777. Also included in the above figure of \$6.109M, is an amount of \$600,000 representing the purchase of 50 tons of asphaltic concrete. However, the amount was subsequently refunded but the balance in the Vote Account was not adjusted. As a result, the Current Appropriation Account relating to this line item was overstated by \$600,000.

778. Amounts totalling \$30.956M were expended on Transport, Travel & Postage. The following gives a breakdown of the expenditure:-

| DESCRIPTION                 | AMOUNT<br>\$'000 |
|-----------------------------|------------------|
| Transport, travel & postage | 16,209           |
| Vehicle spares & services   | 10,759           |
| Local travel & subsistence  | 3,759            |
| Postage & telex             | 229              |
| <b>TOTAL</b>                | <b>30,956</b>    |

779. Included in the amount of \$16.209M expended on Transport, Travel & Postage is the sum of \$10.594M expended on the transportation of Air Traffic Control staff. In my 2000 Report, it was recommended that consideration be given to the rationalisation of the use of the Ministry's vehicles with a view to avoiding the hiring of vehicles or alternatively, consideration should be given to the acquisition of new and suitable vehicles for the Air traffic Control staff. It is again recommended that the Ministry review the situation as it relates to the transportation of these officers.

780. Included in the amount of \$10.759M expended on Vehicle Spares and Maintenance, were sums totalling \$5.295M expended in respect of eleven(11) contracts awarded to an individual for the repairs to seventeen(17) vehicles. This individual operated from the Ministry's compound and this matter has been raised for several years now. However, this practice has since ceased in 2002. 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 as a matter of urgency with a view to having all the Ministry's vehicles repaired at its workshops since there may be cost savings to the Ministry.

781. Financial instructions require that a historical record be kept of each vehicle to record among other things the annual and accumulated cost of maintenance of each vehicle. However, the Ministry did not maintain such a record for the vehicles and equipment. As a result, the Ministry was not in a position to monitor the cost of maintenance of each vehicle and to determine whether it was economical to retain certain vehicles or to dispose of them. As a result, the Audit Office analysed the maintenance cost of certain vehicles for the pass three(3) years commencing from 1999. The analysis indicated that substantial sums were expended on numerous vehicles for the three years. It appears that the amounts expended on certain vehicles were more than the cost of new vehicles at duty free prices as shown below:-

|  |  |     |  |  |
|--|--|-----|--|--|
|  |  | 178 |  |  |
|--|--|-----|--|--|

| VEHICLE<br>NUMBER | 1999<br>AMOUNT<br>\$ | 2000<br>AMOUNT<br>\$ | 2001<br>AMOUNT<br>\$ | TOTAL<br>\$ |
|-------------------|----------------------|----------------------|----------------------|-------------|
| PDD 2365          | 291,915              | 228,015              | 520,275              | 1,040,205   |
| PDD 4890          | 452,745              | 333,495              | 393,126              | 1,179,366   |
| PDD 6171          | 266,210              | 109,730              | 921,580              | 1,297,520   |
| PCC 2532          | 147,955              | 477,055              | 271,160              | 896,170     |
| PDD 6906          | 345,295              | 1,150,008            | 594,984              | 2,090,287   |
| T 16313           | 468,690              | 305,290              | 644,317              | 1,418,297   |
| PEE 190           | 60,715               | 14,340               | 430,245              | 505,300     |
| PDD 9552          | 271,909              | 11,600               | 286,205              | 569,714     |
| PEE 2786          | 132,595              | 234,950              | 959,115              | 1,326,660   |
| PCC 8953          | 84,730               | 121,700              | 333,645              | 540,075     |
| PFF 1547          | 217,625              | 186,106              | 293,934              | 697,665     |
| PDD 4896          | 309,157              | 150,555              | 249,815              | 709,527     |
| PDD 3602          | 162,882              | 736,735              | 187,930              | 1,087,547   |
| PDD 5236          | 491,390              | 473,825              | 134,455              | 1,099,670   |
| PDD 6902          | 197,599              | 644,725              | 286,545              | 1,128,869   |
| PDD 6746          | 605,585              | 541,951              | -                    | 1,147,536   |
| GCC 4734          | 171,457              | 482,012              | 170,800              | 824,269     |
| PDD 6086          | 364,587              | 356,305              | 246,655              | 967,547     |

- 782.** Amounts totalling \$3.410M were expended on Telephone Charges of which sums totalling \$1.611M relate to overseas charges in respect of twenty-three(23) 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. It should be noted that a format of the register was given to the Ministry during the course of the 2000 audit for implementation in 2001.
- 783.** Amounts totalling \$22.967M were expended on Electricity Charges of which sums totalling \$13.007M relate to the Civil Aviation Department. Payments were, however, made to the Regional Administration, Region 4, based on an arrangement that had been in force for several years. Enquires revealed that the meters were in the name of the Regional Administration. It is again recommended that urgent steps be taken to have the meters transferred to the Civil Aviation Department.
- 784.** Amounts totalling \$78.383M were expended on Other Services Purchased. The following

gives a breakdown of the expenditure:-

| DESCRIPTION                          | AMOUNT<br>\$'000 |
|--------------------------------------|------------------|
| Security services                    | 31,849           |
| Cleaning and extermination services  | 15,771           |
| Airworthiness advisory services      | 14,987           |
| Equipment maintenance                | 7,382            |
| Maintenance of buildings & compounds | 1,811            |
| Others                               | 6,583            |
| <b>TOTAL</b>                         | <b>78,383</b>    |

- 785.** Inter departmental warrants totalling \$18.645M 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 \$13.204M was in relation to other security services provided to the Ministry and were supported by monthly invoices from the Commissioner of Police and two other security firms.
- 786.** Included in the amount of \$15.771M expended on Cleaning and Extermination Services were sums totalling \$13.2M which were paid for the cleaning of the Cheddi Jagan International Airport at a fee of \$1.1M per month for the period under review. There was no evidence to indicate that the contract was awarded by the Central Tender Board. Instead, contracts were awarded on a monthly basis without approval from the Ministerial Tender Board.
- 787.** In relation to the amount of \$14.987M 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 of navigational aids.
- 788.** Included in the amount of \$7.382M expended on the Maintenance of Equipment, were sums totalling \$3.175M expended on forty-two(42) contracts all below \$180,000 which were awarded to one particular contractor for the repairs to air conditioning units at the Civil Aviation Department. It is recommended that an assessment be made at the beginning of the year, and the works be advertised and an annual maintenance contract awarded.
- 789.** Included in the amount of \$6.583M expended on others, were sums totalling \$2.627M which were utilised for the payment of leased circuits charges, air-time rental for eighteen(18) pagers, and internet services. In addition, amounts totalling \$1.812M were paid for maintenance of compounds and a further sum of \$1.693M was spent on the rental and repairs of office equipment and furniture.



- 790.** The sum of \$1.640M was expended from Other Operating Expenses on chartered flights to conduct search and rescue operations as well as meals for the search and rescue operations. These payments were supported by adequate documentation.
- 791.** Amounts totalling \$5.654M represent payments made from Education Subventions and for overseas training for seven(7) officers of the Civil Aviation Department in the field of aviation. The payments made were verified, as documentary evidence was produced to substantiate the payments made.
- 792.** Amounts totalling \$8.950M were expended on Subsidies & Contributions to International Organisations. The following gives a breakdown of the expenditure:-

| <b>DESCRIPTION</b>                        | <b>AMOUNT<br/>\$'000</b> |
|---|--------------------------|
| International Civil Aviation Organisation | 5,300                    |
| Caribbean Telecommunications Union        | 3,650                    |
| <b>TOTAL</b>                              | <b>8,950</b>             |

- 793.** The payments were in conformity with the provisions made in the Current Budget and were supported by adequate documentation of the transactions.

#### **Revenue Accounting & Control**

- 794.** During the period under review, the Ministry collected revenue totalling \$191.861M, of which sums totalling \$187.654M relate mainly to aerodrome charges collected by the Civil Aviation Department. The difference of \$4.207M represents the revenue collected by the Central Accounting Unit. Of the amount collected, amounts totalling \$397,879 were misappropriated and could not be accounted for. This matter was drawn to our attention and also reported to the Police where an officer was subsequently charged and placed before the Court.
- 795.** 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 \$193.707M 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**

- 796.** 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, in my 2000 Report, it was stated that the Ministry did not maintain a stores ledger in respect of the two(2) stores under its control. This unsatisfactory situation continued in 2001. In addition, 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 517 – Air Transport Reform Programme**

#### **Subhead 16001 – Air Transport Reform**

- 797.** The sum of \$157.949M was allocated for (a) improvements to Cheddi Jagan International Airport (CJIA) to ensure safe operation (b) resurfacing of CJIA runway and perimeter road (c) refurbishing of terminal roof and sewerage system and (d) creation of the Civil Aviation Authority, corporatising of CJIA and privatisation of Ogle airdrome. In addition there was a supplementary provision of \$22.314M giving a revised allocation of \$180.263M According to the Appropriation Account, amounts totalling \$156.396M were expended.
- 798.** The Project is funded by the 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. An examination of the audited accounts for 2001 revealed an expenditure of \$173.316M, giving a difference of \$16.920M. This difference was due to (a) foreign disbursements totalling \$18.678M made in 2000 now brought to account and (b) foreign disbursements totalling \$35.598M made in 2001 not yet brought to account.

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

| DESCRIPTION   | AMOUNT<br>\$'000 |
|---|------------------|
| Contribution to International Civil Aviation        | 64,830           |
| Advanced payment for VOR system                     | 2,687            |
| Emoluments of Special Adviser & two(2) others       | 24,837           |
| Consultancy services re: CJIA                       | 22,028           |
| Institutional & capacity building of Civil Aviation | 17,095           |
| Environmental impact assessment of Ogle Aerodrome   | 14,253           |
| Geotechnical engineering services to CJIA           | 4,813            |
| Privatising of Ogle Aerodrome                       | 4,017            |
| Purchase of vehicle                                 | 3,990            |
| Restructuring of airspace                           | 3,485            |
| Others  | 11,281           |
| <b>TOTAL</b>  | <b>173,316</b>   |

- 800.** The amount of \$64.830M, equivalent to US\$336,835, shown as contribution to the International Civil Aviation Authority was in relation to Guyana's participation in the SAM Digital Network, involving thirteen(13) South American states. The objective is to provide a modern, reliable and positive cost/benefit aeronautical telecommunications platform for international air operations. In November 2001, a site survey was carried out for the installation of the related equipment, and at the time of reporting, the equipment had arrived in the country.
- 801.** In relation to the advanced payment of \$2.687M for the supply and installation of the VOR (high frequency omnidirectional radio range) system, the contract was awarded in November 2001 in the sum of US\$141,638, equivalent to G\$26.840M. At the time of reporting, the equipment had been received, installed and commissioned.
- 802.** The amount of \$24.837M represents the emoluments to the Special Adviser to the Minister on civil aviation matters, the Chief Executive Officer of CJIA Corporation and the Coordinator of the Project. The contract for the services of the Special Adviser was for a period of twelve(12) months commencing in April 2000 and for a fee of US\$100,000. There were three(3) extensions to the contract which subsequently came to an end in December 2001. Total payments on this contract amounted to US\$168,226.
- 803.** In relation to the emoluments of the CEO of the CJIA Corporation, the contract was awarded in September 2001 for a period of two(2) years in the sum of US\$65,000 per annum, equivalent to G\$12.318M. The Project Co-ordinator was also recruited in August 2001 for a period of two(2) years at a monthly salary of G\$625,350.
- 804.** The amount of \$22.028M expended on the corporatisation and institutional strengthening of the CJIA, represents payments for professional services rendered based on a contract valued

at US\$118,500, equivalent to G\$24.456M. The contract was awarded in January 2001 and was for a period of three(3) months. The consultants completed their reports which the Ministry accepted.

- 805.** In relation to the amount of \$17.095M expended on institutional and capacity building of the Civil Aviation Authority, the contract was awarded in May 2000 in the sum of US\$179,960, equivalent to G\$34.102M. As at 31 December 2001, amounts totalling \$24.423M were paid to the consulting firm. At the time of reporting, the firm had completed its obligations under the contract.
- 806.** The amount of \$14.253M expended on environmental impact assessment of the Ogle Aerodrome relates to a contract which was awarded in January 2001 in the sum of US\$83,325, equivalent to G\$15.790M. The consultant submitted his report in October 2001. The Ministry accepted the report.
- 807.** In relation to the amount of \$4.813M expended on geotechnical engineering services, this relates to a soil survey carried out at Runway No. 6 of the CJIA. The related contract was awarded in the sum of US\$25,396 equivalent to G\$4.876M in March 2001, and a report was submitted in May 2001. The Ministry accepted the report.
- 808.** The amount of \$4.017M expended on the privatisation of the Ogle Aerodrome, relates to the final payment on a contract valued at US\$93,000, equivalent to G\$17.661M, which was awarded in March 2000. Following the consultancy service, a lease agreement for the management, operation and development of the Ogle Aerodrome was entered into in November 2001 with the Ogle Airport Incorporated.

## **Division 518 – Bridges**

### **Subhead 14003 – Bridges**

- 809.** The sum of \$312.992M was voted for (a) the construction and rehabilitation of bridges along the Timehri/Georgetown/Rosignol Road and (b) road safety programme and (c) the Berbice River Crossing. According to the Appropriation Account, amounts totalling \$134.154M were expended.
- 810.** 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 2001 revealed an expenditure of \$176.662M, giving a difference of \$42.508M. This difference was due to (a) foreign disbursements totalling \$25.189M made in 2000 now brought to account and (b) foreign disbursements totalling \$67.697M made in 2001 not yet been brought to account.
- 811.** The following is a breakdown of the audited expenditure:-

| DESCRIPTION   | AMOUNT<br>\$'000 |
|---|------------------|
| Redesign of structures  | 23,596           |
| Engineering studies and assessment                              | 41,107           |
| Administrative costs  | 36,660           |
| Emoluments to a road safety consultant                          | 33,050           |
| Installation and commissioning of street luminaries             | 19,955           |
| Emoluments to a road maintenance consultant & surveying roadway | 18,851           |
| Salaries and gratuities   | 2,228            |
| Resettlement, survey and design costs                           | 1,215            |
| <b>TOTAL</b>  | <b>176,662</b>   |

- 812.** The amount of G\$23.596M, equivalent to US\$125,676, expended on the redesign of structures represents payments based on two(2) contracts which were awarded to an engineering firm. The first contract was awarded in 2000 in the sum of US\$200,000 for the redesign of twenty-four(24) structures and for submitting new designs for six(6) additional structures. As at 31 December 2001, the full amount was paid to the Firm, of which the sum of G\$12.204M equivalent to US\$65,000 was paid in 2001. The designs and redesigns were completed and accepted by the Ministry.
- 813.** In September 2001, the second contract was awarded in the sum of US\$115,960 to the same firm based on a system of selective tendering involving four(4) bidders for the modification to the designs to Mahaica and Mahaicony River bridges. The redesign of the Mahaica and Mahaicony River bridges was included in the first contract. However, after the designs were submitted and the cost became available, the Funding Agency deemed it not feasible and carried out an updated economic analysis of the designs. The Funding Agency then consulted with the Government authorities and it was agreed that the location of the bridges would be shifted to the Railway Embankment. As a result, the bridges had to be redesigned. As at 31 December 2001, the Firm had submitted the foundation and structural bridge design drawings and was paid the sum of G\$11.040M, equivalent to US\$58,800.
- 814.** Also included in the amount of G\$23.596M shown as redesign of structures is the sum of G\$350,400 which was paid to a local consultant for updating traffic counts in the vicinity of the Mahaica and Mahaicony bridges and for the traffic safety field checks in Region No. 2. The traffic counts and field checks were completed and the documentation was submitted to the Project Manager.
- 815.** The amount of G\$41.107M, equivalent to US\$218,943, shown as engineering studies and assessment represents payments to a consultant based on two(2) contracts which were

awarded in the sum of US\$243,270. The first contract was awarded in May 2001 in the sum of US\$97,475 to a consultant who was already in place doing work in the area under another project. This contract relates to engineering studies, surveys and assessment of the Drill to Mahaicony Bridge bypass and Link Road and for the preparation of tender documents. As at 31 December 2001, amounts totalling G\$16.471M, equivalent to US\$87,725, were paid to the Consultant. At the time of reporting, documentary evidence was seen that the Consultant had completed his obligations under the contract.

- 816.** The second contract was awarded in July 2001 in the sum of US\$145,795 to carry out assessment, designs and the production of quantities for the drainage structure along the Mahaica/Rosignol Road. This contract was effect an extension to the contract referred to in the previous paragraph. As at 31 December 2001, amounts totalling G\$24.636M, equivalent to US\$131,215, were paid to the Consultant. At the time of reporting, the Consultant had fulfilled his obligations under the contract.
- 817.** The amount of G\$36.660M, equivalent to US\$195,032, shown as administrative costs represents the emoluments of staff attached to the Project, acquisition of office furniture and equipment, and the operating costs of five(5) vehicles. In relation to the latter item, a scrutiny of the log books revealed that they were not properly written up to reflect the purposes of the journeys, fuel and lubricants received and officer/s authorising the journeys. Log books were also not produced for two(2) vehicles while partial submissions were made in respect of one(1) vehicle.
- 818.** In relation to the amount of G\$33.050M, equivalent to US\$176,033, which was paid to a Road Safety Consultant for the development and execution of a road safety programme, the contract was awarded in June 2001 in the sum of US\$330,600 with a duration period of one(1) year and was subsequently extended for another year. Evidence was seen that the consultant was selected from the CV's of four(4) candidates but there was no indicator that the service was publicly advertised. The consultant was paid a monthly salary of US\$18,300, a housing allowance of US\$2,000 per month, and the following reimbursable expenses:-

| DESCRIPTION  | AMOUNT<br>US\$ |
|--|----------------|
| Purchase & maintenance of 4 wheel drive vehicle      | 40,000         |
| Computer & Adds on                                   | 20,000         |
| Foreign & local travel                               | 12,000         |
| Traffic engineering & accident analyses              | 5,000          |
| Photocopying, office supplies, telephone, mails etc. | 5,000          |
| Secretarial support Software                         | 3,000          |
| Texts & literature support                           | 2,000          |
| <b>TOTAL</b>   | <b>87,000</b>  |

- 819.** ~~There was, however, no documentary evidence indicating how these figures were arrived at.~~ Cabinet had approved of the selection of the consultant without any reference to the compensation package. The contract was signed by the Permanent Secretary. It should be

mentioned that the vehicle acquired by the Consultant was to be used in the performance of his duties for the duration of the contract after which it would be handed over to the Employer.

**820.** The Consultant was required to:-

- assist in the development of a school safety patrol;
- develop a sign and road marking maintenance programme;
- organise a national campaign on minibuses;
- assist with the data management systems for accidents and assisting in updating and publishing of the Highway Code for road users; and
- train personnel within the Ministry in traffic engineering and road safety.

**821.** The Consultant was also required to submit:-

- three(3) copies of a project proposal describing specific programs, plans and schedules for the execution of the work;
- monthly progress reports; and
- a final report within thirty(30) days upon completion of the contract.

**822.** According to the Consultant's report, the following tasks were completed as at March 2002: -

| DESCRIPTION   | %<br>COMPLETED |
|---|----------------|
| Development of school safety patrol                               | 10             |
| Creating a traffic safety unit in the highway division            | 100            |
| Developing a sign and road marking maintenance programme          | 90             |
| Organising of national campaigns on minibuses & pedestrian safety | 10             |
| Organising of national campaigns to keep animals off the streets  | 0              |
| Improving accident data management system                         | 80             |
| Training of personnel in traffic engineering & road safety        | 62             |
| Updating and publish of the Highway Code for road users           | 90             |

**823.** In relation to the amount of G\$19.955M, equivalent to US\$106,286, expended on the installation and commissioning of street luminaries along the median from the Russian Embassy to Better Hope, the contract was awarded in December 2000 in the sum of

G\$13.015M, equivalent to US\$69,804. A variation of G\$6.803M, equivalent to US\$36,487, was approved, giving a revised contract sum of G\$19.818M, equivalent to US\$106,291. The variation was in relation to additional works on concrete bases for poles, transformers, electrical cables and conduits and the installation and commissioning of the works. As at 31 December 2001, the full amount was paid to the contractor. At the time of inspection, the work was completed and was physically verified.

- 824.** An amount of G\$18.851M, equivalent to US\$100,406, was expended on the emoluments for three(3) technical officers, two(2) engineers for surveying of roadways along the Soesdyke/Linden, East and West Bank Demerara and on the engagement of a road maintenance consultant. Two(2) contracts valued at US\$114,600 were awarded for the services of the Consultant based on selective tendering from a list of four(4) persons identified by the Government of Guyana. The first contract was awarded in March 2001 in the sum of US\$16,600 for the developing and executing of the Road Maintenance and Management System (RMMS) for implementation on the main roads of Guyana. On 11 May 2001, the Consultant issued his report to the Ministry and payments totalling US\$15,000 were made.
- 825.** The second contract was awarded in September 2001 in the sum of US\$98,000. This was in effect an extension of the first contract and entailed the development and execution of a maintenance pilot project of 100 km of public roads from the Demerara Harbour Bridge to Linden. As at 31 December 2001, the Consultant was paid sums totalling US\$60,260. At the time of reporting, work continued on the contract.
- 826.** Three(3) contracts valued at G\$2.9M were also awarded by the Ministerial Tender Board for the surveying of three major roadways. The contract was awarded through a system of selective tendering involving three(3) surveyors. A variation of G\$210,000 was approved, giving a revised contract sum of \$3.110M. As at 31 December 2001, amounts totalling G\$3.041M were paid to the contractors. The surveys were completed and the sketches and field notes were submitted, except for one(1) contract where the surveyor was requested to do corrections.
- 827.** An amount of G\$2.228M was expended on the emoluments to two(2) technical officers, a secretary and a data processor who were recruited to assist with the Road Safety Programme. An examination of the records under this category revealed that the Secretary was employed on the 6 August 2001 and resigned at the end of September 2001. However, a pro-rated gratuity for the two(2) months in the sum of G\$21,136 was paid to her even though the contract stipulated that gratuity would have been earned at the end of every six(6) months. It is recommended that the overpayment be recovered.
- 828.** The amount of G\$1.215M expended on resettlement, survey and design costs, represents the cost for surveying lands in the Mahaicony area, the preparation of designs and bills of quantities for the construction of the Amerindian Hostel and a resettlement purchase



price for an individual who was residing on the MMA reserve at Tempie. The expenditure was verified as having been properly incurred.

**Division 519 - Project Executing Unit & Emergency Work**

**Subhead 15001 - Essequibo and West Demerara**

- 829.** The sum of \$42M was voted for the preparation of design and tender documents for remedial sea defence works at Capoey/Columbia, Tuschen, Meten-Meer-Zorg/De Kinderen and Hague. A supplementary estimate of \$5.535M was approved, giving a revised allocation of \$47.535M. Amounts totalling \$46.035M were expended on consultancy services.
- 830.** Two contracts were awarded for the above works in the sum of \$122.09M. The first contract was awarded in 2000 in the sum of \$40.044M. As at 31 December 2000, amounts totalling \$5.793M were paid to the consultant and during the period under review further payments totalling \$18.552M were made taking the accumulated payments as at 31 December 2001 to \$24.345M.
- 831.** The second contract was awarded in 2001 in the sum of \$82.165M. As at 31 December 2001 amounts totalling \$25.995M were paid to the consultant. The difference of \$ 1.488M represents retention paid to the contractor and consultant for the remedial works at Anna Regina and Henrietta.

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

- 832.** The sum of \$750M was allocated for the rehabilitation of sea defences in areas such as Reliance, Good Hope, Devonshire Castle, Mon Repos, Turkeyen/Ogle, Cornelia Ida, Hague and Stanelytown. According to the Appropriation Account, amounts totalling \$651.924M were expended.
- 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 2001, amounts totalling \$515.389M were expended, giving a difference of \$136.534M. This difference was due to (a) disbursements totalling \$185.509M made in 2000 now brought to account (b) counterpart expenditure totalling \$273,000 relating to the operations of the Project Execution Unit not shown in the financial statements and (c) disbursements totalling \$49.247M made in 2001 not yet brought to account.
- 834.** The following is a breakdown of the audited expenditure: -

| DESCRIPTION | AMOUNT |
|-------------|--------|
| 189         |        |

|  | <b>\$'000</b>  |
|--|----------------|
| Rehabilitation of 310 metres sea defences at Hague | 128,716        |
| “ “ 200 metres sea defences at Stanleytown         | 98,689         |
| “ “ 290 metres sea defences at Mon Repos           | 82,875         |
| “ “ 600 metres of sea defences at Reliance &       |                |
| “ “ 1,100 meters at Good Hope and Lusignan         | 82,344         |
| “ “ 220 metres sea defences at Cornelia Ida        | 77,665         |
| “ “ 100 metres sea defences at Devonshire Castle   | 2,319          |
| “ “ 200 metres sea defences at Aberdeen            | 897            |
| Supervision  | 37,522         |
| Technical Cooperation                              | 4,362          |
| <b>TOTAL</b>                                       | <b>515,389</b> |

- 835.** 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 recommended the award to the lowest bid of \$145.659M. However, the Funding Agency insisted that the contract be awarded to the highest bidder. At 31 December 2000, amounts totalling \$45.403M were paid to the contractor and during the period under review further sums totalling \$128.716M were paid, giving an amount of \$174.119M, paid as at 31 December 2001. At the time of inspection, the works were completed and were physically verified.
- 836.** On 20 November 2001, Cabinet approved the award of a contract in the sum of \$189M to a particular contractor for the rehabilitation of 350 meters of sea defence at Vergenoegen, East Bank Essequibo. However, there was no evidence that the contract was awarded by a process of competitive bidding. In fact, the work was done by way of a variation of the contract relating to the sea defence work at Hague and which was awarded to the same contractor in July 2000 in the sum of \$179.014M. Several attempts to obtain information from the Ministry of Finance relating to this matter proved futile. However, it was observed that the Funding Agency had approved of the extension of the Hague contract to facilitate the sea defence work at Vergenoegen.
- 837.** 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. A variation of \$47.832M was approved by the CTB and IDB giving a revised contract sum of \$183.912M. At 31 December 2000, amounts totalling \$31.018M were paid to the contractor. During the period under review further sums totalling \$98.689M were paid, giving an amount of \$129.707M, paid as at 31 December 2001. At the time of inspection, the works were completed and were physically verified.

- 838.** 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 stated that the works involved were contiguous to those undertaken by the same contractor at Good Hope/Lusignan. As at 31 December 2000, amounts totalling \$29.931M were paid to the contractor, and during the period under review sums totalling \$82.875M were paid, giving an amount of \$112.806M paid as at 31 December 2001. At the time of reporting, the works were completed and were physically verified.
- 839.** 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. Two(2) variations totalling \$36.307M were approved in 2001 by the CTB and IDB, giving a revised contract sum of \$704.295M. The first variation of \$14.958M was approved for further extension works at Good Hope and Lusignan while the second variation of \$21.349M was approved for the rehabilitation of sea defences at Montrose. However, an examination of the original contract revealed that the rehabilitation of sea defence work at Montrose was not part of that contract. As a result, a separate contract should have been awarded rather than treating the work as a variation of the Reliance, Good Hope and Lusignan contract. During the period under review sums totalling \$82.344M were paid to the contractor and at 31 December 2001 the total payments made to the contractor was \$676.188M. At the time of reporting 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. At 31 December 2000, amounts totalling \$11.365M were paid on the contract and during the period under review further sums totalling \$77.665M were paid, giving an amount of \$89.030M, paid as at 31 December 2001. At the time of reporting, 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 \$81.141M were paid to the contractor. In 2001, the final amount of \$2.319M due to the contractor was paid after the defects liability period. In my Report for the year 2000 it was

mentioned that the works were completed and were physically verified.

- 842.** 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 \$61.714M were paid to the contractor and a further sum of \$897,413 was paid in 2001. 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. A variation of \$3.644M was approved for the supervision of the Good Hope, Reliance and Mon Repos sea defences giving a revised contract sum of \$81.678M. As at 31 December 2000, amounts totalling \$21.947M were paid to these firms. During the period under review amounts totalling \$37.522M were paid to the consultancy firms. In relation to the amount of \$4.362M expended under Technical Co-operation, this represents emoluments paid to the Technical Advisor to the Minister.

**Subhead 15004 - West Coast Berbice**

- 844.** The sum of \$437M was voted for (a) reconstruction of 3,400m earthen embankment between Brahn and No. 41 Village (b) construction of 214m of rip-rap embankment at Trafalgar and (c) construction of 2200m of sea defences from Bel Air to Mon Chosie. A supplementary estimate of \$21M was approved giving a revised allocation of \$458M. Amounts totalling \$432.775M were expended as follows: -

| <b>DESCRIPTION</b>  | <b>AMOUNT<br/>\$'000</b> |
|---|--------------------------|
| Construction of 2.1km of Sea Defences from Bel Air<br>Mon Chosie                  | 304,084                  |
| Construction of 3400m of earthwork &<br>214m Embankment at Trafalgar Pump Station | 92,056                   |
| Consultancy Services  | 22,836                   |
| Salaries and other administrative expenses  | 11,450                   |
| Interest and other charges  | 2,349                    |
| <b>TOTAL</b>  | <b>432,775</b>           |

- 845.** The contract for the construction of 2.1km of sea defence at Bel Air Mon Chosie was awarded in May 2001 in the sum of \$934.999M to the more responsive of the two bidders. As at 31 December 2001 the work was still in progress and amounts totalling \$304.084M were paid to the contractor.

- 846.** The contract for the reconstruction of 3,400m earthen embankment between Brahn and No. 41 Village and the construction of 214m-riprap embankment at Trafalgar was awarded in 2000 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 and during the period under review further sums totalling \$92.056M were paid, giving an amount of \$106.786M, paid as at 31 December 2001. At the time of inspection, the works were completed and were physically verified.
- 847.** In September 1994, a contracted valued at US\$610,713 was awarded to a consultancy firm for design and supervision of sea defence work at West Coast Berbice. The design aspect of the contract was completed. However, no supervision work was done because the related projects were aborted. In January 2000, Caribbean Development Bank issued a no objection to the same firm carrying out the supervision functions of the sea defence work in Berbice. As a result, an addendum to the original contract was signed in February 2000 for US\$477,046 equivalent to G\$87.299M. As at 31 December 2001 amounts totalling G\$22.836M were paid to the consultant.
- 848.** The amount of \$11.450M expended on salaries and other expenses, represents the emoluments and allowances paid to two(2) engineers and an inspector of works as well as other administrative costs associated with the rehabilitation of sea defences under this subhead. Included in the above figure, are amounts totalling \$1.979M expended on the purchase of furniture and other household items for three building rented from MMA for the engineers, consultant and the inspector of works. These items are included in the asset register of the Project Executing Unit of the Sea Defence Department. However, an examination of the payment vouchers and other supporting documents relating to the above purchase, revealed that four(4) purchases totalling \$890,161 were authorised by the Project Director instead of Central Tender Board.
- 849.** The amount of \$2.349M represents interest and other charges incurred on the loan.

**Subhead 15005 – Emergency Works**

- 850.** The sum of \$340M was allocated for the rehabilitation of sea and river defences in critical areas such as Johanna Cecelia/Zorg, Lima, Wakenaam, Leguan, Parika, Vriesland, Schoonard, Clonbrook, Mahaica, Seafield, Nos. 2 to 7 Villages and Sisters/Glasgow. Amounts totalling \$230.548M were expended.
- 851.** The following is a breakdown of the expenditure:-

| DESCRIPTION | AMOUNT |
|-------------|--------|
| 193         |        |

|   | <b>\$'000</b>  |
|---|----------------|
| Rehabilitation of sea defences at Wakenaam        | 7,798          |
| "    600 ft earthen embankment at Mahaica         | 392            |
| "    180 Lin ft revetment at No.7 Village Berbice | 255            |
| Rehabilitation of other sea defences Regions 2 -6 | 58,927         |
| Purchase of sea defences materials                | 8,943          |
| <b>Sub-total</b>                                  | <b>76,315</b>  |
| Wages, salaries and administration expenses       | 117,031        |
| Transportation                                    | 13,122         |
| Fuel, lubricants                                  | 5,818          |
| Other purchases                                   | 2,339          |
| Security services                                 | 1,528          |
| Travelling & Subsistence                          | 4,117          |
| Miscellaneous                                     | 6,255          |
| Vehicle spares and maintenance                    | 4,023          |
| <b>TOTAL</b>                                      | <b>230,548</b> |

- 852.** As can be noted, no work was done at Johanna Cecelia/Zorg, Lima, Leguan, Parika, Vriesland, Schoonard, Clonbrook, Seafield and Sisters/Glasgow. In addition, works to the value of \$58.927M 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.
- 853.** Fourteen(14) contracts valued at \$12.237M were awarded in 2000 and 2001 for the rehabilitation of sea defences in various parts of Wakenaam. As at 31 December 2000 amounts totalling \$2.164M were paid to the contractors. During the year under review, further payments totalling \$7.798M were made, giving an amount of \$9.962M as at 31 December 2001. At the time of inspection the works were completed and physically verified.
- 854.** The contract for the rehabilitation of 680 feet of earthen embankment at Good Intent/Cambridge, Mahaica was awarded in May 2000 in the sum of \$3.921M. As at 31 December 2000 amounts totalling \$3.529M were paid to the contractor. The balance of \$392,100 was paid in 2001. The work has been completed and physically verified.
- 855.** The contract for the construction of 180 lin. ft green heart revetment at No.7 Village West Coast Berbice was awarded in 2000 in the sum of \$5.103M. As at 31 December 2000, amounts totalling \$4.848M was paid to the contractor. The balance of \$255,150 was paid in 2001. The work was completed and physically verified.
- 856.** The following are the details relating to the contracts awarded for the rehabilitation of sea defences in Region 2 to 6: -

| DESCRIPTION | AMOUNT |
|-------------|--------|
| 194         |        |

**\$'000**

---

|   |        |
|---|--------|
| Completion of ongoing sea defence works             | 4,655  |
| Raising of sea dam at Park/ Abary                   | 12,800 |
| Construction of two (2) revetments at No.83 Village | 12,433 |
| Sealing of cavities at No.83 Village                | 5,195  |
| Raising of sea dam at Abary to Profit               | 5,150  |
| Construction of revetment at Hyde Park              | 3,064  |
| Sealing of cavities at No.82 Village                | 2,120  |
| Construction of river dam at La Retraite            | 1,344  |
| Other sea defence works                             | 12,166 |

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**TOTAL** **58,927**

- 857.** The ongoing sea defence works mentioned above were executed by nine (9) contracts valued at \$27.672M. As at 31 December 2000, amounts totalling \$19.744M were paid to the contractors. During 2001 further payments totalling \$4.655M were paid. At the time of inspection, the works were completed and were physically verified.
- 858.** The remaining works in the above schedule were executed by forty-three(43) contracts valued at \$ 67.930M. As at 31 December 2001, amounts totalling \$54.272M were paid to the contractors. At the time of inspection, the works were completed and were physically verified. However, in relation to the two(2) revetments at No. 83 Village Corentyne Berbice, examination of the contract documents revealed that both projects were completed approximately twenty-two(22) weeks beyond the contract period. In accordance with clause 2.4.3 of the General Conditions of the Contract, the Supervisory Engineer should have granted an extension of time to complete the works. However, there was no evidence that such an extension was issued. Therefore, in accordance with clause 2.4.4 liquidated damages in the sums of \$554,090 and \$689,164 respectively should have been deducted from the payments made to the contractor. Efforts should be made to recover the overpayments from the contractor.
- 859.** Amounts totalling \$8.943M were expended in the purchase of sea defence materials. These materials, including cement, polysacks and jute bags were verified as having been received at the Main Store in Kingston.
- 860.** The amount of \$117.031M shown as wages and salaries and other related expenses represents mainly the emoluments of 303 persons employed on a full-time basis. Given the fact that most of the emergency works were executed by outside contractors, it would appear necessary for the staffing to be reviewed with a view to ensuring that the minimum number of persons are employed. 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 and which are done by force account using the employees from the various locations. However, a perusal of the schedule of work done by the force account revealed that the locations where the works were completed were not stated. As a result, it was difficult to carry out physical checks of the works stated as completed in the schedule. It is recommended that the locations be stated to enable verification of the works completed by the force account.

- 861.** One hundred and sixteen(116) contracts valued at \$13.122M were awarded for transportation of workers, materials and equipment for various work sites in the Regions. Amounts totalling \$5.818M were expended on the purchase of fuel and lubricants for twelve(12) vehicles and for the various sea defence machinery. In relation to the amount of \$1.528M 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**

- 862.** An amount of \$42M was allocated for the provision of administrative and supervision support for the Sea Defences Programme. Amount totalling \$38.886M were expended.
- 863.** Included in the above figure, is an amount of \$ 4.219M expended on fuel and lubricants and in the maintenance of eight(8) motor vehicles. An examination of the logs books revealed that journeys were not authorised and the purpose for which these journeys were undertaken were not stated. 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 and Communications**

#### **Subhead 11001 - Demerara Harbour Bridge**

- 864.** The sum of \$50M was voted for the rehabilitation of unfloats and fabrication of scowends. An advance of \$6M was received from the Contingencies Fund, giving a revised allocation of \$56M. The full amount was paid over to the Demerara Harbour Bridge.
- 865.** The Project was funded by the Government of Guyana and the European Union and was subject to separate financial reporting and audit. The Project 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. At the time of reporting, the financial statements for the year 2001 were submitted and the audit was in progress.

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

- 866.** The sum of \$125M was voted for the (a) completion of Multipurpose Service Centre at Anna Regina, (b) construction of a market at Parika and fence at Anna Regina Multipurpose Centre and (c) rehabilitation of Oranpai Tower, PSC building and Farley House. Amounts



totalling \$43.238M were expended as follows: -

| DESCRIPTION                        | AMOUNT<br>\$'000 |
|------------------------------------|------------------|
| Purchase of land at Parika         | 27,000           |
| Rehabilitation of house at Timehri | 5,252            |
| Completion of the Service Centre   | 4,004            |
| Rehabilitation of Fairlie House    | 3,034            |
| Rehabilitation of PSC building     | 1,778            |
| Consultancy Services               | 1,315            |
| Miscellaneous                      | 855              |
| <b>TOTAL</b>                       | <b>43,238</b>    |

- 867.** The sum of \$27M equivalent to US\$142,000 represents the cost of the purchase of 23.5 acres of land at Parika for the construction of market facilities. The purchase price was approved by Cabinet and was paid in full to the vendor on signing of the agreement of sale. However, at the time of reporting the land was not formally transferred to the Government of Guyana.
- 868.** The sum of \$5.252M was expended on the rehabilitation of a house at Timehri. A contract was awarded in the sum of \$5.942M without any form of tendering. The Accounting Officer explained that the house was in need of urgent repairs and was to be used by the new Chief Executive Officer of the Airport when he assumed duties. He further stated that if the house was not completed within a specific time frame the Ministry would have had to incur expenses for hotel accommodation. In view of the above situation, the Ministerial Tender Board decided to award the contract to a recognised contractor who had done work previously for the Ministry. Notwithstanding the explanation given, a waiver of the tendering procedures should have been sought from the Secretary to the Treasury. As at 31 December amounts totalling \$5.252M were paid.
- 869.** Physical verification of the above project revealed an apparent overpayment of \$413,500 as shown below: -

| ITEM | DESCRIPTION | QUANTITY<br>CLAIMED | ACTUAL<br>QUANTITY | APPARENT<br>OVERPAYMENT |
|------|-------------|---------------------|--------------------|-------------------------|
|      |             | 197                 |                    |                         |

|              |                      |         |        | \$             |
|--------------|----------------------|---------|--------|----------------|
| 13/B         | Inflexible tiles     | 40 s.y  | 23 s.y | 93,500         |
| 13/D         | Armstrong tiles      | 50 s.y  | 0 s.y  | 150,000        |
| 11/A         | Painting (variation) | 397 s.y | 50 s.y | 170,000        |
| <b>TOTAL</b> |                      |         |        | <b>413,500</b> |

**870.** An Inter Departmental Warrant valued at \$4.006M was issued to the Regional Administration in Region No. 2 for the construction and painting of a fence, installation of grills, electrical works and the supply of electricity meters at the Service Centre at Anna Regina. The Ministry received a financial return in the sum of \$4.004M from the Region. These works were physically verified.

**871.** In relation to the rehabilitation of Fairlie House, the contract was awarded in the sum of \$3.808M to the highest of four bidders on the basis that the lower tenders were unrealistic when compared to the engineer's estimate of \$4.621M. As at 31 December 2001 the work was still in progress and amounts totalling \$3.034M were paid to the contractor. However, at the time of reporting the work was completed and physically verified.

**872.** The contract for the rehabilitation of the Public Service Commission (PSC) building was awarded in the sum of \$5.930M. As at 31 December 2001, only a mobilisation advance of \$1.779M was paid to the contractor. However, at the time of reporting the work was completed and physically verified.

**873.** The amount of \$1.315M shown as consultancy services, represents payments made to the two(2) consultancy firms for the preparation, design and supervision of the building at Timehri, Fairlie House and PSC Building.

**Subhead 12008 - Regional Airport Project**

**874.** The sum of \$19M was allocated for the purchase and installation of lighting protection system and solar powered non-directional beacon. However, no expenditure was incurred during the period under review. The expenditure was re-budgeted for in 2002.

**Subhead 14001 - Mabura/Lethem Road**

**875.** The sum of \$45M was voted for the rehabilitation of sections of the road from Kurupukari to Lethem and Mabura to Kurupukari. Amounts totalling \$4.486M were expended as follows:-

| DESCRIPTION | AMOUNT |
|-------------|--------|
| 198         |        |

|                            | <b>\$'000</b> |
|----------------------------|---------------|
| Repairs to Akaiwana bridge | 2,900         |
| Charter of Flights         | 1,160         |
| Miscellaneous              | 426           |
| <hr/>                      |               |
| <b>TOTAL</b>               | <b>4,486</b>  |

- 876.** The amount of \$2.9M was expended on the repairs to the Akaiwana Bridge. This contract was awarded based on selective tendering involving three(3) bidders. It was explained that the emergency repairs had to be done to the southern section of the bridge due to it's deteriorating state. Notwithstanding the explanation given, a waiver of the tendering procedures should have been sought from the Secretary to the Treasury. As at 31 December 2001, the full contract sum was paid to the contractor. Due to 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 the Chief Roads Officer.
- 877.** Sums totalling \$1.160M were expended on charter of flights. Included in this amount are two(2) payments totalling \$554,500 for which pertinent information such as the purposes of the journey and the name of the officers undertaking the journey were not stated on the payment vouchers. As a result, we were unable to determine whether this expenditure was a proper charge to public funds.

**Subhead 14004 - Black Bush Polder Road**

- 878.** The sum of \$15M was allocated for the rehabilitation of the Black Bush Polder Road. Amounts totalling \$871,000 were expended mainly on the payment of retention due to two(2) contractors for works that had commenced in the year 2000.

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

- 879.** The sum of \$15M was provided for the rehabilitation of sections of the Bartica to Potaro, Madhia to Potaro and Issano Roads. Amounts totalling \$11.712M were expended as follows:

-

| DESCRIPTION                                   | AMOUNT<br>\$'000 |
|---|------------------|
| Rehabilitation of Bartica/Issano/ Madhia road | 8,942            |
| Consultancy Services                          | 1,749            |
| Ongoing works from previous year              | 770              |

**TOTAL****11,712**

- 880.** Three(3) contracts valued at \$12.569M were awarded for the maintenance of the access Roads at Bartica/Mahdia to Issano. The Ministry's Tender Board awarded the first contract in September 2001 in the sum of \$5.396M to the second lowest tender on the basis that the lowest tender of \$2.959M was unrealistic when compared with the Engineer's Estimate of \$5.466M. The maintenance work was completed in November 2001, and the contractor was paid sums totalling \$4.271M.
- 881.** In October 2001, a second contract was awarded to the lone bidder in the sum of \$3.114M. There was an approved variation of \$311,250 giving a revised contract sum of \$3.425M. As at 31 December 2001, amounts totalling \$3.253M were paid to the contractor. The third contract was awarded in November 2001 in the sum of \$3.748M. As at 31 December 2001 the work was completed. However only an amount of \$1.418M was paid to the contractor since at the time of payment sufficient funds were not available. Due 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.
- 882.** In relation to the consultancy fees, two(2) contracts were awarded in the sums of \$967,500 and \$640,000 respectively for the supervision of the rehabilitation of Bartica/Issano/ Madhia Road. As at 31 December 2001, amounts totalling \$1,361,124 were paid while the difference of \$388,069 represented a final payment to the consultant for work done in 2000.

**Subhead 14006 - Bridges**

- 883.** The sum of \$36M was voted for the (a) rehabilitation of bridges at Hampton Court, Perseverance and Windsor Castle in Region 2 (b) rehabilitation of bridges at LBI, Success, Princess Street and Cemetery Road, Mahaica and Madewini in Regions 4 and 5, (c) construction of bridge at Greenfield, Clonbrook and (d) design for bridge across the Rupununi river in Region 9. Amounts totalling \$33.070M were expended as follows: -

| DESCRIPTION                       | AMOUNT<br>\$'000 |
|-----------------------------------|------------------|
| <b>Rehabilitation of Bridges:</b> |                  |
| Mandela Avenue                    | 12,321           |
| Belladrum                         | 6,084            |
| 200                               |                  |

|                               |               |     |
|-------------------------------|---------------|-----|
| Windsor Castle                | 5,537         |     |
| Devonshire Castle/Walton Hall | 3,514         |     |
| Greenfield South Access       | 2,255         |     |
| Hampton Court                 | 1,821         |     |
| Tuckville                     | 744           |     |
| LBI, Success and Cove& John   |               | 622 |
| Others                        | 172           |     |
| <hr/>                         |               |     |
| <b>TOTAL</b>                  | <b>33,070</b> |     |

- 884.** 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. Further, no documentary evidence was produced by the Central Tender Board to substantiate the actual variation approved by Cabinet. As at 31 December 2000, amounts totalling \$13.331M were paid to the contractor and during the year 2001 further sums totalling \$1.706M were paid to the contractor.
- 885.** The difference of \$10.615M represented amounts paid for remedial works undertaken on the Bridge in 2001 since in 2000 it was reported that the Mandela Bridge was sinking. As a result, a new contract was awarded in August 2001 for remedial works to the bridge on the basis of selective tendering to another contractor in the sum of \$10.838M. However there was no evidence that a waiver of tendering procedures was obtained from the Secretary to the Treasury. At the time of reporting, the remedial work on the Mandela bridge was completed and physically verified.
- 886.** Two(2) contracts totalling \$5.381M were awarded for the replacement of the burnt structure of the Belladrum Bridge. Cabinet approved a waiver of tender board procedures in respect of both contracts to effect urgent repairs to this bridge. The first contract was awarded in March 2001 in the sum of \$4.5M while the second contract was awarded in April 2001 in the sum of \$881,405. As at 31 December 2001, amounts totalling \$5.188M were paid to the contractors. Also included in the figure of \$6.084M is an Inter Departmental Warrant valued at \$800,000 which was issued to Region No. 5 to also effect repairs to the same bridge. The work was completed and physically verified.
- 887.** The rehabilitation of the bridges at Hampton Court, Windsor Castle and Devonshire Castle/Walton Hall had commenced in 2000 in the total sum of \$7.930M. There were approved variations totalling \$8.420M giving a total revised sum of \$16.350M. As at 31 December 2000, amounts totalling \$6.609M were paid on these bridges. In 2001 further sums totalling \$10.872M were paid to the respective contractors.
- 888.** In relation to the bridge at Devonshire Castle/Walton Hall, the contract was awarded in

September 2000 in the sum of \$2.270M. As at 31 December 2000, the full contract sum was paid to the contractor. In March 2001, Cabinet approved a variation of \$2.383M for the additional works to be done on the Bridge. However, the variation payments amounted \$3.514M instead of \$2.383M. Inquiries revealed that in April 2001 Cabinet had amended the original contract sum from \$2.270M to \$3.4M. As mentioned in my report for the year 2000, the Bridges were completed and were physically verified.

- 889.** In relation to the rehabilitation of the bridge at Greenfield South, the contract was awarded in the sum of \$5.040M. As at 31 December 2001, the work was still in progress and amounts totalling \$2.255M were paid to the contractor.
- 890.** The contract for the repairs to Tuckville Bridge was awarded in the sum of \$590,900 to the second lowest bidder since the lowest bidder's price of \$435,560 was 44.7 percent below the Engineer's Estimate of \$787,700. There was an approved variation of \$191,930 giving a revised contract sum of \$782,830. The work was completed and was physically verified.
- 891.** One contract was awarded for the rehabilitation of three(3) bridges at LBI, Success and Cove & John in the sum of \$682,307. As at 31 December 2001, the bridges were not fully completed and amounts totalling \$622,193 were paid to the contractor. However, at the time of reporting the bridges were completed and were physically verified.
- 892.** It should be noted that the work done on bridges at Mandela Avenue, Tuckville and Devonshire Castle/Walton Hall were not provided for in the Capital budget for the year 2001, and there was no evidence that approval was granted for a change in programme to accommodate these expenditures.

**Subhead 14007 - Miscellaneous Roads**

- 893.** An amount of \$740M was allocated for (a) the completion of roads at Hague, Enmore, Buxton, Mara, Enterprise, Nurney, Champagne, Bath, Bush Lot and Parika/Morishee and (b) the rehabilitation and construction of selected roads in communities countrywide.

- 894.** Amounts totalling \$487.611M were expended as follows:-

| DESCRIPTION              | AMOUNT<br>\$'000 |
|--------------------------|------------------|
| REHABILITATION OF ROADS: |                  |
| 202                      |                  |

|   |                |
|---|----------------|
| Hague   | 23,616         |
| Mara  | 14,520         |
| Champagne   | 12,451         |
| Bush Lot  | 11,661         |
| Enmore  | 11,251         |
| Bath  | 10,800         |
| Parika  | 4,722          |
| Enterprise  | 1,710          |
| Fifty (50) other roads                                | 212,280        |
| Completion of ongoing roads                           | 112,872        |
| <b>Sub-Total</b>                                      | <b>415,883</b> |
| <b>OTHER:</b>   |                |
| Consultancy Services                                  | 25,359         |
| Purchase of road building materials & rehab. of roads | 24,437         |
| Other road maintenance costs                          | 21,932         |
| <b>TOTAL</b>  | <b>487,611</b> |

- 895.** The contract for the rehabilitation of Hague Long Road was awarded in September 2000 in the sum of \$21.796M. Amounts totalling \$4.325M were expended as at 31 December 2000. During the year 2001 a variation of \$3.423M was approved by the Central Tender Board giving a revised contract sum of \$25.219M. In 2001, further payments totalling \$20.390M were made to the contractor taking the accumulated payments at 31 December 2001 to \$24.715M. However, the contract was not completed on schedule on 6 May 2001. As a result, the contractor had to pay liquidated damages in the sum of \$465,000.
- 896.** In addition to the above, another contract was awarded in August 2001 to the same contractor in the sum of \$4 M for further extension works to the same road. However, there was no evidence that tender procedures were observed in the award of this contract. As at 31 December 2001, amounts totalling \$3.226M were paid to the contractor.
- 897.** The contract for the rehabilitation of Mara road was awarded in June 2000 in the sum of \$4.950M. However, the basis of award could not be determined since the relevant tender board minutes could not be located. In February 2001, Cabinet approved the extension of the Mara roadway in the sum of \$12.850M, giving a revised contract sum of \$17.800M. However, the extension work which was over 260 percent of the original contract should have followed the required tender procedures. As at 31 December 2001, amounts totalling \$14.520M were paid to the contractor.

- 898.** In relation to the road at Champagne Burma, the contract was awarded in October 2001 in the sum of \$13.315M. However, the basis of award could not be determined since the file was not located at the Central Tender Board. As at 31 December 2001, amounts totalling \$12.451M were paid to the contractor.
- 899.** Three(3) contracts were awarded by Ministerial tender board for the rehabilitation of three(3) roads at Bush Lot in the total sum of \$12.668M. The contract for the rehabilitation of Nursery and Primary School Street was awarded to the highest bidder since the other two bidders had too much workload while the contract for the rehabilitation of Swami Street was awarded to the second lowest bidder on the grounds that the lowest bidder was awarded rehabilitation work that had not yet commenced. As at 31 December 2001, amounts totalling \$11.661M were expended on these contracts.
- 900.** Two(2) contracts were awarded to rehabilitate Sugar Boy, Amarlall and Sheriga Streets in Enmore. The first contract was awarded to the second lowest bidder in the sum of \$3.095M to rehabilitate Sugar Boy and Amarlall Streets on the basis that the lowest bidder already had a number of contracts to execute. The second contract was awarded for the rehabilitation of Sheriga Housing Scheme Road in the sum of \$10.573M. An examination of the minutes of the tender board revealed that the works were advertised to be done in two phases. Three(3) tenders were received for each phase and the evaluation committee recommended that the contractors be invited for negotiations. After consultations, the Ministry's tender board recommended that both phases be awarded to one contractor since both phases of the work related to the same area. However, the contract should have been adjudicated by the Central Tender Board and not the Ministry's tender board whose limit is \$6M. As at 31 December 2001, both projects were completed and sums totalling \$11.251M were paid to the contractor.
- 901.** Three(3) contracts were awarded by Ministerial tender board in October and November 2001 for the rehabilitation of three(3) roads at Bath West Coast Berbice in the total sum of \$13.223M. However, the basis of the award could not be determined for the rehabilitation of Eddie Lall and Glory Streets since the tender board minutes could not be located. As at 31 December 2001, amounts totalling \$10.800M were paid to the contractors.
- 902.** The contract for the rehabilitation of the road at Section 'C' Enterprise was awarded in October 2001 in the sum of \$4.430M. However, the basis of award could not be determined since the file was not located at the Central Tender Board. As at 31 December 2001, a first payment of \$1.710M was paid to the contractor.
- 903.** In relation to the amount of \$212.280M expended on the rehabilitation of fifty(50) other roads in Regions 3, 4, 5 and 6, the following observations were made:-
- The basis of awards could not be determined in respect of the rehabilitation of eleven(11) roads since the tender board minutes and other related documents could not be located. Of this figure(5) contracts valued at \$45.606M were adjudicated by the Central Tender board and the other(6) contracts valued at \$13.933M were



awarded by Ministerial tender board; and

- In several instances the project starting and completion dates could not be determined. As a result, it was not possible to determine whether the contractors were liable for liquidated damages.

**904.** Project correspondence files were not produced for audit examination. As a result, details of the following could not be determined:-

- (a) Insurance;
- (b) Performance Bond;
- (c) Bid Bond;
- (d) Variations;
- (e) Correspondence from the consultants on the Project;
- (f) Practical and completion;
- (g) Stoppage of work (if applicable);
- (h) Valuation certificates (some projects will roll over into another year); etc.

**905.** At the time of reporting, most of the above roads could not be physically verified since the Ministry's personnel was not available to identify the specific roads.

**906.** Included in the figure of \$212.280M shown as fifty(50) other roads, is an amount of \$23.073M expended on four(4) inter-departmental warrants issued to Regions 2 & 3 in the sum of \$44M. According to the financial returns submitted by Region 2 sums totalling \$23.073M were expended and were therefore reflected as expenditure under this subhead. However, audit checks at the Region 3 revealed that amounts totalling \$19.935M were expended to rehabilitate parts of the roadways at Wakenaam and Leguan but the said Region did not submit financial returns. As a result, the Ministry's Capital Appropriation Account relating to this subhead was understated by the latter amount.

**907.** Amounts totalling \$24.437M were expended on the purchase of asphaltic concrete, bitumen crusher run, white sand, spares etc. for the rehabilitation of various roads through the force account section. However, with respect to four(4) purchases totalling \$9.633M for the supply of hot mix, fuel and bitumen, with the exception of the receipts issued by the suppliers, there was no documentary evidence attesting to the receipt and utilisation of the above items. In the circumstances, it could not be determined whether the items were actually supplied.

**908.** Included in the figure of \$21.932M shown as other road maintenance cost is an amount of \$7.035M 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.

**Subhead 14008 - Urban Roads/Drainage**

**909.** The sum of \$40M was allocated for (a) rehabilitation of Critchlow Avenue, Irving Street, Vlissengen Road, Thomas Road, Mandela Avenue and roads in Joint Services Project and (b) Desilting of Sussex Street, Princess Street and Laing Avenue Canals and Outfalls. Amounts totalling \$33.931M were expended as follows:

| DESCRIPTION                         | AMOUNT<br>\$'000 |
|-------------------------------------|------------------|
| Joint Services Road Project         | 25,000           |
| Purchase of road building materials | 5,913            |
| Emoluments to employees             | 790              |
| Other expenditure                   | 2,228            |
| <b>TOTAL</b>                        | <b>33,931</b>    |

**910.** An amount of \$25M was approved by cabinet for the rehabilitation of roads in the Joint Services Co-op Housing Scheme. The full amount was paid to the United Housing Co-op Society on the basis of a contract signed on 28 August 2001, between the Ministry and the United Housing Co-op Society for the construction of 6,400 ft of roadway in the Housing Scheme.

**911.** The amount of \$5.913M was expended on the purchase and transporting of road building materials such as asphaltic concrete (hot mix) and bitumen. Included in the above figure is an amount of \$4M paid to a supplier for 320 tons of hot mix. However, according to the claims submitted by the contractor who transported the hot mix only 180 tons were transported. As a result, it could not be determined whether the full amount of 320 tons was actually received from the supplier.

**912.** Amounts totalling \$ 790,000 were expended on emoluments to eighteen(18) employees in

the Force Account Section of the Roads Division. However, an examination of the time sheets revealed that in most instances the areas where the employees worked were not stated. As a result, it was not possible to determine what work the Force Account Section did.

**Subhead 14009 - Hinterland Airstrips**

- 913.** The sum of \$165M was voted for the upgrading of Imbaimadai and Albion Airstrips. However, no work was done on the airstrips and only \$73,000 was expended on advertisement for the rehabilitation of the above airstrips. It was noted that the expenditure was not re-budgeted for in 2002.

**Subhead 14010 - Dredging**

- 914.** The sum of \$85M was allocated for (a) the dredging of main ship channels in Demerara, Essequibo and Berbice Rivers, (b) the rehabilitation of ML Thompson and (c) the acquisition of spares. The full amount was paid over to the Transport and Harbours Department to undertake the works. An examination of the records of the T&HD revealed the amount was expended as follows: -

| DESCRIPTION                                    | AMOUNT<br>\$'000 |
|--|------------------|
| Repairs to dredge Steve 'N'                    | 46,976           |
| Acquisition of spares for Steve N& ML Thompson | 38,024           |
| <b>TOTAL</b>                                   | <b>85,000</b>    |

- 915.** As can be noted from the above, no work was done in relation to dredging of the main ship channels in the three(3) major rivers.

- 916.** In relation to the repairs to dredge "Steve N", no formal contracts were entered into, nor was a system of competitive bidding adopted before the works commenced. 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 tendering procedures should be sought for all future works. The amount of \$46.976M was paid on the basis of invoices submitted by the contractor.

- 917.** The amount of \$38.024M was expended on the acquisition of spare parts for the two vessels mentioned above. Again, there was no adherence to the Tender Board Regulations before the

purchases were made. The items were nevertheless verified as having been received by the THD stores and properly brought to account. It should be noted that that a change of programme was obtained to cater for the repairs to Dredge Steve N instead of the launch ML Thompson.

**Subhead 16002 - Equipment (Civil Aviation)**

- 918.** The sum of \$9.5M was provided for the purchase and installation of a ticketing system for the vehicular park, radio network system, a VOR navigational aid and ATS voice recorder. Amounts totalling \$7.136M were expended on the purchase of security equipment consisting of an X-ray machine and metal detectors and for the installation and maintenance of a radio communication network system. The items purchased were verified as having been received and properly brought to account. It should be mentioned that approval was granted for a change a change of programme to include the X-ray machine and metal detectors instead of the ticket machine for the car park.

**Subhead 16003 - Stellings**

- 919.** The sum of \$55M was voted for the rehabilitation of stellings, including Leguan, Parika, Wakenaam, Stanleytown, Vreed-en-Hoop and Georgetown. The full amount was paid over to the T&HD.
- 920.** An examination of the records of the T&HD revealed that the full amount was expended, as follows:-

| DESCRIPTION                              | AMOUNT<br>\$'000 |
|--|------------------|
| Purchase of materials                    | 36,063           |
| Rehabilitation of Wakenaam Stelling      | 10,293           |
| “ “ “ of Bartica Stelling                | 3,213            |
| Rehabilitation of the Adventure Stelling | 2,539            |
| Parika Stelling                          | 1,655            |
| Rehabilitation of Leguan Stelling        | 1,237            |
| <b>TOTAL</b>                             | <b>55,000</b>    |

- 921.** ~~The amount of \$36.063M was expended on purchases of lumber and spares for the rehabilitation of stellings at Wakenaam, Leguan, Parika, Vreed-en- Hoop and New Amsterdam. Again, there was no evidence of adherence to the Tender Board Regulations before the purchases were affected. Based on test checks the items were nevertheless verified as having been received and properly brought to account.~~

- 922.** The contract for the rehabilitation of Wakenaam Stelling was awarded in 2001 in the sum of \$10.680M without any form of public tendering. In addition, there was no evidence that a waiver of tendering procedures was obtained from the Secretary to the Treasury for the

rehabilitation works. As at 31 December 2001, amounts totalling \$9.612M were paid to the contractor. The difference of \$681,150 represents payments to a consultant for preparing designs, drawings and bills of quantities for the above-mentioned Stelling.

- 923. The contract for the rehabilitation of the Bartica Stelling was awarded in 2001 in the sum of \$13.266M without any form of public tendering. A variation of \$856,390 was also paid giving a revised contract sum of \$14.122M. As at 31 December 2001, the entire amount was paid to the contractor. However, only \$3.213M was charged to this sub-head. The difference of \$10.799M was met from the resources of the T&HD
- 924. The amount of \$2.539M was paid to a contractor for variation works to the Adventure Stelling. This contract was awarded in 2000 and the works were completed and were physically verified.
- 925. Four(4) payments totalling \$1.237M were made to the contractor and consultant for the repairs, painting and consultancy services in respect of the Leguan Stelling. However, no formal contracts were awarded.

**Subhead 16006 – Air Transport Reform Programme**

- 926. The sum of \$46.2M 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 sewerage 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. Amounts totalling \$46.224M were expended.
- 927. 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 2001 and an examination of the audited accounts revealed an expenditure of \$173.317M giving a difference of \$127.092. This difference was due to (a) foreign disbursements totalling \$18.678M made in 2000 now brought to account, (b) disbursements totalling \$35.598M made in 2001 not yet brought to account and (c) amounts totalling \$110.172M transferred to Division 517 with effect from July 2001. Please refer to Division 517 for the details pertaining to this subhead.

**Subhead 17001 - Minor Works**

- 928. An amount of \$5M was provided for the implementation of minor programmes and projects. Amounts totalling \$4.856M were expended as follows: -

| DESCRIPTION | AMOUNT<br>\$'000 |
|-------------|------------------|
| 209         |                  |

|   |       |
|---|-------|
| Repairs to the Prime Minister's Residence | 2,404 |
| Establishment of a Bee Keeping Project    | 863   |
| Repairs to Prime Minister's Office        | 767   |
| Donations                                 | 311   |
| Miscellaneous                             | 511   |

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|              |              |
|--------------|--------------|
| <b>TOTAL</b> | <b>4,856</b> |
|--------------|--------------|

- 929.** Approval was given for the establishment of a Bee Keeping Project in the Upper Mazaruni District. The project involved the procurement and establishment of ten(10) hives in five(5) villages. In addition, thirty-four(34) contracts valued at \$3.171M were awarded for minor repairs to the Prime Minister's Office and Residence.

**Subhead 24001 – Land Transport**

- 930.** The sum of \$4.5M was allocated for the purchase of one(1) 4 x 4 motor vehicle. Amounts totalling \$4.854M were expended on the purchase of three(3) vehicles. Approval was given for a change in programme to accommodate the acquisition of a new Toyota Land Cruiser. Approval was therefore not seen for the purchase of the other vehicles. The vehicles were received and properly brought to account.

**Subhead 25001 - Office Equipment**

- 931.** The sum of \$500,000 was allocated for the purchase of shredders and computers. Amounts totalling \$494,000 were expended on the purchase of a small photocopier, two(2) VCRs, a scanner printer and a shredder for the Minister's Office. These items were verified as having been received and properly brought to account.

**Subhead 26001 - Navigational Aids**

- 932.** 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.

- 933.** 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.. It should be noted that no tendering procedures were observed nor was a waiver of tendering procedures obtained from the Secretary to the Treasury. Nevertheless, the items purchased were verified as having been received and properly brought to account

**Subhead 27001 - Reconditioning / Construction of Ships**

- 934.** The sum of \$65M was allocated for the docking and repairs to MB Sandaka, MT Setter and

MT Aruka and the acquisition of spares. The full amount was paid over to the Transport and Harbours Department.

935. An examination of the records of the T & HD revealed that the amount was utilised as shown below:-

| DESCRIPTION                     | AMOUNT<br>\$'000 |
|---------------------------------|------------------|
| Repairs to MT Setter            | 41,120           |
| Purchase of spares for MT Aruka | 23,880           |
| <b>TOTAL</b>                    | <b>65,000</b>    |

936. Two(2) contracts for the rehabilitation of MT Setter were awarded in February 2001 in the total sum of \$75.957M without any form of tendering procedures. As at 31 December 2001, the full amounts were paid to the contractor. However, only \$41.120M of the above amount was charged to capital. The difference of \$34.837M was met from the resources of the T&HD. Evidence was seen of independent verification by personnel from the T&HD attesting to the satisfactory completion of the works.

937. The amount of \$23.880M was expended on the acquisition of spare parts for the vessel mentioned above. Again, there was no evidence that TH&D adhered to the Tender Board Regulations before the purchases were made. The items were nevertheless verified as having been received by the T&HD stores and properly brought to account.

#### **Subhead 27003 - Reconditioning of Ferry Vessels**

938. An amount of \$60M was allocated for the docking and repairs to vessels MV Torani, MV Kimbia and MV Malali. The full amount was paid over to the TH & D for that department to undertake the repairs. An examination of the records of the T&HD revealed the following expenditure: -

| DESCRIPTION           | AMOUNT<br>\$'000 |
|-----------------------|------------------|
| Repairs to MV Torani  | 29,923           |
| Acquisition of spares | 21,612           |
| Repairs to MV Kimbia  | 8,465            |





|                     |                |
|---------------------|----------------|
| Repairs to vehicles | 364            |
| Others              | 1,506          |
| <hr/>               |                |
| <b>TOTAL</b>        | <b>166,650</b> |

- 943.** The contract for the construction of the road from Crabwood Creek to Moleson Creek was awarded in the sum of \$150.6M in February 2001. However, the basis of the award could not be determined since the tender board file could not be located at the Central Tender Board. The contract document and valuation certificates were also not presented for audit examination. As a result, the figure of \$156M shown above as expended could not be verified.
- 944.** In relation to the amount of \$5.629M expended on the construction of staff accommodation at Moleson Creek, the contract was awarded in the sum of \$5.956M to the lowest bidder whose price of \$6.151M was negotiated. As at 31 December 2001, the project was completed and amounts totalling \$5.629M were paid to the contractor. The difference of \$327,000 represents retention owed to the contractor.
- 945.** The amount of \$1.153M was paid to a consultancy firm for preparing the design and contract data for the staff accommodation and Moleson Creek pure water supply. It should be noted that another consultant was already paid an amount of \$1.152M in the year 2000 for preparing the design and supplying sixteen(16) copies of the contract document for the Pure Water Supply Project at Moleson Creek. These projects along with several others were the subject of a special investigation and a report was issued to the Police on the 13 August 2001.

### **Division 521**

#### **Ministry of Public Works**

##### **Subhead 14001 - Essequibo Coast Road**

- 946.** The sum of \$108.125M was allocated for the (a) provision for retention payments, (b) legal fees for Technodomi and (c) completion of the Charity/Supenaam road. According to the Appropriation Account, amounts totalling \$107.335M were expended.
- 947.** 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.
- 948.** Although the Loan Agreement referred to above was cancelled, there were two(2) bank accounts at the Riggs Bank with balances totalling US\$1,890,195 equivalent to G\$340.238M. During the year 2000, amounts totalling G\$321.348M were expended on the

Project using the funds from the Riggs Bank accounts. Therefore, at 31 December 2000, the balances on the two bank accounts were reduced to G\$18.89M. During the year 2001, interest of G\$383,386 was received giving a revised balance of G\$19.273M. In 2001, further sums totalling G\$88.246M were expended on the completion of the Essequibo Coast road. Of this amount G\$14.963M relate to the Riggs funding and the balance of G\$73.283M was met from Government of Guyana contribution. At 31 December 2001, the Riggs Bank accounts had balances totalling G\$4.307M. It is recommended that the unspent balances on the Riggs Bank accounts be transferred to revenue and the Riggs accounts be closed.

- 949.** An examination of the records of the Project revealed an expenditure of \$88.246M, giving a difference of \$19.089M. This difference was due to (a) an amount of \$4.417M expended from the Riggs Account in 2000 now brought to account and (b) an amount of \$14.672M representing extra funds released by the Ministry of Finance under specific releases. The following is a breakdown of the project expenditure: -

| DESCRIPTION                            | SOURCE OF FUNDING   |               |                 |
|--|---------------------|---------------|-----------------|
|  | RIGGS A/C<br>\$'000 | GOG<br>\$'000 | TOTAL<br>\$'000 |
| Rehabilitation of Essequibo Coast Road | 14,963              | 56,758        | 71,721          |
| Administrative & other expenses        |                     | 16,525        | 16,525          |
| <b>TOTAL</b>                           | <b>14,963</b>       | <b>73,283</b> | <b>88,246</b>   |

- 950.** 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 2001, amounts totalling \$597.261M were paid to the contractor. At the time of reporting, the works were completed and were physically verified.
- 951.** The amount of \$16.525M shown as administrative and other costs represents local expenditure relating to mainly salaries and the maintenance and repairs to vehicles. The expenditure was verified as being properly incurred.

#### **Subhead 14002 - Georgetown/Soesdyke/Rosignol Road**

- 952.** The sum of \$132.090M 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 \$40.639M was approved, giving a revised budgeted allocation to \$172.729M. According to the Appropriation Account, amounts totalling \$173.015M were expended resulting in an over expenditure of \$286,000.
- 953.** 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 2001 and an examination of these accounts revealed the following expenditure: -

| <b>DESCRIPTION</b>                | <b>AMOUNT<br/>\$'000</b> |
|-----------------------------------|--------------------------|
| Direct Costs – Georgetown/Mahaica | 43,229                   |
| Engineering & Administration      | 38,045                   |
| Direct Costs – Georgetown/Timehri | 2,341                    |
| <b>TOTAL</b>                      | <b>83,615</b>            |

- 954.** The difference of \$89.400M was due to (a) disbursements totalling \$88.289M made in 2000 now brought to account (b) disbursements totalling \$11.296M made in 2001 not yet brought to account and (c) additional counterpart expenditure totalling \$12.407M not reflected in the Project's financial statements.
- 955.** 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 2001, the road was completed and the Project Execution Unit issued a certificate of completion dated 18 December 2001. The construction works were physically verified.
- 956.** The amount of \$38.045M shown under Engineering & Administration represents payments for salaries and other administrative costs of the Project Executing Unit. The amount of \$2.341M shown under Georgetown/Timehri Roads represents final payment to the contractor and the release of the 50% retention for the rehabilitation of the roadways and bridges between Grove and Craig on the East Bank Demerara. The contract for the rehabilitation of the roadway was awarded in April 2000 based on a process of selective tendering in the sum of \$26.791M. A variation of \$2.215M was approved taking the revised contract sum to \$29.006M. As at 31 December 2001, amounts totalling \$28.337M were paid to the contractor. The work was completed and physically verified.

#### **Subhead 14003 - Soesdyke/Linden Highway**

- 957.** The sum of \$271.318M was voted for the completion of the Soesdyke/ Linden Highway and the extension of Amelia's Ward, Wisroc junction to OMAI wharf and streets in Mc Kenzie, Linden. According to the Appropriation Account, amounts totalling \$187.810M were expended.
- 958.** 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 \$233.852M. The difference of \$46.042M was due to (a) disbursements totalling \$25.494M made in 2000 now brought to account (b) counterpart expenditure totalling \$135,000 not shown in the financial statements (c) over-release of funds totalling \$69.243M by the Ministry of Finance in 2000 now adjusted and (d) disbursements totalling \$2.428M made in 2001 not yet brought to account.

959. The following is a breakdown of the Project expenditure:-

| DESCRIPTION                               | AMOUNT<br>G\$'000 |
|---|-------------------|
| Rehabilitation of Soesdyke/Linden Highway | 186,609           |
| Consultancy services                      | 47,243            |
| <b>TOTAL</b>                              | <b>233,852</b>    |

960. 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 2001, amounts totalling \$1.330 billion were paid to the contractor. At the time of inspection, the works were completed and were physically verified.

961. 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 G\$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 2001 amounts totalling US\$2,070,040 equivalent to G\$375.091M were paid to the consultants.

#### **Subhead 14010 - Administration & Supervision**

962. The sum of \$2.9M was allocated for the provision of administrative and supervision costs for road projects. Amounts totalling \$3.044M were expended resulting in an over expenditure of \$144,000. The Government of Guyana (GOG) and the International Development Association (IDA) jointly funded the Project. The amount expended represents counterpart expenditure relating to administrative costs of the Project Execution Unit.

**Subhead 14011 - Internal Audit**

963. The sum of \$7.096M was provided for the strengthening of the internal audit office of the Ministry. A supplementary provision of \$2.658M was approved, giving a revised allocation of \$9.754M. The full amount was expended.
964. 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 2001, and an examination of these accounts revealed an expenditure of \$2.448M. The difference of \$7.306M was due to (a) a disbursement of \$7.666M made in 2000 now brought to account and (b) disbursements totalling \$360,000 made in 2001 not yet brought to account.
965. The amount of \$2.448M shown in the financial statement was expended on the payment of salaries to the Internal Auditor whose contract came to an end on the 28 February 2001. However, this contract was not renewed and instead he was retained on a month to month basis up to July 2001. The audit office was however, unable to determine what work was undertaken by the Internal Auditor during this extended period

**Subhead 14013 - Road Maintenance Fund**

966. The sum of \$50M was provided for the provision of a road maintenance fund. Amounts totalling \$45,610M were expended as follows: -

| <b>DESCRIPTION</b>                  | <b>AMOUNT<br/>\$'000</b> |
|-------------------------------------|--------------------------|
| <b>MAINTENANCE OF MAIN ROADWAY:</b> |                          |
| Mahaica Bridge to Rosignol Stelling | 7,517                    |
| Vreed-en-Hoop to Patentia           | 7,313                    |
| Mahaica Bridge                      | 5,346                    |
|                                     |                          |
|                                     |                          |
|                                     |                          |
| 217                                 |                          |

|   |               |
|---|---------------|
| Public Road Bridge- Orange Nassau           | 4,960         |
| Anna Regina Bridge                          | 4,519         |
| Vreed –en- Hoop to Parika                   | 4,244         |
| Ruinveldt Police Station to Timehri Airport | 4,194         |
| <b>Sub-total</b>                            | <b>38,093</b> |
| Transfer of Funds to Road Maintenance Fund  | 4,000         |
| Purchase of road building materials         | 1,962         |
| Repairs to culvert at Leonora Public Road   | 772           |
| Completion of ongoing roads                 | 783           |
| <b>TOTAL</b>                                | <b>45,610</b> |

- 967.** In relation to the roadway from Mahaica Bridge to Rosignol Stelling, the contract was awarded by the Central Tender Board in October 2001 in the sum of \$7.916M. At 31 December 2001, the works were completed and amounts totalling \$7.913M were paid to the contractor. The difference of \$396,000 was met from the Road Maintenance Fund.
- 968.** The contract for the maintenance of the roadway from Vreed-en-Hoop to Patentia was awarded in October 2001 by the Central Tender Board in the sum of \$7.698M. As at 31 December 2001, amounts totalling \$7.313M were paid to the contractor.
- 969.** The contract for the rehabilitation of the Mahaica Bridge was awarded in September 2001 in the sum of \$2.704M, to the second lowest bidder since the lowest bidder's tendered price was 41.6% below the engineer's estimate. In addition, there was a variation of \$2.822M which was 121% more than the contract sum giving a revised contract sum of \$5.526M.
- 970.** According to the minutes of the tender board, the design of the bridge had to be amended since during the course of the repairs, it was discovered that the green heart beams, deckings and liners had deteriorated and could not be reused. As a consequence, the Engineer recommended the use of acrow bridge components resulting in the change in design to the cost of \$10.2M. However, because of the unavailability of funds the Tender Board only recommended \$5.1M to rehabilitate the South Lane of the Bridge.
- 971.** As at 31 December 2001, the work was completed and amounts totalling \$5.128M were paid and retention of \$840,000 was paid to the contractor from 2002 voted provision. However, it should be noted that the total value of the completed works amounted to \$5.968M, while the tender board approved only \$5.1M. Also included in the above figure of \$5.346M is an amount of \$218,080 representing the cost of placing asphaltic concrete on the said bridge. The work was verified as having been completed and physically verified.

- 972.** The Ministerial Tender Board awarded a contract in October 2001 to repair the Public Road Bridge at Orange Nassau, Mahaica in the sum of \$2.202M. The contract was awarded to the second lowest bidder since the lowest bidder already had three(3) ongoing projects with the Ministry at that time. In addition, in December 2001, the tender board approved a variation of \$3.006M, which is 136.5% above the contract sum giving a revised contract sum of \$5.209M. According to the minutes of the tender board, the design of the bridge had to be amended since during the course of the repairs, it was discovered that the green heart beams had deteriorated and could not be reused. As a consequence, the Engineer recommended the use of acrow bridge components resulting in the change in design. As at 31 December 2001, the work was completed and amounts totalling \$4.694M were paid. The difference of \$265,600 relate to additional payments for placing asphaltic concrete on the said bridge. The work was completed and physically verified.
- 973.** The contract for the rehabilitation of the Anna Regina bridge was awarded in August 2001 in the sum of \$3.484M without any form of tendering. However, a waiver of tender board procedures was obtained from the Minister of Finance. A variation of \$1.342M was approved giving a revised contract sum of \$4.826M. As at 31 December 2001, amounts totalling \$4.519M were paid to the contractor. The work was completed and physically verified.
- 974.** The contract for the maintenance of the roadway from Vreed-en-Hoop to Parika was awarded in October 2001 in the sum of \$4.755M. As at 31 December 2001, amounts totalling \$4.715M were paid. The difference of \$0.471M was met from the Road Maintenance Fund.
- 975.** The contract for the maintenance of the roadway from Ruimveldt Police Station to Timehri Airport was awarded in October 2001 in the sum of \$10.449M. As at 31 December 2001, works were still in progress and amounts totalling \$5.431M were paid. The difference of \$1.237M was met from the Road Maintenance Fund.
- 976.** In relation to the remedial works at Leonora culvert, the contract was awarded in the sum of \$861,750 based on selective tendering involving three bidders. There was no evidence that a waiver of tendering procedures was obtained from the Secretary to the Treasury. As at 31 December 2001, amounts totalling \$772,425 were paid to the contractor.
- 977.** The above works relate mainly of patching of roadways. However, the repair works could not have been physically verified since the Ministry did not make personnel available for the physical inspection.
- 978.** 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 2000, this account reflected a balance of \$54.103M. During the year, the sum of \$4M was

transferred to this account and amounts totalling \$44.930M were expended resulting in a closing balance of \$13.173M. The following is a breakdown of the expenditure: -

| <b>DESCRIPTION</b>  | <b>AMOUNT<br/>\$'000</b> |
|---|--------------------------|
| <b>COMPLETION OF ONGOING ROADS FROM 2000:</b>             |                          |
| Ruimveldt Police Station to Timehri Police Station        | 20,102                   |
| Vreed-en-Hoop to Parika                                   | 10,866                   |
| Mahaica Bridge to Rosignol Stelling                       | 7,837                    |
| New Amsterdam to Corriverton                              | 3,221                    |
| <b>Sub-total</b>  | <b>42,026</b>            |
| <b>MAINTENANCE OF MAIN ROADWAYS<br/>FOR CURRENT YEAR:</b> |                          |
| East Bank Demerara  | 1,237                    |
| Mahaica Bridge to Rosignol Stelling                       | 1,196                    |
| Vreed-en-Hoop to Parika                                   | 471                      |
| <b>TOTAL</b>  | <b>44,930</b>            |

- 979.** In relation to the roadway from Ruimveldt Police Station to Timehri Police Station, the contract was awarded in October 2000 in the sum of \$22.891M. At the 31 December 2000, only a mobilisation advance of \$2.234M was paid to the contractor. During the period under review, the work was completed and the balance of \$20.102M was paid. The works were completed and physically verified.
- 980.** 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. During the period under review, the contract was completed and the balance of \$10.866M was paid.
- 981.** The contract for the rehabilitation of the roadway from Mahaica. Bridge to Rosignol Stelling was awarded in October 2000 in the sum of \$20.891M. At 31 December 2000, amounts totalling \$13.053M were paid to the contractor. During the period under review, the works were completed and the balance of \$7.837M was paid.
- 982.** 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. At 31 December 2000, amounts totalling \$2.892M were paid to the contractor. Further payments of \$1.292M were made in 2001. However, according to the Consultant, the contractor had only done work to the value of \$4.148M and he had advised the Ministry to terminate the contract. further, 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 but there was no evidence that the Ministry invoked this clause.

- 983.** 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 to the same contractor mentioned above. As at 31 December 2000, the value of works completed on this contract was \$2.649M. However, this amount was paid in January 2001. During the period under review the contractor only did additional work to the value of \$65,000. In relation to this contract, the consultant had also advised the Ministry to also terminate this second contract. At the time of reporting both of the two(2) projects remain incomplete.

## **HEAD 41 & DIVISIONS 542, 543 & 544**

### **MINISTRY OF EDUCATION**

#### **Current Expenditure**

##### **Employment Costs**

- 984.** The Ministry maintained a diary of pay changes to record details of changes in the payroll. However, this record did not establish the authority for pay changes or timeliness of notification, as required. Additionally, the action taken, that is, to increase or decrease gross pay or deductions was not stated in the record and a file of documents supporting and/or authorising payroll changes was also not maintained. The record also failed to establish whether supervisory checks were carried out over changes effected on the payrolls over the period. This record was thus insufficient to establish the authenticity of payroll changes and, as such, there was much difficulty experienced in accounting for payroll changes over the reporting period.

- 985.** A test check of a percentage of the payroll refunds revealed that the late notification of pay changes had resulted in 494 instances where net salaries totalling \$20.495M had to be refunded without related deductions. Also, up to the time of reporting there was no evidence that these deductions were recovered from the relevant agencies. The extent of loss through overpayments in this regard was however not quantified, since the register of

salaries refunded did not include the names of the officers concerned, which would have required extensive and time consuming work. The Accounting Unit was advised to undertake this task, with a view to requesting refunds of the related deductions. Because of this situation, the appropriation account would have been overstated by the deductions overpaid. It should be noted that this situation relate to payments to teachers, where the system have not yet been properly refined to enable timely reporting of termination of employment. If appropriate action is not taken considerable losses could be suffered.

- 986.** In a related matter, the late notification of pay changes resulted in amounts totalling \$3.463M being overpaid to twenty-six(26) officers, who had their services terminated during the period. The salaries of these officers were paid to the bank prior to notification of termination of employment. It was noted that in these cases the pay change directives were forwarded to the Accounting Unit on an average of four(4) months later than the effective dates.
- 987.** Of the total sum overpaid, the Ministry was able to recover \$0.716M leaving an outstanding balance of \$2.747M. It was noted that of the amounts overpaid, there were four(4) instances where officers had withdrawn from their accounts amounts totalling \$517,049, while in two(2) cases the bank had requested the payees' authorisations to effect repayments of amounts totalling \$332,052. Also, in every case where refunds were made the Ministry had to bear the cost of bank charges, which was deducted from over paid amounts.
- 988.** In relation to the adjustment of salaries for persons on maternity leave, the regulations require that the National Insurance Scheme (NIS) pay benefits amounting to seventy(70) percent of officer's salaries, while payments by the Ministry was to account for the remaining thirty(30) percent. In this regard, all maternity cases were required to submit certificates of expected confinement and to apply for leave accordingly. At the time confinement occurs the Personnel Section of the Ministry was to be provided with a certificate of confinement signed by the officiating medical practitioner. This was to form the basis for the Accounting Unit to be informed of adjustments required to officers' salaries. It should also be noted that during maternity leave, officers were exempt from NIS deductions.
- 999.** An examination of the system revealed that certificates of expected confinement were not submitted and as such maternity cases did not apply for leave prior to confinement. Approvals for leave were only granted when the Ministry's Personnel Section processed notifications of confinement, to the extent that these were submitted to that section. During an examination of the system, it was also reported that notifications of maternity leave were sometimes processed at the level of schools and only in cases of queries by the National

Insurance Scheme was the Ministry made aware that a case was being processed for maternity benefits. In this regard the possibility existed for maternity benefits to be paid, while teachers still enjoyed full pay.

- 1000.** In the instances where the Ministry processed notifications and submitted claims to the National Insurance Scheme, details of the claim were retained in officers' files. However, a register of claims submitted to the Scheme was not maintained as a means of control, in addition to facilitating recheck into any overpayments during the period of processing. Also, while details of officers' salaries were requested from the Accounting Unit during the processing period, that Section was only informed about the required adjustments after the maternity leave was approved. In the majority of cases examined approvals for leave were given after a considerable amount of leave was utilised.
- 1001.** Further, the Accounting Unit without any expressed authority exercised an option to pay all maternity cases full salary during the three(3) month period of their leave, while opting to deduct the overpaid seventy(70) percent over twelve(12) to thirteen(13) months. This situation resulted in deductions being erroneously made for NIS, in addition to expenditure being incurred for the related employer's contribution. While the Ministry was noted to reduce the overpayments to employees by their contributions to the Scheme, the sum of both their contributions and the employer's were never recovered. Hence, the employee benefited by additional contributions to the Scheme, while an overstatement of the Appropriation account occurred.
- 1002.** After considering the system in operation for the processing of maternity claims and the adjustment of related salaries, it was discerned that there was need for current controls to be extended to include: -
- (a) the enforcement of the requirement for officers to submit certificates of expected confinement and apply for leave prior to confinement.
  - (b) the notification of the National Insurance Scheme, schools and sections or departments, whose salaries are paid directly by the Ministry's Accounting Unit, that the processing and certification of claims is the responsibility of the Ministry's Personnel Section, while simultaneously ensuring that the Scheme is made aware of the appointment of authorised signatories for such claims;
  - (c) the maintenance of a claims register and prompt notification of the Accounting Unit of details of maternity confinement, including appropriate action to be taken in relation to adjustment of salaries;
  - (d) adequate supervisory checks and a mechanism to ensure the prompt recovery of any overpayments to maternity cases; and
  - (e) an all inclusive review of files, at the Ministry, schools and sections or departments, to determine the extent of overpayments in this regard in order to facilitate action to effect immediate recovery of overpaid amounts.

- 1003.** In relation to the payment of commuted allowances and mileage to persons holding authorised travelling positions, it is a requirement that before approval is granted for officers to be paid such allowances they should provide to the Ministry proof of ownership of vehicles to be put into official use. It is also a requirement that where officers do not own vehicles intended to be use for official purposes, the Permanent Secretary, Office of the President - Public Service Management (PSM) should adjudicate over the matter and grant approval if satisfied. Of seventy(70) officers receiving travelling allowances, the files of fifty-one(51) officers failed to establish that the vehicles put into official use were owned by officers concerned or whether the PSM had been approached for requisite approval.
- 1004.** The quantum of commuted allowances paid were also based on the kind of insurance policies purchased by travelling officers. As such, standard accounting practice required that the Ministry retain documentary evidence supporting the kind of insurance coverage obtained by its officers. However, in thirty-three(33) of the instances examined, such information was unavailable. This resulted in an inability to determine the accuracy of the allowances paid to these officers over the period. The Accounting Officer’s approval to pay travelling allowances was also not seen in twenty-three(23) instances.
- 1005.** Included in the Employment Costs were amounts totalling \$1.702M in relation to honoraria paid to staff of the Ministry. It was noted that the honoraria paid did not have the required approval of the Permanent Secretary, PSM and in every case the amounts paid could not be validated by reference to any formulae. Because of these circumstances, the expenditure incurred was deemed to be unauthorised and arbitrary in nature. The Ministry had also paid honoraria amounting to \$3.235M under similar circumstances from the following subheads:-

| <b>DESCRIPTION</b>               | <b>AMOUNT<br/>\$'000</b> |
|----------------------------------|--------------------------|
| Education, Subvention & Training | 2,321                    |
| Other Goods & Services Purchased | 458                      |
| Other Operating Expenses         | 456                      |
| <b>TOTAL</b>                     | <b>3,235</b>             |

- 1006.** 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. In this regard, the Ministry maintained two(2) cash books for the salaries account No. 3060. A manual cash book was maintained for manually prepared payrolls and a computerised cash book for the computerised payroll. However, while the computerised cash book reflected a ‘nil’ balance at the end of each month, the manual cash book 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.

- 1007.** 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. At the time of reporting, the account was reconciled to May 2001. Such reconciliation, needless to mention, cannot be regarded as reliable. There was also no evidence of checking and certification of the reconciliation statements.
- 1008.** My Report for the year 2000, stated that there was 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 2001. Evidence was seen that the Bank of Guyana had closed the account and had transferred the balance to the Consolidated Fund in April 2002.
- 1009.** In my previous reports, mention was also made of six(6) instances of apparent misappropriation of funds totalling \$136,637, with the result that two(2) officers were interdicted from duty. At the time of reporting, the Police were still investigating the matter.
- 1010.** A comparison of the authorised staff as shown in the 2001 Estimates of Expenditure with the actual staff employed by the Ministry in December 2001, revealed that the authorised staff was exceeded by 2,734, as shown below: -

| <b>DESCRIPTION</b>              | <b>AUTHORISED</b> | <b>ACTUAL</b> | <b>EXCESS</b> |
|---------------------------------|-------------------|---------------|---------------|
| Administration                  | 34                | 348           | 314           |
| Senior Technical                | 90                | 1,369         | 1,279         |
| Other Technical & Craft Skilled | 197               | 715           | 518           |
| Clerical & Office Support       | 104               | 307           | 203           |
| Semi-skilled Operatives         | 355               | 617           | 262           |
| Contracted Employees            | 0                 | 31            | 31            |
| Temporary Employees             | 0                 | 127           | 127           |
| <b>TOTAL</b>                    | <b>780</b>        | <b>3,514</b>  | <b>2,734</b>  |

- 1011.** The Accounting Officer explained that because the teaching grades were not included in the authorised staff strength shown in the National Estimates, there was a tendency for the staffing to reveal such variances. However, when the stated authorised staff strength was compared with the Public Officer staffing, it was observed that two(2) categories, namely, the Senior Technical and Clerical and Office Support were respectively exceeded by 126 and 162 employees. While it was 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, the explanation that the excess staffing resulted only from the exclusion of the teaching grades was thereby proven to be incorrect.

- 1012.** 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 eleven(11) occasions payments were made on average two(2) months later. As a result, as at 31 December 2001, the Ministry was indebted to the Scheme in the sum of \$18.083M as penalties and related interest for late payment of deductions. Of this amount, \$4.563M was in respect of 2001. As at 30 June 2002, the liability had increased to \$18.385M. 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**

- 1013.** Up to the time of reporting, 90 payment vouchers valued at \$19.234M were not presented for audit examination, despite repeated requests. These payments related mainly 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 for the monies spent. 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 2000 where, at the time of reporting, 494 payment vouchers totalling \$129.385M were not presented for audit. However, 492 of these vouchers valued at \$116.385M were subsequently submitted for examination.
- 1014.** 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, thirty-eight(38) cheque orders valued at \$2.266M remained outstanding. A similar observation was made in my 2000 report where it was stated that 425 cheque orders valued at \$17.425M remained outstanding. The Accounting Officer was advised to investigate urgently this discrepancy with a view to ensuring that the Ministry received value in respect of these payments.
- 1015.** The old main bank account No. 926, which ceased to be operational in May 1996, was overdrawn by \$78.115M as at 31 December 2001. It is again recommended that the overdraft be investigated and steps taken to close the account.
- 1016.** Although the present main bank account No. 3061 reflected a large positive balance of \$523.971M as at 31 December 2001, it was overdrawn on eighty-one(81) occasions during the year by large amounts. At the time of the audit in September 2002, the account was also

only reconciled to January 2000. Prior to this, bank reconciliation was last done to November 1999 and related findings were reported in the Auditor General's Report for the year ended 31 December 2000. In relation to the bank reconciliation statements for ensuing period, that is, for December 1999 to January 2000, the following unsatisfactory features were observed: -

- (a) There was no evidence of checking and certification of the reconciliation statements;
  - (b) The bank account was affected by 99 stale-dated cheques, which amounted to \$7.886M. These cheques related to transactions in excess of six(6) months, but included the year 1996 and later. To the time of reporting action was not taken to have these cheques cleared; and
  - (c) The cash book was not balanced since July 1999, resulting in a failure to determine the balances on the bank account for the months reconciled. Notwithstanding this, the reconciliation statements reflected a computed bank overdraft of \$32.925M for December 1999 and a balance of \$132.730M for January 2000.
- 1017.** 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.
- 1018.** The bank reconciliation statement also indicated a large negative balance of \$32.925M at the end of December 1999, as was the previously reported case that affected January, May, June and August of that year. It is, therefore, 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.
- 1019.** The cash book for the main bank account No. 3061 was kept open until 23 January 2002 in violation of section 36 of the FAA Act, which requires all unspent balances as at 31 December be surrendered to the Consolidated Fund. In this regard, 517 cheques valued at \$581.257M were drawn to that date.
- 1020.** In relation to the paying over of the unspent balance on the main account 3061 as at 31 December 2001, the Ministry repaid to the Consolidated Fund \$41.940M in respect of two of its capital expenditure heads, namely, the Primary Education Improvement Programme and the Secondary Schools Reform Project. However, for the current appropriation and the other capital head under the Ministry, the Appropriation Account reflected a net over expenditure on issues from the Consolidated Fund amounting to \$81.502M.

- 1021.** There was, however, a difference of \$70.820M between the over expended balance of \$81.502M and the overdraft of \$10.682M reflected in the main account cash book. This discrepancy was mainly as a result of the failure to reconcile the vote account book with main account cash book during the period. It was recommended that such reconciliation should be carried out on a monthly basis, in order to highlight any errors affecting the recording of transactions in the vote account book and main account cash book.
- 1022.** The laid down procedures require advances to be granted from an imprest bank account. Because of its failure to properly account for the previous imprest granted to it by the Ministry of Finance in the early 1990's, an imprest was not allocated. It was noted that discussions were initiated with the Accountant General with a view to resolving outstanding issues relating to the previous imprest and to request a new imprest allocation. However, to the time of reporting this matter was still to be finalised. As a result, advances continued to be granted from the Ministry's main bank account, without authority and in contravention of the financial regulations.
- 1023.** An examination of the related records revealed that 114 advances granted in 2001 and valued at \$8.224M remained outstanding at the time of reporting. Further examination revealed that for the years 1997 to 2000, there were also 451 advances totalling \$40.770M which had not been cleared. The related records for earlier years were still not presented for audit examination and therefore outstanding advances in this regard could not be determined.
- 1024.** 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. Also, in contravention of set rules governing the issuance of advances, officers were allowed to have more than one advance outstanding, simultaneously. The Accounting Officer was therefore advised to investigate the outstanding advances with a view to clearing them and to desist from the practice of issuing additional advances to officers with outstanding advances.
- 1025.** Further, the practice was to record all advances issued as expenditure against the voted provisions of the Ministry and when cleared to adjust outstanding amounts in the relevant records. In the instances where these advances remained uncleared, the Appropriation Accounts were overstated by the respective amounts.
- 1026.** In relation to the awards of contracts, the minutes of the Tender Board were deficient in reporting the events as they occurred. As such, pertinent details in relation to the dates, time and witnesses to the opening of bids, number of bids received and compliance with statutory and other set requirements, in addition to recommendations of any assessment committee appointed by the Board, were notable omissions from the minutes. The minutes also excluded the arguments of the Chairman and Members and/or submissions of advisors, which would have consequentially led to awards of contracts or rejection of bids. In the



circumstances, a complete picture of the events that led to awards of contracts were not disclosed.

**1027.** Also, a review of the constituted Tender Board of the Ministry revealed that the composition of the Ministerial Tender Board included two(2) contracted officials, who did not fall within the classification of posts described within the Tender Board Regulations. These officers, that is, the Projects Officer and Procurement Officer, did not hold posts within the approved structure of the Ministry and therefore could only advise the Tender Board on matters related to their technical competence. Given these circumstances, the Tender Board as constituted did not comply with the requirements of the regulations.

**1028.** Amounts totalling \$174.343M were expended on Materials, Equipment & Supplies. The following is a breakdown of the purchases made:-

| <b>DESCRIPTION</b>                        | <b>AMOUNT<br/>\$'000</b> |
|---|--------------------------|
| Purchase of exercise books                | 60,151                   |
| Stationery                                | 48,264                   |
| Grants to schools                         | 22,017                   |
| Building Tools & Materials                | 8,905                    |
| Project Materials for Schools             | 7,241                    |
| Office equipment                          | 5,988                    |
| Purchase of newspapers & advertisement    | 5,104                    |
| Teacher's registers and journals          | 3,491                    |
| Purchase of text books                    | 3,471                    |
| Medical supplies                          | 3,428                    |
| Pupils register and record cards          | 1,720                    |
| Bank charges (Letters of Credit & Drafts) | 1,467                    |
| School Reports & Manuscripts              | 1,042                    |
| Communication system                      | 1,038                    |
| Protective Garments                       | 1,016                    |
| <b>TOTAL</b>                              | <b>174,343</b>           |

**1029.** An analysis of the above expenditure by authority limits is shown below:-

| <b>AUTHORITY LIMIT</b> | <b>NO. OF<br/>PURCHASES</b> | <b>AMOUNT<br/>\$'000</b> |
|------------------------|-----------------------------|--------------------------|
| Below \$90,000         | 2,274                       | 84,612                   |
|                        | 229                         |                          |

|                       |              |                |
|-----------------------|--------------|----------------|
| \$90,000 - \$180,000  | 69           | 9,165          |
| \$180,000 - \$600,000 | 44           | 19,472         |
| \$600,000 - \$6M      | 1            | 10,038         |
| Over \$6M             | 3            | 60,101         |
| <b>TOTAL</b>          | <b>2,391</b> | <b>174,343</b> |

**1030.** The amount of \$60.151M shown as expended on the purchase of exercise books was as a result of the following: -

- (a) In the year 2000, the Ministry entered into a contract with a local firm for the supply of 2M exercise books at a total cost of \$75M. An amount of \$10.609M was advanced in January 2001, but charged to the provision for the year 2000. A balance of \$64.391M on the contract was, therefore, outstanding;
- (b) This commitment was discharged in 2001 by three(3) payments to the contractor amounting \$60.101M, which were met from the Ministry's votes and four payments totalling \$4.290M from the votes of Administrative Regions 2, 3, 6, and 8. The delivery of the exercise books was completed in January 2002; and
- (c) It could also be noted that a difference of \$0.050M existed between the reported expenditure and the actual payments made by the Ministry. This discrepancy arose from the fact that in June 2001 a cheque was drawn for the amount, but for an unexplained reason kept it on hand until January 2002 in the Central Accounting Unit when it was paid over to revenue. The failure to repay the amount in a timely manner resulted in the overstatement of the Appropriation Account.

**1031.** In relation to the purchase of stationery falling below \$90,000, seventeen(17) instances valued at \$3.185M were observed of apparent subdivision of purchases to avoid the application of a system of quotations and/or adjudication by the Ministerial Tender Board. These purchases were for the supply of stationery, office equipment, building materials, etc.

**1032.** In a related matter, the Ministry's Tender Board adjudicated over the segmented purchases of 1,980 reams duplicating paper valued at \$2.049M from one supplier during the period February 2001 to June 2001, as follows: -

| DATE       | QUANTITY | COST<br>\$ |
|------------|----------|------------|
| 16.02.2001 | 600      | 600,000    |
|            | 230      |            |

|              |             |                  |
|--------------|-------------|------------------|
| 15.03.2001   | 238         | 249,900          |
| 19.04.2001   | 571         | 599,550          |
| 25.06.2001   | 571         | 599,550          |
| <b>TOTAL</b> | <b>1980</b> | <b>2,049,000</b> |

- 1033.** On three of the four occasions noted, the supplier was chosen from among three similar bids obtained and on the fourth occasion there was one variation to the bids received. There was no explanation for the failure to publicly advertise and to create a basis for competitive bidding.
- 1034.** The purchases of stationery included purchases of “Risograph” material from a sole supplier amounting to \$4.590M. It was noted that the purchases were made in batches of approximately \$0.600M with the approval of the Ministerial Tender Board. This practice contravenes existing regulations, which requires that approval be obtained from the Central Tender Board for purchases from a sole supplier.
- 1035.** Also included in the expenditure for stationery was an amount of \$0.216M relating to the binding of monthly payroll. Notwithstanding the fact that the expenditure was incorrectly charged to “Materials, Equipment & Supplies” instead of the “Other Services Purchased” subhead, it was noted that the service supplied was based on an agreement between the Ministry and one of its employees, namely, an expeditor. In the execution of the transaction the Ministry breached existing Tender Board Regulations by not following a system of quotations, in addition to the strict prohibition of the “sponsoring of tenders for Government Contracts by Government Officers”, also instituted by these Regulations.
- 1036.** Amounts totalling \$22.017M were paid as grants to 107 schools to enable the purchase of stationery, office supplies and other miscellaneous items. The cumulative charge to Materials, Equipment and Supplies was deemed to be inappropriate, since such expenditure was provided for under Education, Subvention and Grants. In a similar vein, the inclusion of \$7.241M in relation to materials for school projects, such as, cookery, sewing and hairdressing also represents an incorrect allocation of expenditure to the subhead.
- 1037.** As can be noted, the sum of \$5.988M was expended on the purchase of office equipment, such as, air conditioning units, microwaves, television sets and furniture. These are items of a capital nature, the cost of which should have been met from the Ministry’s capital programme under Subhead 26,004. However, only \$3M was allocated under this subhead, \$2.992M of which was expended during the period. It is evident that the charging of the amount of \$5.988M to current expenditure was done to avoid

overrunning the voted provision under Subhead 26004.

- 1038.** In relation to the purchase of textbooks, an amount of \$3.471M was expended on the purchases locally. The expenditure was properly incurred and brought to account. The text books were also verified as having been received by the Ministry.
- 1039.** A sum of \$3.428M was expended for the purchase of medical supplies. Included in this sum was an amount of \$0.749M relating to ten instances of purchases for the Cyril Potter College of Education, the receipt of which was not determined as a result of the failure of that institution to maintain stores accounting records. The non-compliance with stores regulations was explained to have resulted from a lack of training in the required procedures.
- 1040.** An examination of vouchers supporting purchases of materials, equipment and supplies and related goods received records revealed that supplies valued at \$3.135M, which were paid to four(4) suppliers during the period, were still outstanding up to and including the date of reporting 30 September 2002. The available evidence revealed that an expediter of the Ministry had, during his tenure of duty, made payment of various amounts to suppliers without the receipt of the goods ordered. It was also discerned that while the items ordered were never received, the receipt of the orders were duly certified on vouchers, as required by the financial regulations.
- 1041.** One supplier, to whom payments totalling \$0.955M were purportedly made, could not be located at the address stated on the receipts tendered, prompting speculation that the related transactions were fictitious in nature. The expediter was also noted to have similar unsettled transactions amounting to \$2.108M in relation to purchases under two(2) other subheads, namely Other Operating Expenses and Education, Subventions and Training. This increased the discrepancy in relation to purchases to \$5.243M.
- 1042.** In my previous report mention was made of the fact that the Ministry had advanced to a local firm an amount of \$2.073M, representing 50% of the contractual sum, to undertake the work on 2 – 1 minute television features. However, the execution of the contract was put on hold since 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.
- 1043.** Amounts totalling \$11.163M were expended on Fuel & Lubricants. However, of the thirty-six(36) vehicles in use by the Ministry, log books for eleven(11) vehicles were not presented for audit. Of the log books presented, only six(6) sets represented the entire period under review while the other five(5) 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.

- 1044.** 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.
- 1045.** Additionally, it was noted that payments to GUYOIL were made in lump sums to exhaust the voted provisions. This resulted in substantial balances being held by the firm. As at 31 December 2001, GUYOIL owed the Ministry fuel balances valued at \$5.884M. This situation resulted in the Appropriation Account being overstated by the amount. At the time of reporting this balance was \$6.912M.
- 1046.** Amounts totalling \$110.757M were expended on the Rental & Maintenance of Buildings, as follows:-

| <b>DESCRIPTION</b>             | <b>AMOUNT<br/>\$'000</b> |
|--------------------------------|--------------------------|
| Rental of buildings            | 11,319                   |
| Maintenance of buildings       | 79,642                   |
| Janitorial & cleaning services | 19,796                   |
| <b>TOTAL</b>                   | <b>110,757</b>           |

- 1047.** A total of thirty-one(31) buildings were rented for the period under review. A comparison of the balance of \$11.319M, shown in the Appropriation Account, with the total expenditure of \$8.539M, recorded in the rental register, revealed a difference of \$2.780M. It was noted that this difference was as a result of a failure to properly record all transactions in relation to the rental of buildings. It was explained that short-term rental, that is, for periods less than one year, were never included in the rental register. Action was, however, taken to have this aspect recorded in the records.
- 1048.** The expenditure of \$79.642M in relation to Maintenance of Buildings was in respect of six hundred and fifty(650) contracts for works on one hundred and seven(107) buildings during the period reviewed. Physical verification exercises were carried out in respect of thirty-five(35) of these buildings, and most of the works undertaken conformed generally to the respective bills of quantities. Nonetheless, the following discrepancies were observed: -

- (a) Contract 698/01 required that roof works valued at \$420,275 be carried out at the Lodge Secondary School. However, the contractor never undertook these works, although the entire contract sum was paid over;
- (b) The renovation and maintenance works on the Happy Hearts Nursery School under contract No. 479/01 included the building of a trestle at an approximate cost of \$2.303M. The execution of this work was not evident at the time of the physical examination of the works. It was, however, explained that the contract sum of \$4.559M was redirected towards the reconstruction of the Happy Hearts Nursery School, which was condemned. This explanation could not be established as fact, since no documentary evidence was provided in support of it;
- (c) According to contract No. 32/01 the contractor was to fabricate and fix grillwork to St. Sidwell's Primary School at a cost of \$178,525. However, while the contractor was fully paid, the works were yet to be undertaken;
- (d) The works under contract No. 40/01 required the construction of the western and southern fence of the Central High School, among other things. The contract price was \$550,059 and this was fully expended during the period. A physical verification of the works revealed that works on the western fence was, however, never undertaken.

**1049.** Amounts totalling \$31.676M were expended on Maintenance of Infrastructure, as follows: -

| <b>DESCRIPTION</b>                                    | <b>AMOUNT<br/>\$'000</b> |
|---|--------------------------|
| Weeding & cleaning of schools & Ministry's compounds  | 12,785                   |
| Rehabilitation works (Carpentry, plumbing & painting) | 10,330                   |
| Landscaping and land filling                          | 2,773                    |
| Miscellaneous works                                   | 2,590                    |
| Purchase of electrical meters                         | 2,059                    |
| Miscellaneous purchases                               | 1,139                    |
| <b>TOTAL</b>  | <b>31,676</b>            |

**1050.** The above works were undertaken by 416 contracts valued at \$28.479M. Because of the nature of some of the works, physical verification could not have been carried out. However, reliance had to be placed on certificates attesting to the satisfactory completion of the works. Notwithstanding this, it was observed that fifty-five(55) weeding and cleaning contracts valued at \$3.066M were issued to eight(8) employees of the Ministry in contravention of the Regulations for guidance of Tender Boards, which strictly

prohibits such arrangements.

**1051.** In relation to verifiable works the following were observed: -

- (a) Contract 736/01 for the painting of the fence around the UNESCO building was never undertaken. Notwithstanding this, the contractor was paid the full contract sum of \$525,420; and
- (b) The works under contract No. 538/01, for the construction of a reinforced concrete driveway at the South Ruimveldt Secondary School, was completed and the full contract sum of \$831,040 was paid to the contractor. However, a physical verification of the completed works revealed that these works were not satisfactory, in that, there were many visible cracks and lesions and because of the rough finish large pools of water had settled on the surface.

**1052.** Amounts totalling \$54.323M were expended on Transport, Travel & Postage, as follows:-

| <b>DESCRIPTION</b>         | <b>AMOUNT<br/>\$'000</b> |
|----------------------------|--------------------------|
| Travelling & subsistence   | 24,636                   |
| Hire of vehicles           | 12,702                   |
| Purchase of vehicle spares | 6,602                    |
| Repairs to vehicle         | 6,660                    |
| Overseas travel            | 2,977                    |
| Postage                    | 746                      |
| <b>TOTAL</b>               | <b>54,323</b>            |

**1053.** In relation to the expenditure of \$24.636M for travelling and subsistence and the amount of 12.702M expended on the hire of vehicles for the distribution of textbooks and exercise books to the various schools countrywide, test-checks carried out revealed that generally there was an adequate documentation of the related expenditure. However, in relation to the amount of \$6.602M expended on the acquisition of vehicle spares, the vehicle numbers were not stated on the payment vouchers, resulting in a failure to determine whether the spares purchased were used exclusively on the Ministry's vehicles.

**1054.** 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: -

| VEHICLE NUMBER | AMOUNT \$ | VEHICLE NUMBER | AMOUNT \$ |
|----------------|-----------|----------------|-----------|
| PDD 7935       | 986,295   | PDD 5707       | 375,750   |
| PDD 7931       | 548,365   | TR 19957       | 334,638   |
| GDD 7932       | 523,515   | PEE 9270       | 307,220   |
| PDD 1410       | 426,745   | GDD 1909       | 286,000   |
| PDD 5772       | 404,958   | GDD 7927       | 281,100   |

**1055.** Amounts totalling \$79.932M were expended on Utility Charges, as follows: -

| DESCRIPTION         | AMOUNT \$'000 |
|---------------------|---------------|
| Electricity Charges | 54,965        |
| Water Charges       | 18,384        |
| Telephone Charges   | 6,583         |
| <b>TOTAL</b>        | <b>79,932</b> |

**1056.** The amount of \$54.965M expended on electricity charges was in respect of 112 meters under the control of the Ministry. Although an electricity register was kept to record all charges, this record reflected a balance of \$59.141M, giving a difference of \$4.176M. A similar observation was made in respect of water charges where a difference of \$0.708M between the related register and the appropriation Accounts. It is recommended that periodic reconciliation of the Votes Ledger with these records be carried out.

**1057.** It was also noted that the payments in respect of electricity and water charges were made on a lump-sum basis to exhaust the voted provision. This practice resulted in a significant amount of overpayments in relation to account balances. In relation to electricity charges there were fifty(50) meter accounts with credit balances totalling \$26.446M as at 31 December 2001, while information on the account balances for water rates were not obtained.

**1058.** Included in the amount of \$6.583M shown as telephone charges, were sums totalling \$698,150 representing the cost of overseas telephone calls. As required by regulations, the Ministry maintained a register of overseas telephone calls to monitor all such calls. There was, however, a difference of \$1.336M between the amount shown in the appropriation accounts and that reflected in the Telephone Register. The latter showed



expenditure of \$5.247M. It was recommended that the Ministry undertake periodic reconciliation of the Telephone Register with the vote account book.

- 1059.** The amount of \$6.583M shown as telephone charges also included an amount of \$1.014M, which represented telephone grants paid to one hundred and seven (107) schools. It was noted that a system was not put in place to monitor the use of these funds. It was recommended that schools be required to submit periodic returns to the Ministry in relation to the use of the grants.
- 1060.** Amounts totalling \$154.969M were expended on Other Goods & Services Purchased. The following gives a breakdown of the payments made:-

| DESCRIPTION                             | AMOUNT<br>\$'000 | AMOUNT<br>\$'000 |
|---|------------------|------------------|
| <b>Security grants to schools:-</b>     |                  |                  |
| 6 practical instruction centres         | 5,406            |                  |
| 21 nursery                              | 12,661           |                  |
| 34 primary                              | 28,283           |                  |
| 31 secondary                            | 29,272           |                  |
|   |                  | 75,622           |
| Security services                       |                  | 45,330           |
| Repairs & maintenance of equipment      |                  | 9,823            |
| Cleaning & extermination services       |                  | 8,253            |
| Purchases of computer accessories, etc. |                  | 6,481            |
| Repairs to office furniture             |                  | 2,088            |
| <b>Other:-</b>                          |                  |                  |
| Broadcasting to schools                 | 1,092            |                  |
| Invigilation & Marking exam papers      | 977              |                  |
| Graduation exercise                     | 700              |                  |
| Honorarium                              | 458              | 3,227            |
| Miscellaneous                           |                  | 4,145            |
| <b>TOTAL</b>                            |                  | <b>154,969</b>   |

- 1061.** In relation to the amount of \$75.622M expended on security grants to schools, a system was also not put in place to monitor the use of the funds. It was recommended that schools be required to submit periodic returns to the Ministry to account for the use of the grants.
- 1062.** The amount of \$45.330M 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.

- 1063.** The expenditure for Other Goods and Services Purchased, included sums totalling \$6.481M, which was 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.
- 1064.** Amounts totalling \$145.119M were expended on Other Operating Expenses. The following is a breakdown of the expenditure: -

| <b>DESCRIPTION</b>                       | <b>AMOUNT<br/>\$'000</b> |
|--|--------------------------|
| Manufacturing of school feeding supplies | 74,833                   |
| Meals supplied to CPCE                   | 38,102                   |
| National and other events                | 17,329                   |
| Refreshment & Meals                      | 7,526                    |
| Christmas Party                          | 1,176                    |
| Hot Meal Programme                       | 1,065                    |
| Miscellaneous                            | 5,088                    |
| <b>TOTAL</b>                             | <b>145,119</b>           |

- 1065.** The expenditure of \$74.833M 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. As at 31 December 2001, the Ministry owed the local company a sum of \$9.150M for flour and biscuits.
- 1066.** In relation to meals supplied to the Cyril Potter College of Education, the expenditure of \$38.102M was in respect of meals supplied to 265 students residing at the CPCE dormitories at a daily rate of \$600 per student. Adequate documentation existed in support of the expenditure.
- 1067.** The amount of \$17.329M was expended mainly on Mashramani celebrations and National Athletic Championships, while the expenditure of \$7.526M was in respect of refreshment and meals served at meetings held, in addition to overtime meals, which cost \$271,880. Notwithstanding the inappropriateness of the charge of the cost of overtime meals to the subhead, it was noted that the required approval of the Office of the President - Public Service Management (PSM) was not obtained 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 Ministry had paid

rates of \$250 and \$300, in contravention of approved rates. An overtime register was also not kept to monitor overtime work undertaken.

- 1068.** The charge to public funds of \$1.176M spent on the Ministry's Christmas Party has been deemed inappropriate, there being no authority and/or provision to undertake such expenditure. Such extravagance should be censured. In relation to the Hot Meal Programme the expenditure of \$1.065M was in respect of five(5) schools, namely St. Sidwell's, Bel Air, Thomas Moore and Ketley Primary schools, and the Sophia Special School.
- 1069.** Adequate documentation existed to support the miscellaneous expenditure of \$5.088M, which included an inappropriate charge to public funds of \$205,870 relating to the funeral expenses for a deceased officer and honorarium to staff amounting to \$456,000, which did not have the required approval of the Permanent Secretary, PSM.
- 1070.** Amounts totalling \$802.726M were expended on Education, Subvention & Training. The following gives a breakdown of the payments made: -

| <b>DESCRIPTION</b>                            | <b>AMOUNT<br/>\$'000</b> |
|---|--------------------------|
| University of Guyana                          | 294,178                  |
| President's College                           | 125,000                  |
| Government Technical Institute                | 92,822                   |
| Queen's College                               | 64,816                   |
| Linden Technical Institute                    | 45,394                   |
| Workshops, conference and training expenses   | 32,391                   |
| Examination costs                             | 31,979                   |
| Examination subsidies                         | 26,000                   |
| Critchlow Labour College                      | 23,000                   |
| Grants to schools                             | 20,909                   |
| Kuru Kuru Cooperative College                 | 12,572                   |
| Supplies/Works/Services for PIC's and Schools | 12,478                   |
| Adult Education Association                   | 10,116                   |
| Distance Education and Information Unit       | 5,506                    |
| Essequibo Technical Institute                 | 4,270                    |
| Guyana Industrial Training Centre             | 1,295                    |
| <b>TOTAL</b>                                  | <b>802,726</b>           |

- 1071.** The University of Guyana is subject to separate financial reporting and audit. The audit has been contracted to Chartered Accountants, Nizam Ally, under supervision of the Audit Office. The last set of audited accounts was in respect of academic year ended 31 July 2001, but for the ensuing period the audit was in progress. The amount of \$294.178M was nevertheless verified as having been received by the University and

properly brought to account.

- 1072.** 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 years 2000 and 2001 were not received up to the time of reporting. The amount of \$125M was verified as having been received by the College but in the absence of audited accounts for 2001, 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.
- 1073.** The amounts of \$92.822M, \$45.394 and \$4.270M expended on the Government Technical Institute, Linden Technical Institute and the Essequibo Technical Institute respectively represent salaries and other operating expenses of these institutions. Similarly, the amount of \$20.909M 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.
- 1074.** 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 to 2001 were received, and at the time of reporting, the audits were in progress. It was noted that the College received \$19.688M as a subvention, while the Ministry paid employment costs and security expenses amounting to \$45.128M. The subvention of \$19.688M was verified as having been received by the College and an examination of documentation in support of the other expenditure revealed that these were properly incurred.
- 1075.** In relation to the amount of \$32.391M expended on workshops, training courses etc., sixty-five(65) workshops and training courses were held for the period under review. Adequate documentation existed in support of the expenditure.
- 1076.** The Kuru Kuru Co-operative College is subject to separate financial reporting and audit. However, it could not be determined when last this was done. The amount of \$12.572M 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 \$23M.
- 1077.** Amounts totalling \$136.858M were expended on subsidies and contributions to local and international organisations. The following gives a breakdown of the payments made: -

| DESCRIPTION                                       | AMOUNT<br>\$'000 | AMOUNT<br>\$'000 |
|---|------------------|------------------|
| <b>Local Organisations:</b>                       |                  |                  |
| National Library                                  | 85,838           |                  |
| Young Women Christian Association                 | 950              |                  |
| UNESCO/CARNIED                                    | 743              |                  |
| Garland   | 500              | 88,031           |
| <b>International Organisations:</b>               |                  |                  |
| Caribbean Examinations Council                    | 44,276           |                  |
| Commonwealth Institute of Learning                | 1,799            |                  |
| International Council of Adult Education          | 310              |                  |
| UNICEF Group with UNESCO                          | 299              |                  |
| International Doc. Centre for Vocational Training | 210              |                  |
| Caribbean Regional Council for Adult Education    | 150              | 47,044           |
| <b>Other:</b>                                     |                  |                  |
| Refund of Advance                                 |                  | 1,783            |
| <b>TOTAL</b>                                      |                  | <b>136,858</b>   |

- 1078.** 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 and 1999 were submitted, and at the time of reporting, the audits were in progress. The amount of \$85.838M was verified as having been received by the Library, but in the absence of audited accounts for 2001, it could not be determined whether the amount granted as subvention was properly expended.
- 1079.** In relation to the other contributions to both local and international organisations, evidence was seen to support the acknowledgement of the amounts paid by the relevant agencies. However, based on provisions made in the current expenditure estimates, as passed by the National Assembly, the organisation UNESCO/CARNIED should have received a contribution of \$8.871M, instead of \$0.743M, while the Caribbean Examinations Council was paid \$44.276M instead of \$41.247M. Approvals to support the adjustments to the contributions were not provided to support the respective differences of \$8.128M and \$3.029M.
- 1080.** As can be noted, the reported expenditure of \$136.858M, in relation to Subsidies and Contributions to Local and International Organisations, included an amount of \$1.783M representing an advance issued and charged against the voted provision, but which was refunded in 2002. The treatment of such advances and its consequential effects have already been discussed above.
- 1081.** Excess expenditure totalling \$13.752M was incurred under all of the Ministry's five(5) expenditure programmes. Since there were savings under other line items in respect of these programmes, it would have been more appropriate for virements of funds to be

sought to accommodate the excess expenditure.

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

**1082.** Five separate stores, which were maintained by the Ministry were examined for compliance with stores accounting regulations and related procedures – four(4) in Georgetown, that is, at the Head Office, 21 Brickdam; Department of Education, 68 Brickdam; National Centre for Resource Development (NCERD), Kingston and the Cyril Potter College of Education (CPCE) and one(1) at the Essequibo Technical Institute.

- (a) In relation to the store at 21 Brickdam, this was operated as a holding facility, whereby excess stock purchased by various sections was kept as a measure of security, while the stock ledgers maintained did not reflect the related balances of items on hand. This situation was as a result of the fact that the system in operation required each operational section of the Ministry to conduct its own procurement of stock and hence issues of related items were generally done in bulk, based on quantities purchased at any given time. The Ministry was advised to ensure that the system be amended to have purchases done in a centralised manner, but based on sectional needs. Issues should reflect the quantities actually collected by sections, from time to time;
- (b) The stock ledgers for the store at 68 Brickdam were not written up to date and test checks carried out revealed that folios in respect of the items on hand were at varying stages of the recording process. Based on sample checks carried out, there were also the following differences between the physical balances of stock and ledger balances;

| <b>DESCRIPTION</b>                | <b>STOCK<br/>LEDGER<br/>BALANCE</b> | <b>PHYSICAL<br/>COUNT</b> | <b>+ (-)</b> |
|-----------------------------------|-------------------------------------|---------------------------|--------------|
| File folders (Short)              | 3,911                               | 3,000                     | (911)        |
| File folders (Long)               | -                                   | 3,300                     | 3,300        |
| Methylated Spirits (26oz bottles) | 23                                  | 432                       | 409          |
| TDK VCR Cassettes                 | -                                   | 60                        | 60           |
| White out (bottles)               | 376                                 | 322                       | (54)         |
| Toilet paper (rolls)              | 28                                  | 336                       | 308          |
| Iodine (bottles)                  | -                                   | 293                       | 293          |
| 4 quire note books                | 145                                 | 82                        | (63)         |

- (c) At the time of the inspection, on 14 March 2002, the NCERD store was being repaired and items of stock were not packed in a manner to permit proper

verification. As a result, the physical verification exercise had had to be abandoned. Nevertheless, purchases for the period were traced to the goods received book and other relevant stock records, with the result that no significant discrepancies were found;

- (d) Drugs and medical supplies purchased for use at the CPCE were not entered in that institution's goods received book. It was explained that the failure was as a result of a lack of competent or trained personnel at the store;
- (e) An inspection of the store at the Essequibo Technical Institute (ETI) revealed that purchases of stationery valued at \$71,695 were not received. The certificates seen on related vouchers suggested that these items were received and taken on charge in the stock ledgers of the Institute.

## **Capital Expenditure**

### **Division 542**

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

- 1083.** The sum of \$1.507 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 \$650.062M was approved, giving a revised allocation of \$2.157 billion. According to the Appropriation Account, amounts totalling \$2.046 billion were expended.
- 1084.** 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 2001. An examination of the audited accounts revealed an expenditure of \$2.150 billion, giving a difference of \$105M. The difference is due mainly to (a) disbursements totalling \$287.151M made in 2000 brought to account in 2001 and (b) disbursements totalling \$145.919M made in 2001 not yet brought to account.
- 1085.** The following is a breakdown of the audited expenditure:-

| <b>DESCRIPTION</b>                            | <b>AMOUNT<br/>\$'000</b> | <b>AMOUNT<br/>\$'000</b> |
|---|--------------------------|--------------------------|
| <b>Development of Human Resources</b>         |                          |                          |
| Staffing training                             | 23,636                   |                          |
| Consultancy                                   | 7,104                    | 170,740                  |
| <b>Curriculum Development etc.</b>            |                          |                          |
| Purchase of equipment & furniture             | 344,859                  |                          |
| Purchase of teaching material                 | 241,090                  | 585,949                  |
| <b>Improvement of Physical Infrastructure</b> |                          |                          |
| Rehabilitation of schools                     | 458,432                  |                          |
| Construction of new schools                   | 669,334                  |                          |
| Design and supervision                        | 140,308                  | 1,268,074                |
| <b>Other</b>                                  |                          |                          |
| Administration expenses                       | 50,850                   |                          |
| Interest                                      | 74,619                   | 126,650                  |
| <b>TOTAL</b>                                  |                          | <b>2,150,232</b>         |

- 1086.** The amount of \$23.636M 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 \$147.104M expended on consultants' services, this was in respect of training to teachers and conducting relevant workshops. The expenditure was verified as having been properly incurred.
- 1087.** The amount of \$344.859M was expended on the purchase of the laboratory equipment and furniture for primary and secondary schools. In relation to the amount of \$241.090M 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.
- 1088.** Amounts totalling \$1.128 billion were expended on the rehabilitation and construction of thirty-eight(38) schools, thirty-two of which commenced prior to 2001. At the time of reporting, the schools were completed, and rehabilitation works were physically verified.
- 1089.** The amount of \$140.308M expended on design and supervision represents payments to thirteen(13) 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.
- 1090.** In relation to the amount of \$50.850M expended on the administrative costs, this represents payments of emoluments and other operating expenses of the Project



Implementation Unit. Based on test-checks carried, the expenditure was verified as having been properly incurred.

### **Division 543**

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

- 1091.** The sum of \$106M was voted for (a) the rehabilitation of North Ruimveldt Multilateral School (b) the reconstruction of a section of Queen 's College (c) the rehabilitation of St. Gabriel's and Head Start nursery schools and Cummings Lodge Secondary School (d) the rehabilitation of Bishop's and St. Rose's High schools (e) the construction of a new wing at Tutorial's High School and (f) the construction of a new nursery school in North Georgetown. Approval was granted for a change in programme to complete electrical works at 68 Brickdam and to pay retention fee on the rehabilitation of Winfer Garden Primary School. Amounts totalling \$73.191M were expended, as follows: -

| <b>DESCRIPTION</b>                          | <b>AMOUNT<br/>\$'000</b> |
|---|--------------------------|
| Reconstruction of Queen's College           | 16,640                   |
| Construction of Tutorial High School        | 11,123                   |
| Rehabilitation of Cummings Lodge Secondary  | 9,380                    |
| "        " North Ruimveldt Multilateral     | 7,900                    |
| "        " St. Rose's High                  | 7,028                    |
| "        " Ministry building at 68 Brickdam | 6,940                    |
| "        " Bishops' High School             | 3,771                    |
| "        " St. Gabriel's Primary School     | 3,334                    |
| "        " Head Start Nursery School        | 2,636                    |
| Retention fees – Winfer Gardens             | 34                       |
| Administrative Costs                        | 2,271                    |
| Consultants' fees                           | 2,134                    |
| <b>TOTAL</b>                                | <b>73,191</b>            |

- 1092.** The contract for the reconstruction of Queen's College School was awarded in December 2000 in the sum of \$74.943M to the lowest bidder. According to an agreement for financing the contract, the Ministry was to put up 66.72% or \$50M of the contract price, while the Queens College Board of Governors was to finance the difference of 33.28% or \$24.943M. As at 31 December 2001, the contractor was paid \$21.203M, of which the Ministry's contribution was \$16.640M. It was noted that the Ministry's contribution included the entire mobilisation advance of \$7.494M paid to the contractor. The works were due to have been completed during the reporting period, but due to changes in the structural design, the time-table for completion had had to be adjusted. At the time of

reporting the works were still in progress. A perusal of the 2002 estimates revealed that the works were re-budgeted for completion in that year.

- 1093.** In relation to the construction of a new wing at Tutorial High School, the contract was awarded to the second lowest bidder in the sum of \$18.184M. The lowest bid, which was preferred by the evaluation committee, had bid \$17.771M. However, without stating any reasons, the Central Tender Board awarded the contract to the second lowest bidder and this had the approval of Cabinet. As at 31 December 2001, \$11.123M was paid to the contractor and at the time of inspection the works were still in progress. It should be noted that continuing works were re-budgeted for in 2002 in the capital estimates. At the time of reporting the works were completed and were physically verified.
- 1094.** In relation to the rehabilitation of Cummings Lodge Secondary School the Central Tender Board awarded the contract to the lowest bidder in the sum of \$8.769M. There was however a variation of \$851,260, which increased the contract sum to \$9.621M. As at 31 December 2001, amounts totalling \$9.380M were paid to the contractor. The completed works were physically verified and these confirmed generally to the specifications in the bill of quantities.
- 1095.** The Central Tender Board awarded the contract for the rehabilitation of the North Ruimveldt Multilateral School to the second lowest of six(6) bids received in the sum of \$8.103M. A reason was not given for not preferring the lower bid of \$7.457M. As at 31 December 2001, amounts totalling \$7.900M were paid to the contractor. At the time of reporting the works were still in progress and these were re-budgeted for in 2002.
- 1096.** The Central Tender Board awarded the rehabilitation of the St. Rose's High School to the lowest bidder in the sum of \$7.898M. As at 31 December 2001, amounts totalling \$7.028M were paid to the contractor based on certified valuations of completed works. The related works were physically verified.
- 1097.** The contract for the rehabilitation works at the Ministry's building at 68 Brickdam was awarded in the year 2000 in the sum of \$5.904M. Subsequent variations of \$526,700 increased this contract sum to \$6.431M, with \$6.198M being paid at 31 December of that year. An amount of \$0.297M was paid during the current reporting period, but this exceeded the contract balance of \$0.233 by \$0.064M. In 2001, the Central Tender Board awarded another contract, on this occasion for electrical works, to the lowest bidder in the sum of \$3.668M. A variation of \$975,320 was also approved, increasing the contract sum to \$4.643M. As at 31 December 2001, the full amount was paid to the contractor. The expenditure included in the Appropriation Account also included an amount of \$2M, which represented a refundable deposit made with the electricity firm for the provision of electrical supplies to the building. The rehabilitation works on the building were physically verified and these confirmed generally to the bills of quantities.
- 1098.** The lowest bidder received the contract for the rehabilitation of Bishops' High School in the sum of \$4.653M, based on an award by the Central Tender Board. As at 31 December

2001, amounts totalling \$3.771M were paid to the contractor for completed works. These works were physically verified.

- 1099.** Two contracts were awarded for the rehabilitation of the St. Gabriel's Primary School, one for building works and the other for electrical works. The Central Tender Board awarded the contract for the building works to the lowest bidder in the sum of \$3.850M. As at 31 December 2001, amounts totalling \$2.878M were paid to the contractor. The lowest bidder also received the award for the electrical works. The award, which was made by the Ministerial Tender Board, was in the sum of \$456,531 and the entire sum was expended during the period. A physical verification of the completed works revealed that building works valued at \$462,300 could not be accounted for, resulting in overpayments to the contractor. Additionally, there were additions and deletions to stated quantities in the contract and as at 31 December 2001 these amounted to \$317,400. While these changes appeared in the payment documentation, there were no supporting details to render them verifiable. As a result, no justification could have been established for the payments and it could not be determined whether these would eventually increase or decrease the contract sum.
- 1100.** The Central Tender Board awarded the contract for the rehabilitation of Head Start Nursery School to the lowest bidder in the sum of \$2.056M. There was however, a variation of \$968,882, giving a revised contract sum of \$3.025M. As at 31 December 2001, amounts totalling \$2.636M were paid to the contractor. At the time of reporting the works were still in progress and retention fees were re-budgeted to be paid in 2002. A physical verification of the completed works revealed that building works valued at \$228,550 could not be accounted for, resulting in overpayments to the contractor. In addition, the validity of respective disbursements on variations and provisional sums of \$1.450M and \$342,500 could not be established, since pertinent details, such as, the effective rates and quantities were not provided to support the related payments.
- 1101.** The administrative cost of \$2.271M included amounts totalling \$2.172M, representing the salaries, gratuity and travelling allowances paid to an employee on contract. While it was noted that an approval was obtained to change the programme to include administrative costs, such costs could not have included these charges, as these, were provided for under the current provision Subhead 107 – Contracted Employees.
- 1102.** It was also noted that, without the approval of PSM to have the contracted employee's post inventoried on the approved list of travelling officers, the Ministry forwarded documentation to the Secretary to the Treasury, with the result that the officer was granted a duty free concession for the purchase of a motor car. Hence, the basis of the concession granted was held in question, this being invalidated by the lack of the requisite approval. The officer was also paid travelling allowances amounting to \$168,600, based on an approved mileage ceiling of 300 miles. The ceiling was exceeded on ten(10) occasions by a total of 1,854 miles, without authority.
- 1103.** The Consultants' fees of \$2.134M was in respect of payments to consultants for supervision of works, etc. on eight(8) schools. The expenditure was properly incurred

and was verified.

**Subhead 12002 - President's College**

- 1104.** The sum of \$6.680M was allocated for the purchase of six(6) computers and the rehabilitation of Dormitories II and III of the College. Amounts totalling \$4.819M were expended.
- 1105.** To the time of reporting, the purchase of the computers was not finalised. The Project Manager explained that an advertisement was made for the supply of the computers and an evaluation report was submitted to the Central Tender Board for approval. This matter was not yet finalised by the Central Tender Board.
- 1106.** The Central Tender Board awarded the contract for the rehabilitation of Dormitories II and III to the lowest bidder in the sum of \$4.430M. As at 31 December 2001, the sum of \$4.173M was paid to the contractor, while consultants' services accounted for \$138,424. The difference of \$507,622 represented the retention fees and an approved variation on another contract for the rehabilitation of dormitories, which was executed in the year 2000. A physical verification of the related works revealed that the works were completed and these conformed generally to the specifications in the related bills of quantities.

**Subhead 12005 - Craft Production and Design**

- 1107.** The sum of \$1.5M was allocated for the purchase of tables, chairs, desks, computers, cupboards and typist chairs for the craft production and design building in the compound of the Carnegie School of Home Economics. Amounts totalling \$1.160M were expended.
- 1108.** The Ministerial Tender Board awarded a contract to a sole bidder in the sum of \$451,000 for the manufacture and delivery of seventy(70) pieces of furniture, comprising of teachers tables, students desks and a quantity of chairs. The items were received and properly brought to account. A physical verification exercise revealed that these were in satisfactory condition and were put into use in the various classrooms at the craft production unit of the institution.

- 1109.** In relation to the balance of expenditure of \$709,279, the following assets were

acquired:-

| <b>DESCRIPTION</b>                     | <b>QUANTITY</b> | <b>AMOUNT<br/>\$</b> |
|--|-----------------|----------------------|
| Sitting Chairs with arms               | 30              | 300,000              |
| 4 – Drawers filing cabinets            | 7               | 263,900              |
| 19” Sharp Television                   | 1               | 47,999               |
| Gas Stove with bottle, adapter & clips | 1               | 36,385               |
| Pedestal Fans                          | 5               | 34,000               |
| Sharp VCR                              | 1               | 26,995               |
| <b>TOTAL</b>                           |                 | <b>709,279</b>       |

**1110.** As can be noted, the purchases of the television and related accessories, fans and cookery equipment were not in accordance with the programmed expenditure and an approval was not seen for changes to accommodate these changes. Nevertheless, the items purchased were physically verified and these were recorded in stores accounting records and inventoried.

**Subhead 12007 - Buildings (National Library)**

**1111.** The sum of \$12M was allocated for the extension of the National Library – Phase IV and the purchase of furniture and equipment. As at 31 December 2001, the amount of \$10.331M was expended.

**1112.** In relation to the extension of the National Library, the records at the Library revealed that the sum of \$9.563M was paid to the contractor, as progress payments on the works, while \$0.681M was expended on consultants’ services. The related works were physically verified.

**1113.** Included in the reported expenditure of \$10.331M were amounts totalling \$0.087M in relation to the purchase of furniture and equipment, as follows: -

| <b>DESCRIPTION</b>                | <b>QUANTITY</b> | <b>AMOUNT<br/>\$</b> |
|-----------------------------------|-----------------|----------------------|
| Margot Buffet Hutch               | 1               | 62,999               |
| Striped Occasional Table & Carpet | 1               | 49,999               |
| Dinner Ware Set                   | 47 pcs.         | 12,999               |
| Glass Set                         | 6 pcs.          | 5,997                |
| <b>TOTAL</b>                      |                 | <b>86,994</b>        |

The items purchased were verified as having been received and properly brought to account in the stores accounting records. These have also been inventoried.

**Subhead 12009 - Critchlow Labour College**

- 1114. The sum of \$1.7M was voted for the reconstruction of the roof of the Critchlow Labour College (CLC) building and the purchase of a photocopier. Amounts totalling \$1.215M were expended.
- 1115. In relation to the reconstruction of the CLC roof, the Central Tender Board awarded the contract to the second lowest bidder in the sum of \$788,950. As at 31 December 2001, the amounts totalling \$579,728 were expended. The works were physically verified.
- 1116. The Central Tender Board also awarded the contract for the supply of two(2) photocopiers to the lowest bidder in the sum of \$1.270M. While it was noted that the award exceeded the programmed quantity, that is, it was in relation to two(2) photocopiers instead of one(1), it was noted that the Ministry ordered and paid for only one of these at a price of \$0.635M. The copier was verified as having been received by the College and properly brought to account.

**Subhead 12012 - University of Guyana (Turkeyen)**

- 1117. The sum of \$30M was voted for (a) the construction of a building (b) the design of an Information Technology Programme and (c) purchase of laboratory equipment. According to the Appropriation Account, an amount of \$5.619M was expended on consultants' fees for the design of the building. In relation to the design of the information technology programme and the purchase of laboratory equipment no evidence was seen of any related action.

**Subhead 12013 – University of Guyana (Berbice)**

- 1118. The sum of \$225M was allocated for the construction of new buildings and the purchase of furniture and equipment. Amounts totalling \$88.074M were expended, as shown below: -

| DESCRIPTION   | AMOUNT<br>\$'000 |
|---|------------------|
| Construction of buildings – Phase II                          | 65,746           |
| Purchase of 14 computers, 2 photocopiers, audio-visuals, etc. | 10,586           |
| Consultants' fees   | 6,222            |
| Purchase of land  | 3,000            |
| Purchase of Furniture (351 pieces)                            | 2,478            |
| Advertisement   | 42               |
| <b>TOTAL</b>  | <b>88,074</b>    |

**1119.** The Cabinet approved the Central Tender Board's recommendation of the lowest bidder for the Phase II works at the new campus. The contract was awarded in the sum of \$81.978M and as at 31 December 2001, the sum of \$65.746M was paid to the contractor, while the related consultant's services had cost \$6.222M. The works completed during the period were physically verified and found to be in keeping with bills of quantities and/or specified rates. The land, furniture and equipment purchased were also physically verified and these were subjected to stores accounting procedures, including being inventoried.

#### **Subhead 26000 – Guyana Education Access Project**

**1120.** The sum of \$255M was allocated for (a) the rehabilitation of Skeldon Line Path Secondary, Skeldon High, Tagore Memorial High, Linden Foundation and New Silver City schools (b) construction of new schools in Linden and Corriverton and (c) provision for institutional support. A supplementary provision of \$135,108 was approved, giving a revised allocation of \$390.108M. Amounts totalling \$547.147M were expended, giving an excess expenditure of \$157.039M. The project was financed solely by the Department for International Development (DFID) of the United Kingdom and accounted for by that agency. The values of the related benefits to the Country are, nevertheless, captured in the Appropriation Account through recording of such specific expenditure. In relation to the projects undertaken or in progress during the year under review, the related works were yet to be completed.

#### **Subhead 26002 - Guyana Basic Education Training**

**1121.** The sum of \$80M was allocated for teacher training at all levels, and institutional strengthening and upgrading of facilities at CPCE. According to the Appropriation Account, the amount of \$53.514M was expended. The project was financed solely by CIDA and accounted for by that agency. The values of the related benefits to the Country are, nevertheless, captured in the Appropriation Account through recording of such specific expenditure.

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

**1122.** The sum of \$9.790M was voted for the purchase of computers, colour printers, UPS, stabilisers, scanner, electrical typewriters, hand and power tools and the construction of a laboratory. Amounts totalling \$3.790M were expended on the construction of the laboratory and the purchase of twenty-one(21) electrical typewriters.

**1123.** The Central Tender Board awarded the contract for the construction of the laboratory to the lowest bidder the sum of \$11.127M. As at 31 December 2001, only the mobilisation advance of \$3.055M was paid to the contractor. The works were re-budgeted for in 2002 estimates. A physical verification of the works completed to the time of reporting revealed that, in addition to an unapproved extension of the contract period, there were overpayments of \$0.154M in relation to plumbing and electrical works. This was as a result of payments to the contractor for related works, which were still to be undertaken.

A number of variations to the works, for which there were no authorisations, were also observed. The following are examples: -

- (a) Use of concrete windowsills, jamb, head and mullions, in lieu of green heart members;
- (b) Use of louver windows in lieu of “Perspex” panels;
- (c) Providing timber ducting for electrical cable; and
- (d) Constructing an external ceiling to walk way.

**1124.** The sum of \$735,000 was also expended for the purchase of twenty-one(21) electrical typewriters, the contract for which was awarded by the Central Tender Board. The failure to purchase the computers, colour printers, UPS, stabilisers, scanner and hand and power tools was explained to be as a result of a delay in obtaining the Central Tender Board approval for awards of contracts. The receipt of the typewriters was, nevertheless, physically verified and these were also properly accounted for in the stores accounting records.

**Subhead 26004 - Other Equipment**

**1125.** The sum of \$3M was voted for the purchase of furniture and equipment for departments within the Ministry. The amount of \$2.992M was expended, as follows: -

| DESCRIPTION                                      | QUANTITY | AMOUNT<br>\$     |
|--|----------|------------------|
| Photocopier                                      | 1        | 635,000          |
| Executive, Secretarial & Office chairs           | 27       | 461,000          |
| Computer, Printer, Stabiliser, UPS & accessories | 1        | 350,530          |
| Acoustical 4 Way Work Station                    | 1        | 339,975          |
| Executive & Office Desks                         | 6        | 338,593          |
| 4 – Drawer Filing Cabinets                       | 6        | 312,000          |
| Refrigerators                                    | 2        | 189,990          |
| Board-room Tables                                | 2        | 165,000          |
| Managerial & Clerical Cubicle                    | 2        | 114,675          |
| Vacuum Cleaner                                   | 1        | 85,000           |
| <b>TOTAL</b>                                     |          | <b>2,991,763</b> |

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



**Subhead 26005 - Government Technical Institute**

- 1126.** The sum of \$135M was voted for (a) the completion of Essequibo Technical Institute and the purchases of equipment and furniture (b) rehabilitation of the Government Technical Institute and (c) the construction of new Technical Institute in Corentyne. Amounts totalling \$44.789M were expended, as follows: -

| <b>DESCRIPTION</b>                             | <b>AMOUNT<br/>\$'000</b> | <b>AMOUNT<br/>\$'000</b> |
|--|--------------------------|--------------------------|
| <b>Government Technical Institute – G/town</b> |                          |                          |
| Rehabilitation of quadrangular building        | 4,618                    |                          |
| Construction of canteen                        | 18                       |                          |
| Miscellaneous                                  | 111                      |                          |
|  |                          | 4,747                    |
| <b>Essequibo Technical Institute</b>           |                          |                          |
| Completion of Essequibo Technical Institute    | 30,145                   |                          |
| Rehabilitation of lecturers' houses            | 5,826                    |                          |
| Consultancy services                           | 770                      |                          |
|  |                          | 36,741                   |
| <b>Upper Corentyne Technical Institute</b>     |                          |                          |
| Design fees                                    |                          | 3,301                    |
| <b>TOTAL</b>                                   |                          | <b>44,789</b>            |

- 1127.** The Central Tender Board awarded the contract for phase II of the rehabilitation of the Government Technical Institute's quadrangular building to the second lowest bidder in the sum of \$4.784M. An explanation was not given for the preference over the lowest bidder of \$4.541M. As at 31 December 2001, amounts totalling \$4.618M were paid to the contractor. The rehabilitation works as well as the construction work on the canteen were physically verified.
- 1128.** In relation to the completion of the Essequibo Technical Institute, the contract was awarded in the year 2000 in the sum of \$79.078M. As at 31 December 2000, amounts totalling \$43.293M were paid to the contractor. During the reporting period, payments on the contract amounted to \$30.145M. At the time of inspection, the works were completed and were physically verified. Notwithstanding this, amounts totalling \$25.383M, included in the contract as prime costs and provisional sums, were paid to the contractor without the related details being specified. This resulted in a failure to determine how the amount was utilised within the construction process.

- 1129.** A sum of \$5.826M was also expended on the rehabilitation of quarters for lecturers at the Institute. These works, which were undertaken by the Regional Administration, Region 2 - Pomeroon/Supenaam, were also completed at the time of the physical verification exercise. The sum of \$3.301 paid as design fees was in respect of the proposed construction of the Upper Corentyne Technical Institute.

**Subhead 26007 - Guyana Industrial Training Centre**

- 1130.** The sum of \$6M was voted for (a) the construction of building to house the information technology lab and electronic workshop and (b) purchase of computer. Amounts totalling \$1.533M were expended.
- 1131.** The Central Tender Board awarded the contract for the construction of building to house the information technology lab and electronic workshop to the lowest bidder in the sum \$4.035M. Of this sum, amounts totalling \$1.533M were paid to the contractor as at 31 December 2001. As can be noted the purchase of the computer was not undertaken during the period. Nevertheless, the construction works were completed and were physically verified.
- 1132.** In a matter related to expenditure in the year 2000, a contract was awarded on 28 December 2000 for the supply of refrigeration tools in the sum of US\$16,057 equivalent to G\$2.970M. My Report for 2000 indicated that up to, and including October 2001, the items ordered and paid for by the Ministry had not been delivered. It is important to note that of the 399 pieces of tools, which were to be supplied by the contractor, 237 pieces valued at \$1.216M or US\$6,536 were delivered on 24 July 2002. The outstanding 162 pieces were still to be delivered by the supplier. The matter is still engaging the attention of the Director of Public Prosecution.

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

- 1133.** The sum of \$6M was voted for (a) the rehabilitation of the annex and (b) purchase of equipment and furniture including air conditioning unit, student's tables and chairs, lecturer's tables and chairs and the purchase of text books for the library. Amounts totalling \$2.466M were expended during the period.
- 1134.** The Central Tender Board awarded the contract for the rehabilitation of the Carnegie School annex to the lowest bidder in the sum of \$3.596M. Amounts totalling \$1.552M were paid to the contractor as at 31 December 2001. At the time of the inspection the works were completed and were physically verified.

- 1135.** In relation to the difference of \$913,000 expended under the subhead, this was in respect of the purchase of furniture and textbooks, as follows: -

| <b>DESCRIPTION</b>               | <b>QUANTITY</b> | <b>AMOUNT<br/>\$</b> |
|----------------------------------|-----------------|----------------------|
| Students' Desks                  | 60              | 450,000              |
| Students' Chairs                 | 45              | 202,500              |
| Lecturers' Desks                 | 12              | 192,000              |
| Lectern                          | 1               | 14,000               |
| Text books - Cutting Styles      | 6               | 33,583               |
| Introduction to Food & Beverages | 6               | 21,823               |
| <b>TOTAL</b>                     |                 | <b>913,906</b>       |

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

**Subhead 26009 - School Furniture & Equipment**

- 1136.** The sum of \$20M was allocated for the purchase of furniture and equipment for schools. Amounts totalling \$12.478M were expended on the acquisition of the following: -

| <b>DESCRIPTION</b>    | <b>QUANTITY</b> | <b>AMOUNT<br/>\$'000</b> |
|-----------------------|-----------------|--------------------------|
| Type "A" desk & bench | 1,000           | 3,780                    |
| Type "B" desk & bench | 100             | 523                      |
| Type "C" desk & bench | 150             | 592                      |
| Teacher's table       | 105             | 625                      |
| Teacher's chairs      | 105             | 603                      |
| Chalk board screen    | 55              | 391                      |
| Nursery set           | 125             | 950                      |
| Combination chair     | 200             | 770                      |
| Cupboards             | 5               | 60                       |
| Total Furniture       |                 | 8,293                    |
| Equipment             |                 | 4,185                    |
| <b>TOTAL</b>          |                 | <b>12,478</b>            |

- 1137.** The furniture purchased, which was valued at \$8.293M, was received and subjected to stores accounting procedures. The acquisition was based on six(6) contracts, each of which was awarded to the lowest bidder. The Central Tender Board adjudicated over the award of four(4) of these contracts, while the Ministerial Tender Board approved the remaining two(2). In every case the limits of adjudication set by regulations were observed, but because of the nature of the items and the fact that the orders were based on simultaneous advertisement, published in July 2001, action should have been taken to seek the approval of the Central Tender Board in each case.
- 1138.** While evidence indicated that a sum of \$4.185M was expended on the acquisition of equipment, details were only available to support purchases valued at \$2.443M. This was as a result of a failure to present payment vouchers to support the remaining expenditure of \$1,742M. Nevertheless, the purchases identifies, which included refrigerators, televisions and video cassette recorders, computer accessories and sports gear were verified as having been received and properly brought to account.

**Subhead 26010 - Resource Development Centre**

- 1139.** The sum of \$8M was voted for the purchase of risograph, mechanical and electronic stapler, spiral binding machine, air condition unit and computers. Approval was granted for a change in programme to include the completion of information technology and science laboratories and purchase of equipment. Amounts totalling \$7.937M were expended as follows: -

| <b>DESCRIPTION</b>                                  | <b>AMOUNT<br/>\$'000</b> |
|---|--------------------------|
| Rehabilitation of Information Tech and Science labs | 5,856                    |
| Equipment   | 1,541                    |
| Furniture   | 376                      |
| Consultants' Fees                                   | 164                      |
| <b>TOTAL</b>  | <b>7,937</b>             |

- 1140.** The Central Tender Board awarded the contract for the completion of information technology and science laboratories in the sum of \$6.527M. As at 31 December 2001, amounts totalling \$5.856M was paid to the contractor, while an amount of \$164,313 was paid for consultants' services. It should be noted that during the year 2000 amounts totalling \$4.524M were expended on separate contracts for this project. The works were completed and were physically verified.

**1141.** In relation to the purchase of office furniture and equipment, which respectively cost \$0.376M and \$1.541M, the assets acquired included a risograph, television, computer accessories, a binding machine, fax machine, refrigerator, typewriter, book cases, and desks, chairs and filing cabinets. The items purchased were verified as having been received and properly brought to account.

**Subhead 26011 - Development of Text Books**

**1142.** The sum of \$8.130M was allocated for editing and printing of Science text book level III. A supplementary provision of \$1.5M was approved, giving a revised allocation of \$9.630M. A change in programme was granted for the completion of the printing of text books. As at 31 December 2001, amounts totalling \$9.339M were expended, as follows: -

| <b>DESCRIPTION</b>                                  | <b>AMOUNT<br/>\$'000</b> |
|---|--------------------------|
| Printing of 50,000 Mathematics & Science text books | 9,305                    |
| Shipping cost                                       | 34                       |
| <b>TOTAL</b>  | <b>9,339</b>             |

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

**Subhead 45003 - Linden Technical Institute**

**1143.** The sum of \$10M was voted for (a) purchase of tools and equipment for workshops and (b) construction of access road and workshops. Approval was granted for a change in programme to include the completion of extension to the carpentry and joinery workshops. The entire provision was expended during the period for the extension to the carpentry and joinery workshops and purchase of carpentry and joinery equipment. As can be noted the construction the access road and workshops was never undertaken.

**1144.** The Central Tender Board awarded the contract for the extension of the carpentry and joinery workshops to the lowest bidder in the sum of \$8.080M. Amounts totalling \$7.291M were paid to the contractor. A physical verification of the completed works revealed that the quantities used as a basis of effect payment were incorrect in eleven(11) instances, resulting in an overpayment to the contractor of \$1.681M. It should be noted that the completion of the extension to the workshop was re-budgeted for in 2002.

**1145.** The Central Tender Board in the sum of \$6.964M awarded the contract for the supply of carpentry and joinery equipment to the lowest bidder. The Ministry, however, entered into an agreement with the contractor to supply equipment valued at \$2.325M. As at 31 December 2001, the full amount was paid to the contractor. The equipment purchased

were received and properly accounted for in stores records.

**Subhead 45004 - Adult Education Association**

- 1146.** The sum of \$600,000 was provided for the purchase of cabinets, sitting chairs, typist chairs, gas cooker and miscellaneous tools. According to the Appropriation Account the full amount was expended. 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**

- 1147.** The sum of \$560.409M was voted for (a) school quality improvement (b) regional and national institutional strengthening and (c) emergency repairs to the multilateral, secondary and community high schools. According to the Appropriation Account, amounts totalling \$531.106M were expended.
- 1148.** 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 2001 revealed an expenditure of \$457.437M. The difference of \$73.669M was due to (a) disbursements totalling \$174.754M made in 2000 now brought to account and (b) disbursements totalling \$101.085M made in 2001 not yet brought to account.
- 1149.** The following is a breakdown of the audited expenditure:-

| <b>DESCRIPTION</b>        | <b>AMOUNT<br/>\$000</b> |
|---------------------------|-------------------------|
| Work on pilot schools     | 146,323                 |
| Procurement of goods      | 136,187                 |
| Payments to consultants   | 121,905                 |
| Training of teachers etc. | 25,991                  |
| Operating expenses of PEU | 27,031                  |
| <b>TOTAL</b>              | <b>457,437</b>          |

- 1150.** The amount of \$146.323M 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.

- 1151.** In relation to the procurement of goods valued at \$136.187M, 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.
- 1152.** The amount of \$121.905M 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 were completed during the year while others continued into 2002. The consultants' Final reports completed during the year were submitted to the Project and the World Bank. These were reviewed and accepted.
- 1153.** The sum of \$25.991M 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.

## **HEADS 42 & 47 & DIVISION 516**

### **MINISTRY OF HEALTH & LABOUR**

#### **Current Expenditure**

##### **Employment Costs**

- 1154.** 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 of one and a half months after they ceased to be employed by the Ministry. As a result of the late notification of pay changes, amounts totalling \$13.719M were reflected as unclaimed salaries, resulting mainly from this problem. However, evidence was seen that the unclaimed salaries were refunded to the main bank account. This undue delay in the processing of pay changes can lead to irregularities. The Accounting Officer stated that the Ministry has many Departments/Sections at various locations and that the information is not sent from the Personnel Department in a timely manner. As a result, this delays the submission to the CAU. Notwithstanding the explanation, the Accounting Officer is advised to ensure that all pay change directives be promptly forwarded to the CAU to enable the speedy adjustments to the payrolls.

- 1155.** In view of the late notification of pay-change directives, the deductions relating to the unclaimed salaries would have been paid over to the relevant agencies. However, there was no evidence of recovery from these agencies. As a result, the expenditure would have been overstated by an undetermined amount. This matter was drawn to the attention of the Accounting Officer who stated that the matter was being addressed by the salaries section and that several agencies were written to requesting the necessary refunds.
- 1156.** An examination of the National Insurance Scheme (NIS) contribution schedule revealed that one hundred and eighteen(118) employees were not registered with the Scheme. Since registration with the Scheme has implications for social security and other benefits, efforts should be made to ensure the prompt registration of employees.
- 1157.** An examination of the bank reconciliation statements for the period under review in respect of the salaries bank account No. 3083 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 for the months January to October, as shown below:-

| <b>MONTH</b> | <b>BALANCE PER RECONCILIATION STATEMENT</b><br>\$ | <b>ACTUAL CASH BOOK</b><br>\$ | <b>DIFFERENCE</b><br>\$ |
|--------------|---|-------------------------------|-------------------------|
| January      | 1,699,338   | (1,011,326)                   | 2,710,664               |
| February     | 10,230,124  | 7,540,901                     | 2,689,223               |
| March        | 7,116,135   | 4,739,815                     | 2,376,320               |
| April        | 11,173,372  | 8,797,052                     | 2,376,320               |
| May          | 11,128,703  | 16,973,202                    | 5,844,499               |
| June         | 12,215,983  | 18,060,482                    | 5,844,499               |
| July         | 14,639,611  | 20,484,113                    | 5,844,502               |
| August       | 11,132,551  | 16,976,993                    | 5,844,442               |
| September    | 10,618,171  | 16,462,613                    | 5,844,442               |
| October      | nil   | 5,885,304                     | 5,885,304               |

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 as a deposit in the bank statements. This matter was drawn to attention in my Report for the year 2000. The Accounting Officer stated that the Bank of Guyana (BOG) was written to requesting that the amount be adjusted. However, at the time of reporting the BOG had not adjusted the amount in question. It is recommended that the matter be again pursued with the BOG; and
- (c) Significant amounts were reflected as stale-dated cheques. In particular, an examination of the list of unpresented cheques in the December 2001 reconciliation statement revealed that 78 cheques valued at \$2.389M had become stale-dated and dated back as far as February 2000. It is recommended that all stale-dated cheques be written back to the cash book and transferred to the main bank account.

**1158.** 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 for the months of January to October. The large positive balances represent the late payment of deductions to the relevant agencies. In addition the negative balance in January 2001, was due to the payment of wages and salaries before the related cheque was received from the main bank account. It was observed that the Ministry took action with effect from November 2001, to pay over the deductions promptly in order to reduce the cash book balance to a minimal amount or 'nil' balance.

### **Other Charges**

**1159.** In my previous reports, mention was made of a static overdraft of \$102.899M appearing in the old main bank account No. 946, which became inactive in July 1996. The Accounting Officer is again advised to investigate the reason(s) for this large overdraft and to take steps to close the account.

**1160.** The active main bank account No. 3079 reflected a large positive balance of \$255.966M as at 31 December 2001. However, at the time of reporting, this account was only reconciled to November 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.

**1161.** An examination of the reconciliation statement for November 2001 in respect of account No. 3079 revealed the following unsatisfactory features:-

- 276 cheques valued at \$16.468M were unpresented, 86 of which valued at \$4.877M were drawn during the period 1999 to 2000 and have now become stale dated. It is recommended that these stale dated cheques be written back in the

cash book; and

- Amounts totalling \$1.343M were reflected as having been deposited in the bank during the period October to November 2001. It is recommended that the cash book be properly written up with all transactions occurring during the month.

**1162.** Amounts totalling \$428.027M were expended on Materials, Equipment & Supplies. Included in this figure were sums totalling \$360.050M relating to the purchase of drugs and medical supplies. Of the latter amount, \$344.298M relates to purchase of drugs and medical supplies from overseas suppliers. The items were acquired from specialised agencies as approved by Cabinet in 1997. The items were shown as having been received and brought to account in the stores records of the Pharmacy Bond. However, checks revealed that the packages were not opened and the items physically inspected to ensure that correct description and amount of items were received.

**1163.** The following is a breakdown of the remainder of the purchases valued at \$83.729:-

| <b>AUTHORITY LIMITS</b> | <b>NO OF PURCHASES</b> | <b>AMOUNT \$'000</b> |
|-------------------------|------------------------|----------------------|
| Below \$90,000          | 1,247                  | 35,523               |
| \$90,000 - \$180,000    | 113                    | 10,942               |
| \$180,000 - \$600,000   | 44                     | 17,202               |
| \$600,000 - \$6M        | 6                      | 20,062               |
| <b>TOTAL</b>            | <b>1,410</b>           | <b>83,729</b>        |

**1164.** In relation to seven(7) purchases valued at \$953,765 and falling within the limits of \$90,000 and \$180,000, there was no evidence that a system of quotation was followed. In addition, four(4) instances were observed where purchases totalling \$673,270 and falling within the same limits were sub-divided to avoid adjudication by the Ministerial Tender Board. Nevertheless, based on test checks carried out the items purchased were verified as having been received and properly brought to account.

**1165.** Copies of requisitions to purchase (RTPs) and goods received notes (GRNs) along with suppliers' invoices were not always affixed to payment vouchers to substantiate payments made. However, copies of invoices and GRNs were kept at the Pharmacy Bond. In addition, a stores ledger was not maintained at the Central Accounting Unit during the period January to September 2001, 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 was taken with effect from October 2001 in respect of the stores ledger.

- 1166.** Amounts totalling \$12.786M were expended on Fuel & Lubricants for thirty-eight(38) vehicles and thirteen(13) motorcycles. However, in several instances supporting documents were not attached to their related payment vouchers. The Accounting Officer explained that the receipts were numerous and if attached to the payment vouchers they could be misplaced. These were subsequently presented for audit. However, no attempt was made to re-attach the supporting documents to the payment vouchers for audit examination. As a result, the verification of the above expenditure was time consuming for the Audit Office. It is recommended that all supporting documents be properly attached to the payment vouchers before presentation for audit examination.
- 1167.** Amounts totalling \$39.248M were expended on Rental & Maintenance of Buildings. The following gives a breakdown of the expenditure:-

| DESCRIPTION                                  | AMOUNT<br>\$'000 |
|--|------------------|
| Rental of Buildings                          | 7,752            |
| Purchase of Cleaning and Janitorial Supplies | 5,085            |
| Repairs to Head Office Buildings             | 6,424            |
| “    “    Vector Control Building            | 2,506            |
| “    “    Three(3) Health Centres            | 1,767            |
| “    “    Pharmacy Bond                      | 1,551            |
| “    “    Ministry of Labour                 | 1,639            |
| “    “    Food and Drugs Department          | 566              |
| Consultancy Services                         | 2,516            |
| Purchase of Building Materials               | 853              |
| Miscellaneous Repairs (197 Petty Contracts)  | 8,589            |
| <b>TOTAL</b>                                 | <b>39,248</b>    |

- 1168.** Twenty-eight(28) buildings were rented at a total cost of \$7.752M during the period under review. Based on test checks carried out, the expenditures were properly incurred.
- 1169.** Included in the amount of \$6.424M expended on the repairs to Head Office buildings, were eight(8) contracts awarded in 2001 valued at \$4.568M. As at 31 December 2001, amounts totalling \$4,478M were paid to the contractors. The difference of \$1,946M relates to payments in relation to a contract which were awarded in 2000.
- 1170.** Included in the amount of \$2.506M expended on the repairs to the Vector Control building, was a contract valued at \$246,203 which was awarded in 2001. As at 31 December 2001, the entire contract sum was paid to the contractor. The difference of

\$2.260M relates to the final payment on two(2) contracts awarded in 2000.

- 1171.** In relation to the amount of \$1.767M shown as expended on the repairs of three(3) health centres, six(6) contracts valued at \$1.683M were awarded in 2001. As at 31 December 2001, amounts totalling \$1.533M were paid to the contractors. The difference of \$234,339 relates to final payment on a contract awarded in 2000.
- 1172.** Two(2) contracts valued at \$1.551M were awarded for the repairs to the Pharmacy Bond building. As at 31 December 2001, the entire contract sums were paid to the contractor, while, the amount of \$1.639M relates to two(2) payments for repairs to the Ministry of Labour's building and includes the final payment on a contract awarded in 2000.
- 1173.** These above repairs to buildings, health centres and Pharmacy Bond were physically verified and conform generally to the specifications contained in the respective bills of quantities.
- 1174.** Amounts totalling \$6.452M were expended on the Maintenance of Infrastructure including the construction of concrete drains and the weeding and cleaning of compounds. With the exception of the weeding and cleaning of compounds, the works were physically verified.
- 1175.** Amounts totalling \$65.269M were expended on Transport, Travel & Postage. The following gives a breakdown of the expenditure:-

| <b>DESCRIPTION</b>                         | <b>AMOUNT<br/>\$'000</b> |
|--|--------------------------|
| Travelling & subsistence                   | 37,017                   |
| Repairs to vehicles and purchase of spares | 14,968                   |
| Postage & telex                            | 296                      |
| Others                                     | 12,988                   |
| <b>TOTAL</b>                               | <b>65,269</b>            |

- 1176.** An examination of the expenditure relating to the repairs to vehicles revealed that two hundred and fifty-nine contracts(259) contracts valued at \$7.321M were awarded for the said repairs while sums totalling \$7.647M 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 below:-

| <b>DESCRIPTION</b> | <b>1999<br/>\$</b> | <b>2000<br/>\$</b> | <b>2001<br/>\$</b> | <b>AMOUNT<br/>\$</b> |
|--------------------|--------------------|--------------------|--------------------|----------------------|
| PCC 8495           | 493,050            | 288,115            | 572,475            | 1,353,640            |
| PCC 3613           | 371,160            | 243,660            | 405,257            | 1,020,077            |
| PDD 3533           | 393,600            | 162,490            | 466,639            | 1,022,729            |
| PFF 8786           | 128,240            | 38,837             | 489,047            | 656,124              |
| GFF 3157           | 125,995            | 84,100             | 500,345            | 710,440              |

- 1177.** The Accounting Officer explained that the vehicles were used by several Departments such as G.A.H.E.F, Vector Control, Child & Health Care and Head Office 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 examined with a view to determining whether it is economical to retain them.
- 1178.** The sum of \$82.923M was expended on Other Services Purchased. The following gives a breakdown of the expenditure:-

| <b>DESCRIPTION</b>                  | <b>AMOUNT<br/>\$'000</b> |
|-------------------------------------|--------------------------|
| Security services                   | 44,389                   |
| Maintenance of equipment            | 17,628                   |
| Cleaning and extermination services | 6,100                    |
| Others                              | 14,806                   |
| <b>TOTAL</b>                        | <b>82,923</b>            |

- 1179.** The amount of \$44.389M was paid to five(5) 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. A similar observation was made in my previous reports.
- 1180.** The amount of \$17.628M represents expenditure incurred on the maintenance of equipment, which includes repairs to computers, photocopiers, X-ray units, air condition units and other equipment. Test checks carried out revealed that the expenditure was properly incurred.

- 1181.** In relation to the amount of \$14.797M shown as payments for other services, this represents the cost for 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.
- 1182.** The sum of \$61.253M was expended on Other Operating Expenses. Included in this figure in an amount of \$39M expended on the purchase of air fare tickets, optical services and medical treatment for patients both locally and overseas. A total of one hundred and ninety five(195) persons received medical treatment in 2001 from this allocation, of which one hundred and seventy four(174) persons were sent overseas for medical treatment. The other twenty-one(21) persons received medical treatment locally at the cost of \$2.403M.
- 1183.** Amounts totalling \$48.113M 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 seminars and workshops were held in immunisation training, first aid techniques, sickle cell diseases and other multipurpose programmes. Based on test-checks carried out, the expenditure was verified as having been properly incurred.
- 1184.** The sum of \$287.668M was expended on Subsidies and Contributions to Local & International Organisations. The following gives a breakdown of the expenditure:-

| <b>DESCRIPTION</b>                         | <b>AMOUNT<br/>\$'000</b> |
|--|--------------------------|
| Wismar/Mc Kenzie Hospital                  | 183,455                  |
| Ptolemy Reid Rehabilitation Centre         | 16,000                   |
| Caribbean Epidemiology Surveillance Centre | 12,677                   |
| Caribbean Regional Drug Testing Laboratory | 14,510                   |
| Caribbean Food and Nutrition Institute     | 8,126                    |
| Caribbean Environmental Health Institute   | 9,128                    |
| Guyana Cancer Society                      | 6,196                    |
| AIDS Secretariat                           | 5,897                    |
| Guyana Responsible Parenthood Association  | 5,894                    |
| Red Cross Convalescent Home                | 3,700                    |
| Board of Industrial Training               | 3,690                    |
| Mahaica Chesire Home for Spastic Children  | 3,000                    |
| PAHO                                       | 2,942                    |
| Guyana Trades Union Congress               | 2,900                    |
| National Commission on Disability          | 2,100                    |
| Others                                     | 7,453                    |
|  |                          |

**TOTAL**

**287,668**

- 1185.** The amount of \$183.455M was transferred to a special bank account operated by the Wismar/McKenzie Hospital. According to the records of the hospital, the following expenditures were made from the funds provided:-

| <b>DESCRIPTION</b>                  | <b>AMOUNT<br/>\$'000</b> |
|-------------------------------------|--------------------------|
| Employment costs                    | 139,070                  |
| Drugs and medical supplies          | 7,784                    |
| Maintenance of building             | 3,171                    |
| Dietary items                       | 6,460                    |
| Equipment maintenance               | 4,011                    |
| Security services                   | 4,974                    |
| Janitorial and cleaning supplies    | 3,210                    |
| Utility charges                     | 2,492                    |
| Field materials and supplies        | 1,780                    |
| Office materials & Supplies         | 1,361                    |
| Fuel and lubricants                 | 1,990                    |
| Vehicle spares and maintenance      | 2,656                    |
| Cleaning and extermination services | 1,498                    |
| Others                              | 9,245                    |
| Miscellaneous                       | 2,448                    |
| <b>TOTAL</b>                        | <b>192,150</b>           |

The difference of \$8.695M 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.

- 1186.** A subvention of \$19M was voted for the Fort Canje Mental Hospital. However, the amount was not paid over to the hospital but was refunded to the Consolidated Fund. The Hospital had been producing independent financial statements although it is not a separate legal entity. The last set of audited accounts was in respect of 1999. Draft financial statements were received for the year 2000 and at the time of reporting the audit was in progress.

- 1187.** 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 by the Ministry and charged to the Ministry's Appropriation Account. A similar situation obtained in respect of drugs and medical supplies. The amount of \$16M was nevertheless verified as having been received by the Centre.
- 1188.** Excess expenditure totalling \$2.742M was incurred in respect of ten(10) programmes under the Ministry's control. Since there were savings under various subheads, virement of funds should to have been sought from the Ministry of Finance. The Accounting Officer explained that virements were requested but was not accommodated by the Ministry of Finance.

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

- 1189.** In my 2000 Report, it was stated that the Ministry was in receipt of large quantities of gifts. However, although the Gift 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.
- 1190.** Audit inspection carried out at the Pharmacy Bond revealed the following:-
- (a) The general condition and layout of the Pharmacy Bond improved significantly in 2001 compared to 1999 and 2000. This was due to work done to the roof of the bond by a contract valued at \$1.098M. In addition, another contract was awarded in December 2001 for renovation of the building. However, at the time of the audit in August 2002, work on the building was still in progress.
  - (b) Items stored in cartons were still not opened and checked in the presence of the "in-take" officer as well as individual bond clerks to verify the quantity and quality received prior to the items being posted in the respective records.
  - (c) At the time of audit, there were no facilities in place for the testing of drugs to ensure that they meet the required quality control standards. Instead, the Government Analyst Department sent drugs for testing in Jamaica. However, in most cases the results were received one 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 test on drugs but staff needed to trained to be proficient in the use of the equipment.



- (d) A list of the expired drugs were prepared and the Government Analyst notified periodically. However, expired drugs were not kept in a separate bond due to the shortage of storage space. The Accounting Officer admitted that there is a storage problem with respect to expired drugs. He stated that forms would be distributed to the five(5) bonds to record the drugs that would be expired in one year for examination by the Chief Pharmacist. Notwithstanding the explanation, this is a very unsatisfactory situation and every effort should be made to take corrective action.

**1191.** 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)**

**1192.** The sum of \$46M was allocated for the rehabilitation of (a) dental clinics at Moruca, Matthew's Ridge, Parika, Sophia, Lethem, Kato and Paramakatoi (b) construction of health centre at Enmore (c) rehabilitation of lunchroom, sanitary block and roof and installation of cold-chain unit at the Pharmacy bond and (d) rehabilitation of Linden Hospital Complex. Amounts totalling \$12.903M were expended as follows:-

| <b>DESCRIPTION</b>                      | <b>AMOUNT<br/>\$'000</b> |
|---|--------------------------|
| Construction of health centre at Enmore | 11,582                   |
| Extension of Liliendaal Annex           | 703                      |
| Consultancy fees                        | 618                      |
| <b>TOTAL</b>                            | <b>12,903</b>            |

**1193.** The contract for the construction of the health centre at Enmore was awarded in the sum of \$24.443M to the second lowest bidder. According to the minutes of the Central Tender Board, the lowest bidder, whose tendered sum was \$21.556M, was evaluated to be inexperienced. However, two(2) of the three(3) members comprising the Central Tender Board had recommended the lowest bidder.

**1194.** There was an approved variation of \$4.995M for additional works, giving a revised contract sum of \$29.438M. As at 31 December 2001, amounts totalling \$11.582M were paid to the contractor. At the time of inspection in June 2002, the works were completed. However, the following unsatisfactory features were noted:-

- The contractor was overpaid amounts totalling \$99,240 when the measured works were compared with the bills of quantity. The following are the details:-

| <b>DESCRIPTION</b> | <b>BILLS OF QUANTITY</b> | <b>ACTUAL MEASUREMENT</b> | <b>AMOUNT OVER PAID \$</b> |
|--------------------|--------------------------|---------------------------|----------------------------|
| Indicator bolts    | 8                        | 0                         | 20,000                     |
| Night latch        | 13                       | 8                         | 12,500                     |
| Painting of fence  | 352 yds.                 | 0                         | 63,360                     |
| Others             |                          |                           | 3,380                      |
| <b>TOTAL</b>       |                          |                           | <b>99,240</b>              |

- Included in the bills of quantities was an amount of \$5.177M shown as a provisional sum and which was paid to the contractor. Although there was evidence of work done in respect of this sum, detailed specifications were not included in the related documents. In the circumstances, it could not be satisfactorily determined whether the Ministry received full value in respect of the provisional sum; and
- The starting and completion dates of the contract were not stated in the contract documents. As a result, it could not be determined whether the contractor was liable for liquidated damages.

**1195.** In relation to the amount of \$702,923 expended on the extension of the Liliendaal Annex, this represents the discharge of a liability based on a contract which was awarded in 2000. The works were physically verified.

**1196.** It should be mentioned that the Ministry issued four(4) inter departmental warrants totalling \$4.697M to Regions 1, 3, 8 and 9 for the rehabilitation of dental clinics. As can be noted from the above table, this amount was not recorded as expenditure. As a result, the Appropriation Account was understated by this amount. The Ministry explained that the amount was treated as a liability since the Regions did not submit financial returns to account for the warrants issued. Notwithstanding the explanation given, the Ministry has the obligation of ensuring that all inter departmental warrants issued are properly accounted for before the close of financial year since under the existing accounting

arrangements, such liabilities cannot be carried forward to the next year.

**Subhead 24001 - Land and Water Transport**

- 1197.** The sum of \$9.444M was allocated for the purchase of (a) one(1) canter truck (b) one(1) forklift for Pharmacy bond at Kingston and (c) two(2) boats for Region No. 1. Approval was granted for a change in programme to purchase an ambulance for Region 6 instead of the forklift. Amounts totalling \$7.508M were expended. At the time of the audit, the ambulance had not yet been received. However, on the 29 August 2002, the Accounting Officer stated that the ambulance had arrived in the country and the customs entries were being processed for its clearance. The other assets were verified as having been received. However, they were not inventorised. The Accounting Officer explained that steps were being taken to inventorise the assets of the Ministry.

**Subhead 25001 - Office Furniture and Equipment**

- 1198.** The sum of \$4.275M was allocated for the purchase of (a) computers for the central ministry and (b) chairs, washing machine/dryer, air conditioning unit, stove and refrigerator for Linden Hospital Complex. Approval was granted for a change in programme to purchase two(2) air conditioning units for the Food Policy Division, instead of the chairs. Amounts totalling \$1.754M were expended. The items purchased were verified as having been received. However, except for the Linden Hospital Complex, they were not inventorised.
- 1199.** Included in the expenditure of \$1.754M is an amount of \$483,489 which was expended on the purchase of a lap top computer. However, the computer was not acquired, and in February 2002, the amount (less related bank charges) was refunded to the Ministry. The refund was credited to revenue in 2002.

**Subhead 25002 - Equipment (Medical)**

- 1200.** The sum of \$15M was voted for the purchase of dental chairs for CJDC, autoclaves for regional clinics and ultrasonic cleansers, haematology analysers and chemistry analysers for West Demerara and New Amsterdam Hospital laboratories. Amounts totalling \$6.797M were expended in the purchase of two(2) chemistry analysers. The items purchased were verified as having been received. However, the analyser for the New Amsterdam Hospital was not inventorised.
- 1201.** In my previous reports, mention was made of the payment of \$1.678M in 1997 for the purchase of micro-biological equipment which had not been received. 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 had stated that the company was liquidated. It is recommended that a losses report be filed with the Secretary to the Treasury with a view to writing off the amount as a loss.

### **Subhead 25003 - Equipment**

**1202.** The sum of \$4.275M was allocated for the purchase of (a) generators for Vector Control Unit and CJDC and (b) radio communication sets for Region Nos. 1, 4, 7, 8 and 9. Approval was granted for a change in programme to purchase and install three(3) transformers at Head Office instead of the radio communication sets. Amounts totalling \$3.725M were expended in the acquisition of two(2) generators and three(3) transformers. However, the cheque relating to one(1) generator and valued at \$355,000 was still on hand at the time of reporting. As a result, the Appropriation Account was overstated by the latter amount. At the time of reporting, the amount was refunded to revenue.

### **Subhead 44001 - Technical Assistance**

**1203.** An amount of \$70M 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. According to the Appropriation Account, amounts totalling \$17.694M were expended.

**1204.** 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 2001. An examination of these audited accounts revealed an expenditure of \$26.524M, giving a difference of \$8.830M which was due to timing differences relating to bringing to account of foreign disbursements.

**1205.** The following gives a breakdown of the audited expenditure:-

| <b>DESCRIPTION</b>                 | <b>AMOUNT<br/>\$'000</b> |
|------------------------------------|--------------------------|
| Consultancy services               | 6,042                    |
| Emoluments of Project Co-ordinator | 15,219                   |
| General support                    | 4,221                    |
| Salaries for local staff           | 1,042                    |
| <b>TOTAL</b>                       | <b>26,524</b>            |

- 1206.** In relation to the amount of \$6.042M 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\$1.696M. 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.
- 1207.** However, because of continued unsatisfactory performance, the Ministry terminated the contract on 10 December 2000. The amount of G\$6.042M, equivalent to US\$32,439, relates to outstanding fees for the period October to December 2000. Total payments to the Firm amounted to US\$1,022,630.
- 1208.** The amount of G\$15.219M expended on the emoluments of Project Co-ordinator represents mainly the payment of salary at the a rate of US\$6,000 per month. In relation to the amount of G\$4.221M expended on general support, this represents mainly (a) the cost of maintenance and the purchase of fuel and lubricants for two(2) vehicles (b) the purchase of stationery and office supplies and (c) emoluments for the support staff of the PMU. An amount of G\$1.042M was also expended on the payment of honoraria to persons involved in the research and counterpart activities relating to the Project.

**Subhead 45001 – Public Hospital Corporation**

- 1209.** The sum of \$64.4M was voted for (a) the construction of an in-patient building, (b) purchase of one(1) ambulance and one(1) double cab vehicle and (c) purchase of medical equipment such as orthopaedic surgical supplies, gastro intestinal endoscope, urological endoscope and one(1) ultra sound machine. Amounts totalling \$18.332M was expended on purchase of the following items:-

| <b>DESCRIPTION</b>                                | <b>AMOUNT<br/>\$000</b> |
|---|-------------------------|
| One(1) Nissan Pathfinder                          | 5,078                   |
| One(1) Toyota Hiace ambulance                     | 4,754                   |
| One(1) set gastro intestinal endoscopic equipment | 3,504                   |
| One(1) set urological endoscopic equipment        | 4,996                   |
| <b>TOTAL</b>                                      | <b>18,332</b>           |

- 1210.** The items purchased were verified as having been received. However, they were not inventorised. In relation to the urological endoscopic equipment, there was no evidence that a system of competitive bidding was applied nor was the Central Tender Board involved before the purchase was effected. The Procurement Director of the Ministry explained that the equipment was urgently needed. However, at the time of reporting, the item was still

lying in the Hospital's stores although it was received in March 2002.

**HEAD 43 & 48 DIVISIONS 503 – 504 AND 545 - 546**

**MINISTRY OF HUMAN SERVICES AND SOCIAL SECURITY**

**Current Expenditure**

**1211.** Amounts totalling \$64.6M were expended on Subsidies & Contributions to Local and International Organisations. The following is a breakdown of the payments made: -

| <b>DESCRIPTION</b>                                  | <b>AMOUNT<br/>\$'000</b> |
|---|--------------------------|
| Night Shelter                                       | 25,900                   |
| Women's Leadership Institute                        | 6,436                    |
| Board of International Training                     | 4,310                    |
| Genesis Home  | 4,282                    |
| Guyana Relief Council                               | 3,900                    |
| Guyana Trade Union Congress                         | 3,100                    |
| Documentation Centre                                | 2,349                    |
| National Commission for Women                       | 1,000                    |
| International Association of Social Security        | 668                      |
| United Nations Development for Women                | 184                      |
| National Safety Council                             | 92                       |
| Fifty-seven (57) charitable and needy organisations | 12,379                   |
| <b>TOTAL</b>  | <b>64,600</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.

**1212.** Amounts totalling \$1.003 billion were expended on old age pensions and social assistance. This figure, however, does not include payments totalling \$15.534M 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. At the time of reporting approval was not granted to discharge this liability in 2002.

- 1213.** 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 2001. 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 previous Reports. 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.
- 1214.** 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 \$8.2M as at 31 December 2001. It is understood that the difference of \$121.8M 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.
- 1215.** The present old age pension and public assistance imprest bank account No. 3191, had an initial allocation of \$140M. It was noted that during the period under review amounts totalling \$30.500M representing recoupment in respect of the old imprest account was deposited into the present imprest account. This amount should have been retired to the Accountant General. As a result, the present imprest account has been inflated to \$170.5M. There was an additional imprest warrant of \$20M issued in August 2001 giving a revised imprest allocation of \$190.5M. The imprest account No.3191 was last reconciled to November 2001 and the account reflected a balance of \$2.589M as at 31 December 2001. At the time of reporting in August 2002, the sum of \$112.534 was retired to the Accountant General. However, the difference of \$77.966M was still to be retired.
- 1216.** An amount of \$1.7M was expended on the printing of 40,000 old age pension books. However, areas of weaknesses in the receipt and issuing of the books were identified. The Ministry did not maintain a control form register to record the receipt and issuing of the books and requests for old age pension books were not made on internal stores requisition forms. For the period under review, the ministry had in its register of old age pensioners 35,403 persons. However, the entire 40,000 book purchased were issued. The following gives a breakdown of pensioners according to the various Regions and pension books issued:-

| REGION       | NO. OF PENSIONERS | NO. OF BOOKS ISSUED | DIFFERENCE     |
|--------------|-------------------|---------------------|----------------|
| 1            | 1,000             | 1,094               | (94)           |
| 2            | 2,015             | 2,296               | (281)          |
| 3            | 3,938             | 6,132               | (2,194)        |
| 4            | 6,362             | 7,997               | (1,635)        |
| Georgetown   | 9,826             | 9,489               | 337            |
| 5            | 2,343             | 2,543               | (200)          |
| 6            | 6,408             | 6,454               | (46)           |
| 7            | 708               | 798                 | (90)           |
| 8            | 178               | 265                 | (87)           |
| 9            | 650               | 725                 | (75)           |
| 10           | 1,975             | 22,207              | (232)          |
| <b>TOTAL</b> | <b>35,403</b>     | <b>40,000</b>       | <b>(4,597)</b> |

There was an unexplained difference of 4,597 as shown above between the number of old age pensioners and the pension books issued.

- 1217.** 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 as \$296,335 at 31 December 2001. 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)**

- 1218.** The sum of \$1.058 M 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 \$941.685M were shown as having been expended.
- 1219.** The Project is funded by the Government of Guyana and the Inter-American Development Bank under Loan Agreement No. 985/SF-GY. The last set of audited accounts was in respect of 2001 and an examination of these accounts revealed an expenditure of \$966.713M, giving a difference of \$25.028M. This difference was due mainly to foreign disbursements totalling \$25.028M made in 2001 which had not yet been brought to account. The following is a breakdown of the audited expenditure:-



| <b>DESCRIPTION</b>              | <b>AMOUNT<br/>\$'000</b> |
|---------------------------------|--------------------------|
| Education                       | 348,294                  |
| Community Development & ERP     | 274,299                  |
| Health & Nutrition              | 122,100                  |
| Administration & Supervision    | 109,692                  |
| Roads                           | 51,621                   |
| Water & Sanitation              | 32,311                   |
| Training                        | 21,011                   |
| Purchase of equipment & vehicle | 7,385                    |
| <b>TOTAL</b>                    | <b>966,713</b>           |

- 1220.** Seventy four(74) contracts valued at \$565.392M. were awarded for the rehabilitation/ construction of eight(8) secondary schools, thirty-seven(37) primary schools and twenty-eight(28) nursery schools. Thirty two(32) of these contracts valued at \$159.841M were awarded in 2001. As at 31 December 2001, amounts totalling \$508.120M were paid to the respective contractors. Thirty two(32) of these schools were completed at the time of reporting and for which certificate of satisfactory completion were issued by the engineers attached to SIMAP as well as independent supervisors.
- 1221.** The contract for the rehabilitation of the Patentia Secondary School was awarded in the sum of \$21.982M. The contract was terminated because of the contractor's inability to continue after works valued \$21.480M was completed. An additional contract in the sum of \$1.654M was awarded and the project was completed at the time of inspection.
- 1222.** In relation to the amount of \$274.299M expended on community development projects and emergency rehabilitation programme (ERP), the following is a breakdown of the expenditure:-

| <b>DESCRIPTION</b>    | <b>AMOUNT<br/>\$'000</b> |
|-----------------------|--------------------------|
| Infrastructural works | 273,168                  |
| Basic sanitation      | 1,131                    |
| <b>TOTAL</b>          | <b>274,299</b>           |

**1223.** The amount of \$273.168M shown as expenditure on infrastructural works relates mainly to the rehabilitation of 140 multi-purpose projects. The total of ninety(90) contracts valued at \$454.330M were awarded, seventy one(71) of which valued at \$317.812M were awarded during the period under review. As at 31 December 2001, amounts totalling \$277.483M were paid to the contractors. At the time of reporting, the works were completed. Physical verification was carried out in respect of six(6) projects with a total contract value of \$85.959M while reliance was placed on certificates of satisfactory completion issued by the engineers of SIMAP as well as independent supervisors. Physical verification carried out at the three sites revealed the following:-

- Byer Home Rehabilitation: This contract was originally awarded in the sum of \$17.149M but the services of the contractor were terminated after he abandoned the project. SIMAP moved against his performance bond and thereafter, through selective tendering, awarded the contract for the continuation of the project to another contractor in the sum of \$16.370M. the project was completed at the time of inspection in April, 2002 and a check of some of the major items of works compared favourable with the bills of quantities.
- Street Children Counselling Centre: This contract was awarded in the sum of \$9.834M for rehabilitation works. Completion time for the works was extended because of delays by the sponsors. At the time of inspection, the works were verified to be completed.
- Guyana Red Cross Headquarters: This contract was initially advertised to open tendering and attracted nine(9) tenders, two(2) of which were found to be non-complaint. The tender committee initially recommended the third lowest tender in the sum \$46.976M, and \$43.231M, respectively. The engineer's estimate in this instance was \$43.885M. The contract was not awarded on the grounds that the evaluation criteria were not made clear to the bidders and SIMAP then proceeded to the system of selective tendering. It is important to note that the two lowest tenders were not short listed in the selective tendering process. The contract was awarded on the grounds that the lowest tender was not on SIMAP's database and the second lowest was a Category B contractor. The contract was finally awarded in the corrected sum of \$46.735M. at the time of inspection in December 2001, the works were well advanced and a check of some of the major items of works compared favourable with the bills of quantities.

**1224.** The amount of \$1.131M expended on basic sanitation represents the completion of sanitary block at Abrams Creek and Bethany Solar Electrification. Reliance was placed on certificates of satisfactory completion issued by the engineers of SIMAP.

- 1225.** The amount of \$122.1M expended on health and nutrition relates to the rehabilitation of thirteen(13) health centres and the implementation of nutritional programmes. In relation to the former, fourteen(14) contracts valued at \$187.664M were awarded, nine(9) of which valued \$56.214M were awarded during the period under review. As at 31 December 2001, amounts totalling \$109.837M were paid to the contractors. At the time of reporting, works to the value of \$ 34.519M were completed and payments made accordingly based on certificates of satisfactory completion issued by the engineers of SIMAP.
- 1226.** The amount of \$3.6M was expended in nutritional programmes involving the distribution of drugs and food supplies in depressed areas. Seventeen(17) contracts valued at \$79.488M were awarded in 2001. Payments were made based on the requisite certificates of delivery.
- 1227.** The amount of \$109.692 represents foreign and counterpart funding towards the payment of emoluments of staff attached to SIMAP, other administrative costs and also supervision costs associated with the various projects undertaken. Test checks were carried out on the payroll and other related documents to vouch the accuracy of the expenditure and this was generally satisfactory.
- 1228.** In relation to the amount of \$51.621M expended on roads, nine(9) contracts valued \$161.952M were awarded for the rehabilitation of twelve(12) roads, nine(9) of these contracts valued at \$150.293M were awarded prior to 2000. As at 31 December 2001, amounts totalling \$114.530M were paid to the respective contractors. At the time of reporting, works to the value of \$9.008M were completed. Physical verification was carried out in respect of eight(8) 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.
- 1229.** The sum of \$32.311M expended on water and sanitation relates to the supply of pipelines and portable water supply system in Regions 1, 2, 4, 5 and 9. In this regard, a total of sixteen(16) contracts valued at \$145.289M were awarded, of which nine(9) valued at \$135.432M were awarded prior to 2001. As at 31 December 2001, amounts totalling \$142.062M were paid to the respective contractors. At the time of reporting, eight(8) contracts were completed. Physical inspections of five(5) major contracts valued at \$3.52M were carried and the works were executed in conformity with respective contract agreement 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.
- 1230.** In relation to the amount of \$21.011M expended on Technical and Vocational Training, the expenditure includes salaries and allowances, transportation, accommodation, tools and equipment. Trainees were paid stipends and where applicable, monthly travelling and accommodation allowances. A considerable amount of payments were made in the hinterland and out-of-town areas and payments were effected in cash by visiting paymasters

or community development officers who were given advances for this purpose. While the cash system of payment was not desirable, test checks of the transactions revealed that the advances were properly accounted for.

- 1231.** Included in the amount of \$7.385M was the sum off \$3.885M was spent towards the acquisition of a vehicle for use on the project as provided in the budget. The difference of \$3.5M was spent towards the local acquisition of a photocopier and computer and related accessories for use on the project. The items were verified as having been received and properly brought to account.

**Subhead 12001 - Buildings**

- 1232.** An amount of \$6M was allocated for the rehabilitation works at Head Office. Amounts totalling \$6.007M were expended as follows:-

| <b>DESCRIPTION</b>                              | <b>AMOUNT<br/>\$'000</b> |
|---|--------------------------|
| Rehabilitation of Head Office building          | 1,971                    |
| "    "    Minister's office                     | 1,779                    |
| "    "    of Drop in Centre                     | 857                      |
| "    "    Social Sec. Dept. office              | 814                      |
| Extension works to Permanent Secretary's office | 586                      |
| <b>TOTAL</b>                                    | <b>6,007</b>             |

- 1233.** Three(3) contracts were awarded in the sum of \$1.971M for rehabilitation works at Head Office. Two(2) contracts were awarded for raising the floor and the extension of the Accounts Department, while the other contract was awarded for rehabilitation of three(3) offices at the Women Affairs Bureau. These contracts were awarded by the Ministerial Tender Board to the lowest of three(3) tenders on each occasion. It should be noted that one (1) contract should have been awarded by the Central Tender Board for works done in the Accounts Department. As at 31 December 2001, the full amount was expended and the works were physically verified.

- 1234.** Four(4) contracts were awarded to one(1) contractor in the sum of \$1.779M for construction works to two(2) Ministers' Office. One(1) contract was awarded in the sum of \$758,225 for extension to the Senior Minister's Office while the others were awarded in the sum of \$1.021M for rehabilitation works in the Junior Minister's Office. These contracts were awarded by the Ministerial Tender Board to the lowest of three(3) tenderers on each occasion. It should be noted that one(1) contract should have been awarded using Central Tender Board (CTB) for works done in the Junior Minister's office. Nevertheless, as at 31 December, the full amount was expended and the works were physically verified.

- 1235.** Two(2) contracts in the sum of \$857,000 were awarded to one contractor for rehabilitation work done at the Drop in Centre. One(1) contract in the sum of \$602,220 was awarded to the lowest of three(3) tenderers by the Ministerial Tender Board, while the second was awarded using the three quotes system. The full amount was expended and the works were physically verified.
- 1236.** In relation to the rehabilitation and repairs to Social Department and Lunch Room, the contract was awarded in the sum of \$813,855. However, the basis of award could not be determined since the relevant documents were not submitted for audit. Nevertheless, as at 31 December 2001 the full amount was expended and the works were physically verified.
- 1237.** In relation to the extension works to the Permanent Secretary's Office, the contract was awarded in the sum of \$585,605 to the lowest of three(3) tenderers. As at 31 December 2001, the full amount was expended and the works were physically verified.

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

- 1238.** An amount of \$1.3M was provided for the purchase of one(1) motor vehicle. The amount of \$1.260M was paid to the car dealer. At the time of the audit the vehicle purchased was not delivered to the Ministry. The Accounting Officer explained that the Ministry is awaiting Duty-free Concession from the Secretary to the Treasury. At the time of reporting, the Ministry had received the duty free concession and the vehicle was verified as having been received and properly brought to account.

#### **Subhead 25001 – Office Equipment**

- 1239.** An amount of \$2.5M was provided for the purchase of office equipment. Amounts totalling \$2.475M were expended. The items purchased were verified as having been received and properly brought to account.

#### **Subhead 25002 – Equipment**

- 1240.** An amount of \$3M was provided for the purchase of an intercom telephone system and a generator. Amounts totalling \$1.680M were expended on the purchase of intercom system, two(2) air condition units and one(1) computer and accessories. As can be noted the generator was not purchased but the air condition units and the computer and accessories were purchased for which a change of programme was not seen. At the time of reporting in August 2002, the intercom system was installed. The other 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

- 1241.** 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<br>\$ | MONTH     | AMOUNT<br>\$ |
|----------|--------------|-----------|--------------|
| January  | 1,313,361    | July      | 1,128,684    |
| February | 4,810,489    | August    | 759,592      |
| March    | (109,345)    | September | 4,607,187    |
| April    | (160,380)    | October   | 3,639,394    |
| May      | 266,065      | November  | 977,376      |
| June     | (84,195)     | December  | 633,484      |

- 1242.** 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 Report for the year 2000. The Accounting Officer is again urged to ensure strict compliance with the regulations.
- 1243.** In relation to the payment of commuted allowances and mileage to persons holding authorised travelling positions, it is a requirement that before approval is granted for officers to be paid such allowances they should provide to the Ministry proof of ownership of vehicles to be put into official use. It is also a requirement that where officers do not own vehicles intended to be use for official purposes, the Permanent Secretary - Public Service Ministry (PSM) should adjudicate over the matter and grant approval if satisfied. Of seventeen(17) officers receiving travelling allowances, the files of four(4) officers failed to establish that the vehicles put into official use were owned by officers concerned or whether the PSM had been approached for requisite approval.

- 1244.** The quantum of commuted allowances paid were also based on the kind of insurance policies purchased by travelling officers. As such, standard accounting practice required that the Ministry retain documentary evidence supporting the kind of insurance coverage obtained by its officers. However, in all of the instances examined, such information was unavailable. This resulted in an inability to determine the accuracy of the allowances paid to these officers over the period. The Accounting Officer's approval to pay travelling allowances was also not seen in six(6) instances.
- 1245.** A comparison of the authorised staff as shown in the 2001 Estimates of Expenditure with the actual staff employed by the Ministry in December 2001, as show below: -

| <b>DESCRIPTION</b>              | <b>AUTHORISED</b> | <b>ACTUAL</b> | <b>VACANT</b> |
|---------------------------------|-------------------|---------------|---------------|
| Administrative                  | 32                | 14            | 18            |
| Senior Technical                | 66                | 17            | 49            |
| Other Technical & Craft Skilled | 132               | 38            | 94            |
| Clerical & Office Support       | 478               | 169           | 309           |
| Semi-skilled Operatives         | 72                | 30            | 42            |
| Contracted Employees            | 0                 | 50            | (50)          |
| Temporary Employees             | 0                 | 0             | -             |
| <b>TOTAL</b>                    | <b>780</b>        | <b>318</b>    | <b>462</b>    |

- 1246.** The actual staff was therefore 59% of the authorised staff strength. It is obvious that the actual level of staffing would have 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. In addition, it was observed that 50 persons were employed with the approval of the Head of the Presidential Secretariat.

### **Other Charges**

- 1247.** Up to the time of reporting, 79 payment vouchers valued at \$11.945M were not presented for audit examination, despite repeated requests. Of these, 8 payment vouchers totalling \$4.810M were in respect of Employment Costs, while the difference of \$7.135M was in respect of 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 to present them for audit examination.

**1248.** Amounts totalling \$9.710M were expended on Materials, Equipment, and Supplies, as follows: -

| <b>DESCRIPTION</b>           | <b>AMOUNT<br/>\$'000</b> |
|------------------------------|--------------------------|
| Drugs and medical supplies   | 524                      |
| Field material supplies      | 875                      |
| Office material and supplies | 4,908                    |
| Print and non print          | 3,403                    |
| <b>TOTAL</b>                 | <b>9,710</b>             |

**1249.** While the majority of the expenditure examined conformed generally with the regulations, the following was observed: -

- (a) In one(1) case, purchases valued at \$160,050, which fell between the limits of \$90,000 -\$180,000, where the required three quote system was not observed. The Accounting Officer was advised to ensure that the requirements of the Tender Regulations are always followed;
- (b) An examination of the related purchases revealed that a large percentage was with the ambit of the Accounting Officer's adjudication limit of \$90,000. In this regard, the regulations did not require the use of a system of quotations at this level. Nevertheless, standard accounting practice dictated that a system should be put in place to provide verifiable proof that purchases were effected in a most economical manner. However, an examination of the related transactions revealed no such evidence;
- (c) It was noted that of the total of \$9.710M expended, forty(40) percent of purchases were made from one particular supplier. This situation supports the Ministry's preference of purchasing from the supplier, but the reason for so doing and whether the most economical prices were obtained, could not be established. Further checks revealed that the supplier is also involved in supplying services, such as, repairs to office equipment, which was charged to other subheads of expenditure; and
- (d) Due to this situation, it is recommended that even though a system of quotations is not required, this system be put into use to establish the propriety of each transaction and to reduce the scope for malpractice. The widest possible range of suppliers of both goods and services should be invited to provide quotations to



enable the Ministry to maintain a list of the most responsive prices available.

- 1250.** Amounts totalling \$9.101M were expended on Fuel & Lubricants. However, of the fifteen(15) vehicles in use by the Ministry, log books for eight(8) vehicles were not presented for audit. Of the log books presented, only two(2) sets represented the entire period under review while the other five(5) 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.
- 1251.** Fuel was being purchased on credit from the Guyana Oil Company (GUYOIL) in respect of the Ministry’s operations for “Youth Entrepreneurial Skills Training”. However, the Ministry did not maintain a fuel account to monitor the receipt of fuel and to permit timely reconciliation 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, resulting in a failure to determine whether all the fuel and lubricants supplied were solely in respect of the Ministry’s vehicles.
- 1252.** Amounts totalling \$20.086M were expended on Rental & Maintenance of Buildings, of which \$670,000 relates to the rental of a building for VSOs. The difference of \$19.416M was expended for the rehabilitation of fourteen(14) buildings, as shown below: -

| <b>DESCRIPTION</b>            | <b>AMOUNT<br/>\$'000</b> |
|-------------------------------|--------------------------|
| National Cultural Centre      | 2,191                    |
| Colgrain House                | 1,868                    |
| National School of Dance      | 1,639                    |
| Den Amstel Youth Camp         | 660                      |
| Umana Yana                    | 417                      |
| Ministry’s Head Office        | 388                      |
| Sports Complex                | 331                      |
| National Youth Council        | 178                      |
| Walter Roth Museum            | 110                      |
| Guyana National Service Annex | 105                      |
| National Trust                | 94                       |
| Museum of African Arts        | 79                       |
| Mash Secretariat              | 33                       |
| National Archives             | 22                       |
| <b>TOTAL</b>                  | <b>8,115</b>             |

- 1253.** As can be noted, the works included buildings, such as, National Cultural Centre, Colgrain House, Den Amstel Youth Camp, National School of Dance and Walter Roth Museum, which were provided for under the Ministry's capital appropriation. The works on these buildings were executed by 38 contracts valued at \$8.115M, while amounts totalling \$11.266M were expended on the purchase of building materials for the rehabilitation works. In relation to the contracts for rehabilitation works, five(5) breaches of the Tender Procedures were observed, where contracts valued at \$1.288M were awarded without written quotations. Nonetheless, these works were completed and were physically verified.
- 1254.** In relation to the Maintenance of Other Infrastructure, amounts totalling \$4.478M were expended, as follows: -

| <b>DESCRIPTION</b>               | <b>AMOUNT<br/>\$'000</b> |
|----------------------------------|--------------------------|
| Weeding and Cleaning             | 1,456                    |
| Construction Material            | 1,315                    |
| Carpentry Work                   | 946                      |
| Electrical and Plumbing Fittings | 492                      |
| Maintenance Of Road              | 157                      |
| Water Tank                       | 54                       |
| Overtime                         | 35                       |
| Plumbing                         | 23                       |
| <b>TOTAL</b>                     | <b>4,478</b>             |

- 1255.** The weeding and cleaning, carpentry, road maintenance and plumbing works were undertaken by 71 contracts valued at \$2.582M. Because of the nature of some of the works, physical verification could not have been carried out. However, reliance had to be placed on certificates attesting to the satisfactory completion of the works. Nevertheless, there were two(2) contracts amounting to \$469,900, where Tender Boards procedures were not observed. In one case the contract valued at \$268,900, should have been awarded on the basis of a system of quotations, while in the other case the Ministerial Tender Board's approval was required for the acquisition of goods valued at \$201,000, but this was overlooked. It was explained that in relation to the matter requiring Tender Board approval, the supplier was the only dealer in the product.
- 1256.** As can be noted, overtime payments totalling \$34,481 was charged to the subhead. Further checks revealed that the amount was also included in the Employment Costs, thus overstating the expenditure reported in the Appropriation Accounts. Notwithstanding the

duplication in relation to overtime cost, an overtime register was not kept to monitor overtime work undertaken by the Ministry's personnel.

- 1257.** Amounts totalling \$11.139M were expended on Local Travelling and Subsistence, as follows: -

| <b>DESCRIPTION</b>                             | <b>AMOUNT<br/>\$'000</b> |
|--|--------------------------|
| Travelling and subsistence and meal allowances | 4,358                    |
| Vehicle service and repairs                    | 3,330                    |
| Vehicle spares                                 | 2,296                    |
| Transportation                                 | 1,124                    |
| Stamp  | 31                       |
| <b>TOTAL</b>                                   | <b>11,139</b>            |

- 1258.** An examination of transactions that comprised travelling and subsistence and meal allowances revealed that payments exceeding forty(40) percent of the total of \$4.358M expended for travelling and meal allowances were in respect of overtime work. In this regard, it was observed that the rates paid did not confirm with the respective rates of \$100 and \$70 for midday and after hours worked. Instead the Ministry paid rates of \$250 and \$400, in contravention of approved rates. Further examination revealed that an allowance of \$250 is given to employees who work up to one-hour overtime, while \$400 was paid to employees who worked on Saturdays. It was explained that because actual overtime was not paid to staff, the increase in meal allowances compensated for the overtime lost.

- 1259.** During the year, amounts totalling \$3.330M were expended for vehicle repairs. However, while circularised instructions require that a historical record be kept of each vehicle to record the cost of maintenance, 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.

- 1260.** Amounts totalling \$13.093M were expended on Utility Charges, as follows: -

| <b>DESCRIPTION</b>  | <b>AMOUNT<br/>\$'000</b> |
|---------------------|--------------------------|
| Electricity Charges | 9,558                    |
| Telephone Charges   | 3,167                    |
| Water Charges       | 368                      |

|              |               |
|--------------|---------------|
| <b>TOTAL</b> | <b>13,093</b> |
|--------------|---------------|

- 1261.** The amount of \$9.558M expended on electricity charges was in respect of the 41 meters under the control of the Ministry. Although an electricity register was kept to record all charges, this record reflected a balance of \$9.089M, giving a difference of \$468,508. A similar observation was made in respect of telephone charges where a difference of \$249,716 existed between the related register and the appropriation Accounts. The telephone register had a balance of \$2.917M. It is recommended that periodic reconciliation of the Votes Ledger with these records be carried out.
- 1262.** Included in the amount of \$3.167M shown as telephone charges, were sums totalling \$153,391 representing the cost of overseas telephone calls. The Ministry did not, however, maintain a register of overseas telephone calls, as required by regulations. As such, the details of all such calls, including the authority and whether these were official or not, could not be determined.
- 1263.** Amounts totalling \$39.266M were expended on Other Goods and Services Purchased, as follows: -

| <b>DESCRIPTION</b>                   | <b>AMOUNT<br/>\$'000</b> |
|--------------------------------------|--------------------------|
| Security Services                    | 24,204                   |
| Equipment Maintenance                | 5,450                    |
| Cleaning and Extermination Services  | 4,277                    |
| Salary, Stipend & Honorarium         | 1,292                    |
| Hire of Transportation               | 1,129                    |
| Maintenance of Buildings & Furniture | 1,122                    |
| Miscellaneous                        | 1,792                    |
| <b>TOTAL</b>                         | <b>39,266</b>            |

- 1264.** The security services expenditure of \$24.204M was in respect of payments to a security firm for services rendered. The related payments were made in accordance with the contract and were properly recorded in the books of account.
- 1265.** The sum of \$5.450M expended for equipment maintenance was in respect of 33 contracts for servicing musical instruments and repairs to office equipment, such as, computers typewriters, air-conditioners, refrigerators and photocopiers. In this regard, seven(7) contracts valued at \$2.318M, between the authority limits of \$180,000 – \$450,000, were awarded without a system of quotations. In a similar vein, three(3) contracts amounting to \$695,500 for cleaning and extermination services were also awarded without written

quotations. Nonetheless, the works were satisfactorily executed and were physically verified.

- 1266.** Notwithstanding the fact that the amount of \$1.292M in respect of salaries, stipend and honorarium was inappropriately charged to the subhead, instead of Employment Costs, the honorarium paid which amounted to \$44,500, did not have the approval of - Public Service Ministry (PSM). This breach of authority was not explained.
- 1267.** The expenditure of \$1.129M for the hire of transportation was mainly as a result of activities, such as, building waste and garbage disposal and transporting of building materials. An examination of the related documents revealed that the expenditure was properly incurred and recorded in the books of account.
- 1268.** In relation to the amount of \$1.122M expended on the maintenance of buildings and furniture, eight(8) contracts valued at \$512,635 were in respect of repairs to buildings, another eight(8) were for the refurbishing of furniture. In each case the awards were in conformity with existing regulations. The works were also satisfactorily completed and were physically verified.
- 1269.** Amounts totalling \$97.863M were expended under Subsidies and Contributions to Local and International Organisations, as follows: -

| <b>DESCRIPTION</b>                  | <b>AMOUNT<br/>\$'000</b> | <b>TOTAL<br/>\$'000</b> |
|-------------------------------------|--------------------------|-------------------------|
| <b>Local Organisations:</b>         |                          |                         |
| National Sports Commission          | 59,994                   |                         |
| Guyana Museum                       | 14,371                   |                         |
| National Trust                      | 7,720                    |                         |
| Other Local Organisations - Six(6)  | 638                      | 82,723                  |
| <b>International Organisations:</b> |                          |                         |
| Commonwealth Youth Programme        |                          | 2,500                   |
| <b>Other:</b>                       |                          |                         |
| Miscellaneous                       |                          | 12,640                  |
| <b>TOTAL</b>                        |                          | <b>97,863</b>           |

- 1270.** According to the estimates of current expenditure, as passed by the National Assembly, the voted provision of \$97.964M was to make specified contributions totalling \$95.220M to sixteen(6) local organisations and \$2.744M to eight(8) international organisations. An analysis of the payments made revealed only payments amounting to \$82.723M to nine(9) local organisations, while one(1) international organisation was paid \$2.500M. It was also noted that only six(6) organisations received the stipulated sums. An approval to adjust the contributions in relation to the remaining eighteen(18) organisations was not provided.
- 1271.** The National Sports Commission is subject to separate financial reporting and audit. The last set of audited accounts was in respect of 2000. Financial statements for 2001 were submitted, and at the time of reporting the audit was in progress. The amount of \$59.994M was verified as having been received by the Commission but in the absence of audited accounts, it could not be determined whether it was properly expended.
- 1272.** 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 \$14.371M was verified as having been received by the Museum, but in the absence of audited accounts for 2001, it could not be determined whether it was properly expended.
- 1273.** In relation to the amount of \$7.720M 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.
- 1274.** Six(6) local organisations, namely, Rupununi Weavers Society - \$0.050M, Red Cross Association - \$0.240M, Young Women Christian Association - \$0.100M, Boys Scouts - \$0.125M, West End Committee - \$0.060M and the President's Youth Award Guyana - \$0.063M, had received contributions totalling \$0.638M. With the exception of the President's Youth Award Guyana, which should have received \$2.925M, these organisations received their actual budgetary provisions.
- 1275.** In relation to the sum of \$12.640M reflected as miscellaneous expenditure, amounts totalling \$9.637M was expended by the Ministry on salaries and other operational charges in respect of the following:-

| <b>DESCRIPTION</b>               | <b>AMOUNT<br/>\$'000</b> |
|----------------------------------|--------------------------|
| National Commemorative Committee | 3,764                    |
| President Youth Award, Guyana    | 2,959                    |
| Guyana Museum                    | 1,615                    |
| National Trust                   | 1,299                    |
| <b>TOTAL</b>                     | <b>9,637</b>             |

The difference of \$3.003M represented inappropriate charges to the subhead.

#### **Other Matters**

- 1276.** 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.
- 1277.** Amounts totalling \$110.311M were received from the Guyana Lotteries Commission during 2001. However, only \$109.750M were accounted for in the account. The Accounting Officer explained that the cheque for the difference of \$561,250 was returned to the Ministry of Finance because of a preparation error. This cheque subsequently became stale dated and was kept on hand at the Ministry of Finance, without any corrective action. During the period the account also received funds totalling \$20.465M from other sources, such as, "Colgrain House" and Mashramani donations.
- 1278.** The funds provided by the Guyana Lotteries Commission were to be used for assisting in the Mashramani celebrations, rehabilitation of National Park, Independence Day celebrations, construction of swimming pool, sports hostel, Mayor of Georgetown Sports Club, youth camps and travelling theatre. As at 31 December 2001, the account reflected a balance of \$68.163M. The balance of this account at the beginning of 2001 was \$51.369M. It therefore meant that sums totalling \$113.421M were expended, but were not recorded as expenditure in the Appropriation Accounts.
- 1279.** In relation to the operation of the special projects' account, the following discrepancies were noted: -
- (a) While the bank account was reconciled to December 2001, these were not done in

permanent form. Rather these were written in pencil and were not checked and certified by supervising personnel;

- (b) There was a lack of proper segregation of duties, since one officer prepared receipts and payment vouchers, recorded transactions in the cash book and was responsible for making deposits to the account;
- (c) Receipt numbers were not always quoted in the cash book and in ten(10) instances receipts totalling \$0.953M were omitted from the cash book. There were also seventy-two(72) transactions amounting to \$25.616M for which receipts were yet to be drawn. This resulted in an inability to verify the completeness and accuracy of the amounts recorded in the cash book;
- (d) In twenty-four(24) instances valued at \$27.873M payees had not acknowledged amounts paid, which seventeen(17) instances where payments totalling \$42.997M had not been approved by the Permanent Secretary or other appropriately authorised person;
- (e) There were eighteen(18) payment vouchers valued at \$1.053M, which were not produced for audit examination, resulting in an inability to carry out a proper examination of the expenditure and to determine whether value was received for money spent; and
- (f) Twelve(12) instances of transactions totalling \$4.523M were also recorded where the required Tender Board Procedures were not followed. Five(5) of these amounting to \$2.409M should have been adjudicated over by the Ministerial Tender Board, while the remaining seven(7), which amounted to \$2.114M, should have been awarded on the basis of a system of quotation's.

**1280.** 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 2001 was \$452,000. During the year, amounts totalling \$32.739M were deposited into this account. As at 31 December 2001, the account reflected a balance of \$716,117 indicating that \$32.475M 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.

**1281.** In relation to this account, the payment vouchers were not numbered, to provide a basis for recording transactions as they occurred and to facilitate proper supervisory and other checks on the account. A significant amount of bills and other documentation were also not secured to relevant payment vouchers, resulting in an inability to properly relate all evidence supporting transactions. Additionally, receipts for amounts totalling \$16.535M were not presented for audit examination.



**1282.** A National Bank of Industry and Commerce account No. 670-473-8 was also maintained by the Ministry for the maintenance of the Umana Yana. While the bank statement for account reflected that the balance on this account was \$0.051M as at 31 December 2001, the cash book and other records were not adequate to permit a proper verification of the completeness, accuracy and propriety of the transactions undertaken during the period, since: -

- (a) receipts were not submitted for income totalling \$0.285M, while bank deposit slips for April 2001 to August 2001 and vouchers totalling \$53,500 were also not presented for audit;
- (b) payment vouchers on hand were not numbered to permit an orderly review of disbursements from the account; and
- (c) the bank reconciliation done during the period January 2001 to June 2001 was based on photocopies of related bank statements. Also, the bank reconciliation statements for the entire period were in pencil and were not subjected to supervisory checks and certification.

### **Capital Expenditure**

#### **Subhead 12001 – Buildings (Cultural Centre)**

**1283.** The sum of \$9M was provided for the completion of rehabilitation works to the National Culture Centre. According the Appropriation Account, amounts totalling \$6.485M were expended. The works were executed by a contract awarded by the Central Tender Board to the lowest bidder in the sum of \$7.241M. As at 31 December 2001, the amount of \$5.927M was paid to the contractor. The sub-head also included payments of consultant's fees of 494,850 for the supervision of the related works and \$63,000 in relation to advertising. At the time of inspection, in September 2002, the works were completed and these confirmed generally to the related bills of quantities.

#### **Subhead 12002 - Buildings**

**1284.** An amount of \$2M was allocated for the renovation of the conference room and offices at the annex and the rehabilitation of Colgrain House. Amount \$1.974M was expended as follows: -

| <b>DESCRIPTION</b>                          | <b>AMOUNT<br/>\$'000</b> |
|---|--------------------------|
| Maintenance Works at Ministry's Head Office | 622,697                  |
| Cleaning and Transporting of Waste, etc.    | 439,680                  |
| Construction Materials                      | 406,480                  |
| Works at Colgrain house                     | 402,140                  |
| Miscellaneous                               | 102,750                  |
| <b>TOTAL</b>                                | <b>1,973,747</b>         |

- 1285.** As can be noted, no works were undertaken in relation to the renovation of the conference room and offices at the annex. Also, an approval for a change in programme was not obtained to incur expenditure on maintenance works at Ministry's Head Office.
- 1286.** In relation to the maintenance works at Ministry's Head Office, which cost \$0.623M, four contracts were awarded for works, such as, fabricating and installing grills, painting and laying vinyl, installing and securing windows and vents and rehabilitation of metal desk and cabinet. These works were not considered to be of a capital nature and, therefore should have been charged to the current provision of the Ministry. Also, evidence was not seen of the use of a system of quotations in the award of the painting works, which cost \$392,097. The construction materials, which cost \$406,480 and were mainly made up of electrical fittings, paint and cement, were also in respect of work at the Head office.
- 1287.** Of the amount of \$0.440M expended for transportation, \$307,680 was for removal of waste, etc. in relation to works at Colgrain House. The difference of \$132,000 represented miscellaneous transportation expenses not related to the works authorised under the programme. These expenses were in fact current appropriation expense incorrectly charged to the subhead.
- 1288.** Three(3) contracts, within the Accounting Officer's adjudication limit, were awarded for the works at Colgrain House. The works, which cost \$402,140, were in respect of: -
- (a) dismantling and construction of fence costing \$178,970;
  - (b) fabrication of hanging racks, installation of clothes hooks and clearing of landscape, including removing waste to dump site at a cost of \$136,070; and
  - (c) repairs to metal locker and wooden casing, platform and cable rings, which cost

\$87,100. The aforementioned works were all completed and were physically verified.

**Subhead 18001 - Youth**

**1289.** The sum of \$2M was provided for the purchase of outdoor camping equipment and accessories and the extension of youth camps at Madewini and Den Amstel. Amounts totalling \$1.997M were expended on the purchase of a transformer, television and stabiliser and building materials for works on the youth camps. The building materials included barbed wire, PVC gutters and green-heart wood. The items purchased were received and brought to account in stores records.

**Subhead 24002 – National School of Dance**

**1290.** The sum of \$1M was provided for the replacement of floor in studio one and the extension of the administrative office. As at 31 December 2001, amounts totalling \$998,950 were expended on the purchase of construction materials, such as, cement, stone, sand, green-heart and BRC. The actual works, which cost \$1.639M, were financed from the current provision. These were completed and were physically verified.

**Subhead 25001 - Museum Development**

**1291.** The sum of \$6M was provided for the rehabilitation works at Walter Roth Museum – Phase III. Amounts totalling \$5.964M were expended, as follows:-

| <b>DESCRIPTION</b>                     | <b>AMOUNT<br/>\$'000</b> |
|--|--------------------------|
| Building Materials                     | 2,783                    |
| Contracts for Rehabilitation of Museum | 2,141                    |
| Transportation                         | 694                      |
| Termite Treatment                      | 74                       |
| Miscellaneous                          | 272                      |
| <b>TOTAL</b>                           | <b>5,964</b>             |

**1292.** The works on the building were executed by three(3) contracts valued at \$2.141M, while amounts totalling \$2.783M were expended on the purchase of building materials for the rehabilitation works. In relation to the contracts for rehabilitation works and purchases of materials, no breaches of tender board procedures were observed. The works were completed and were physically verified.

- 1293.** The amount of \$0.272M was in respect of payments of stipends and purchases of foreign currency in relation to an airfare and an external disk drive. These expenses were inappropriate charges to the subhead, since they were not considered to be of a capital nature.

**Subhead 25002 - Office Furniture and Equipment**

- 1294.** The sum of \$1.2M was voted for the purchase of two computers and accessories. Amounts totalling \$1.196M were expended on the purchase of the computers and accessories, in addition to a photocopier. An approval for a change in programme to accommodate the purchase of the photocopier was not obtained. The items purchased were, nevertheless, verified as having been received and recorded in the stores ledgers. However, these were not accounted for on the Ministry's inventory.

**Subhead 26001 - Entrepreneurial Skills Training**

- 1295.** The sum of \$10M was voted for the purchase of training materials, tools and equipment, computers, library materials, provision for music development, freezing facilities and power generation. Added to this, a supplementary provision of \$10M was received during the year to facilitate the purchase of a generator and water pump for Kuru Kuru Training Centre. This increased the provision to \$20M. Amounts totalling \$19.664M were expended in the purchase of the related items. All purchases were received and recorded in relevant stores records, but where necessary these were not inventoried. Nevertheless, the purchases were physically verified.

**Subhead 44001 - Burrows School of Art**

- 1296.** The sum of \$2M was voted for the rehabilitation of building. Amounts totalling \$1.993M were expended. The works on the building were executed by two(2) contracts valued at \$609,241 issued to the contractor, while amounts totalling \$1.294M were expended on the purchase of building materials. In relation to the contracts for rehabilitation works, Tender Procedures required a system of quotations, but this requirement was not observed. Also if the works were not sub-divided the Ministerial Tender Board's approval would have had to be sought. The works were, nevertheless, completed and were physically verified. The expenditure also included a sum of \$90,000 expended on repairs to a clay moulding machine, which was not catered for in the provision.

**Subhead 45001 - National Trust**

- 1297.** A provision of \$5.5M was made for the construction of roadway at Fort Zeelandia bridge for which the Appropriation Account revealed that the entire provision was expended. However, it was noted that the full provision was paid over to the National Trust and this was retained in that agency's bank account until the time of the inspection in June 2002.

- 1298.** In July 2002, the National Trust transferred \$3M, by way of cheque, to the Regional Administration, Region 3 - Essequibo Islands/West Demerara to facilitate “the construction of a footpath and access bridge to link Fort Zeelandia to the Court of Policy Hall, as well as the replacement of the roof and completion of the perimeter fence of the Court of Policy Hall.” Notwithstanding the fact that the Ministry’s failure to repay the unexpended provision was in breach of Section 36 of the FAA Act, which requires that all unspent balances at the end of the year be refunded to the Consolidated Fund, the change of the programme to include works to the Court of Policy Hall and access bridge was not approved.
- 1299.** The transfer of funds by way of cheque to the Regional Administration was also viewed as a breach of the established Central Government accounting policy. Nonetheless, the transferred funds was paid into the Regional Sub-Treasury to be held on deposit and the Regional Tender Board and Finance Committee had adjudicated over the related matters.

**Subhead 45002 – National Archives**

- 1300.** A provision of \$2.190M was made for the purchase of air condition units for the newspaper section, computers, printers and UPS, 5-drawer microfiche tray cabinet and the rehabilitation of the standby generator. Amount totalling \$2.188M were expended, as follows: -

| <b>DESCRIPTION</b>                                       | <b>AMOUNT<br/>\$</b> |
|--|----------------------|
| 3 Air Conditioning Units & Installation Costs            | 600,000              |
| Repairs to Roof and Construction of Trestle              | 580,655              |
| Rehabilitation of the Standby Generator                  | 530,000              |
| 1 Computer & accessories, 1 Printer, 1 UPS and 1 Scanner | 389,750              |
| Repairs to Photocopier                                   | 59,800               |
| Miscellaneous Purchases (Speakers, Pedestal Fan, etc.)   | 27,795               |
| <b>TOTAL</b>   | <b>2,188,000</b>     |

- 1301.** As can be noted, the construction of the purchase of the five(5)-drawer microfiche tray cabinet was not undertaken. Also an approval was not obtained for the repairs to roof and construction of the trestle, repairs to the photocopier and miscellaneous purchases. The works were, nevertheless, physically verified and items purchased were received and

accounted for in the stores ledgers and inventory.

### **Subhead 45003 - National Sports Commission**

- 1302.** The sum of \$9M was allocated for (a) the rehabilitation of the roof and basketball floor and the purchase of furniture for Cliff Anderson Sports Hall and (b) the covering of the National Gymnasium floor with wood. According to the Appropriation Account amounts totalling \$5.652M were expended, as follows: -

| <b>DESCRIPTION</b>                           | <b>AMOUNT<br/>\$'000</b> |
|--|--------------------------|
| Rehabilitation of Cliff Anderson Sports Hall | 2,537,038                |
| Rehabilitation of National Gymnasium         | 2,485,122                |
| Consultants' Fees                            | 472,500                  |
| Plumbing Fittings                            | 157,470                  |
| <b>TOTAL</b>                                 | <b>5,652,130</b>         |

As can be noted the purchase of furniture for Cliff Anderson Sports Hall was not undertaken.

- 1303.** The Central Tender Board awarded the contract for the rehabilitation of Cliff Anderson Sports Hall to the second lowest responsive bidder in the sum of \$4.471M. The lowest bidder, who had bid \$4.013M had originally been awarded the contract, but this was subsequently withdrawn. A reason was not given for the preference of the higher bid, but the Ministry cited previous bad performance originally overlooked by the Central Tender Board. As noted above, the contractor was paid \$2.537M, as at 31 December 2001. At the time of the inspection the works completed and was verified.
- 1304.** The Central Tender Board also awarded the contract for the rehabilitation of National Gymnasium lowest responsive bidder in the sum of \$3.640M. Of this sum the contractor was paid \$2.485M, as at 31 December 2001. A physical verification of the related works revealed overpayments totalling \$671,192 as a result of incorrect measurements that affected payment invoices. The consultants' fees and cost of plumbing fittings were also in relation to the construction works under the subhead.

## HEAD 45 & DIVISION 523, 524 AND 525

### MINISTRY OF HOUSING & WATER

#### Current Expenditure

- 1305.** Amounts totalling \$579.800M were expended on Subsidies & Contributions to Local Organisations. The following is a breakdown of the payments made:-

| NAME OF ORGANISATION                      | AMOUNT<br>\$'000 |
|---|------------------|
| Guyana Water Authority                    | 489,300          |
| Georgetown Sewerage & Water Commissioners | 45,000           |
| Central Housing & Planning Authority      | 45,500           |
| <b>TOTAL</b>                              | <b>579,800</b>   |

- 1306.** 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 2001, and an examination of these accounts revealed that amounts totalling \$539M were received as subvention from Central Government. The additional amount of \$50M 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 2001 have not been laid.

- 1307.** The Audit Office issued a qualified opinion on the accounts of GUYWA for 2001 because of the following:-

- Included in the fixed assets figure of \$5.572 billion is an amount of \$292.5M representing the value of the land held by the Authority in the various Regions. However, certificates of title to determine the legal status of such land were not produced for audit examination. In addition, a difference of \$87.397M was observed between the net book value of the total amount stated in the Assets Register and that shown in the financial statements. As a result the completeness, accuracy and validity of the amount of \$5.572 billion shown as Fixed Assets

could not be satisfactorily determined;

- There was a difference of \$80.574M between the amount shown in the General Ledger and the amount shown in the Debtors Ledger. In addition, the provision for bad debts of \$93.628M was not computed on the basis of an age analysis. As a result, the completeness, accuracy and validity of the amount of \$448M shown as Debtors and Prepayments could not be satisfactorily determined; and
- The completeness, accuracy and validity of the amount of \$258M 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.

**1308.** The following is a breakdown of revenues and expenditure of GUYWA for the year ended 31 December 2001, compared with the previous year:-

| <b>PARTICULARS</b>                    | <b>2001<br/>\$'000</b> | <b>2000<br/>\$'000</b> |
|---------------------------------------|------------------------|------------------------|
| <b>INCOME</b>                         |                        |                        |
| Tariffs: non-metered customers        | 340,932                | 271,055                |
| Tariffs: metered customers            | 167,631                | 33,637                 |
| <b>Total Income from Water Rates</b>  | <b>508,563</b>         | <b>304,692</b>         |
| Government subsidy                    | 539,300                | 515,000                |
| Gain from sale of service connections | 49,809                 | 41,057                 |
| Gain from sale of motor vehicles      | 5,862                  | -                      |
| Other income                          | 42,740                 | 32,266                 |
|                                       | <b>1,146,273</b>       | <b>893,015</b>         |
| <b>EXPENDITURE</b>                    |                        |                        |
| Payroll and benefits                  | 295,242                | 264,536                |
| Travelling                            | 18,607                 | 15,129                 |
| Outside services                      | 65,018                 | 38,649                 |
| Office supplies                       | 7,485                  | 12,342                 |
| Electricity                           | 588,697                | 456,614                |
| Fuel                                  | 18,316                 | 26,707                 |
| Chemicals                             | 8,092                  | 333                    |
| Repairs and maintenance               | 74,472                 | 94,148                 |
| Depreciation                          | 107,525                | 105,034                |
| Stock adjustments                     | 14,570                 | 0                      |
| Bad Debts                             | 31,457                 | 29,752                 |



|   |                  |                  |
|---|------------------|------------------|
| Other administrative                      | 24,293           | 22,084           |
|   | <b>1,253,775</b> | <b>1,065,329</b> |
| <b>Net Surplus/(Deficit) for the year</b> | <b>(107,501)</b> | <b>(172,315)</b> |

- 1309.** As can be noted, the Authority incurred a net deficit of \$107.501M in 2001, compared with a net deficit of \$172.315M in 2000. This was due mainly to increases in payroll costs and electricity charges. The accumulated deficit of GUYWA as at 31 December 2001 was \$983.505M.
- 1310.** 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 2001 and an examination of these accounts revealed that amounts totalling \$45M were received as subvention from Central Government. The sum of \$14.873M was utilised as subsidies for consumers with limited ability to pay water tariffs while the difference of \$30.126M was retained as revenue for consumers who are not currently on the GS&WC data base.
- 1311.** The Audit Office issued an qualified opinion on the accounts of G S & WC for 2001 because of the following:-
- Included in amount of \$614.914M representing Debtors were charges totalling \$56.507M described as adjustments to conversion balances. However, a schedule in support of the adjustments was not produced for audit examination. In addition, with the introduction of the computerised billing system, the balance on the Debtors' Control Account was not reconciled with the individual customers' accounts to determined its accuracy. Further, an amount of \$76.007M was shown as an increase in provision for bad debts. However, this increase in provision was not computed on the basis of an age analysis of the debts outstanding. In the circumstances, the completeness, accuracy and validity of the amount of \$614.914M shown as debtors could not be determined.
- 1312.** 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.
- 1313.** 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>2001<br/>\$'000</b> | <b>2000<br/>\$'000</b> |
|---|------------------------|------------------------|
| <b>OPERATING INCOME</b>                   |                        |                        |
| Government subvention                     | 30,126                 | 31,347                 |
| Non-metered customers                     | 230,921                | 229,835                |
| Metered customers                         | 182,042                | 132,458                |
| Sewerage                                  | 39,907                 | 28,580                 |
| Other income                              | 26,318                 | 12,845                 |
|   | <b>509,314</b>         | <b>435,065</b>         |
| <b>EXPENDITURE</b>                        |                        |                        |
| Employment costs                          | 176,888                | 152,348                |
| Electricity and other power               | 272,133                | 184,847                |
| Supplies and services                     | 72,268                 | 54,151                 |
| Chemicals                                 | 29,588                 | 36,085                 |
| Administrative                            | 25,038                 | 22,147                 |
| Transport costs                           | 8,852                  | 11,131                 |
| Depreciation                              | 95,308                 | 69,002                 |
| Bad debts                                 | 76,007                 | 128,102                |
| <b>TOTAL</b>                              | <b>756,081</b>         | <b>657,812</b>         |
| <b>Net Surplus/(Deficit) for the year</b> | (246,767)              | (222,747)              |
| <b>Prior Year Adjustments</b>             | -                      | 433,175                |
| <b>Net Operating Surplus (Deficit)</b>    | <b>(246,767)</b>       | <b>210,428</b>         |

**1314.** 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 1998. At the time of reporting, financial statements for the years 1999 to 2001 were not submitted for audit. The subvention of \$45.5M was verified as having been received by the Authority. However, in the absence of audited accounts for 2001, 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.

**Other Matters**

- 1315.** There was a fire on 15 June 2001 which destroyed the building housing the Ministry of Housing and Water and several assets including computers, office furniture and equipment, and a vehicle were destroyed along with the accounting records of the Ministry. However, alternative audit checks were carried out to verify the expenditure of the Ministry.

**Capital Expenditure**

**Division 523**

**Subhead 12001 – Buildings**

- 1316.** The sum of \$2.5M was voted for the rehabilitation of the roof of the Ministry’s main building. No expenditure was incurred because as mentioned above a fire destroyed the entire building.

**Subhead 19001 - Infrastructure Development & Buildings**

- 1317.** An amount of \$413M was voted for the development of new and upgrading of existing housing schemes in Regions Nos, 2, 6, 7 and 10, including Zeelugt, Cornelia Ida, Par Fait/Harmony, Belle West - Canal No. 2, Diamond, Lowlands/Hope, Onderneeming, Haslington and Bath. The full amount was shown as having been expended.
- 1318.** 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 \$413M were expended. However, it should be noted that in my 2000 Report, it was stated that the amount of \$78.007M was due to the Consolidated Fund in respect of an unspent balance. At the time of reporting, this amount was still not refunded to the Consolidated Fund.

- 1319.** The following gives a breakdown of the expenditure:-

| DESCRIPTION | AMOUNT<br>\$'000 |
|-------------|------------------|
| 303         |                  |

|   |         |
|---|---------|
| Construction of roads in Regions 2-6          | 326,581 |
| Installation of water distribution system     | 76,531  |
| Surveying and clearing of land in Regions 3-6 | 9,888   |

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**TOTAL** **413,000**

- 1320.** In relation to the construction of roads in Regions 3-6, twenty(20) contracts valued at \$682.639M were awarded in the years 2000 and 2001. Eight(8) contracts valued at \$255.957M were awarded in 2001 and amounts totalling \$326.581M were paid during 2001, to the contractors, and the works were on going. As at 31 December 2001, amounts totalling \$460.730M were paid to the contractors. At the time of inspection, eighteen(18) of these roads were completed and were physically verified.
- 1321.** Ten(10) contracts valued at \$137.190M were awarded in the year 2000 for the installation of water distribution network at Belfield, Mocha, Sophia, Grove, Good Hope, Enmore/Haslington and Diamond in Region 4, Belle West in Region 3 and Cumberland in Region 6. During the year, amounts totalling \$76.531M were paid to the contractors. As at 31 December 2001, amounts totalling \$121.844M were paid to the contractors. At the time of inspection, four(4) of the ten(10) water systems were completed and were physically verified.
- 1322.** Five(5) contracts valued at \$64.786M were awarded in 2000 for surveying and clearing of land in Regions 2 - 6. During the year, amounts totalling \$9.888M were paid to the contractors. As at 31 December 2001, the full amount was expended. At the time of inspection, all the works were completed and were physically verified.

**Subhead 19002 – Low Income Settlement Programme**

- 1323.** The sum of \$124M was voted for the upgrading of squatting communities in Tuschen, Zeelugt, Diamond, Golden Grove, Sophia and Amelia’s Ward and institutional strengthening of CH&PA. Amounts totalling \$57.886M were expended. The programme is funded jointly by the Government of Guyana and the Inter-American Development Bank under the Loan Agreement No. 1044-SF/GY and is subject to separate financial reporting and audit.
- 1324.** The last set of audited accounts of the Project was for the year 2001 an examination of these accounts revealed expenditure totalling \$78.575M, resulting in a difference of \$20.689M. This difference resulted from disbursements made in 2001 not brought to account. The following are the details:-

| DESCRIPTION | AMOUNT<br>\$’000 |
|-------------|------------------|
|-------------|------------------|

|                        |               |
|------------------------|---------------|
| Project Execution      | 50,674        |
| Land Divestiture       | 11,644        |
| Programme Coordination | 15,650        |
| <b>TOTAL</b>           | <b>77,968</b> |

- 1325.** The sum of \$51.058M was expended on the payment of salaries and allowances for the project coordinator and the purchase of vehicles, computers and office equipment. However, assets totalling \$309M were destroyed by fire on 15 June 2001.
- 1326.** Four contracts valued at \$57.996M were awarded in 1999 and 2001 for consultancy services. These services relate to (a) consultancy services for the design of eight(8) housing schemes in Regions 2,3,4 and 6. During the year amounts totalling \$11.697M were paid to the contractor. As at 31 December 2001, amounts totalling \$36.105M were paid to the consultants. At the time of reporting, the consultants had completed their contractual obligations. Documentary evidence were seen attesting to the satisfactory completion of the services.
- 1327.** The amount of \$15.820M represents payments made for Policy Reform and Institutional Strengthening of the CH&PA. Two contracts valued at \$51.165M were awarded to one consultant in September 2000 and November 2001. As at 31 December 2001, amounts totalling \$19.624M was paid to the consultant. At the time of reporting the work was still in progress .

#### **Subhead 25002 – Equipment**

- 1328.** The sum of \$500,000 was allocated for the purchase of office equipment, including computer, printer and microwave. There was a supplementary provision of \$2.5M, giving a revised allocation of \$3M. The full amount was expended on the purchase of these items. The items were verified as having been received and properly brought to account.

### **Division 524**

#### **Subhead 28001 - Water Supply Technical Assistance/Rehabilitation**

- 1329.** The sum of \$1.094 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, Joanna and Lesbeholden. and (b) institutional strengthening. Amounts totalling \$737.836M were shown as having been expended.
- 1330.** 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 \$305.630M, giving a difference of \$432.206M. This difference was due mainly to (a) EU expenditure totalling \$949.451M which was not reflected in the Project financial reporting (b) foreign disbursements totalling \$248.890M made in 2000 now brought to account, (c) foreign disbursements totalling \$284.155M made in 2001 which had not yet been brought to account and (d) CDB expenditure totalling \$15.8M not reflected in the financial statements.

- 1331.** The following is a breakdown of the audited expenditure as well as expenditure relating to EU funding:-

| DESCRIPTION          | AMOUNT<br>\$'000 |
|----------------------|------------------|
| Civil works          | 1,134,590        |
| Goods                | 76,481           |
| Consultancy services | 52,056           |
| Administrative costs | 7,632            |
| Training             | 122              |
| <b>TOTAL</b>         | <b>1,270,881</b> |

- 1332.** In relation to the amount of \$1.135 billion representing civil works were sixteen(16) contracts valued at \$2.554 billion were awarded for the rehabilitation of the Pouderoyen and Rose Hall water supply systems and the installation of twenty-three(23) water network systems in Regions 3 – 6 and 10. Six(6) of these contracts valued at \$1.034 billion were awarded prior to 2001. During the year amounts totalling \$1.135 billion were paid to the contractor. As at 31 December 2001, amounts totalling \$2.402 billion were paid to the contractors. At the time of reporting, the Pouderoyen water supply system was completed while the Rose Hall system Lot 1 was about 84% complete. In addition, twenty-three other network systems were completed.
- 1333.** The amount of \$76.481M expended under Goods represents final payments for supply of two(2) generators, electrical spares and twelve(12) cases of submersible water pumps, motor and spares, based on three(3) contracts valued at \$58.335M which were awarded in 2000. At the time of reporting, the items purchased were verified as having been received and properly brought to account.
- 1334.** The amount of \$52.056M 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)**

- 1335.** The sum of \$15M was provided for the purchase and installation of fifty-one(51) hand pumps and windmills in Region Nos. 1, 6 and 9. The full amount was shown as having been expended.
- 1336.** The above amount was transferred to GUYWA for that entity to undertake the works. However, according to the records of GUYWA, expenditure totalling \$7.878M was incurred. The difference of \$7.122M should have been refunded to the Consolidated Fund. As a result, the Appropriation Account was overstated by the latter amount.
- 1337.** The following is a breakdown of the expenditure:-

| <b>DESCRIPTION</b>                                   | <b>AMOUNT<br/>\$'000</b> |
|--|--------------------------|
| Rehabilitation of water system at Potarinau Region 9 | 2,453                    |
| “ “ “ “ “ Shillinab Region 9                         | 2,490                    |
| “ “ “ “ “ Moco Moco                                  | 2,473                    |
| Inst. of solar pump at Morokabai Region 5            | 462                      |
| <b>TOTAL</b>   | <b>7,878</b>             |

- 1338.** As can be noted, no expenditure was incurred to purchase and install the windmills in Regions Nos. 1, 6 and 9. In addition, there was no evidence that approval was granted for a change in programme to facilitate the above works.
- 1339.** Four(4) contracts valued at \$7.977M were awarded in 2001 for all of the above works. As at 31 December 2001 amounts totalling \$7.878M were paid to the contractors. At the time of the reporting, the works undertaken were not physically verified due to the remoteness of the area. However, reliance was placed on the certificates of satisfactory completion issued by the engineers.

### **Subhead 28004 – Pure Water Supply (New Amsterdam)**

- 1340.** The sum of \$48M was provided for the purchase and installation of pipelines and the rehabilitation of the distribution network at New Amsterdam. The full amount was 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.
- 1341.** 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 .

**Subhead 28005- Coastal Water Supply**

- 1342.** The sum of \$120M was voted for major pipe laying projects in Eccles, Grove, New Hope, Caledonia, Timehri, Covent Garden, Wakenaam and Leguan.
- 1343.** The sum of \$100M was transferred to GUYWA for that entity to undertake the works, however, according to the records of GUYWA expenditure totalling \$71.672M was incurred. The difference of \$28.328M should have been refunded to the Consolidated Fund. As a result, the Appropriation Account was overstated by the latter amount. The amounts totalling \$71.672M were expended as follows:-

| <b>DESCRIPTION</b>                  | <b>AMOUNT<br/>\$'000</b> |
|-------------------------------------|--------------------------|
| Taymouth Manor Water Supply Project | 1,002                    |
| Zorg-En-Vlugt to La Union           | 1,088                    |
| Parika Backdam Lot 1                | 4,032                    |
| Parika Backdam Lot 11               | 1,640                    |
| Recess to Belladrum                 | 5,668                    |
| Good Faith to Huntley               | 4,813                    |
| Edingburg to Kortberaad             | 10,218                   |
| Wakenaam                            | 36,583                   |
| Queenstown                          | 6,629                    |
| <b>TOTAL</b>                        | <b>71,672</b>            |

- 1344.** As can be noted, no expenditure was incurred to lay pipes in Eccles, Grove, New Hope, Caledonia, Timehri, Covent Garden and Leguan. However, there was no evidence of a change in program to facilitate the execution of the above mentioned works.
- 1345.** Two(2) contracts totalling \$7.410M were awarded for the rehabilitation of the water supply systems at Taymouth Manor and from Zorg-En-Vulgt to La Union. Amounts totalling \$2.090M were expended as at 31 December 2001. However, there was no evidence that the tender board procedures were followed in awarding these contracts. As a result, the basis of awards could have been determined. In relation, to the water supply system at Parika, the works were undertaken in two(2) lots and two(2) contracts totalling \$6.847M were awarded. Amounts totalling \$5.672 were expended as at 31 December 2001.
- 1346.** The contract for the rehabilitation of the water supply system from Recess to Belladrum



was awarded in the sum of \$5.471M. There was an approved variation of \$196,920 giving a revised contract sum of \$5.668M. As at 31 December 2001, amounts totalling \$5.668 were paid out to the contractor. The contract was scheduled to be completed on 2 February 2001 and the contractor was required to pay liquidated damages of \$25,000 for each day that the completion date was later than intended. The contract was completed seventeen(17) days after the completion date and liquidated damages of \$425,000 were deducted from the payments due to the contractor. However, the Chief Executive Officer after discussions with the Project Manager waived the penalty and the amount deducted was refunded to the contractor. However, the reasons for granting the refund was not provided for audit

- 1347.** In relation to the rehabilitation of Good Faith to Huntley water supply system, the contract was awarded in 2000 in the sum of \$5.403M and amounts totalling \$5.353M were expended as at 31 December 2001. The contract was scheduled to be completed on 23 January 2001 but was completed twenty-one(21) days after this date. Therefore, liquidated damages of \$525,000 should have been deducted from payments made to the contractor. However, only an amount of \$175,000 was deducted. It could not have been determined why the full sum was not deducted.
- 1348.** With regard to the works from Edinburg to Korthberaad, the contract was awarded in the sum of \$13.409M to the second lowest tender. The lowest bid was \$13.195M but no explanation was given as to the basis of awarding the contract. Amounts totalling \$10.218M were expended as at 31 December 2001. The works were scheduled to be completed on 24 April 2001 but was completed 223 days after the intended completion date. We noted that an amount of \$1.341M representing 10% of the contract sum was deducted from the payments made to the contractor for not completing the works within the stipulated time.
- 1349.** The contract for the Wakenaar water supply project was awarded in the sum of \$44.056M to the second lowest tender on the grounds that details of prior experience in the field of pipeline installation were not provided by the lowest bidder. A Performance Guarantee valued at \$4.406M was provided by the Colonial Life Insurance Company(CLICO) on behalf of the contractor. This bond was forfeited by the Authority as a result of the failure of the contractor to provide another Performance Guarantee. The contract was rescinded by Cabinet and another contract was awarded in the sum of \$55.137M to the third lowest tender. The intended completion date of the contract was 17 June 2001 but at 31 December 2001, works were still in progress. Amounts totalling \$36.583M were paid to the contractor and liquidated damages totalling \$870,000 were withheld from the payments.
- 1350.** In relation to the rehabilitation of the Queenstown water supply project, the contract was awarded in the sum of \$13.795M to the second lowest tender on the grounds that the lowest bidder was disqualified for not satisfying the requirements of the contract. As at 31 December 2001, amounts totalling \$6.629M were paid out to the contractor and work was still in progress.
- 1351.** The various works undertaken were not physically verified and reliance was placed on

certificates of satisfactory completion issued by the Engineers.

**Division 525**

**Subhead 28001 – Georgetown Remedial & Sewerage Project – Phase I**

- 1352.** An amount of \$56.235M was allocated for (a) 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 (b) institutional strengthening. A supplementary provision of \$115.765M was approved, giving a revised provision of \$172M. According to the Appropriation Account, the full amount was expended.
- 1353.** 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 2001, and an examination of these accounts revealed an expenditure of \$155.102M, giving a difference of \$16.898M.
- 1354.** The difference was due mainly to (a) disbursements totalling \$82.930M in 2000 now being brought to account in the year 2001 and (b) disbursements totalling \$66.032M made in 2001 not yet brought to account.
- 1355.** The following gives a breakdown of the audited expenditure of \$155.102M:-

| DESCRIPTION   | AMOUNT<br>\$'000 | AMOUNT<br>\$'000 |
|---|------------------|------------------|
| <b>Engineering &amp; Admin.</b><br>Project management | 34,623           | 34,623           |
| <b>Direct Costs</b><br>Pipes & accessories            | 28,218           |                  |
| Water meters  | 19,745           |                  |
| Equipment & spares                                    | 72,516           | 120,479          |
| <b>TOTAL</b>  |                  | <b>155,102</b>   |

- 1356.** An amount of US\$185,151 equivalent to G\$34.623M 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.
- 1357.** There were three(3) amendments to the contract, revising the contract sum to US\$3.777M equivalent to G\$703.509M. As at 31 December 2001, amounts totalling US\$3.462M equivalent to \$782.686M was paid to the Firm. The Firm's contract came to an end during the period under review after having completed their terms of reference. The amount of G\$34.263M paid in 2001 represents the final payment on the contract based on certificates of completion issued by the General Manager.
- 1358.** In relation to the amount of US\$150,898 equivalent to G\$28.218M expended on pipes and accessories, this relates to installation of water supply trunk main at Sophia and supply of pipes and fittings. The works were undertaken through the award of two(2) contracts valued at US\$1.547M equivalent to G\$196.059M during the period 1997 and 1998. At 31 December 2001, amounts totalling G\$171.448M were paid on these contracts. At the time of reporting, the trunk main at Sophia was installed and the supply of pipes and fittings were received.
- 1359.** The amount of US\$105,582 equivalent to G\$19.745M expended on water meters represents the supply and installation of water meters and water testing equipment. A contract valued at US\$419,888 equivalent to G\$71.732M was awarded on 16 September 1999. As at 31 December 2001, amounts totalling US\$365,378 equivalent to G\$68.326M was paid on this contract. The water meters as well as the water testing equipment were received and properly accounted for. At the time of reporting the Project was completed and the contractor returned materials valued at G\$6.398M to GS&WC.
- 1360.** In relation to the amount of US\$386,636 equivalent to G\$72.516M expended on the supply of equipment and spares, this represents payments for the design and construction of storage tanks, installation of pumps, drilling of two(2) potable water wells and supply and installation of computerised hardware and Auto CAD system. In this regard, four(4) contracts valued US\$2.825M equivalent to G\$464.325M were awarded during the period 1996 to 2000. As at 31 December 2001, amounts totalling US\$2.849M equivalent to G\$468.347M were made on these contracts. At the time of reporting, these contracts were completed.

#### **Subhead 28002 – Georgetown Remedial & Sewerage Project – Phase II**

- 1361.** An amount of \$36.4M was allocated for the preparatory works for further upgrading of Georgetown Water and Sewerage System – Phase II. No amount was expended. The

expenditure was re-budgeted for in 2002.

## HEAD 46

### GEORGETOWN PUBLIC HOSPITAL CORPORATION

#### Current Expenditure

#### Employment Costs

- 1362.** The salaries bank account No. 3181 reflected the balance of \$33.035M as at 31 December 2001, while the cash book reflected a 'nil' balance as at that date. The reason for the large balance in the bank account was due to unrepresented cheques totalling \$38.440M. Included in the latter figure were twenty-three(23) stale-dated cheques totalling \$2.613M. It is recommended that action be taken to have these stale-dated cheques written back to the cash book. At the time of reporting, the account was reconciled to May 2002.
- 1363.** 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 January to November, the cash book reflected large positive and negative balances as shown below:-

| MONTH    | AMOUNT<br>\$ | MONTH     | AMOUNT<br>\$ |
|----------|--------------|-----------|--------------|
| January  | (509,205)    | July      | 1,493,127    |
| February | (4,581,972)  | August    | 1,325,975    |
| March    | (8,801,189)  | September | 1,363,574    |
| April    | (1,969,466)  | October   | (2,009,982)  |
| May      | (1,541,384)  | November  | 888,179      |
| June     | 4,658,549    |           |              |

- 1364.** The Accounting Officer explained that the large positive balances represent the late payment of salaries and the delay in paying over of deductions to the relevant agencies

after the close of the month. The negative balances were due to the payment of wages and salaries before the master cheques were received from the main bank account and deposited into the salaries bank account. The Accounting Officer is urged to ensure strict compliance with the established procedures.

- 1365.** 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 the names of persons who ceased to be employed by the Corporation remaining on the payrolls on an average of eight(8) months later. During the period under review, amounts totalling \$30.847M were refunded to the salaries bank account as unclaimed salaries. However, the unclaimed salaries register only reflected amounts totalling \$23.980M. The difference of \$6.865M was due to the register not being properly written up to reflect all the unclaimed salaries. In addition, only amounts totalling \$12.047M were shown as adjusted in the Votes Ledger. As a result, the Appropriation Account relating to Employment Costs was overstated by the amount of \$18.800M.
- 1366.** In a related matter the deductions would have been paid over to the relevant agencies. However, no attempts were made to recover the overpayment of deductions from the respective agencies. As a result, the expenditure relating to Employment Costs was further overstated by an undetermined amount. It is recommended that the agencies concerned be written to with a view of recovering the overpayments.
- 1367.** A comparison of the authorised staff as shown in the 2001 Estimates of Expenditure with the actual staff employed by the Corporation in December 2001 revealed an actual staffing of 58% as shown below:-

| <b>DESCRIPTION</b>             | <b>AUTHORISED</b> | <b>ACTUAL</b> | <b>VACANT</b> |
|--------------------------------|-------------------|---------------|---------------|
| Administrative                 | 20                | 18            | 2             |
| Senior technical               | 400               | 138           | 262           |
| Other technical & craft skills | 583               | 274           | 309           |
| Clerical & office support      | 149               | 77            | 72            |
| Semi-skilled operatives etc.   | 842               | 600           | 242           |
| Contracted employees           | 0                 | 52            | (52)          |
| <b>TOTAL</b>                   | <b>1,994</b>      | <b>1,159</b>  | <b>835</b>    |

- 1368.** It is obvious that such a shortage of staff would have had an adverse impact on the

operations of the Corporation and in particular on the level of internal control necessary to ensure adequate checks and balances and proper separation of duties. It is recommended that the staffing situation of the Corporation be carefully reviewed with a view to ensure that adequate numbers exists.

**1369.** As can be seen from the above schedule, no provision was made for contracted employees. However, a total of fifty-two(52) persons were employed on a contractual basis. It is recommended that this matter be regularized.

**1370.** Included in the sum of \$152.740M expended on Contracted Employees were amounts totalling \$221,550 which were paid during the period May to December 2001, to a driver who was assigned to an officer of the Ministry of Health. In addition, the said officer was also paid chauffeur allowance of \$302,365 during the same period. This arrangement continued until July 2002, when the payment of the chauffeur allowance ceased. It is recommended that the amount of \$302,365 be recovered from the officer.

**Other Charges**

**1371.** Amounts totalling \$417.561M were expended on Materials, Equipment & Supplies. The following is a break down of the expenditure:-

| <b>DESCRIPTION</b>            | <b>AMOUNT<br/>\$'000</b> |
|-------------------------------|--------------------------|
| Drugs and medical supplies    | 369,521                  |
| Office materials and supplies | 18,433                   |
| Field materials and supplies  | 16,315                   |
| Print and non-print materials | 13,292                   |
| <b>TOTAL</b>                  | <b>417,561</b>           |

**1372.** Included in the amount of \$369.521M expended on drugs and medical supplies, were sums totalling \$220.993M relating to purchases from overseas suppliers. Cabinet had given approval for the purchase of drugs from specialised agencies overseas. However, one(1) purchase valued at \$1.158M was made outside of the list approved by Cabinet and was without the approval of the Central Tender Board. In addition, four(4) other purchases valued \$1.027M and falling within the limits of \$180,000 and \$600,000 were effected without adherence to Ministerial Tender Board procedures. The items were nevertheless verified as having been received and properly brought to account

**1373.** Amounts totalling \$148.528M were expended on the local purchase of drugs and medical

supplies. However, four(4) other purchases totalling \$561,048 and falling within the limits of \$90,000 and \$180,000 were made without adherence to the three quote system. Notwithstanding this, the items purchased were verified as having been received and brought to account.

- 1374.** Requisition to Purchase(RTP'S) are required to be signed by the Chief Executive Officer (CEO), Director of Finance (DOF) and the respective Head of Department (HOD) as requesting and approving purchases before payments are made. However, test checks carried out in July and August revealed twenty two (22) instances where the RTP's were not properly authorised. In addition, audit checks for the same period revealed seventy eight(78) instances, where the RTP's were prepared after goods valued at \$3.086M were received. Further, there were six (6) instances where purchases totalling \$2.021M were subdivided to avoid adjudication by the appropriate Tender Board limits as set out in the Financial Regulations.
- 1375.** In respect of Office Materials and Supplies, an amount of \$108,300 was paid to a supplier for the purchase of one HP Deskjet printer and a SMART U.P.S 650 VA. However, examination of the Vote Accounts revealed that this transaction was not recorded therein. As a result, the Appropriation Account would be understated by this amount. Nevertheless, the items were verified as having been received and properly brought to account.
- 1376.** Amounts totalling \$21.062M 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.
- 1377.** In relation to the purchase of fuel and lubricants for four(4) vehicles and one(1) motor-cycle, none of the log books was presented for audit. In the circumstances, it could not be determined whether effective control was exercised over the use of these assets.
- 1378.** Amounts totalling \$71.108M were expended on Rental and Maintenance of Buildings. The following gives a breakdown of the expenditure:-

| DESCRIPTION         | AMOUNT<br>\$'000 |
|---------------------|------------------|
| Rental of buildings | 8,993            |
| 315                 |                  |

|  |        |
|--|--------|
| Repairs to Psychiatric building                    | 8,638  |
| Demolition of old buildings                        | 3,415  |
| Extension of storage bond                          | 3,259  |
| Construction of fence                              | 2,516  |
| Cleaning and janitorial supplies                   | 21,225 |
| Purchase of building materials                     | 15,121 |
| Purchase of computer equipment/janitorial supplies | 3,693  |
| Miscellaneous                                      | 4,248  |

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**TOTAL** **71,108**

- 1379.** In relation to the rehabilitation of the Psychiatric building, the contract was awarded in the sum of \$13.226M in 2000. As at 31 December 2000, amounts totalling \$117,000 were expended and further sums totalling \$8.638M were paid to the contractor in 2001. At the time of reporting in September 2002, the work was completed and the full amount was paid to the contractor.
- 1380.** Three(3) contracts valued at \$2.1M, \$1.315M and \$5.395M were awarded for the demolition of the old theatre building, the old Accident & Emergency (A & E) and the old surgical block respectively. The demolition work relating to the first two contracts were completed. However, no work was done in respect of the old surgical block in 2001 or at the time of reporting. The demolition works were physically verified.
- 1381.** The contract for the extension of the storage bond was awarded in the sum of \$3.225M in 2001. As at 31 December 2001, the work was completed and the full contract sum was paid to the contractor. However, these works are of a capital nature and should have been provided for under the Capital Estimates.
- 1382.** In relation to the construction of the fence, the contract was awarded in the sum of \$16.620M in 2000. As at 31 December 2000, amounts totalling \$12.557M were paid to the contractor. In 2001, amounts totalling \$2.516M, representing the value of measured works completed, were paid to the contractor. At the time of reporting, the work was completed and was physically verified. However, it should be mentioned that the construction of the fence is work of a capital nature and should have been provided for under the Capital Estimates.
- 1383.** The amount of \$15.121M was expended on the purchase of building materials for the carpentry workshop for the rehabilitation and construction of nine(9) buildings. The items purchased were verified as having been received and properly brought to account.
- 1384.** Included in the figure of \$3.693M shown as purchase of computer/janitorial supplies is an amount \$2.834M expended on the purchase of computer equipment. However, the vouchers relating to this expenditure was not produced for audit examination. Attempts were made to verify whether the computer equipment was received by the GPHC, however, these proved futile. In the absence of the vouchers and the failure to locate the equipment, it could not be determined whether the item was actually received and brought to account. In addition, the purchase of computer equipment are of a capital



nature and should have been provided for under the Capital Estimates.

**1385.** Included in the sum of \$4.248M representing miscellaneous were amounts totalling \$233,850 which were paid in respect of consultancy fees. The related fees was in relation to the construction of a storage bond and amounted to \$397,784. The consultant was paid sums totalling \$309,833 in 2000 and was due a balance of \$77,950. However, it was observed that the consultant was paid the balance due to him thrice in 2001 resulting in an overpayment of \$155,900.

**1386.** The sum of \$155.478M was expended on Other Goods and Services Purchased. The following gives a breakdown of the expenditure:-

| DESCRIPTION                         | AMOUNT<br>\$'000 |
|-------------------------------------|------------------|
| Equipment maintenance               | 62,521           |
| Security services                   | 37,383           |
| Cleaning and extermination services | 16,821           |
| Medical treatment                   | 38,753           |
| <b>TOTAL</b>                        | <b>155,478</b>   |

**1387.** The amount of \$62.521M shown as expenditure on the maintenance of equipment represents repairs and installation of air condition 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 contract 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. Reliance was placed on certificates of satisfactory completion issued by the supervisory officers of the various departments.

**1388.** The amount of \$37.383M expended on Security Services was paid to five(5) firms. The contracts for two(2) of the security firms were taken over from the Ministry of Health. However, one(1) of those contracts was not renewed since 1998. The contracts for the other three(3) security firms were not presented for audit examination.

**1389.** In relation to the amount of \$16.821M expended on cleaning and extermination services, fifty-three(53) contracts were awarded in the sum of \$16.821M. As at 31 December 2001, 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.

**1390.** The amount of \$38.753M was expended on transportation of patients, purchasing of

airline tickets, freight charges and medical treatment for patients sent overseas. Based on checks carried out, the expenditure was verified as having been properly incurred.

**1391.** Amounts totalling \$39.507M were expended on Other Operating Expenses. The following is a breakdown of the expenditure:-

| <b>DESCRIPTION</b>        | <b>AMOUNT<br/>\$'000</b> |     |
|---------------------------|--------------------------|-----|
| Dietary                   | 35,569                   | 817 |
| Refreshment and meals     | 3,121                    |     |
| National and other events |                          |     |
| <b>TOTAL</b>              | <b>39,507</b>            |     |

**1392.** Tender procedures were, however, not followed in respect of the purchase of dietary items. Nevertheless, based on test checks carried out, the items purchased were verified as having been received and properly brought to account.

**1393.** Amounts totalling \$8.174M were expended on Local and Overseas Training of staff, including the cost of airline tickets and hotel accommodation. However, as reported in 2000, adequate records were not maintained to determine the number of students and the respective courses in which they participated

**1394.** Excess expenditure totalling \$2.932M was incurred in respect of two(2) subheads. Since there were savings under other subheads, it would have been more appropriate for virement of funds to be sought.

#### **Stores and Other Public Properties.**

**1395.** A master inventory was maintained but it was not updated to reflect the acquisitions and disposals of assets for the period under review. In addition, sectional inventories were not maintained. In view of the numerous assets under the control of the Corporation, it is important that adequate inventory records be 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 Corporation.

## **Other Matters**

**1396.** During the course of the audit the following unsatisfactory features were observed:-

- (1) Minutes of the Ministerial Tender Board were not kept in a consolidated form to provide a complete picture of matters discussed at each meeting and the decision made in relation to the award of contracts. As a result, the following critical information relating to the award of contracts could not be ascertained:-
  - The number of contracts awarded by Ministerial Tender Board and the matters finalised and those put down for review or additional information; and
  - Matters raised by members during the consideration of each award, together with their disagreements and reservations.
- (2) The contract register was not maintained in a satisfactory manner. For instance, the register did not provide information regarding the contract number and date, contract sum, variations, amount paid and the balance outstanding on each contract to date. As a result, it was difficult to establish the present position regarding the progress of payment for each contract. The matter was brought to the attention of the Accounting Officer. However, to date no corrective action has been taken to improve the system.
- (3) Payment vouchers were not sequentially numbered to enable easy verification in the cash book. As a result, verification of transactions and locating the related payment vouchers was extremely difficult and time consuming for the audit staff. However, a payment voucher numbering system in relation to the cash book was introduced in January 2002.

## **Revenue Accounting and Control**

**1397.** According to the Corporation's Statement of Receipts and Disbursements, amounts totalling \$23.200M were collected as revenue. However, the amounts were not paid over to the Consolidated Fund, but were retained in the Corporation's bank account and used to make payments for various expenses of the Corporation. 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**

- 1398.** The salaries bank account No. 3022 reflected a balance of \$73.355M as at 31 December 2001. This account was not reconciled since its establishment in June 1996. 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. The Accounting Officer explained that action was being taken to bring the reconciliation up to date.
- 1399.** Amounts totalling \$6.987M were refunded to the main bank account as unclaimed salaries for the period under review. However, out of a sample of 172 transactions, in 104 instances refunds totalling \$2.602M could not be verified in the unclaimed salaries register and the vote accounts since the receipt and receipt voucher nos. were not stated on the related paysheets and votes ledger respectively. In addition, the unclaimed salaries was not properly maintained and bore no evidence of supervisory checks.
- 1400.** Amounts totalling \$123.045M were expended on Benefits & Allowances. Included in this figure were purchases totalling \$16.748M shown below according to the various authority limits:-

| <b>AUTHORITY LIMIT</b> | <b>NUMBER OF PURCHASES</b> | <b>AMOUNT \$'000</b> |
|------------------------|----------------------------|----------------------|
| Below \$90,000         | 108                        | 6,630                |
| \$90,000 – \$180,000   | 20                         | 2,325                |
| \$180,000 – \$600,000  | 22                         | 7,793                |
| <b>TOTAL</b>           | <b>150</b>                 | <b>16,748</b>        |

- 1401.** The following unsatisfactorily features were, however, observed in relation to these purchases:-
- (a) There was no evidence that eleven(11) purchases totalling \$4.297M falling within the limits of \$180,000 and \$600,000 were adjudicated by the Ministerial Tender Board;

- (b) Seven(7) instances totalling \$1.085M were observed of apparent sub-division of purchases to avoid the application of three-quote system; and
- (c) Three(3) instances totalling \$740,000 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 two(2) of purchases totalling \$1.755M, which would have required adjudication by the Central Tender Board.

**Other Charges**

**1402.** The main bank account No. 3020 reflected a large balance of \$165.219M as at 31 December 2001. 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 \$45.120M were refunded to the Consolidated Fund up to the time of reporting.

**1403.** 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, 587 cheque orders valued at \$132.033M were not cleared within the specified time-frame but on average one hundred and forty-five(145) days after they were issued. In addition, up the time of reporting, a total of 76 cheque orders valued at \$32.921M 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.

**1404.** Amounts totalling \$39.323M 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 \$'000</b> |
|------------------------|----------------------------|----------------------|
| Below \$90,000         | 557                        | 14,121               |
| \$90,000 - \$180,000   | 32                         | 4,142                |
| \$180,000 - \$600,000  | 66                         | 20,371               |
| \$600,000 - \$6M       | 1                          | 689                  |
| <b>TOTAL</b>           | <b>656</b>                 | <b>39,323</b>        |

**1405.** In relation to twelve(12) purchases totalling \$1.574M falling within the limits of \$90,000 and \$180,000, the three-quote system was not applied. In addition, thirty-one(31) purchases totalling \$9.727M 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. Further, supporting documents such as bills and receipts in respect of twenty-one(21) purchases totalling \$4.131M were not presented for audit.

- 1406.** There were six(6) instances totalling \$2.622M where purchases were apparently sub-divided to avoid adjudication by the Ministerial Tender Board, while a similar observation was made for nineteen(19) purchases totalling \$6.964M as being sub-divided to avoid adjudication by the Central Tender Board.
- 1407.** Amounts totalling \$19.133M were expended on Fuel & Lubricants. However, of the forty(40) vehicles for which log books were required to be maintained, only nineteen(19) were presented for audit examination. The Accounting Officer explained that log books were written up but the twenty-one(21) 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. In addition, there were thirty-seven(37) purchases totalling \$7.5M which were not traced to the stores records. No satisfactory explanation was given.
- 1408.** Amounts totalling \$28.802M were expended for the Rental & Maintenance of Buildings. The following is a breakdown of the expenditure:-

| <b>DESCRIPTION</b>                                  | <b>AMOUNT<br/>\$'000</b> |
|---|--------------------------|
| Purchases of janitorial/cleaning supplies           | 12,964                   |
| Repairs to N/A & G'town prisons                     | 8,497                    |
| "    " Timehri, N/A & G'Town Fire Service buildings | 2,481                    |
| "    " Home Affairs building                        | 660                      |
| Rental of buildings                                 | 4,200                    |
| <b>TOTAL</b>  | <b>28,802</b>            |

- 1409.** In respect of the purchase of janitorial and cleaning supplies, seven(7) instances were observed where purchases totalling \$2.341M were sub-divided 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.
- 1410.** The amount of \$8.496M 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.
- 1411.** In respect of the rental of the buildings, the amount of \$4.2M represents payment to the Guyana Post Office Corporation for the area occupied by the General Registrar's Office.
- 1412.** In respect of the repairs to the fire service building at New Amsterdam, mainly painting and plumbing works were carried out while at the Georgetown fire service buildings, windows were repaired and painting undertaken. The works were physically verified.

- 1413.** In relation to the repairs to the Ministry of Home Affairs, miscellaneous works such as carpentry works to the flooring of the Accounts Section, painting and plumbing works were carried out. These works were physically verified.
- 1414.** Amounts totalling \$1.725M were expended for the Maintenance of Infrastructure, mainly relating to fences, compounds and minor purchases.
- 1415.** Amounts totalling \$22.5M expended on Transport, Travel & Postage. The following gives a breakdown of the expenditure:-

| <b>DESCRIPTION</b>                  | <b>AMOUNT<br/>\$'000</b> |
|-------------------------------------|--------------------------|
| Vehicle spares and service          | 16,098                   |
| Local travel and subsistence        | 5,036                    |
| Other transport, travel and postage | 1,299                    |
| Postage, telex and cablegrams       | 67                       |
| <b>TOTAL</b>                        | <b>22,500</b>            |

- 1416.** Included in the amount of \$16.098M expended on Vehicle Spares and Maintenance were 365 payments totalling \$12.853M for miscellaneous purchases and services falling below \$180,000. Based on test checks carried out, 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.
- 1417.** Also included, in the amount of \$16.098M were three(3) instances of purchases totalling \$364,345 for which there was no evidence of adherence to the three-quote system. A similar observation was made in respect of three(3) purchases totalling \$182,670 which were sub-divided to avoid the adjudication by the Ministerial Tender Board. In addition, supporting documents such as bills and receipts in respect of ten(10) purchases totalling \$546,524 were not presented for audit examination. Bases on test checks carried there was documentary evidence that the expenditure was properly incurred.
- 1418.** Included in the amount of \$5.036M representing Local Travel and Subsistence were amounts totalling \$79,040 expended on overseas travel which is an improper charge against the Ministry's votes. The difference of \$4.957M was expended on local travelling, meals and accommodation. Based on test checks carried out there was documentary evidence that the expenditure was properly incurred.

**1419.** Amounts totalling \$26.748M were expended on Utility Charges as follows:-

| <b>DESCRIPTION</b>  | <b>AMOUNT<br/>\$'000</b> |
|---------------------|--------------------------|
| Electricity charges | 16,806                   |
| Telephone charges   | 7,504                    |
| Water charges       | 2,438                    |
| <b>TOTAL</b>        | <b>26,748</b>            |

**1420.** The amount of \$16.806M expended on Electricity Charges was in respect of twenty-two(22) meters for five(5) Departments under the control of the Ministry. However an electricity register to monitor the consumption and payment of electricity charges was not maintained for one(1) department.

**1421.** Included in the amount of \$7.504M shown as telephone charges, were sums totalling \$406,870 representing the cost of overseas telephone calls. However, one department did not maintain a telephone register. Although telephone registers were maintained in the other four(4) departments details of overseas calls were not entered in the registers at the time the calls were made. However, audit checks revealed that there was evidence of recoveries in respect of private overseas calls.

**1422.** Amounts totalling \$7.649M were expended on Other Goods and Services Purchased. The following gives a breakdown of the expenditure:-

| <b>DESCRIPTION</b>                  | <b>AMOUNT<br/>\$'000</b> |
|-------------------------------------|--------------------------|
| Equipment maintenance               | 2,378                    |
| Cleaning and extermination services | 2,318                    |
| Agency fees                         | 1,415                    |
| Others                              | 1,538                    |
| <b>TOTAL</b>                        | <b>7,649</b>             |

**1423.** Amounts totalling \$2.378M 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.

**1424.** Amounts totalling \$2.318M were expended on cleaning and extermination services for the period under review. Based on test checks carried out, the expenditures were verified



as having been properly incurred.

- 1425.** The amount of \$1.4M represents commission paid to the Post Office Corporation for Marriage, Birth and Death Certificates sold for the period under review.
- 1426.** Amounts totalling \$92.737M were expended on Other Operating Expenses. The following gives a breakdown of the expenditure:-

| <b>DESCRIPTION</b>    | <b>AMOUNT<br/>\$'000</b> |
|-----------------------|--------------------------|
| Dietary items         | 80,560                   |
| Refreshment and meals | 3,760                    |
| National Events       | 815                      |
| Others                | 7,602                    |
| <b>TOTAL</b>          | <b>92,737</b>            |

- 1427.** In relation to the dietary items, there were forty-five(45) purchases totalling \$17.550M which were made without adjudication by the Ministerial Tender Board. A similar observation was made in respect of eight(8) purchases totalling \$1.217M which were made without the application of three-quote system. In addition, there were fourteen(14) instances where supporting documents such as bills and receipts in respect of purchases totalling \$7.957M were not presented for audit. Nevertheless, based on test-checks carried out, the items purchased were verified received and properly brought to account.
- 1428.** Also, in respect of dietary items purchased, there were five(5) instances totalling \$1.362M which were sub-divided to avoid the adjudication by the Ministerial Tender Board. A similar observation was made in respect of eighty-three(83) purchases totalling \$41.586M 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.
- 1429.** Included in the sum of \$5.308M expended on Education Subvention and Training were amounts totalling \$1.911M which were expended on overseas training. This is an improper charge to the Ministry's votes as this expenditure should have been more appropriately met from funds provided under the Accountant General's Department

### **Stores and Other Property**

- 1430.** The Ministry maintained master inventories to record fixed assets under its control. Sectional inventories were, however, only maintained for two(2) departments during the period under review. There were four(4) instances where items were listed on the inventory but were not seen while there were eleven(11) instances where items were seen but were not recorded on the inventory. The Accounting Officer gave the assurance that the records would be updated shortly. In view of the numerous assets under the control of

the Ministry, it is important that adequate inventory records be maintained.

- 1431.** 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)**

- 1432.** The sum of \$25M was voted for (a) the rehabilitation of prison buildings at Mazaruni, Timehri, Georgetown and Lusignan (b) the purchase of cell locks. Expenditure totalling \$16.785M was incurred, as follows:-

| <b>DESCRIPTION</b>                      | <b>AMOUNT<br/>\$'000</b> |
|---|--------------------------|
| Rehabilitation of Mazaruni Prison       | 11,398                   |
| Consultancy services – Mazaruni Prisons | 1,387                    |
| <b>TOTAL</b>                            | <b>12,785</b>            |

- 1433.** As can be noted there is a difference of \$4M between the above schedule and the expenditure 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.
- 1434.** The contract for the rehabilitation of the Mazaruni Prison, which was awarded in the sum of \$27.645M to the lowest of three(3) bidders, was approved by Cabinet. In addition, there were several variations in 2002 totalling \$16.891M, giving a revised contract sum of \$44.536M. However, approvals for the variations were not seen As at 31 December 2000 payments totalling \$12.445M were made. Sums totalling \$11.398M were paid in 2001. In addition, together with the \$4M which was paid over to the Deposit Fund, amounts totalling \$16.693M were paid from the 2002 budget. At the time of reporting in August 2002, amounts totalling \$44.536M were paid to the contractor. At the time of reporting the work was still in progress.

**1435.** In respect of the variations, it was observed that they were prepared in piece-meal fashion, i.e. work for a particular period was valued and added on to the last gross valuation amount to get the present gross valuation total. There was also a deviation from the normal practice of showing omissions and additions from and to the contract bill of quantities. This seriously hampered our ability to pronounce on the authenticity of payments made to the contractor for regular and variation works. Expenditure relating to consultancy fees was made in regard to Mazaruni Prisons.

**Subhead 12002 - Police Stations & Buildings**

**1436.** The sum of \$40M was provided for (a) the completion of the Tactical Services Unit barracks, (b) rehabilitation of police stations at Karasabai, Aishalton, Kamarang, Orella, Lethem and Monkey Mountain, (c) construction of police outpost at Sohpia. Amounts totalling \$31.865M were expended on the rehabilitation of the following:-

| <b>DESCRIPTION</b>                  | <b>AMOUNT<br/>\$'000</b> |
|-------------------------------------|--------------------------|
| Aishalton Police Station            | 5,825                    |
| Suddie Training School              | 4,783                    |
| Tactical Service Unit northern wall | 4,301                    |
| Lethem Police Station               | 3,945                    |
| Western Barracks, Brickdam          | 3,379                    |
| Orealla Police Station              | 2,920                    |
| F. A. P. C.                         | 1,782                    |
| Miscellaneous                       | 323                      |
| <b>TOTAL</b>                        | <b>27,258</b>            |

**1437.** As can be noted, there is a difference of \$4.608M between the above schedule and the expenditure as shown in the Appropriation Account. The amount of \$4.080M 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. The difference of \$527,781 represents an outstanding liability, which was explained to be an inter-departmental warrant issued and for which financial returns were not received. This amount could not be verified from related records.

**1438.** As can be noted also, no work was undertaken at Karasabai, Kamarang, Monkey Mountain and Sophia during the period under review and only the rehabilitation of the Monkey Mountain Police Station was rebudgeted for in 2002. In addition, works were undertaken at Suddie Training School, Western Barracks, Brickdam and FAPC. However, a change of programme was only seen for Suddie Training School and Western

Barracks, Brickdam..

- 1439.** The contract for the rehabilitation of the Aishalton Police Station was awarded to the lowest of three(3) bidders in the sum of \$5.825M, by the Central Tender Board. As at 31 December 2001, the full amount was paid to the contractor. However, physical inspection revealed an overpayment of \$1.157M for works not done. Action should be taken to recover the overpayment from the contractor.
- 1440.** In relation to the rehabilitation of the Suddie Training School, the contract was awarded in the sum of \$5.196M. In addition there was a variation of \$1.283M giving a revised contract sum of \$6.479M. However, approval was not seen for the variation. In addition, the basis of award could not be determined and there was no evidence of the involvement of the Central Tender Board. As at 31 December 2001, the full amount of the contract sum was paid. Payments totalling \$1.283M were met from the Appropriation Account while the difference of \$5.196M was met from the Deposit account, which was opened in 2000. An inter-departmental warrant for \$3.5M was issued to Region 2 for the upgrading of the Drill square at the Suddie Training School. However, financial returns received accounted for \$3.494M, resulting in the Appropriation Account being overstated by \$6,000. It was not possible to ascertain the details of the items paid on the valuations since only lump sums, instead of details of the bills of quantities, were stated on those valuations.
- 1441.** The contract for the rehabilitation of the Tactical Services Unit was awarded in the sum of \$4.3M in January 2001 to lowest bidder. As at 31 December 2001, amounts totalling \$4.301M were expended. The work was physically verified.
- 1442.** The contract for the rehabilitation of Lethem Police Station was awarded in the sum of \$3.945M to the lowest of four(4) bidders by the Central Board. As at 31 December 2001 the full amount was paid to the contractor. However, physical inspection revealed an overpayment of \$1.182M for works not done. Action should be taken to recover the overpayment from the contractor.
- 1443.** The contract for the rehabilitation of the Western Barracks, Brickdam was awarded in the sum of \$4.549M to the lowest of nine(9) bidders by the Central Tender Board. As at 31 December 2001, amounts totalling \$3.379M were expended and the work was still in progress. The completion of the work was budgeted for in 2002.
- 1444.** In relation to the rehabilitation of the Orealla Police Station, the contract was awarded in the sum of \$2.920M to the lowest of three(3) bidder by the Central Tender Board. As at 31 December 2001, the full amount was paid to the contractor. It was not possible to ascertain the details of the items paid on the valuations since only lump sums, instead of details of the bills of quantities, were stated on those valuations.
- 1445.** In relation to the rehabilitation of the Felix Austin Police Complex, the contract was awarded in the sum of \$1.834M to the lowest bidder by the Central Tender Board. As at 31 December 2001, amounts totalling \$1.782M were expended and the work was physically verified.

**Subhead 12003 - Fire Ambulances and Stations**

- 1446.** The sum of \$20M was allocated for the construction of a fire station at Anna Regina. Amounts totalling \$14.493M were expended as follows:-

| <b>DESCRIPTION</b>                                | <b>AMOUNT<br/>\$'000</b> |
|---|--------------------------|
| Rehabilitation of Central Fire Station            | 4,841                    |
| “ “ Corriverton Fire Station                      | 2,117                    |
| Construction of bridge – Anna Regina Fire Station | 1,700                    |
| Rehabilitation of Alberttown Fire Station         | 305                      |
| Miscellaneous                                     | 829                      |
| <b>TOTAL</b>                                      | <b>9,793</b>             |

- 1447.** As can be noted, there is a difference of \$4.7M 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.
- 1448.** As can also be noted no work was done at the Anna Regina Fire Station, but was re-budgeted for 2002. Instead, a change of programme was approved for the above works.
- 1449.** The contract for the rehabilitation of the Central Fire Station was awarded in the sum of \$6.720M in December 2000. As at 31 December 2000, amounts totalling \$2.062 were expended. During the year 2001 amounts totalling \$4.481 were expended resulting in total expenditure of \$6.903M on the contract as 31 December 2001. At the time of inspection in March 2002, the work was completed and was physically verified.
- 1450.** The contract for the rehabilitation of the Corriverton Fire Station was awarded in the sum of \$5.527M in March 2001 by the Central Tender Board. However, the basis of award could not be determined as the tender documents were not available for audit. As at 31 December 2001 amounts totalling \$5.724M were paid to the contractor. . However, physical inspection revealed an overpayment of \$129,270 for works not done. Action should be taken to recover the overpayment from the contractor.

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

- 1451.** The sum of \$5M was allocated for (a) the preservation and binding of records (b) purchase of binding materials. Amounts totalling \$4.888M were expended as follows:-

| <b>DESCRIPTION</b>                       | <b>AMOUNT<br/>\$'000</b> |
|--|--------------------------|
| Preservation and binding of records      | 2,913                    |
| Purchase of furniture                    | 727                      |
| Repairs to the computerisation programme | 125                      |
| <b>TOTAL</b>                             | <b>3,765</b>             |

- 1452.** As can be noted, there is a difference of \$1.123M 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. Also, there was no evidence of a change of programme for the purchase of the furniture and the repairs to the computerisation programme.

- 1453.** The binding of the books were verified as having been satisfactorily completed. In relation to the purchase of furniture, there were two(2) instances totalling \$676,200 falling within the limits of \$180,000 and \$600,000 for which there was no evidence of involvement of the Ministerial Tender Board before the purchases were made.

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

- 1454.** An amount of \$25M was provided for the purchase of land cruisers, minibuses, cars and boats. The full amount was expended on purchase of the following:-

| <b>DESCRIPTION</b>                | <b>AMOUNT<br/>\$'000</b> |
|-----------------------------------|--------------------------|
| Three(3) motor cars               | 9,527                    |
| Four(4) 4 x 4 land cruisers       | 5,240                    |
| One(1) mini-bus                   | 3,375                    |
| One(1) out-board engine           | 1,656                    |
| One(1) prison van                 | 5,107                    |
| Publication of contract documents | 94                       |
|                                   |                          |

**TOTAL**

**25,000**

- 1455.** While Central Tender Board approval was seen for all the above purchases, except for the prison van, the basis of the awards could not have been determined since the relevant tender documents were not presented for audit examination. In addition, the prison van was not purchased but the cheque, which was drawn in 2001, and was paid into revenue in July 2002. As a result, the Appropriation Account has been overstated by \$5.107M. Nevertheless, the assets purchased were verified as having been received and properly brought to account.

**Subhead 24002 - Land and Water Transport (Home Affairs)**

- 1456.** An amount of \$5M was provided for the purchase of two(2) vehicles. Amounts totalling \$4.655M were expended on the purchase of two(2) motor cycles, one(1) 15-seater mini-bus, one(1) motor-car and one(1) land cruiser. There was no evidence to indicate that the purchase of the motor cycles to the value of \$390,000 was adjudicated by the Ministerial Tender Board. However, a waiver of Tender Board procedures was seen for the purchase of the motor car, minibus and land cruiser. In addition, a change in programme was not seen for the purchase of the two(2) motor cycles. Nevertheless, the items purchased were verified as having been received and properly brought to account.

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

- 1457.** The sum of \$130M was voted for the purchase of two(2) fire tenders. A Contingencies Fund Advances Warrant No. 50/01 dated 26 November 2001 for \$1.090M was received giving a revised allocation of \$131,090M. Amounts totalling \$131.074M were expended on the purchase of two(2) fire tenders. The purchase was made through the Crown Agents and the total amount was paid. At the time of reporting the fire tenders were not yet received. The Accounting Officer explained that the equipment would take at least one(1) year for assembly and shipping.

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

- 1458.** The sum of \$2.035M was provided for the purchase of one(1) 26-seater bus. A Contingencies Fund Advances Warrant No. 52/01 dated 26 November 2001 for \$2.220M was approved for the purchase of a marine engine and navigation equipment. Amounts totalling \$4.220M were expended on the purchase of the marine engine, navigation equipment and a 30-seater mini-bus. The items purchased were verified as having been properly received and brought to account.

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

- 1459.** An amount of \$9M was voted for the purchase of beds, mattresses, chairs, desks, filing cabinets and computers. The full amount was expended, as follows:-

| <b>DESCRIPTION</b>             | <b>AMOUNT<br/>\$'000</b> |
|--------------------------------|--------------------------|
| Office furniture and equipment | 6,787                    |
| Thirty(3) beds                 | 1,050                    |
| One(1) freezer                 | 405                      |
| Four(4) gas stoves             | 260                      |
| Two(2) refrigerators           | 186                      |
| Two(2) three-piece suite       | 155                      |
| One(1) dining sets             | 120                      |
| Twelve(12) clocks              | 36                       |
| <b>TOTAL</b>                   | <b>8,999</b>             |

- 1460.** Included in the sum of \$6.787M for seven(7) purchases of office furniture and equipment totalling \$3.185M. which was not subject to adjudication by the Ministerial Tender Board. Nevertheless, the items were verified as having been received and properly brought to account.
- 1461.** 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 the Central Tender Board. The following examples of purchases made from the same supplier on the same date:-



| <b>DATE</b>  | <b>DESCRIPTION</b>                       | <b>AMOUNT<br/>\$</b> |
|--------------|--|----------------------|
| 05/10/01     | Purchase of one fax machine              | 85,000               |
| ``           | `` of five computer desks                | 168,000              |
| <b>Total</b> |  | <b>253,000</b>       |
| 31/12/01     | Purchase of eight electronic calculators | 174,000              |
| ``           | `` of one calculator                     | 21,750               |
| ``           | `` of eight electronic calculators       | 174,000              |
| <b>Total</b> |  | <b>369,750</b>       |
| 21/11/01     | Purchase of five writing desks           | 175,000              |
| ``           | `` of two single beds                    | 70,000               |
| ``           | `` of five manual typewriters            | 525,000              |
| <b>Total</b> |  | <b>770,000</b>       |
| 31/12/01     | Purchase of one writing desks            | 35,000               |
| “            | “ of five single wooden beds             | 175,000              |
| “            | “ of two writing desks                   | 70,000               |
| “            | “ of five manual typewriters             | 525,000              |
| “            | “ of eleven single beds                  | 385,000              |
| <b>TOTAL</b> |  | <b>1,190,000</b>     |

Nevertheless, all the items were received and properly brought to account.

**Subhead 26001 - Equipment (Police)**

- 1462.** The sum of \$30M was provided for the purchase of communication and traffic equipment, arms and ammunitions, and forensic and crime laboratory equipment. A Contingencies Fund Advances Warrant No. 60/2001 dated 22 December 2001 for \$3M was received. Amounts totalling \$30M were expended in the purchase of the following:-

| <b>DESCRIPTION</b>                      | <b>AMOUNT<br/>\$'000</b> |
|---|--------------------------|
| Arms & ammunitions                      | 9,088                    |
| Communication & telephone equipment     | 8,948                    |
| Traffic equipment                       | 3,770                    |
| Forensic and crime laboratory equipment | 2,932                    |
| Computers & accessories                 | 2,012                    |
| Photographic equipment                  | 1,572                    |
| Office equipment                        | 1,498                    |
| Miscellaneous                           | 180                      |
| <b>TOTAL</b>                            | <b>30,000</b>            |

**1463.** Approval for the purchase of arms and ammunitions was granted by Cabinet to the sole bidder. The purchase of the communication, traffic and telephone equipment, and computer accessories were approved by Central Tender Board. At the time of reporting, items to the value of \$4.070M were not yet received. However, the other items purchased were verified as having been received and properly brought to account.

**1464.** There was evidence of apparent sub-division of purchases to avoid adjudication by the Ministerial and Central Tender Board. The following are examples of purchases made from the same supplier at the same date:-

| <b>DATE</b>  | <b>DESCRIPTION</b>             | <b>AMOUNT<br/>\$</b> |
|--------------|--------------------------------|----------------------|
| 24.09.01     | Purchase of camera accessories | 125,000              |
| “            | “ “ camera accessories         | 150,000              |
| <b>TOTAL</b> |                                | <b>275,000</b>       |
| 31.12.01     | Purchase of comcorde           | 165,000              |
| “            | “ “ comcorde                   | 165,000              |
| <b>TOTAL</b> |                                | <b>330,000</b>       |

| DATE         | DESCRIPTION                    | AMOUNT<br>\$     |
|--------------|--------------------------------|------------------|
| 04.12.01     | Purchase of road marking paint | 573,500          |
| “            | “ “ typewriters                | 525,000          |
| <b>Total</b> |                                | <b>1,098,500</b> |
| 31.12.01     | Purchase of bullet proof vest  | 540,400          |
| “            | “ “ bullet proof vest          | 405,300          |
| <b>TOTAL</b> |                                | <b>945,700</b>   |

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

- 1465.** The sum of \$3.5M was voted for the purchase of six(6) VHF mobile radio sets, seven(7) VHF hand held radio sets, seven(7) portable radio batteries, eight(8) telephones, eight(8) VHF spare antennas, eight(8) whip antennas and seven(7) chargers for portable radios. The amount of \$3.497M was expended. The item purchased was verified as having been received and properly brought to account.

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

- 1466.** An amount of \$5M was voted for the purchase of twenty-five(25) delivery hoses, two(2) portable pumps, six(6) suction hoses, six bolt croppers, three(3) noble branches, six(6) metal strainers and hydrant fittings. According to the Appropriation Account, amounts totalling \$\$4.999M were expended, when in fact only an expenditure of \$99,000 was incurred. The difference of \$4.9M representing unspent remittances under this sub-head, which was paid into the Deposit Fund, 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.

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

- 1467.** The sum of \$4.505M was provided for the purchase of computers, printers, air conditioning units, filing cabinets, laminating machine and freezer. Amounts totalling \$4.498M were expended on the following:-

| <b>DESCRIPTION</b>     | <b>AMOUNT<br/>\$'000</b> |
|------------------------|--------------------------|
| Three(3) computers     | 1,438                    |
| Four(4) generators     | 1,060                    |
| Four(4) freezers       | 580                      |
| One(1) photocopier     | 549                      |
| Twelve(12) cabinets    | 408                      |
| One(1) binding machine | 308                      |
| Six(6) chairs          | 75                       |
| Miscellaneous          | 155                      |
| <b>TOTAL</b>           | <b>4,498</b>             |

**1468.** Included in the amount of \$4.498M were five(5) purchases totalling \$2.356M and a purchase of \$1.1438M which were not subject to adjudication by the Ministerial Tender Board and Central Tender Board, respectively. There was a change of programme for the purchase of the generators and photocopier. However, the generators and freezers were not purchased and at the time of reporting in August 2002, the cheques for these two(2) purchases were still on hand. Nevertheless, the other items purchased were received and properly brought to account.

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

**1469.** The sum of \$1.080M was voted for the purchase of chain saws, brush cutters and a motor blower. The amount of \$1.079M shown in the appropriation as being expended on the purchase of water pumps and chairs. However, the purchases were not made and the cheque was still on hand at the time of reporting in August 2002.

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

**1470.** An amount of \$500,000 was provided for the purchase of one(1) automatic changeover switch for generator. The full amount shown as being expended was however paid into the Deposits Fund Account as at 31 December 2001. The purchase of the changeover switch for the generator was made for \$388,500 in May 2002. As a result, the Appropriation Account showed an over expenditure of \$500,000.

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

- 1471.** The sum of \$1M was provided for the purchase of chairs, writing desks and fans for Anna Regina fire station and other stations. The amount of \$959,000 was expended. Included in the amount of \$959,000 there was a cheque for \$236,730, which was drawn for the purchase of a computer. However, an alternative purchase for the computer was made to the value of \$185,280. As a result the Appropriation Account was overstated by \$51,450. The items purchased were verified as having been received and properly brought to account.

### **Subhead 26008 - Office Equipment and Furniture (Home Affairs)**

- 1472.** The sum of \$1.7M was provided for the purchase of chairs, desks, computers and fans. Amounts totalling \$1.695M were expended. There was no evidence of the application of the three-quote system nor the adjudication by the Ministerial Tender Board. The items purchased were verified as having been received and properly brought to account.

### **Subhead 26009 - Police Complaints Authority**

- 1473.** The sum of \$2M was provided for the (a) rehabilitation of Police Complaints Authority building and (b) purchase of computer and photocopier. Amounts totalling \$1.997M were expended. The sum of \$359,000 was drawn and placed in the Deposits Fund Account, for the purchase of one(1) computer. The computer was purchased in 2002 and the payment was made from the Deposits Fund Account. As a result the Appropriation Account showed and over-expenditure of this amount. The items purchased were verified as having been received and properly brought to account.

## **HEAD 51**

### **MINISTRY OF HOME AFFAIRS**

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

##### **Current Expenditure**

- 1474.** The salaries bank account No. 3032 reflected a balance of \$45.636M as at 31 December 2001. An examination of the bank reconciliation statement for this account for the month of December revealed that the dates of the outstanding cheques were not recorded. At the time of reporting this account was reconciled up to June 2002.
- 1475.** Amounts totalling \$674.427M were expended on Benefits and Allowances. Included in this figure were amounts totalling \$166.067M representing purchases of uniforms for members of the Force, shown under the various authority limits below:-

| <b>AUTHORITY LIMIT</b> | <b>NUMBER OF PURCHASES</b> | <b>AMOUNT \$'000</b> |
|------------------------|----------------------------|----------------------|
| Below \$90,000         | 312                        | 14,795               |
| \$90,000 - \$180,000   | 48                         | 5,606                |
| \$180,000 - \$600,000  | 217                        | 106,168              |
| Over \$600,000         | 2                          | 39,497               |
| <b>TOTAL</b>           | <b>577</b>                 | <b>166,067</b>       |

**1476.** Purchases exceeding \$600,000 in value require adjudication by the Central Tender Board (CTB). However, twenty-six(26) instances were noted of apparent subdivision of purchases to avoid adjudication by the CTB. The following are examples of sets of purchases which were made on the same dates from the same suppliers:-

| <b>DATE</b>  | <b>P.V NO.</b> | <b>DESCRIPTION</b>              | <b>AMOUNT \$</b> |
|--------------|----------------|---------------------------------|------------------|
| 23.01.01     | 475            | Purchase 850 yds. blue shirting | 590,750          |
| 23.01.01     | 476            | “ “ “ “ “                       | 590,750          |
| 23.01.01     | 477            | “ “ “ “ “                       | 590,750          |
| 23.01.01     | 478            | “ “ “ “ “                       | 590,750          |
| <b>TOTAL</b> |                |                                 | <b>2,363,000</b> |

| <b>DATE</b>  | <b>P.V NO.</b> | <b>DESCRIPTION</b>              | <b>AMOUNT \$</b> |
|--------------|----------------|---------------------------------|------------------|
| 31.08.01     | 12014          | Purchase 856 yds. blue shirting | 599,200          |
| 31.08.01     | 12015          | “ 857 “ “ “                     | 599,900          |
| <b>TOTAL</b> |                |                                 | <b>1,198,400</b> |

| <b>DATE</b> | <b>P.V NO.</b> | <b>DESCRIPTION</b>              | <b>AMOUNT \$</b> |
|-------------|----------------|---------------------------------|------------------|
| 08.11.01    | 16003          | Purchase 856 yds. blue shirting | 599,200          |
| 08.11.01    | 16004          | “ 857 “ “ “                     | 599,900          |
|             |                |                                 |                  |

**TOTAL**

**1,198,400**

- 1477.** An examination of the Register of Contributors to the National Insurance Scheme revealed that 468 employees were without NIS numbers. However, a further examination of the NIS listing for April 2002 revealed that 125 Officers were without numbers, which is a significant reduction from that of December 2001. The Accounting Officer explained these relate to ranks who are stationed in remote areas and work is still continuing to have them registered. Since registration with the NIS has implications for social security and other benefits, every effort should be made to ensure prompt registration of employees.
- 1478.** The main bank account No. 3034 reflected a balance of \$58.276M while the cash book balance was \$11.012M as at 31 December 2001. At the time of reporting this account was reconciled up to June 2002.
- 1479.** Amounts totalling \$80.611M were expended on Materials, Equipment and Supplies. An analysis of the purchases under the various limits is given below:-

| <b>AUTHORITY LIMIT</b> | <b>NUMBER OF PURCHASES</b> | <b>AMOUNT \$'000</b> |
|------------------------|----------------------------|----------------------|
| Below \$90,000         | 1,453                      | 37,387               |
| \$90,000 - \$180,000   | 133                        | 15,718               |
| \$180,000 - \$600,000  | 60                         | 19,896               |
| Above \$600,000        | 1                          | 7,610                |
| <b>TOTAL</b>           | <b>1,647</b>               | <b>80,611</b>        |

- 1480.** 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.
- 1481.** Amounts totalling \$51.373M were expended on Fuel and Lubricants. However, of the thirty-six(36) vehicles in use by the Force at Headquarters, log books for twenty-five(25) 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. The Accounting Officer promised to make these books available but despite several attempts these records could not be obtained.

**1482.** The sum of \$47.171M was expended on Rental and Maintenance of Buildings. The following gives a breakdown of the expenditure:-

| <b>DESCRIPTION</b>                                | <b>AMOUNT<br/>\$'000</b> |
|---|--------------------------|
| Payments for works executed in 2000               | 10,756                   |
| Janitorial and Cleaning                           | 5,824                    |
| Repairs and renovation to Police Officer's Mess   | 5,321                    |
| "    to Auditorium/Building FAPC – G/Town         | 3,830                    |
| Payments for miscellaneous works                  | 3,530                    |
| Repairs and renovation to day care – Young Street | 2,400                    |
| "    "    "    "    Chateau Margot FAPC           | 1,972                    |
| Rental of buildings                               | 600                      |
| Purchases of buildings materials                  | 12,938                   |
| <b>TOTAL</b>                                      | <b>47,171</b>            |

**1483.** Four(4) contracts totalling \$13.522M were awarded to four(4) contractors for repairs and renovations to FAPC auditorium, FAPC Chateau Margot, Police day-care and Police Officer's Mess by the Central Tender Board. The works were physically verified as having been completed.

**1484.** Amounts totalling \$156.496M were expended on Transport, Travel and Postage. The following is gives a breakdown of the expenditure:-

| <b>DESCRIPTION</b>            | <b>AMOUNT<br/>\$'000</b> |
|-------------------------------|--------------------------|
| Local, travel and subsistence | 118,664                  |
| Vehicle spares and services   | 35,507                   |
| Postage, telex and cablegrams | 2,325                    |
| <b>TOTAL</b>                  | <b>156,496</b>           |

Test checks revealed that the above expenditures were properly incurred.



**1485.** Amounts totalling \$25.217M were expended on Telephone Charges, of which sums totalling \$2.185M 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. The Accounting Officer explained that the calls that were made overseas were of a security nature and relates to Criminal Investigation Department, Interpol, Special Branch, Immigration, Commissioner of Police, Deputy Commissioners and Administration. Notwithstanding, the explanation given, we still recommend that entries be made at the time the overseas calls are made so it can be determined whether all calls were official and in the public interest.

**1486.** Amounts totalling \$31.738M were expended on Other Goods and Services Purchased. The following gives a breakdown of the expenditure:-

| <b>DESCRIPTION</b>                  | <b>AMOUNT<br/>\$'000</b> |
|-------------------------------------|--------------------------|
| Cleaning and extermination services | 6,443                    |
| Equipment maintenance               | 3,734                    |
| Other                               | 21,561                   |
| <b>TOTAL</b>                        | <b>31,738</b>            |

**1487.** Included in the amount of \$6.443M expended on cleaning and extermination services were sum totalling \$5.134M, which were paid for the cleaning of police buildings at the various locations. Test checks revealed the expenditure was properly incurred.

**1488.** The amount of \$3.734M 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.

**1489.** The figure of \$21.561M, 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.

**1490.** Amounts totalling \$25.351M were expended on other operating expenses. The following is a breakdown of the expenditure:-

| <b>DESCRIPTION</b>        | <b>AMOUNT<br/>\$'000</b> |
|---------------------------|--------------------------|
| Funeral Expenses          | 13,211                   |
| Dietary                   | 6,251                    |
| Refreshment and meals     | 5,001                    |
| National and other events | 888                      |
| <b>TOTAL</b>              | <b>25,351</b>            |

**1491.** The expenditure of \$13.211M 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.

**1492.** The sum of \$6.251M represents payment for food provided for prisoners held at the various lock-ups for the period under review. Based on test checks carried out, the expenditure was verified as having been properly incurred.

**1493.** In relation to the refreshment and meals, the amount of \$5.001M 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.

**1494.** In relation to national and other events, amounts totalling \$888,000 were spent on anniversary celebration and other ceremonial activities of the force.

**1495.** The sum of \$7.685M expended on Training (including scholarships) represents payments made in sending sixty-three(63) members of the Force on twenty-one(21) training courses held in twelve(12) countries for the period reviewed. Adequate documentation existed in support of the expenditure.

**1496.** The sum of \$5.403M was paid to INTERPOL through the use of bank drafts for the period under review. Adequate documentation was seen in support of this expenditure.

#### **Other Matters**

**1497.** Audit checks revealed that the ordinary imprest bank account No. 3033 was credited with \$119,142 by error. As a result, this amount was shown as over banked. This situation was also evident in the reconciliation of the standing imprest account No. 3035. An amount totalling \$972,063 was banked in error and as such does not belong to this account. It is recommended that efforts should be made to correct this inaccuracy in order

to reflect a true and fair view.

**HEAD 52 & DIVISION 514**

**MINISTRY OF LEGAL AFFAIRS**

**Current Expenditure**

**Employment Costs**

- 1498.** 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 both negative and positive balances at the end of the following months:-

| <b>MONTH</b> | <b>AMOUNT<br/>\$</b> | <b>MONTH</b> | <b>AMOUNT<br/>\$</b> |
|--------------|----------------------|--------------|----------------------|
| September    | (16,803)             | November     | 115,426              |
| October      | 63,136               | December     | (52,538)             |

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

- 1499.** At the time of the audit in March 2002, the reconciliation of the salaries bank account No. 3120 was completed to December 2001. However, there were unreconciled balances the end of each month during the period under review. These balances should be investigated and cleared.
- 1500.** Excess expenditure totalling \$767,000 was incurred in respect of five(5) line items under the four(4) programmes. Since there were savings in other line items, it would have been more appropriate for virement of funds to be sought.
- 1501.** An examination of the Cheque Orders Register kept by the Ministry of Legal Affairs, revealed that 145 cheque order vouchers totalling \$24.361M were not written off in the register to determine whether vouchers were actually returned to the Accountant General's Department. Nevertheless, these vouchers were cleared at the Ministry of Finance.
- 1502.** An examination of the Register of Contributions to the National Insurance Scheme revealed that NIS numbers for twenty-two(22) 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.

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

- 1503.** A stores survey was carried out on 13 February 2002. A physical count was made of thirty(30) items of stock and these were compared with the bin cards. This exercise revealed shortages of eleven(11) items and excess of eight(8) items. The shortages should be investigated and cleared and the excesses brought on charge.
- 1504.** It was observed that folio numbers were not quoted for eight(8) purchases totalling \$162,766. As a result it could not be determined whether these items were received and taken into stock. Further, bills nor receipts numbers were not evident in the Goods Received Book for five(5) of these purchases totalling \$209,821.
- 1505.** A purchase made on 16 May 2002 for forty-eight(48) tins of milk at the value of \$21,480, was entered in the stock ledger as forty-six(46) tins. An examination of the internal stores requisitions(ISRs), revealed that items were issued without signature of the receiving officer and no record was made in the stock ledger. As a result, these transactions could not be traced.

### **Other Matters**

- 1506.** The State Solicitor's bank account No. 120 reflected a balance of \$35.342M as at 31 December 2001. 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.
- 1507.** In addition, the ledger in support of the amount held in the above-mentioned account was not written up for the period under review. In the circumstances, the details 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.
- 1508.** A register was not maintained for court orders received by the State Solicitor' Department. As a result, it could not be satisfactorily determined how many orders were received on behalf of beneficiaries.
- 1509.** Cheques written for material amounts were not crossed "Account Payee Only" nor were cheques received crossed on receipt.
- 1510.** The examination of payment vouchers revealed the following discrepancies:-
- (a) Eleven(11) vouchers totalling \$10.164M had no evidence of authority for payment; and
  - (b) Two(2) vouchers totalling \$793,693 were not examined and passed for payments.

- 1511.** The Public Trustee's bank account No. 270 and the Official Receiver's Insolvency Estates bank account No. 330 reflected balances of \$20.619M and \$2.080M respectively as at 31 December 2001. However, it could not be determined when last these accounts were reconciled. In addition, the cash books and ledgers were not cast and balanced for the period under review. These matters were drawn to attention in my previous reports.
- 1512.** Receipt No. 1651231 dated 8 June 2001 for the amount of \$81,525 was not recorded in the cash book for account No. 270. Further, an examination of receipt books revealed the following discrepancies:-
- (a) Original receipts were still attached;
  - (b) Duplicate copies of receipts were still attached for seven receipts totalling \$1.662M;
  - (c) Triplicate copies of receipts were not seen;
  - (d) No triplicate copies of cancelled receipt were seen for receipts numbers 1651399 to 1651400; and
  - (e) Receipt No. 1651204 was not seen in the receipt book and no entry was made in the cash book to account for same.
- 1513.** It was observed that the amount of \$22,500 was incorrectly deposited into bank account No. 270. At the time of the audit in March 2002, no action was taken for the bank to make the necessary adjustment.
- 1514.** A total of 3,748 applications were received by the Deeds Registry for the period under review in respect of the registration of business names. However, 587 applications were not produced for audit examination. As a result, the fees payable on these applications could not be properly verified. Further, the business name register Nos. 62174 to 62293 was not produced for audit verification.
- 1515.** A total of 140 applications were received for registration of Companies. However, four(4) files were not produced for examination. In addition, an examination of the companies' files revealed that Annual Returns and Memorandum of Association were not evident. Also, minutes of meetings were not seen in 99% of the files examined.
- 1516.** In relation to trade marks, a total of 571 applications were received for the period under review, eight(8) of which were not presented for audit. However, no licences were issued in respect of these applications. A similar observation was made in respect of 2000. 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.

- 1517.** Fifty-eight(58) 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, four(4) of these files were not produced for audit. As a result, a proper verification of the amounts received could not have been carried out.
- 1518.** A sample of fifty-five(55) transports were requested from the Deed Registry, for examination. However, three(3) of these files were not produced for audit. Also, out of a sample of twenty-five(25) opposition to transports, fifteen(15) were not produced for audit examination. From a sample of twenty-four(24) leases, three(3) were not presented for audit.

### **Revenue and Accounting Control**

- 1519.** Acknowledgement receipts for revenue paid over to the Ministry of Finance were not seen for the period under review. Receipts were prepared and signed by the same officer. Also, deposit slips were prepared by the same person collecting and banking revenue. The Accounting Officer explained that deposit slips were examined by a senior officer. However, no such evidence was seen of in relation to the deposit slips.
- 1520.** A revenue register was not maintained by State Solicitor's Department for the period under review. Collectors' Cash Book/Statement(CCBS) Nos. 116501 to 116550 for the period January to June 2001 was not presented for audit examination.
- 1521.** A revenue control account, was not maintained for the period under review by the Deed Registry. Collectors' Cash Book/Statement Nos. 203101 to 203150 for the period 1 – 10 January 2001 was not presented for audit examination. In addition, an examination of the receipt books revealed that duplicate receipts were not always issued to the payees instead, they were retained in the books.

### **Capital Expenditure**

#### **Subhead 12001 – Buildings (Legal Affairs)**

- 1522.** The sum of \$1.5M was allocated for the refurbishing of washrooms. There was no expenditure incurred under this subhead and the works were not re-budgeted for in 2002.

#### **Subhead 12002 – Supreme/Magistrate Court**

- 1523.** The sum of \$16M was allocated for (a) the completion of the Suddie Supreme Court and construction of Judge's quarters at Suddie, (b) construction of bail-liff room at Whim Magistrate's Court, (c) rehabilitation of Sisters' Magistrate's Court and toilet facilities and eastern wings concrete corridor at Supreme Court, New Amsterdam and (d) rewiring of Supreme Court in Georgetown. Amounts totalling \$4.751M were expended on final payment and the supply of accessories for electricity to Suddie Magistrate's Court. Except for the construction of the bailiff room at Whim Magistrate's Court and the rewiring of the Supreme Court in Georgetown, the other works were re-budgeted for in 2002.

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

1524. The sum of \$2.5M was voted for the completion of vault, bookshelves and water trestle at Deeds Registry, New Amsterdam. The full amount was expended, and the works were physically verified.

**Subhead 12004 - Buildings (State Solicitor)**

1525. The sum of \$300,000 was voted for the construction of grill works to cover drains. Amounts totalling \$125,000 was expended, and the works were physically verified.

**Subhead 15002 – Strengthening of the Deeds Registry**

1526. The sum of \$37M 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 \$178,000 were expended on incidental expenses for foreign consultants.

**Subhead 25002 - Equipment (Supreme/Magistrate’s Court)**

1527. The sum of \$2M was voted for the purchase of a generator, two(2) small photocopiers, fans, filing cabinets, desks and chairs. The full amount was expended. The items purchased were verified as having been received and properly brought to account.

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

1528. The sum of \$700,000 was voted for the purchase of a computer, photocopier, desks and chairs. Amounts totalling \$694,050 were expended. The items purchased were verified as having been received and properly brought to account.

**Subhead 25004 – Furniture & Equipment (Legal Affairs)**

1529. The sum of \$500,000 was voted for the purchase of a computer, filing cabinets and typewriters. Amounts totalling \$492,200 were expended. The items purchased were verified as having been received and properly brought to account.

**Subhead 25005 - Equipment (State Solicitor)**

1530. The sum of \$485,000 was allocated for the purchase of a computer, desk and refrigerator. Amounts totalling \$480,650 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**

- 1531.** The salaries bank account No. 212005891 held at the Guyana National Co-operative bank reflected a balance of \$29.295M as at 31 December 2001. This account was reconciled to August 2002. However, an examination of the bank statement for the month of December 2001 revealed that there was an un-reconciled difference of \$13.510M. Similar un-reconciled differences of varying amounts were observed for the entire period under review. The Accounting Officer explained that action was being taken to address this matter.
- 1532.** 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:-

| <b>MONTH</b> | <b>AMOUNT<br/>\$'000</b> | <b>MONTH</b> | <b>AMOUNT<br/>\$'000</b> |
|--------------|--------------------------|--------------|--------------------------|
| January      | 4,099                    | July         | 6,423                    |
| February     | 1,418                    | August       | 5,914                    |
| March        | 4,435                    | September    | 33,855                   |
| April        | 6,304                    | October      | 5,806                    |
| May          | 8,717                    | November     | 5,115                    |
| June         | 30,126                   | December     | 7,129                    |

- 1533.** 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. A similar observation was made in previous reports.
- 1534.** The unpaid salaries bank account No. 436 kept at Bank of Guyana reflected a balance of \$7.453M as at 31 December 2001, resulting mainly from the accumulation of unclaimed salaries over the years. This account was reconciled to June 2002. The cash book balance at this date was \$11.806M. 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.



- 1535.** 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.
- 1536.** According to the Appropriation Account an amount of \$13.360M was due to the Consolidated Fund as at 31 December 2001. However, at the time of reporting, only an amount of \$8.161M was transferred from the main account No. 3051 to the Consolidated Fund. Action should be taken to transfer the remaining amount of \$5.199M to the Consolidated Fund.

**Other Charges**

- 1537.** Amounts totalling \$66.299M were expended on Materials, Equipment & Supplies. An analysis of the purchases totalling \$59.757M 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         | 510                        | 13,283               |
| \$90,000 - \$180,000   | 28                         | 3,285                |
| \$180,000 - \$600,000  | 64                         | 21,143               |
| \$600,000 - \$6M       | 5                          | 9,884                |
| Above \$6M             | 1                          | 12,162               |
| <b>TOTAL</b>           | <b>608</b>                 | <b>59,757</b>        |

- 1538.** In relation to the purchases falling within the limits of \$180,000 and \$600,000, there were sixty-one(61) purchases totalling \$19.813M which were awarded by Departmental Tender Board. However, there was no evidence of competitive bidding. A similar breach was observed in my 1999 and 2000 Reports. Notwithstanding these observations, based on test-checks carried out, the items purchased were verified as having been received and properly brought to account.
- 1539.** Included in the amount of \$66.299M were sums totalling \$6.542M which were expended for works and services. The following is a breakdown under the various authority limits:-

| <b>AUTHORITY LIMITS</b> | <b>NUMBER OF CONTRACTS</b> | <b>AMOUNT \$'000</b> |
|-------------------------|----------------------------|----------------------|
| Below 180,000           | 316                        | 4,981                |
| 180,000 – 450,000       | 4                          | 1,034                |
| 450,000 – 900,000       | 1                          | 527                  |
| <b>TOTAL</b>            | <b>321</b>                 | <b>6,542</b>         |

**1540.** In respect of the four(4) purchases totalling \$1.034M falling within the limits of \$180,000 and \$450,000, there was no evidence that a system of quotations was followed. Nevertheless, test checks revealed that proper documentation exists for the satisfactory completion of the works and services.

**1541.** Amounts totalling \$101.528M were expended on Fuel & Lubricants. The following gives a breakdown of the expenditure:-

| <b>DESCRIPTION</b>        | <b>AMOUNT \$'000</b> |
|---------------------------|----------------------|
| Gasolene and dieselene    | 42,129               |
| Aviation gas for aircraft | 36,002               |
| Cooking and welding gas   | 15,951               |
| Charcoal                  | 4,323                |
| Lubricants                | 2,947                |
| Kerosene                  | 176                  |
| <b>TOTAL</b>              | <b>101,528</b>       |

**1542.** 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.

**1543.** Of the fifty(50) vehicles owned and operated by the Force which were required to keep log books, only thirteen(13) were 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.

- 1544.** Included in the figure of \$15.951M 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. It should be noted that this matter was brought to attention in my Reports for the past six(6) years and to date amounts totalling \$4.680M were paid as rental for the same 131 cylinders. The Officer in charge of stores could not give any explanation but however, said that the matter was being investigated.
- 1545.** Bin cards were not maintained for the receipt and issue of fuel and lubricants by the Force, as is required by the Stores Regulations. Action should be taken to introduce these cards.
- 1546.** Amounts totalling \$33.022M were expended on the Maintenance of Buildings. The following gives a breakdown of the expenditure:-

| <b>DESCRIPTION</b>                 | <b>AMOUNT<br/>\$'000</b> |
|------------------------------------|--------------------------|
| Purchase of building materials     | 14,512                   |
| Janitorial & cleaning services     | 8,450                    |
| Repairs to Cupoc's No.2 Blg.       | 2,542                    |
| "    "    Special Forces Accom..   | 1,728                    |
| "    "    Female Accom.            | 1,556                    |
| "    "    Cell Block (Cement roof) | 1,317                    |
| "    "    WO'S & SNCO'S Mess       | 956                      |
| "    "    Pirai Office             | 531                      |
| "    "    Chief of Staff Office    | 454                      |
| "    "    Narine's Flat            | 210                      |
| (Storage Units Fin. Dept. BC.(A)   | 105                      |
| (SO1G1 Office-Admin Blg BC(A)      | 198                      |
| Miscellaneous works/services       | 463                      |
| <b>TOTAL</b>                       | <b>33,022</b>            |

- 1547.** In relation to building materials purchased, there were 228 miscellaneous payments totalling \$5.610M falling below \$90,000. There was adherence to a system of quotations in respect of twenty-three(23) payments totalling \$2.582M falling within the limit of \$90,000 and \$180,000. There was also evidence that the Departmental Tender Board adjudicated on nineteen(19) purchases totalling \$5.752M falling within the limits of \$180,000 to \$600,000. 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. In addition, there were five(5) instances where purchases of electrical materials totalling \$1.183M were subdivided to avoid adjudication by Central Tender Board. Nevertheless, based on test checks carried out, the items purchased were verified as having been

- received and properly brought to account.
- 1548.** A similar observation was made in relation to the purchase of janitorial and cleaning materials in that there were seventy-one(71) miscellaneous payments totalling \$1.734M falling below \$90,000. In addition, there was evidence that a system of quotations was followed in respect of nine(9) purchases totalling \$1.137M falling within the limits of \$90,000 and \$180,000. In addition, fifteen(15) purchases totalling \$5.579M 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.
- 1549.** In relation to the repairs of the ten(10) buildings, there was no evidence that a system of quotations was followed in respect of five(5) contracts totalling \$1.348M falling within the limits of \$180,000 and \$450,000. The works were physically verified.
- 1550.** Included in the amount of \$9.634M expended on repairs to buildings were nine(9) contracts totalling \$6.773M awarded by the Departmental Tender Board for works involving mainly carpentry, masonry 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.

**1551.** There were four(4) instances where contracts for works and services were apparently sub-divided to avoid adjudication by the Central Tender Board. The following are the details:-

| <b>DATE</b>  | <b>CONTRACT NO.</b> | <b>DESCRIPTION</b>                     | <b>AMOUNT \$</b> |
|--------------|---------------------|--|------------------|
| 10/04/01     | 4/2001              | Repairs to Cupoc's #2 Blg. BC(S)       | 899,770          |
| 24/04/01     | 5/2001              | “ “ “ “                                | 705,840          |
| 02/05/01     | 18/2001             | “ “ “ “                                | 771,525          |
| 18/06/01     | 96/2001             | “ “ “ “                                | 164,600          |
| <b>Total</b> |                     |  | <b>2,541,735</b> |
| 02/05/01     | 15/2001             | Repairs to WO'S & SNCO'S Mess BC(s)    | 381,560          |
| 02/05/01     | 17/2001             | “ “ “ “                                | 386,510          |
| 26/11/01     | 165/2001            | “ “ “ “                                | 188,000          |
| <b>Total</b> |                     |  | <b>956,070</b>   |
| 05/04/01     | 92/2001             | Repairs to special forces accom. BC(S) | 867,140          |
| 20/06/01     | 94/2001             | “ “ “ “                                | 860,860          |
| <b>Total</b> |                     |  | <b>1,728,000</b> |
| 14/11/01     | 172/2001            | Repairs to Cell block roof BC(s)       | 442,300          |
| 18/11/01     | 173/2001            | “ “ “ “                                | 874,270          |
| <b>Total</b> |                     |  | <b>1,316,57</b>  |

**1552.** Amounts totalling \$33.675M were expended on Maintenance of Infrastructure. The following gives a breakdown of the expenditure:-

| <b>DESCRIPTION</b>                           | <b>AMOUNT<br/>\$'000</b> |
|--|--------------------------|
| Repairs to revetment – Coast Guard           | 8,480                    |
| Construction of foundation – Coast Guard     | 1,810                    |
| Weeding of compounds                         | 7,448                    |
| Purchase of materials                        | 5,443                    |
| Purchase of lighting accessories             | 4,699                    |
| Drainage and irrigation                      | 2,241                    |
| Constr. of Walkway – Cupoc’s Blg No.2. BC(S) | 1,230                    |
| “    “ Play field fence – BC(A)              | 934                      |
| “    “ Guard Tower BC(S)                     | 332                      |
| Miscellaneous works/purchases                | 1,058                    |
| <b>TOTAL</b>                                 | <b>33,675</b>            |

**1553.** Included in the amount of \$33.675M were one hundred and five(105) payments totalling \$6.921M falling below \$180,000 and thirty-one(31) payments totalling \$1.529M 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 twenty-three(23) payments totalling \$5.478M. A similar observation was made in respect of four(4) purchases totalling \$626,470 falling within the limits of \$90,000 and \$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.

**1554.** In relation to the repairs of the revetment and the construction of foundation at Coast Guard, Ruimveldt, two(2) contracts were awarded in the sums of \$8.480 and \$1.810M, respectively, to the same contractor without adjudication by the Central Tender Board, and without any system of competitive bidding. It was also noted that another contract in the sum of \$8.168M was awarded by the Central Tender Board. However, only an amount of \$4.849m was paid from capital expenditure, resulting in total expenditure of \$15.139M. This expenditure exceeded the approval of the Central Tender Board by \$6.971M. In respect of the contract in the sum of \$8.480M, physical inspection revealed an overpayment of \$1.130M, in that 4” thick crusher run base course to that value was not done. It is to be noted that the construction of the foundation at Coast Guard, Ruimveldt is of a capital nature and should have been provided under the capital

estimates. The other works were physically verified.

**1555.** In relation to the construction of walkway for the Cupoc's Building No. 2, two(2) contracts in the sums of \$873,380 and \$357,020 were awarded to the same contractor. The contracts were sub-divided to avoid adjudication by the Central Tender Board. This expenditure is of a capital nature and should have been provided for under the capital estimates. Similarly, the construction of the playfield fence and the guard tower should have been provided under the capital estimates. Nevertheless, the works were physically verified and the items purchased were verified as having been received and properly brought to account.

**1556.** Amounts totalling \$123.626M were expended on Transport, Travel & Postage. The following gives a breakdown of the expenditure:-

| <b>DESCRIPTION</b>              | <b>AMOUNT<br/>\$'000</b> |
|---------------------------------|--------------------------|
| Hire of vehicles                | 95,953                   |
| Purchase of spares              | 15,975                   |
| Overseas conferences and visits | 9,985                    |
| Travelling and subsistence      | 1,447                    |
| Postage and telex               | 266                      |
| <b>TOTAL</b>                    | <b>123,626</b>           |

**1557.** As can be noted, sums totalling \$95.953M were expended on the hire of vehicles, compared with \$57.334M expended in 2000. 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. The Accounting Officer, however, explained that he has no control over the acquisition of new vehicles.

**1558.** Included in the figure of \$95.953M were one hundred and fifty(150) payments totalling \$40.017M falling within the limits of \$180,000 to \$450,000 for which a system of quotation was not followed. In addition, thirty-two(32) payments totalling \$17.928M falling within the limits of \$450,000 to \$900,000 were not subject to adjudication by the Departmental Tender Board.

**1559.** Included in the figure of \$15.975M in respect of vehicle spares and services were three(3) payments totalling \$1.048M falling within the limits of \$180,000 to \$450,000 for which a system of quotation was not followed.

- 1560.** Amounts totalling \$1.447M 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.
- 1561.** Included in the amount of \$25.118M shown as Telephone Charges were sums totalling \$3.915M 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.
- 1562.** Amounts totalling \$11.790M expended on Electricity Charges were in respect of nine(9) meters under the control of the Force. However, the electricity charges register reflected total payments of \$10.756M, resulting in a difference of \$1.035M. The Accounting Officer explained that a reconciliation between the Electricity Charges Register and the Votes was in progress.
- 1563.** In relation to the amount of \$54.801M expended on Other Services Purchased, the following gives a breakdown of the expenditure:-

| <b>DESCRIPTION</b>                | <b>AMOUNT<br/>\$'000</b> |
|-----------------------------------|--------------------------|
| Maintenance of equipment          | 39,715                   |
| Cleaning & extermination services | 9,585                    |
| Miscellaneous services            | 5,501                    |
| <b>TOTAL</b>                      | <b>54,801</b>            |

- 1564.** Amounts totalling \$39.715M 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 fourteen(14) contracts totalling \$3.525M. In addition, there were seven(7) contracts between the limits of \$450,000 to \$900,000 totalling \$4.713M which were adjudication of the Departmental Tender Board. However, there was no system of competitive bidding. Further, while there were two(2) contracts totalling \$5.741M which were not adjudicated by the Central Tender Board.
- 1565.** Included in the amount of \$9.585M were eight(8) payments totalling \$3.828M made to one(1) supplier for the purchase of cleaners. These purchases were sub-divided to avoid



adjudication by the Central Tender Board. Details are as follows:-

| DATE         | P.V. NO. | DESCRIPTION                    | AMOUNT<br>\$     |
|--------------|----------|--------------------------------|------------------|
| 20/12/01     | 12216    | Purchase of Degreaser cleaner  | 575,000          |
| 20/12/01     | 12219    | Purchase of Industrial cleaner | 584,000          |
| 20/12/01     | 12220    | “ “ Pillar floor sealer        | 572,000          |
| 20/12/01     | 12221    | “ “ degreaser cleaner          | 572,000          |
| 20/12/01     | 12222    | “ “ Jump start cleaner         | 584,000          |
| 20/12/01     | 12218    | “ “ durability finish seal     | 256,998          |
| 20/12/01     | 12226    | “ “ Industrial cleaner         | 572,000          |
| 20/12/01     | 12364    | “ “ “ “                        | 112,200          |
| <b>TOTAL</b> |          |                                | <b>3,828,198</b> |

- 1566.** Included in the amount of \$9.585M expended on cleaning and exterminating services were thirty(30) contracts totalling \$2.391M 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 four(4) contracts totalling \$855,000.
- 1567.** The amount of \$5.501M represents 201 payments totalling \$4.442M for miscellaneous services such as termite eradication, rental of photocopier, painting of signs, 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 four(4) contracts totalling \$1.060M.
- 1568.** Amounts totalling \$391.191M were expended for Other Operating Expenses. The following gives a breakdown of the expenditure:-

| DESCRIPTION                            | AMOUNT<br>\$'000 |
|--|------------------|
| Dietary supplies                       | 210,264          |
| Clothing and equipment                 | 104,261          |
| Purchase of accommodation items        | 34,387           |
| Agriculture Farm supplies              | 29,492           |
| Entertainment and sports               | 7,136            |
| Hire of vehicles for security services | 2,368            |
| Funeral expenses                       | 1,440            |
| National and other events              | 624              |
| Maintenance of music band corps        | 110              |
| 357                                    |                  |

**TOTAL****391,191**

- 1569.** In relation to the amount of \$210.264M expended on Dietary Supplies, Cabinet had approved of a list of suppliers. However, purchases were also made from other suppliers. In this respect, thirty-seven(37) other purchases totalling \$11.724M falling within the limits of \$180,000 to \$600,000 were adjudicated by the Departmental Tender Board. However, the awards were made without any system of competitive bidding. The Accounting Officer explained that these purchases were made from other suppliers because the regular suppliers were unable to do so. Based on test checks carried out, the items purchased were verified as having been received and properly brought to account.
- 1570.** A similar observation was made in relation to the purchase of clothing and equipment, agriculture farm supplies, accommodation items and entertainment and sports where two hundred and ten(210) purchases totalling \$79.543M falling within the limits of \$180,000 to \$600,000 which were adjudicated by the Departmental Tender Board, without any system of competitive bidding. Based on test checks carried out, the items purchased were verified as having been received and properly brought to account.

**Revenue Accounting and Control**

- 1571.** 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.
- 1572.** 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 \$157.783M were received as revenue while payments totalled \$168.706M.
- 1573.** The GDF has an aircraft, 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.

Conformation 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.

**HEAD 55**

**SUPREME COURT**

**PROGRAMME 1 – SUPREME COURT OF JUDICATURE**

**Current Expenditure**

**Employment Costs**

- 1574.** The salaries bank account No. 4002 which reflected a balance of \$3.606M as at 31 December 2001 was reconciled during the period under reviewed however, the reconciliation statements reflected unreconciled balances at the end of each month. These amounts should be investigated and cleared.
- 1575.** 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 months of February and May 2001, the cash book reflected balances of \$118,123 and \$2,779 respectively. Efforts should be made to ensure strict compliance with laid down procedures.
- 1576.** Amounts totalling \$1.945M 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.
- 1577.** A comparison of the authorised staff complement against the actual staff strength revealed that the authorised establishment was exceeded by on average thirty-four(34) persons, as shown below:-

| <b>DESCRIPTION</b>           | <b>AUTHORISED</b> | <b>ACTUAL</b> | <b>EXCESS</b> |
|------------------------------|-------------------|---------------|---------------|
| Clerical & office support    | 89                | 114           | 25            |
| Semi-skilled operatives etc. | 20                | 27            | 7             |
| Contracted employees         | 0                 | 2             | 2             |
| <b>TOTAL</b>                 | <b>109</b>        | <b>143</b>    | <b>34</b>     |

## **Other Charges**

- 1578.** The main bank account No. 4004 reflected a large balance of \$35.445M as at 31 December 2001 as compared to a balance of \$149.683M as at 31 December 2001, a difference of \$114.238M and the account was reconciled during the period under review. However, a cash book was not produced for examination and the reconciliation statements reflected unreconciled balances at the end of each month. In the absence of the cash book the accuracy of the reconciliation statements could not be established.
- 1579.** Two hundred and ten(210) payment vouchers and supporting documents such as bills and receipts and valued at \$19.323M, were not presented for audit examination. No alternative auditing procedures could have been adopted to verify the propriety of the expenditure.
- 1580.** 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.
- 1581.** Eighty-five (85) advances to the value of \$9.370M were issued from the main bank account No. 4004, to purchase office supplies, vehicle spares, printing of books and to defray cost of travelling, etc. These amounts were recorded in the votes ledger, and the advances were cleared upon presentation of bills and receipts. It should be noted however that an imprest bank account No. 3133 was provided for this purpose, but it is not in operation. The Accounting Officer is advised to put in operation this account.
- 1582.** Amounts totalling \$16.890M were expended on Materials, Equipment & Supplies. However, two(2) purchases totalling \$560,500 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. Also, twenty-six(26) payments vouchers totalling \$5.780M and included in the above figure, for the purchase of printed forms and registers, had no evidence on the vouchers that the forms and books were received and taken into stock. However, further checks revealed that the items were received by the Accounts Section and were distributed to the various Sections.
- 1583.** Also included in the amount of \$16.890M were twenty-two(22) purchases totalling \$6.150M and falling within the limits of \$90,000 and \$180,000, were made without the required system of quotations. In addition, there were three(3) purchases totalling \$3.048M in excess of \$600,000, which were made without the adjudication by the Central Tender Board. Also, the sum of \$100,000 on payment voucher No. 1873 dated 20 July 2001 was advanced to an officer to purchase office materials and supplies. However, upon examination of the voucher, it would appear that one of the bills for \$2,075 was tampered with to read \$12,075, a difference of \$10,000, in order to clear the full amount advanced. It is recommended that this matter be investigated

- 1584.** Eight (8) purchases totalling \$2.202M were not supported by the relevant bills and/or receipts, and no alternative audit procedures could not have been adopted to verify whether the items have been received and properly accounted for.
- 1585.** Amounts totalling \$19.601M were expended on Maintenance of Buildings and Janitorial and Cleaning Services. The following are the details of the expenditure:-

| <b>DESCRIPTION</b>   | <b>AMOUNT<br/>\$</b>            |
|--|---------------------------------|
| Supreme Court toilet, etc  | 3,749,325                       |
| Court rooms and chambers   | 3,648,216                       |
| Chief Justice Chambers   | 2,964,251                       |
| Sub Registry – New Amsterdam   | 2,112,580                       |
| Court of Appeal  | 1,588,210                       |
| Judicial Section – G/town  | 1,489,435                       |
| Accounts Section – G/town  | 756,200                         |
| Law Library – G/town   | 525,250                         |
| Miscellaneous  | 168,080                         |
| <b>Sub – Total – Maintenance of Buildings<br/>Janitorial &amp; Cleaning Services</b> | <b>17,001,547<br/>2,599,164</b> |
| <b>TOTAL</b>   | <b>19,600,711</b>               |

- 1586.** The above works for the Maintenance of Buildings to the value of \$17.012M were executed by seventy-three(73) contracts. The following is a breakdown by authority limits for contracts awarded :-

| <b>LIMIT<br/>\$</b> | <b>NO. OF<br/>CONTRACT</b> | <b>AMOUNT<br/>\$</b> |
|---------------------|----------------------------|----------------------|
| Over 450,000        | Nil                        | Nil                  |
| 180,000 - 450,000   | 37                         | 3,910,047            |
| Below - 180,000     | 36                         | 13,091,500           |
| <b>TOTAL</b>        | <b>73</b>                  | <b>17,001,547</b>    |

**1587.** An examination of above contracts revealed apparent subdivisions to avoid adjudication by the Departmental Tender Board and the system of quotations. All of the contracts were awarded on the sole authority of the Accounting Officer. The following are the details of five(5) sets of contracts were awarded to the same individual and on the same date:-

| DATE         | CONTRACT NO. | DESCRIPTION                     | AMOUNT \$      |
|--------------|--------------|---------------------------------|----------------|
| 20/03        | 34/2001      | Laying carpets in Court chamber | 255,700        |
| 20/03        | 35/2001      | Laying carpets in Court chamber | 234,720        |
| <b>TOTAL</b> |              |                                 | <b>490,420</b> |

| DATE         | CONTRACT NO. | DESCRIPTION                                  | AMOUNT \$      |
|--------------|--------------|--|----------------|
| 08/05        | 63/2001      | Carpentry repairs, laying tiles in A/C Sect. | 173,300        |
| 08/05        | 64/2001      | Building shelves & repair counters           | 447,860        |
| 08/05        | 65/2001      | Building shelves & counters in A/C Sect.     | 67,950         |
| <b>TOTAL</b> |              |  | <b>689,110</b> |

| DATE         | CONTRACT NO. | DESCRIPTION                           | AMOUNT \$      |
|--------------|--------------|---------------------------------------|----------------|
| 29/06        | 108/2001     | Carpentry repairs New Amsterdam       | 449,360        |
| 29/06        | 109/2001     | Construction of shelves, mesh door NA | 248,535        |
| <b>TOTAL</b> |              |                                       | <b>697,895</b> |

| DATE  | CONTRACT NO. | DESCRIPTION                             | AMOUNT \$ |
|-------|--------------|---|-----------|
| 24/07 | 124/2001     | Construction of shelves at Supt. Court  | 162,485   |
| 24/07 | 125/2001     | Cleaning & plumbing work done in toilet | 49,020    |

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**TOTAL****211,505**

| <b>DATE</b>  | <b>CONTRACT NO.</b> | <b>DESCRIPTION</b>                     | <b>AMOUNT \$</b> |
|--------------|---------------------|--|------------------|
| 19/09        | 157/2001            | Supply and laying carpet in office     | 165,900          |
| 19/09        | 158/2001            | Repairs & painting of Registrar office | 159,700          |
| <b>TOTAL</b> |                     |  | <b>325,600</b>   |

**1588.** Physical verification of the contracts awarded for the above works for Maintenance of Buildings revealed the following discrepancies:-

- (a) Contract No.104/01 for work done at the Chief Justice Chambers was awarded in the sum of \$407,375, and the full amount was paid to the contractor. Included in the charges is the cost for the supply of 75 square yards of carpets however, physical verification revealed that only 69 square yards were used. This resulted in 6 square yards short supplied, the value of which is \$22,800;
- (b) With respect to contract No.93/01 for the amount of \$350,350, for the laying of carpets at the Chancellor's Chambers, physical verification revealed that carpets and foam to the value of \$25,920 were not supplied although payment was made for these items;
- (c) Contract No.35/01 for the sum of \$234,720 was awarded for the laying of carpets at a Justice's Chambers. However, shortages to the value of \$19,100 representing carpets and edgings were noted;
- (d) With regards to contract No. 34/01 for \$255,700, for the laying of carpets at another Justice's Chambers, short supplies of carpets and edgings to the value of \$26,700 were noted;
- (e) In respect of contract No.15/01 for \$441,210, for the removing and laying of tiles at the Marshall's Section, shortages to the amount of \$174,075 representing non-skid tiles and labour for laying the tiles were noted; and
- (f) Contract No. 49/01 for \$348,590 was awarded for the fabricating and hanging of eighteen(18) mesh frames to the windows at the Supreme Court Library. The full amount was paid to the contractor. However only nine(9) mesh frames were done resulting in an overpayment of \$174,295.

**1589.** Amounts totalling \$1.662M were expended on Transport, Travel & Postage. Included in this figure, were eight(8) payments totalling \$200,960 for travelling and subsistence and vehicle spares, for which bills and receipts were not seen. In addition, eighteen(18) payments totalling \$543,200 were made for the hire of taxis; however the receipts were not pre-numbered and were not issued by established taxi services. In addition, three(3) of the vouchers totalling \$97,000 were not accompanied by receipts to substantiate the payments. Further, in twelve(12) of the eighteen(18) cases the payees were officers of the Supreme Court.

**1590.** The amount of \$31.208M was expended on Other Goods and Services Purchased Included in this amount were sums totalling \$13.498M which were spent on line item - Other. However, the following contracts which were awarded to the same contractor on the same date, were apparently sub-divided to avoid adjudication by the Departmental Tender Board:-

| <b>DATE</b>  | <b>CONTRACT NO.</b> | <b>DESCRIPTION</b>                               | <b>AMOUNT \$</b> |
|--------------|---------------------|--|------------------|
| 02/04        | 39/2001             | Laying carpets in conference room supreme court  | 444,300          |
| 02/04        | 40/2001             | Laying carpets in court chambers-court of Appeal | 255,700          |
| <b>TOTAL</b> |                     |  | <b>700,000</b>   |

**1591.** Contract No. 40/01 for \$255,700 was awarded for the laying of carpets at a Justice's Chambers, and the full amount was paid to the contractor. However, a physical verification revealed that carpets and edgings to the value of \$26,700 were not seen, resulting in an overpayment of the said amount.

**1592.** The amount of \$5.006M was expended on Refreshment and Meals. However, in my previous 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 and the 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 \$4.608M 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.



- 1593.** Amounts totalling \$737,987 were paid to the Mayor & City Council as Rates and Taxes for 2001. However, an inventory 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 2000 Report where the sum of \$600,000 was paid to the Mayor & City Council.

### **Revenue Accounting and Control**

- 1594.** 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 \$35.445M as at 31 December 2001. Included in this figure, are large amounts representing revenues from the various Magisterial Districts which had not yet been transferred to the Consolidated Fund. This matter was drawn to attention in my 2000 Report, where it was stated that amounts totalling \$87.121M representing revenues for the period 1995 to 2000, had not been paid over to the Consolidated Fund.
- 1595.** Revenue totalling \$1.574M 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 2000 Report where it was stated that amounts totalling \$1.015M were collected but were not paid over.

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

- 1596.** 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.
- 1597.** 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-six(36) items was carried out on 8 October 2002 and comparison made with the stock ledger balances. The results revealed excesses in respect of thirteen(13) items while there were shortages in respect of sixteen(16) items. Every effort should be made to ensure strict compliance with the Stores Regulations.

### **Other Matters**

- 1598.** The execution sales bank account No. 4000 reflected a large balance of \$53.987M as at 31 December 2001 and the account was reconciled during the period under review. However, the cash book was not cast and balanced and the reconciliation statement reflected un-reconciled balances at the end of each month. As a result, the accuracy of the reconciliation

statements could not be determined.

- 1599.** 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.
- 1600.** The Witness Money bank account No. 4001 reflected a balance of \$1.027M as at 31 December 2001 and the account was reconciled during the period under review. However, the cash book was not balanced at the end of each month and the reconciliation statement reflected un-reconciled balances at the end of each month. As a result, the accuracy of the reconciliation statements could not be determined.
- 1601.** 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.
- 1602.** The imprest bank account No. 3133 with a balance of \$77,279 was last reconciled to April 2001 at the time of the audit in August 2002, and became non-operational in June 2001. However, no reason was provided for the cessation of the operation of the imprest account.
- 1603.** Twenty-five(25) cheque books and six(6) receipt books which were used during the period under review were not recorded in the controlled forms register. In addition, two(2) cheque books Nos. 054401- 054500 and 054501- 054600 were not produced for examination.
- 1604.** Expenditure totalling \$978,000 were in excess of the voted provision under four(4) line items. Since there were savings under other line items, it would have been appropriate to seek approval of virement to cover any excess expenditure.

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

- 1605.** Amounts totalling \$18.005M were expended on Materials, Equipment & Supplies. However, three(3) payment vouchers totalling \$718,400 were not supported by receipts and/or bills. As a result, the propriety of the expenditure could not be verified. In addition, an amount of \$100,000 on payment voucher No. 1261 dated 25. 05. 2001 was advanced to an officer to purchase office materials and supplies, but there was no evidence that the items were received and taken into stock. No alternative checks could have been carried out to verify the receipt of these items. Further, there were three (3) advances totalling \$500,000 which were issued from the main account to facilitate purchases of office material and supplies, however these purchases were not subject to three quote system.

**1606.** Also included in the amount of \$18.005M were eleven (11) payments to the value of \$11.277M for the printing of forms and books for the Magisterial District offices. However, three(3) purchases falling within the limits of \$180,000 and \$600,00 and eight(8) in excess of \$600,000 were not subject to tender procedures and adjudication by Departmental and Central Tender Boards, respectively. In addition, there was no evidence on the vouchers to indicate that the items were received and taken into stock. Further audit checks revealed that the items were received and properly brought to account. It is recommended that the stores keeping procedures should be properly followed.

**1607.** Amounts totalling \$15.966M were expended on Rental & Maintenance of Buildings. Included in this amount were forty-two(42) contracts valued at \$12.961M which were awarded for various works. The following is an analysis by authority limits:-

| <b>AUTHORITY LIMIT</b> | <b>NO. OF CONTRACTS</b> | <b>AMOUNT \$</b>  |
|------------------------|-------------------------|-------------------|
| \$180,000 - \$450,000  | 27                      | 11,142,511        |
| Below \$180,000        | 15                      | 1,818,320         |
| <b>TOTAL</b>           | <b>42</b>               | <b>12,960,831</b> |

**1608.** The following contracts were awarded to the same individual and on the same date in order to avoid adjudication by the Departmental Tender Board:-

| <b>DATE</b>  | <b>CONTRACT NO.</b> | <b>DESCRIPTION</b>                        | <b>AMOUNT \$</b> |
|--------------|---------------------|---|------------------|
| 29/06        | 41/2001             | Construction of shelves Whim Magt. court  | 250,165          |
| 29/06        | 43/2001             | Construction of concrete vault Whim court | 449,415          |
| <b>TOTAL</b> |                     |   | <b>699,580</b>   |

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.

**1609.** Contract No. 98 dated 01.12.18 for \$104,670 for the welding of frames and replace shelves at the Chief Justice Chamber was incorrectly charged under this Programme instead of

Programme 1 – Supreme Court. Had the amount been charged to Programme 1, the particular line item would have been exceeded.

- 1610.** Included in the amount of \$15.966M were eight(8) advances totalling \$2.040M which were made directly from the main account to facilitate the purchase of cleaning supplies. However these purchases, all of which were within the limits of \$180,000 and \$450,000, were not subject to adjudication by the Departmental Tender Board.
- 1611.** The following amounts were incorrectly charged to line item – Rental & Maintenance of Buildings, resulting in the expenditure being misallocated. Had the expenditure been charged to the appropriate line items, the voted provisions would have been exceeded.:-
- (i) Voucher No. 1287 for the amount of \$59,245 for calculators purchased;
  - (ii) \$13,240 which relates to the payment for hiring of taxi to transport stationery on vouchers Nos. 746, 1287, 3579; and
  - (iii) \$184,630 paid for the weeding and cleaning of the court compound etc, on contracts Nos. 79/01, 82/01 and 83/01.
- 1612.** Amounts totalling \$2.964M were expended on the Maintenance of Infrastructure. Included in this amount were the following contracts totalling \$898,940 which were awarded to the same contractor on the same date were sub-divided to avoid adjudication by the Departmental Tender Board:-

| DATE         | CONTRACT NO. | DESCRIPTION OF WORK                                  | AMOUNT \$      |
|--------------|--------------|--|----------------|
| 22/06        | 34/01        | Repairs to Mibicuri Magistrate Court fence           | 449,410        |
| 22/06        | 35/01        | Const. of two (2)flat bridge at Mibicuri Magt. Court | 449,530        |
| <b>TOTAL</b> |              |  | <b>898,940</b> |

- 1613.** Contract No. 25/01 for \$450,580 was awarded for carpentry, masonry and plumbing works at the Reliance Magistrate’s Court. However, this contract was awarded without adjudication by the Departmental Tender Board.
- 1614.** Amounts totalling \$15.255M were expended on Transport, Travelling and Postage. Included in this amount were twenty-six (26) advances totalling \$1.6M given to an officer on an assignment at the Berbice Magistrate’s Court, during May to December 2001, to facilitate payments for travelling and subsistence and photocopying of documents. However, an examination of the original bills/receipts submitted to clear the advances revealed that they were apparently tampered with for example, in cases where double faced carbons were used to prepare the bills/receipts, the back of these documents

read different amounts than those shown on the face of the bills/receipts. These differences which represent increases from the original figures on the bills/receipts amounted to \$194,319.

- 1615.** Also included in the amount of \$15.255M were twenty-six(26) payments totalling \$146,780 which were made for the hiring of taxi during the period May to December 2001, on a daily basis to travel mainly from a main street hotel in New Amsterdam to the Berbice Magistrate's Court also in New Amsterdam, at a rate of \$400 per trip. Neither receipts nor bills were submitted to account for the expenditure on the travelling, instead the officer provided honour certificates, without stating the registration Nos. of the taxi hired. In addition, a honour certificate was also provided by the officer for an amount of \$55,200 for meals and accommodation provided for five(5) days at a particular hotel, claiming that the receipt was misplaced. He had indicated that he would have supplied a copy of the receipt at a later date, this was not done.
- 1616.** The amount of \$70,000 on advance form No. 134/01 was issued to another officer, to defray costs for hotel accommodation, meals and photocopying of documents. However, an examination of the original bills/receipts submitted to clear the advance revealed that they were apparently tampered with, for example, in cases where double faced carbons were used to prepare the bills/receipts, the back of these documents read different amounts than those shown on the face of the bills/receipts. This resulted in the bills/receipts being overstated by amounts totalling \$18,400. Also, an amount of \$211,260 was paid on payment voucher No1929, to the said officer to defray expenses for travelling and meals. Neither receipts, bills nor honour certificates were attached to the payment voucher instead, a statement detailing the expenditure was submitted by the officer, and this statement was approved by the Accounting Officer. As a result, the expenditure could not be properly verified.
- 1617.** The amount of \$6.626M was expended on Other Goods and Services Purchased. Included in this amount were payments totalling \$5.036M which were spent on line item – Other. Included in the amount of \$5.036M were seven(7) payments valued \$1.817M for typing services rendered, and which were between the limits of \$180,000 and \$450,000 were not adjudicated by the Departmental Tender Board. The payments were made solely on the authority of the Accounting Officer. It was also noted that the payees on the vouchers were officers of the Supreme Court.
- 1618.** The amount of \$3.051M was expended on Other Operating Expenses. Included in this amount are sums totalling \$2.222M which were expended under line item – Other. Included in the amount of \$2.222M were five(5) payments valued at \$1.444M which were made for the typing of depositions and which were between the limits of \$180,000 and \$450,000 were not subject to the adjudication of the Departmental Tender Board, but were made on the sole authority of the Accounting Officer. It should also be noted that in two(2) instances the payee was an officer of the Supreme Court.

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

- 1619.** A physical count of a sample of fifty-eight(58) items was carried out at the store on 23 September 2002 and comparison made with the stock ledger balances. The results revealed excesses in respect of twenty-eight(28) items while there were shortages in respect of eight(8) items. Effort should be made to investigate the excesses and shortages

### **Georgetown Magisterial District**

- 1620.** The salaries bank account No. 3113, which reflected a balance of \$3.840M as at 31 December 2001, 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. It is the requirement that the salaries cash book be balanced at the end of each month and these balances should be "nil" however, the cash book reflected positive balances for five(5) months and a negative balance for one(1) month.
- 1621.** 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.
- 1622.** For the period under review, a total of 15,098 criminal cases and 1,414 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. Also, the fines register was not written up for the months of January and February 2001. As a result, fines collectible, collected and outstanding could not be readily determined, for those months.
- 1623.** A total of 560 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.
- 1624.** The Traffic Ticket Record Book was not written up for the months of November and December 2001 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.
- 1625.** The old suitors' deposits account No. 157, which became non-operational in October 1996, reflected a balance of \$79.979M as at 31 December 2001. It is again recommended that this amount be transferred to the present account No. 3114, and steps taken to close the account.

- 1626.** The present suitors' deposits account No. 3114, which reflected a balance of \$63.551M as at 31 December 2001, was not reconciled since it was established in October 1996. In addition, the cash book was not properly balanced since accumulated totals of receipts, payments and balances at the end of each month were not recorded there-in. As a result, the cash book balance could not be verified.
- 1627.** Entries were not made in the deposits ledger in respect of the refund of bail money for the period 16 to the 31 May and for the month of December 2001. It is recommended that the relevant entries be made so as to avoid the possibility of duplication of payments.
- 1628.** 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 Court at the time of reporting.
- 1629.** The maintenance and bastardy account No. 3115, which reflected a balance of \$1.964M as at 31 December 2001, was not reconciled since its establishment. In addition, a total of 1,143 affiliation cases were filed during 2001 because of the failure of defendants to honour their commitments.
- 1630.** 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 and fees and fines.
- 1631.** An examination of the Bailiff's Record of Writs revealed that fifty-seven(57) writs were filed during 2001. However, sixteen(16) 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.
- 1632.** 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**

- 1633.** In my 2000 report, it was stated that 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, but no apparent action was taken in this regard.

- 1634.** In my 1999 and 2000 Reports, 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.

### **West Demerara Magisterial District**

- 1635.** The salaries bank account No. 3110, which reflected a balance of \$1.111M as at 31 December 2001, was not reconciled since it was established in October 1996. Also, a salaries control register and a diary of pay changes were not maintained for the period under review.
- 1636.** The suitors' deposits bank account No. 3111 which reflected a balance of \$6.68M was not reconciled since it was established in 1996. The cash book for this accounts was not properly balanced since cheque payments were not taken into account. The deposit ledger to account for the receipt and disposal of bail money, was not properly written up since, twelve(12) receipts totalling \$355,250 were not recorded there-in, and five(5) disbursements totalling \$123,000 for refund of bail money were also not recorded.
- 1637.** The maintenance and bastardy account No. 3112 was overdrawn by \$5.466M as at December 2001. Investigations carried out in September 2000 in respect of this account 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 however, not recorded in the register which bore no evidence of supervisory checks.

- 1638.** In relation to the above deficiencies, the Clerk of Court explained that an officer was over



a period of time converting cash receipts and money orders to his personal use and continued to make payments to beneficiaries from the account. The officer who was suspected of carrying out these irregularities was however, still on the job.

- 1639.** An examination of the civil and criminal records revealed that 3,591 cases were filed during 2001. However, the case jackets in respect of 33 criminal cases and 32 civil cases were not produced for audit examination. In the circumstances, the outcome of the cases could not be properly determined.
- 1640.** 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.
- 1641.** 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.
- 1642.** 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.
- 1643.** 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.
- 1644.** In my previous Reports, 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. At the time of reporting the situation remained the same.
- 1645.** Also mentioned in my previous Reports, 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. At the time of reporting the situation remained the same.
- 1646.** 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.

- 1647.** 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.
- 1648.** A physical verification of assets on hand could not be done since an inventory record was not produced for examination. Assets were also not marked to readily identify them as property of the Government.

#### **Essequibo Magisterial District**

- 1649.** The salaries bank account No. 3107, which reflected a balance of \$315,195 as at 31 December 2001, 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 \$3.067M and \$846,444 respectively as at 31 December 2001.
- 1650.** An examination of the civil/criminal records revealed that a total of 2,407 cases were filed during 2001. However, case jackets in respect of 15 criminal cases were not presented for examination. In addition, 501 commitment warrants valued at \$1.623M were issued for the year. However, only 251 warrants to the value of \$732,825 were paid. There was no indication as to whether the defendants were subsequently imprisoned for the outstanding amounts totalling \$889,750.
- 1651.** In my previous Reports, 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**

- 1652.** An examination of the civil/criminal records revealed that a total of 3,308 cases were filed during 2001. However, case jackets in respect of 11 criminal cases were not produced for examination. In the circumstances, the outcome of these cases could not be properly determined.
- 1653.** According to the commitment warrants register, 501 warrants valued at \$2.456M were issued during 2001. However, only amounts totalling \$165,375 were paid, and there was no indication as to whether the defendants were subsequently imprisoned for the outstanding amounts totalling \$2.29M.

### **Berbice Magisterial District**

- 1654.** The salaries bank account No. 3105, which reflected a balance of \$278,838 as at 31 December 2001, 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 \$12.353M as at 31 December 2001.
- 1655.** An examination of the civil/criminal records revealed that a total of 5,198 cases were filed during 2001. However, case jackets in respect of 235 criminal cases and 16 civil cases were not produced for examination. In the circumstances, the outcome of these cases could not be properly determined.
- 1656.** According to the Commitment Warrants Register, 180 warrants valued at \$1.686M were issued during 2001. However, only amounts totalling \$390,700 were paid. Eight(8) persons were imprisoned and one(1) had died, resulting in amounts totalling \$85,600, written off. There was no annotation in the register as to the reason for the difference of \$1.209M, not being collected.
- 1657.** The maintenance and bastardy account No. 3106, which reflected a balance of \$1.076M as at 31 December 2001, was not reconciled since it was established in June 1996. The cash book also bore no evidence of supervisory checks. In my 2000 report it was 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 is before the High Court.
- 1658.** In my 2000 report it was mentioned that amounts totalling \$1.445M and \$40,600 in relation to account Nos. 3104 and 3106 respectively were short-banked. During the period under review the amount of \$663,604 in relation to account No. 3104 was also short banked. As a result, an officer was charged by the Police and at the time of reporting, the matter was still pending.
- 1659.** Expenditure totalling \$2.858M were in excess of the voted provision under eight(8) lines items. Since there were savings under other lines items, it would have been appropriate to seek virement to cater for any excess expenditure.

**HEAD 56 & DIVISION 505**

**PUBLIC PROSECUTIONS**

**Current Expenditure**

- 1660.** The salaries bank account No. 3173 was not reconciled since December 1998 and reflected a balance of \$361,787 at 31 December 2001. 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**

- 1661.** An amount of \$4M was allocated for the extension of DPP building. The programme was extended for the construction of a timber trestle and the purchase of one air condition unit. The amount of \$3.518M was expended as follows:-

| <b>DESCRIPTION</b>        | <b>AMOUNT<br/>\$000</b> |
|---------------------------|-------------------------|
| Extension of DPP Building | 2,929                   |
| Timber trestle            | 354                     |
| AC unit (1)               | 235                     |
| <b>TOTAL</b>              | <b>3,518</b>            |

- 1662.** The contract for the extension of the building was awarded in the sum of \$3.042M. As at 31 December 2001, amount totalling \$2.929M was paid to the contractor. The contract for the trestle was awarded in the sum of \$354,000. The full amount was paid to the contractor. The works were physically verified while the item purchased was verified as having been received and properly brought to account.

**HEAD 57**

**OFFICE OF THE OMBUDSMAN**

**Capital Expenditure**

**Subhead 25005 – Office of the Ombudsman**

- 1663.** The expenditure of \$353,054M was verified as having been properly incurred and there were no material findings.

**HEAD 58 & DIVISION 505**

**PUBLIC SERVICE APPELLATE TRIBUNAL**

**Capital Expenditure**

- 1664.** The sum of \$2m was voted for the resurfacing of the compound and the purchase of legal text books. No expenditure was incurred. The expenditure was re-budgeted for in 2002.

## HEADS 71 & DIVISION 531

### REGION 1 - BARIMA/WAINI

#### Current Expenditure

##### Employment Costs

- 1665.** An examination of the Register of Contributors to the National Insurance Scheme and related records revealed that forty-six(46) employees were not registered with the Scheme. This represents an improvement over the year 2000 where it was reported that one hundred and eight(108) employees were not registered with the Scheme. The Accounting Officer explained that twenty-two(22) out of the forty-six(46) were registered and were awaiting their registration numbers. 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.
- 1666.** A comparison of the authorised staff as shown in the 2001 Estimates of Expenditure with the actual staff employed by the Region in December 2001 revealed that the authorised staff was exceeded by 163 under four(4) categories, as shown below:-

| DESCRIPTION                    | AUTHORISED | ACTUAL     | EXCESS     |
|--------------------------------|------------|------------|------------|
| Administrative                 | 16         | 34         | 18         |
| Senior technical               | 33         | 70         | 37         |
| Other technical & craft skills | 81         | 77         | -          |
| Clerical & office support      | 50         | 27         | -          |
| Semi-skilled operatives etc.   | 243        | 342        | 99         |
| Temporary employees            | 0          | 9          | 9          |
| <b>TOTAL</b>                   | <b>423</b> | <b>559</b> | <b>163</b> |

- 1667.** Explanations obtained indicated that the National Estimates did not include the staff of the Education Department including teachers in the Region. In order to ensure a meaningful comparison between authorised and actual staffing, it is again recommended that teachers be included in the authorised staffing in the Region.

##### Other Charges

- 1668.** Amounts totalling \$31.689M were expended on fuel and lubricants. Of the twenty-one(21) vehicles and equipment under the control of the Region, log books were not produced for four(4) vehicles which were located at two(2) Sub-Regions at Moruka and Port Kaituma. 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.

- 1669.** 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. The Accounting Officer explained that the system was introduced in 2002.
- 1670.** The power plant at Mabaruma consumed an average of ninety-six(96) 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.
- 1671.** Amounts totalling \$20.090M were expended on Rental & Maintenance of Buildings. The following gives a breakdown of the expenditure:-

| DESCRIPTION                              | AMOUNT<br>\$'000 |
|--|------------------|
| Repairs to seven(7) teachers quarters    | 3,423            |
| “ “ Administration & Education buildings | 3,077            |
| “ “ four(4 ) health centres              | 3,069            |
| “ “ four(4) schools                      | 1,848            |
| “ “ four(4) officers’ quarters           | 1,583            |
| Repairs to four(4) Nurses hostels        | 1,509            |
| Janitorial and cleaning supplies         | 1,000            |
| Repairs to Maburamma Resource Centre     | 469              |
| Rental of buildings                      | 210              |
| Purchase of building materials           | 3,902            |
| <b>TOTAL</b>                             | <b>20,090</b>    |

- 1672.** In relation to the repairs to the teachers’ quarters at Maburama, Assakatta, Warapoka, St. Anstems, and Lower Waini, seven(7) contracts were awarded in the sum of \$3.423M. The full amount was paid to the contractors. Due to the remoteness of the area, physical verification could only be done at two(2) of the teachers’ quarters at Mabaruma .
- 1673.** The Administration and Education buildings were repaired in Maburama compound in the sum of \$3.077M. The full amount was paid to the contractors and the works were physically verified.

- 1674.** As can be noted, eight(8) health centres and four(4) schools were also repaired. However, because of the remoteness of the area, physical verification was only carried out on two(2) schools and one(1) health centre at Mabaruma. Reliance was placed on the certificates of satisfactory completion in respect of the other schools and health centre.
- 1675.** In relation to the repairs to the four(4) officers' quarters and the four(4) nurses' hostels, the works were physically verified in respect of the officers' quarters and two(2) hostels. Reliance was placed on the certificate of satisfactory completion in respect of the others. The other works were physically verified while the materials purchased were verified as having been received and properly brought to account.

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

- 1676.** 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, and the Accounting Officer explained that action would be taken immediately to correct this situation.
- 1677.** Inventory records to record all assets under the control of the Region, were not updated since 1998. However, these records were update in April 2002.
- 1678.** A large quantity of unserviceable items was seen in the store. The Accounting Officer explained that the Region had disposed of some items and was in the process of compiling another list of such items with a view to dispose the remainder.

### **Other Matters**

- 1679.** The imprest bank account No. 992, which became non-operational in August 1996, reflected a balance of \$5,010 as at 31 December 2001. This balance should be transferred to the Consolidated Fund and steps taken to close the account. At the time of reporting the Accounting Officer had written the Accountant General with a view to close this account but there was no evidence that a response had been received.

### **Capital Expenditure**

#### **Subhead 11001 - Bridges**

- 1680.** The sum of \$10M was voted for the reconstruction of San Jose footbridge into a vehicular bridge at Maruca. The contract was awarded in the sum of \$8.625M. As at 31 December 2001 amounts totalling \$1.986M were expended on the completion of the eastern and western approaches. However, at the time of reporting, the contract was terminated because the contractor could not have mobilised his machinery into the area due to low water level.



**Subhead 12001 - Buildings (Health)**

**1681.** The sum of \$8.1M was budgeted for (a) the construction of health posts at Blackwater, Sacred Heart, Tassiwini, Cabrora, and Almond Beach and the fencing of Mabaruma Hospital compound. Approval was granted for a change in programme to construct a laboratory instead of the health post at Scared Heart, which was done by Basic Needs Trust Fund. Amounts totalling \$5.459M were expended in the construction of the following-:

| <b>DESCRIPTION</b>                    | <b>AMOUNT<br/>\$'000</b> |
|---------------------------------------|--------------------------|
| Blackwater Health post                | 980                      |
| Tassiwini Health post                 | 1,219                    |
| Cabrora Health post                   | 1,196                    |
| Almond Beach Health post              | 1,071                    |
| Fencing of Mabaruma Hospital compound | 993                      |
| <b>TOTAL</b>                          | <b>5,459</b>             |

**1682.** The contract for the construction of the health post at Blackwater was awarded in the sum of \$980,000 to the lowest bidder. The full amount was expended. Similarly, the contract for the construction of the health post at Tassiwini was awarded to the lowest bidder in the sum of \$1.219M.

**1683.** In relation to the construction of the health post at Cabrora the contract was awarded to the fifth highest bidder in the sum of \$1.196M on the grounds that the other lower bidders tendered without any tendered document. The full amount was expended.

**1684.** In relation to the construction of the health post at Almond Beach, the contract was awarded to the seventh highest bidder in the sum of \$1.071M, on the grounds that the lower bids were incomplete.

**1685.** In relation to the fencing of the Mabaruma Hospital Compound, the contract was awarded in the sum of \$290,000 for labour force. The difference of \$703,000 was expended for the purchase of materials.

**1686.** The various works undertaken were physically verified except for the construction of the health posts at Tassiwini and Cabora. However, reliance was placed on the certificates of satisfactory completion issued by the Superintendent of Works.

**Subhead 12003 - Buildings (Education)**

**1687.** The sum of \$8.950M was allocated for (a) extension of schools at St. Nicholas, Manawarim, Kamwatta, Karaburi and Santa Rosa secondary schools (b) construction of Kokerite annexe (c) construction of pit laterines at St. Anseims, St. Bede's, Assakata, Chinese Landing, St. Nicholas, Karaburi and Kamwatta schools and (d) construction of teacher's quarters at Hosororo. Approval was also given for a change of programme to accommodate the construction of the school at Waini Sea Coast and sanitary block, as well as the extension of Sacred Primary school. Amounts totalling \$7.439M were expended in the construction/extension of the following:-

| <b>DESCRIPTION</b>                        | <b>AMOUNT<br/>\$'000</b> |
|---|--------------------------|
| Extension of Manawarin Primary            | 998                      |
| Construction of Kokerite Annexe           | 1,236                    |
| Extension of Sacred Heart Primary         | 918                      |
| Construction of school at Waini Sea Coast | 1,252                    |
| Construction of Sanitary block            | 1,637                    |
| Construction of Pit Latrines              | 463                      |
| <b>TOTAL</b>                              | <b>6,504</b>             |

**1688.** As can be noted, no expenditure was incurred in the extension of schools at St. Nicholas, Kamawatta, Karaburi and Santa Rosa. The Accounting Officer explained that the works at Karaburi and Santa Rosa were undertaken by the SIMAP and that the construction of the schools at St. Nicholas and Kamawatta were placed on hold.

**1689.** Four(4) contracts were awarded for the construction and extension of schools in the sum of \$4.404M to the lowest bidder. The full amount was expended and the works were physically verified.

**1690.** In respect of the sanitary blocks, seven(7) contracts were awarded in the sum of \$1.637M. The full amount was expended. Due to the remoteness of the area only three(3) of the sanitary blocks were verified. However, reliance was placed on the certificates of satisfactory completion issued by the Superintendent of Works.

**1691.** In respect of the six(6) pit latrines, six(6) contracts were awarded in the sum of \$805,000. As at 31 December 2001, the sum of \$463,000 was expended. At the time of reporting the works were completed. Due to the remoteness of the area, only three(3) of the pit latrines were physically verified. The pit latrine at Blackwater was not properly constructed, and it was recommended that the contractor take corrective action.

**Subhead 14001 - Roads**

- 1692.** The sum of \$7M was allocated for (a) the construction of Mabaruma/Kumaka/Hosororo road (b) Hosororo Top/Hill Foot road (c) Quebana/Kumaka road (d) Moruca market road and repairs to culvert at Arakaka Matthews Ridge. There was a change of programme for the construction of the Port Kaituma Water Front to Hospital Road. Amounts totalling \$4.926M were expended as follows:-

| DESCRIPTION                              | AMOUNT<br>\$'000 |
|--|------------------|
| Construction of Mabaruma/Kumaka/Hosororo | 1,736            |
| “ “ Hosororo Top/Hillfoot road           | 232              |
| “ “ Port Kaituma Water front to Hospital | 1,236            |
| “ “ Hosororo swamp road                  | 734              |
| “ “ Quebanna/Kumaka road                 | 988              |
| <b>TOTAL</b>                             | <b>4,926</b>     |

- 1693.** The amount of \$4.926M, which was expended, on the above roads represents the purchase of bitumen and the supply of laterite. The works were undertaken using labour from the Region and were physically verified.

**Subhead 19001 - Agricultural Development**

- 1694.** An amount of \$10M was voted for (a) construction of revetments at Barbina and Barima End Road (b) cleaning of the Moruca River (c) desilting of drains at Morawhanna and (d) purchase of one(1) tractor and trailer for Yarakita. Amounts totalling \$8.323M were expended as follows:-

| DESCRIPTION  | AMOUNT<br>\$'000 |
|--|------------------|
| Construction of 1000 ft. revetment at Eastern and water side Barima  | 1,786            |
| Construction of 1000 ft. revetment at Eastern and water side Barbina | 1,136            |
| Desilting of drains at Morawhannai                                   | 1,013            |
| Cleaning of Moruca River   | 1,400            |
| Purchase one Tractor and Trailer                                     | 2,988            |
| <b>TOTAL</b>   | <b>8,323</b>     |

- 1695.** The contracts for the construction of revetment works at Barbina and Barbina Road were awarded in the sums of \$310,000 and \$350,000 respectively. The difference in expenditure represents the purchase of materials, which were received and properly brought to account. The works were physically verified.
- 1696.** The desilting of drains at Morawhanna was awarded in the sum of \$1.013M. The full amount was expended. 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.
- 1697.** In relation to the cleaning of the Moruca River, the contract was awarded to the third lowest bidder in the sum of \$1.4M 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.
- 1698.** Amounts totalling \$2.988M were expended for the purchase of one(1) tractor and trailer. The items purchased were verified as having been received and properly brought to account.

#### **Subhead 24002 - Land & Water Transport**

- 1699.** The sum of \$5.8M was allocated for the purchase of one double cab vehicle, one boat and outboard engine and two motor cycles. Amounts totalling \$5.394M were expended in the purchase of one 4x4 pick-up, two motor cycles and one boat with engine. The items purchased were verified as having been received.

#### **Subhead 25001 - Equipment & Furniture (Administration)**

- 1700.** An amount of \$345,000 was allocated for the purchase of one(1) fax machine, a computer and accessories. Amounts totalling \$212,00 were expended in the purchase of one fax machine, one(1) computer and printer. The items purchased were verified as having been received and properly brought to account.

#### **Subhead 25003 - Furniture & Equipment (Education)**

- 1701.** The sum of \$1.270M was voted for the purchase of a public address system, a risograph and a computer. Amounts totalling \$1.131M were expended. The items purchased were verified as having been received and properly brought to account.

#### **Subhead 25004 - Furniture (Staff Quarters)**

- 1702.** The sum of \$720,000 was voted for the purchase of six(6) beds and mattresses, six(6) gas stoves and accessories and six(6) refrigerators. Amounts totalling \$698,000 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 and properly brought to account.

#### **Subhead 25005 – Furniture & Equipment (Health)**

- 1703.** The sum of \$870,000 was provided for the purchase of two(2) radio sets, one(1) computer and four(4) writing desks. Amounts totalling \$762,000 were expended in the purchase of two(2) radio sets, one(1) laptop and four(4) wooden writing desk. The items were verified as having been received and properly brought to account.

#### **Subhead 26003 – Power Supply**

- 1704.** The sum of \$3.620M was allocated for (a) the purchase and installation of two(2) 100-KVA transformers five(5) 25-KVA transformers for Mabaruma/Hosororo and (b) the purchase of two(2) ladders. Amounts totalling \$2.865M were expended in the purchase of forty(40) wallaba posts, electrical wire and fittings. The items purchased were verified as having been received and properly brought to account.

#### **Subhead 26004 – Other Equipment**

- 1705.** The sum of \$20M was allocated for the purchase of one road grader, an excavator and one a D6 bulldozer. Amounts totalling \$19.995M were expended in the purchase of one(1) hymax, one(1) bulldozer and one(1) grader. The items purchased were verified as having been received and properly brought to account. However, it is to be noted that the bulldozer, which was purchased at a cost of \$8M, was put in operation in September 2001, but it was understood that it was not working since November 2001. The Accounting Officer explained that it was repaired and put in operation in June 2002, but developed problems in early August. At the time of reporting, it was still not in operation. In addition, a certification of registration was not seen. The Accounting Officer explained that he is in the process of obtaining the registration.

## HEADS 72 & DIVISION 532

### REGION 2 - POMEROON/SUPENAAM

#### Current Expenditure

##### Employment Costs

- 1706.** The salary registers of the Regional Administration was neatly written up and bound and kept in a manner to enable its preservation for the period of sixty(60) years stipulated by the financial regulations. Notwithstanding this, there were errors of omission in relation to adjustments on the monthly payroll and related references. This, however, was not significant to discredit the overall correctness of the record keeping and exacting supervisory checks carried out during the period. Other Central Government agencies could well emulate the example set by this Region.
- 1707.** Nevertheless, a test check of a percentage of the payroll refunds revealed that the late notification of pay changes had resulted in 800 instances where net salaries totalling \$10.096M had had to be refunded without related deductions. Also, up to the time of reporting there was no evidence that these deductions were recovered from the relevant agencies. The extent of loss through overpayments in this regard was computed at \$531,990. Because of this situation, the appropriation account would have been overstated by the deductions overpaid. While the Accounting Officer was advised to take action to recover the deductions, it should be noted that this situation related mainly to payments to teachers, where the system has not yet been properly refined to enable timely reporting of termination of employment. If appropriate action is not taken to curtail such overpayments, considerable losses could be suffered in the future.
- 1708.** In a related matter, the late notification of pay changes resulted in amounts totalling \$0.358M being overpaid to nine(9) officers, who had had their services terminated during the period under review. The salaries of these officers were paid to the bank prior to notification of termination of employment. It was noted that at the time of reporting the Regional Administration had failed to take action to effect a full recovery of the overpaid amounts.
- 1709.** The adjustment of salaries for persons on maternity leave was generally done in accordance with the regulations, which require that the National Insurance Scheme (NIS) pay benefits amounting to seventy(70) percent of officer's salary, while payments by the Regional Administration was to account for the remaining thirty(30) percent. However, where there were late notifications of maternity confinement, timely adjustments to officers' salaries were not made, resulting in the denial of employees of the additional benefit of being exempt from NIS deductions during the period.

- 1710.** As a result of late notifications, the Regional Administration failed to make deductions in respect of seven(7) teachers, who proceeded on maternity leave during the period. This resulted in salaries totalling \$197,628 being overpaid to the persons concerned. Late notifications of maternity confinement were on average three(3) months later than required.
- 1711.** The Regional Administration had also incurred penalties in the form of interest amounting to \$20,260 as a result of the failure to properly deduct NIS contributions totalling \$8,702 from the salaries of an officer over the period March 1990 to September 1993. The outstanding contributions and interest were demanded during the reporting period, but to the time of reporting there was no evidence of settlement available.
- 1712.** The Regional Administration paid one of its officials a motor car allowance of \$8,289 monthly, during the period June 2001 to December 2001, while furnishing that official on a full-time basis with a chauffeur driven vehicle. The Accounting Officer explained that the commuted allowances paid, which amounted to \$58,023, were in respect of the official's use of the personal motor car after working hours. However, evidence was seen where the services of the chauffeur and the official vehicle had been used extensively beyond normal working hours.
- 1713.** An examination of the bank reconciliation statement for December 2001 in respect of the salaries bank account No. 3066 revealed eighteen(18) unrepresented cheques to the value of \$71,828, which had become stale-dated. These should be cancelled and written back to the cash book.
- 1714.** A comparison of the authorised staff strength of the Region in 2001 with the actual staff strength in December 2001, revealed an excess of 799 in respect of six(6) subheads, as shown below:-

| <b>DESCRIPTION</b>             | <b>AUTHORISED</b> | <b>ACTUAL</b> | <b>EXCESS</b> |
|--------------------------------|-------------------|---------------|---------------|
| Administrative                 | 26                | 168           | 142           |
| Senior Technical               | 91                | 322           | 231           |
| Other Technical & Craft Skills | 239               | 265           | 26            |
| Clerical & Office Support      | 93                | 99            | 6             |
| Semi-skilled Operatives etc.   | 377               | 278           | -             |
| Contracted Employees           | 0                 | 7             | 7             |
| Temporary Employees            | 0                 | 387           | 387           |
| <b>TOTAL</b>                   | <b>826</b>        | <b>1,526</b>  | <b>799</b>    |

- 1715.** Explanations obtained as well as further analysis carried out, revealed that the authorised staff strength of the Region as reflected in the National Estimates, did not include teachers which numbered 1,031 as per December 2001 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**

- 1716.** The Region's main bank account No. 3042 was controlled by the Accountant General through its Sub-Treasury in Region 2 - Pomeroon/Supenaam. Nonetheless, the cash book was kept open until 9 January 2002 in violation of Section 36 of the Financial Administration and Audit Act (FAA), Chapter 73:01, which requires all unspent balances to be surrendered to the Consolidated Fund. It was not until 30 January 2002 that a cheque valued at \$56.900M was drawn and paid over to the Consolidated Fund. During the period the cash book was kept open 234 payments valued at \$6.235M were made. Of these \$1.354M related to Employment Costs, while Other Charges accounted for \$4.881M.
- 1717.** 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 twenty-nine(29) days after they were issued. As at 31 December 2001, eight hundred and fifty-one(851) cheque orders totalling \$126.351M were outstanding. Of the uncleared cheque orders six hundred and fifteen(615) valued at \$102.619M were in relation to salaries and wages, while the balance of two hundred and thirty-six(236) for \$23.732M was in respect of Other Charges. It was noted that all the outstanding cheque orders were cleared during 2002. Efforts should be made to ensure strict compliance with the laid down procedures.
- 1718.** 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 gasoline 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. At the time of reporting, this matter was concluded without any conviction. It was noted that a losses report was filed with the Secretary to the Treasury so that the loss can be written off.
- 1719** Amounts totalling \$9.242M 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 eleven(11) vehicles/equipment, while there were partial submissions in respect of five(5).
- 1720.** 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.



**1721.** Amounts totalling \$14.162M were expended on Rental & Maintenance of Buildings. The following gives a breakdown of the expenditure:-

| <b>DESCRIPTION</b>                   | <b>AMOUNT<br/>\$'000</b> |
|--------------------------------------|--------------------------|
| Repairs to twenty-five(25) buildings | 8,230                    |
| Purchase of cleaning materials       | 2,386                    |
| “ “ electrical items                 | 1,721                    |
| “ “ building materials               | 398                      |
| Payment for metres                   | 600                      |
| Rental of buildings                  | 328                      |
| Miscellaneous                        | 499                      |
| <b>TOTAL</b>                         | <b>14,162</b>            |

The various works undertaken were physically verified while the purchases were verified as having been received and properly brought to account

**1722.** Amounts totalling \$30.381M were expended on Maintenance of Infrastructure. The following gives a breakdown of the expenditure:-

| <b>DESCRIPTION</b>                        | <b>AMOUNT<br/>\$'000</b> |
|---|--------------------------|
| Desilting of 51 trenches                  | 24,995                   |
| Purchasing of building materials          | 1,187                    |
| Maintenance of two(2) streets             | 654                      |
| Purchase of crusher run                   | 834                      |
| Construction of bridge, pit latrines etc. | 610                      |
| “ “ one(1) vehicle shed                   | 334                      |
| “ “ three(3) fences                       | 228                      |
| Purchase of bitumen                       | 889                      |
| Miscellaneous                             | 650                      |
| <b>TOTAL</b>                              | <b>30,381</b>            |

**1723.** In relation to the desilting of trenches, approximately one hundred and eighty-two(182) miles of trenches were desilted. These and the other works were physically verified while the items purchased were verified as having been received and properly brought to account

- 1724.** Of the amount of \$34.156M expended on electricity charges, the Regional Administration had had to discharge a liability of \$17.951M in relation expenditure for previous years. This was done without the required approval of the Secretary to the Treasury, although evidence was seen indicating that the Office of the Budget was successfully petitioned for releases to defray payments on the outstanding amount. The amount paid over to the electricity firm was also not reconciled as a result of a deficiency in the electricity register that did not allow for the recording of monthly billings and balances.
- 1725.** In a related matter, a number of officers living in the Suddie Hospital Compound continued to enjoy electricity at the expense of the Regional Administration, because the situation where there were only two(2) meters in the Compound was allowed to persist. It is again recommended that individual meters be placed on each building so that these officers can commence paying for electricity consumed.
- 1726.** 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.
- 1727.** Amounts totalling \$10.754M were expended on Transport, Travel & Postage. The following gives a breakdown of the expenditure:-

| <b>DESCRIPTION</b>  | <b>AMOUNT<br/>\$'000</b> |
|---------------------|--------------------------|
| Travelling expenses | 6,423                    |
| Purchase of spares  | 3,958                    |
| Hire of vehicles    | 353                      |
| Postage             | 20                       |
| <b>TOTAL</b>        | <b>10,754</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.

**1728.** Amounts totalling \$41.796M were expended on Other Services Purchased. The following gives a breakdown of the expenditure: -

| <b>DESCRIPTION</b>                   | <b>AMOUNT<br/>\$'000</b> |
|--------------------------------------|--------------------------|
| Security services                    | 38,274                   |
| Cleaning and extension services      | 1,657                    |
| Honoraria                            | 526                      |
| Repairs and maintenance of equipment | 514                      |
| Miscellaneous                        | 825                      |
| <b>TOTAL</b>                         | <b>41,796</b>            |

**1729.** The amount of \$38.274M relates to security services provided to government buildings within the Region, compared with an amount of \$5.209M expended in 2000. This and the other expenditures were verified as having been properly incurred.

**1730.** Amounts totalling \$11.978M were expended on Other Operating Expenses, as follows:-

| <b>DESCRIPTION</b>                 | <b>AMOUNT<br/>\$'000</b> |
|------------------------------------|--------------------------|
| Dietary                            | 8,863                    |
| Refreshments and meals at meetings | 975                      |
| National events                    | 1,575                    |
| Miscellaneous                      | 565                      |
| <b>TOTAL</b>                       | <b>11,978</b>            |

**1731.** 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. The other expenditures were verified as having been properly incurred.

**1732.** 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 \$21.596M and \$17.757M respectively.

- 1733.** 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 were 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**

- 1734.** 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.
- 1735.** 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 was evidence that credit purchases were being made, contrary to the Financial Regulations;
  - (c) The vast majority of items purchased were not physically placed in the store and requisitioned on a daily basis as and when needed. Instead, as they were received in bulk, they were simultaneously issued out to the various departments. This practice defeats the purpose of storekeeping and stores accounting and renders them ineffective;
  - (d) Although a stores ledger was kept, it was rarely written up, since most items purchased were issued out immediately. Bin cards were also not maintained during the period under review. The storekeeper, however, maintained a stock ledger; and
  - (e) A number of items e.g. spray can, chain saw, outboard motor, which were on loan to officers, had not been returned to the Store up to the time of reporting, despite the lapse of several months. Some of these matters were drawn to the attention in previous reports.
- 1736.** Despite the disposal of a number of unserviceable items in 1999 and 2000, several unserviceable machinery and equipment were still on hand. These were removed to a new location since the original site was now occupied by the Essequibo Technical Institute. The Accounting Officer explained that action was being taken to obtain the approval of the Secretary to the Treasury so that the items could be disposed of by way of public auction.

- 1737.** 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 again recommended that follow-up action be taken in relation to this matter.
- 1738.** 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 was noted that a losses report was filed with the Secretary to the Treasury for appropriate action.
- 1739.** 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 piecemeal 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.
- 1740.** In my 2000 Report, it was stated that 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 had given the assurance that the matter would be investigated. However, it could not be determined what action was taken in relation to this discrepancy. The following are details:-

| 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  |

- 1741.** 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.
- 1742.** During the period under review, sixty-eight(68) officers were occupying Government Quarters. However, only thirty(30) 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**

- 1743.** An examination of the Advances Register along with the related requisition forms, revealed twenty-eight(28) instances where advances granted from the Imprest were cleared on average one(1) month after the stipulated periods. Efforts should be made to avoid a recurrence of this lapse.

### **Capital Expenditure**

#### **Subhead 11001 - Bridges**

- 1744.** The sum of \$1.5M was voted for the construction of a bridge at the Anna Regina Library. The full amount was expended on the Project. However, since the bridge also served as access for the proposed fire station at Anna Region, the Ministry of Home Affairs contributed towards the construction of this bridge with the issue of an initial sum of \$1.7M by way of Inter/Intra Departmental Allocation Warrant (IDAW).

**1745.** The Regional Tender Board awarded the contract for the construction of the bridge to the lowest bidder in the sum of \$6.128M. As at 31 December 2001, the work was still in progress and amounts totalling \$3.2M were paid to the contractor. Another warrant in the sum of \$2.928M was issued in 2002 by the Ministry of Home Affairs for the completion of the works. At the time reporting in September 2002, the full contract sum was paid. The works were completed and were physically verified.

**Subhead 12001 - Buildings (Health)**

**1746.** The sum of \$10M was provided for (a) the rehabilitation of the laboratory technician's quarters, Hackney Health Centre and drug bond (b) construction of food and nutrition officer's quarters at Suddie and (c) construction of incinerators at Suddie, Anna Regina and Charity. Amounts totalling \$9.999M were expended as follows:-

| <b>DESCRIPTION</b>                                    | <b>AMOUNT<br/>\$'000</b> |
|---|--------------------------|
| Construction of lab. technician's quarters at Suddie  | 1,539                    |
| Rehabilitation of Hackney Health Centre               | 797                      |
| "          " drug bond at Suddie                      | 1,013                    |
| Construction of food and nutrition officer's quarters | 2,283                    |
| "          " incinerator at Suddie                    | 489                      |
| "          "          "          at Anna Regina       | 266                      |
| "          "          "          at Charity           | 418                      |
| Rehabilitation of Cabacaburi Health Centre            | 577                      |
| "          " Suddie Hospital                          | 2,283                    |
| Electrical works at doctor's quarters at Suddie       | 280                      |
| Miscellaneous   | 54                       |
| <b>TOTAL</b>  | <b>9,999</b>             |

**1747.** Approval was granted for a change in programme to rehabilitate the Suddie Hospital. However, no such approval was seen in relation to the rehabilitation of the Cabacaburi Health Centre and the electrical works at the doctor's quarters at Suddie.

**1748.** The construction of the laboratory technician's quarters at Suddie was executed by four(4) contracts valued at \$2.033M. As at 31 December 2001, amounts totalling \$1.899M were paid to the contractors. As can be noted there was a difference of \$360,000 between the amount paid and the sum of \$1.539M, included under this subhead. This difference was met from the Region's current expenditure programme. It is evident that this was done to avoid overrunning the voted provision under this subhead. The works were nevertheless physically verified.

- 1749.** The contract for the rehabilitation of the Hackney Health Centre was awarded in the sum of \$797,000, while in relation to the rehabilitation of the drug bond at Suddie, two(2) contracts valued at \$1.217M were awarded to the same contractor. The original contract was awarded in the sum of \$874,000 to the second lowest bidder on the grounds that the lowest bid of \$786,000 was unrealistic and could lead to a variation. The second contract valued at \$342,000 was in effect a variation. As at 31 December 2001, amounts totalling \$1.013M were paid to the contractor. The rehabilitation works at the drug bond were physically verified. However, because of the remoteness of the area, the works at the Hackney Health Centre could not have been physically verified.
- 1750.** The construction of the food and nutrition officer's quarters was executed by two(2) contracts valued at \$2.797M awarded to the same contractor. The original contract was awarded in the sum of \$1.824M while the other contract valued at \$973,000 was in effect a variation. As at 31 December 2001, the full amount was paid to the contractor. It was noted that \$2.283M was paid from the capital provision while the difference of \$514,000 was met from the Region's current expenditure programme. It is again evident that this was done to avoid overrunning the voted provision under this subhead. The works were however, physically verified.
- 1751.** In relation to the rehabilitation of the Suddie Hospital, the contract was awarded in the sum of \$2.537M to the fourth lowest bidder on the grounds that the lowest bid of \$2.285M was unrealistic. The two(2) lower bidders were not considered because one(1) was engaged in other works, while the other was evaluated as being incapable of carrying out the proposed works. As at 31 December 2001, amounts totalling \$2.283M were paid to the contractor. At the time of inspection, the works were completed and were physically verified.

**Subhead 12002 - Buildings (Education)**

- 1752.** The sum of \$18M was voted for (a) the construction of headmasters'/ teachers' quarters at Yashirima, Martindale and Wakapoa (b) rehabilitation of Charity Secondary School (c) construction of secondary school students' dormitory at Charity and (d) construction of students' dormitory at Wakapoa. Amounts totalling \$17.910M were expended as follows:-

| DESCRIPTION   | AMOUNT<br>\$'000 |
|---|------------------|
| Construction of headmaster's quarters at Yashirima    | 1,734            |
| "      "      "                  "      at Martindale | 1,609            |
| "      "      "                  "      at Wakapoa    | 1,664            |
| "      " dormitory at Charity Secondary School        | 5,751            |
| Rehabilitation of Charity Secondary School            | 2,847            |
| Construction of dormitory at Wakapoa Primary School   | 4,251            |
| Miscellaneous   | 54               |
| <b>TOTAL</b>  | <b>17,910</b>    |



- 1753.** The construction of the dormitory at Charity Secondary School was undertaken by two(2) contracts valued at \$6.013M. The main contract was awarded in the sum of \$5M, without any form of competitive bidding on the grounds that the contractor was already mobilised on site after the completion of Phase I of the project. As at 31 December 2001, amounts totalling \$5.751M were paid to the contractors. At the time of inspection, the works were completed and were physically verified.
- 1754.** In relation to the rehabilitation of the Charity Secondary School, four(4) contracts were awarded to two(2) contractors in the sum of \$3.113M. The main contract valued at \$2.197M was awarded to the third lowest bidder on the grounds that the lowest bidder, whose tendered sum was \$2.090M lacked relevant experience while the second lowest bidder was engaged in another job. As at 31 December 2001, amounts totalling \$2.847M were paid to the contractors. At the time of inspection, the works were completed and were physically verified.
- 1755.** The other works mentioned in the table above were also physically verified and conformed generally to the specifications contained in the respective bills of quantities and contract documents. The engagement of contractors also satisfied the Tender Board Regulations.

**Subhead 12003 – Buildings (Administration)**

- 1756.** The sum of \$2M was voted for the rehabilitation of the sub-regional office in Suddie. Amounts totalling \$1.780M were expended.
- 1757.** Two(2) contracts were awarded to two(2) contractors in the sum of \$1.773M. The main contract was awarded to the second lowest bidder in the sum of \$1.633M on the grounds that the lowest bidder lacked the experience. The other contract was awarded for electrical works. The difference of \$0.007M between the reported expenditure of \$1.780M and the contracts awarded was in relation to the purchase of building materials for maintenance works. All works undertaken were completed and physically verified.

**Subhead 13004 - Miscellaneous D & I Works**

- 1758.** The sum of \$90M was voted for (a) the construction of irrigation checks, tail walls, syphons, revetments, sluice huts and metal gates at location including Land of Plenty, Reliance, Cullen, Capoeny, Affiance and Dartmouth and (b) desilting of D & I canals at locations including Annandale to Good Hope, Henrietta to Perth and Sommerset and Berks to Perth. Amounts totalling \$70.486M were expended, as follows: -

| DESCRIPTION                                 | AMOUNT<br>\$'000 |
|---|------------------|
| Construction of seven (7) irrigation checks | 8,150            |
| “    “ four(4) tail and retaining walls     | 4,364            |
| “    “ one(1) syphon                        | 2,573            |
| “    “ sixteen(16) revetments               | 32,503           |
| “    “ seven(7) sluice huts                 | 1,377            |
| “    “ one(1) sluice gate                   | 799              |
| Desilting “ twenty two(22) canals           | 9,177            |
| Purchase of sluice winches, wire rope etc.  | 8,611            |
| “    “ lumber                               | 2,798            |
| Miscellaneous                               | 134              |
| <b>TOTAL</b>                                | <b>70,486</b>    |

- 1759.** Eight(8) contracts valued at \$8.781M were awarded for the construction of the irrigation checks at various locations, four(4) of which were not awarded to the most competitive bidders on the grounds that the other lower bids were too low to complete the job satisfactorily. As at 31 December 2001, amounts totalling \$8.150M were paid to the contractors.
- 1760.** Five(5) contracts valued at \$4.758M were awarded to four(4) contractors for the construction of four(4) tail and retaining walls. These were all awarded to the most competitive bidders.
- 1761.** Two(2) contracts valued at \$2.819M were awarded to the same contractor for the construction of a syphon at Perseverance. The main contract was in the sum of \$2.460M, while the other which in effect is a variation was in the sum of \$359,000. The contract was awarded to the fourth lowest bidder on the grounds that the lowest bidder was awarded another job and the other lower bids were too low to satisfactorily complete the job. As at 31 December 2001, amounts totalling \$2.573M were paid to the contractor.
- 1762.** Twenty(23) contracts valued at \$35.171M 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 relevant machinery or the other lower bidders were engaged in other jobs.
- 1763.** Two(2) contractors totalling \$821,000 were awarded to the same contractors for the construction of one(1) sluice gate at Sommerset and Berks. The original contract was in the sum of \$220,000 while the second contract in the sum of \$601,000 was for the purchase of a rubber in order to complete the project.
- 1764.** Items 8 and 9 under contract No. 347, that is, the first contract should not have been paid to

the contractor, since these items were replaced under contract 359, that is, the second contract. Hence, there was an overpayment of \$67,500. As at 31 December 2001, amounts totalling \$799,000M were paid to the contractor.

- 1765.** In relation to the desilting of trenches twenty(20) contracts valued at \$9.177M were awarded. The contracts for the desilting of the various trenches were shared among the nine(9) bidders who tendered.
- 1766.** 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**

- 1767.** The sum of \$25M was voted for the rehabilitation of Back Street – Better Hope, School Street - Queenstown, Jaisingh Street – Sparta, Hoppie Street – Dartmouth, Mathura Street – Walton Hall, Market Street – Supenaam, Factory Street – Johanna Cecilia, Scheme Street – Cotton Field and Red Lock Road from GPL to the Technical Institute. Amounts totalling \$24.649M were expended in the rehabilitation of the following streets:-

| <b>LOCATION</b> | <b>AMOUNT<br/>\$'000</b> |
|-----------------|--------------------------|
| Better Success  | 3,205                    |
| Queenstown      | 351                      |
| Sparta          | 3,821                    |
| Dartmouth       | 3,101                    |
| Walton Hall     | 698                      |
| Supenaam        | 3,276                    |
| Johanna Cecelia | 628                      |
| Cotton Field    | 678                      |
| Red Lock        | 8,798                    |
| Miscellaneous   | 93                       |
| <b>TOTAL</b>    | <b>24,649</b>            |

There was no evidence that approval was granted for a change in programme for the rehabilitation of Better Success Back Street instead of Better Hope.

- 1768.** The contracts for the rehabilitation of streets at Better Success, Dartmouth, Supenaam, Johanna Cecelia and Cotton Field which were valued at \$11.328M, were awarded to the second lowest bidders on the grounds that the lowest bidders lacked the relevant experience. Two(2) contracts valued at \$8.798M were awarded to another contractor for the rehabilitation of Redlock road. In relation to the streets at Sparta, two(2) contracts were awarded to the same contractor totalling \$3.821M and in relation to the street at Dartmouth, two(2) contracts were awarded to the same contractor totalling \$3.101M.
- 1769.** A physical verification of Better Success Back street (2,845' x 12') revealed that the width was 11' instead of 12' as stated in the bill of quantities. As a result, there is an overpayment in the sum of \$267,111. Action should be taken to recover the overpayment. The other works were also physically verified and confirmed generally to their respective bills of quantities.

**Subhead 19001 - Land Development**

- 1770.** The sum of \$10M was voted for the rehabilitation of community roads at Bush Lot, Richmond, La Belle Alliance, Henrietta and Anna Regina housing schemes. Amounts totalling \$9.632M were expended, as follows:-

| <b>DESCRIPTION</b>                                       | <b>AMOUNT<br/>\$'000</b> |
|--|--------------------------|
| Rehabilitation of road at Anna Regina old housing scheme | 1,639                    |
| “ “ “ “ Bush Lot old housing scheme                      | 1,593                    |
| “ “ “ “ La Bell Alliance                                 | 1,482                    |
| “ “ “ “ Richman housing scheme                           | 2,874                    |
| “ “ “ “ Henrietta new housing scheme                     | 2,044                    |
| <b>TOTAL</b>   | <b>9,632</b>             |

- 1771.** Nine(9) contract totalling \$9.632M were awarded to four(4) contractors for the rehabilitation of five(5) community roads. These jobs were awarded to the most competitive bids. The completed works were physically verified.

**Subhead 24002 – Land and Water Transport**

- 1772.** The sum of \$7.650M was allocated for the purchase of (a) an ambulance for Suddie Hospital (b) a boat and engine, a balahoo and a wooden boat for the Regional Administration and (c) one(1) outboard engine for the health sector. Amounts totalling \$5.287M were expended as follows:-

| <b>DESCRIPTION</b> | <b>AMOUNT</b> |
|--------------------|---------------|
| 400                |               |

|                               | <b>\$'000</b> |
|-------------------------------|---------------|
| One (1) ambulance             | 2,090         |
| Four(4) outboard engines      | 2,095         |
| Two(2) wooden boats           | 535           |
| Ten(10) tyres                 | 405           |
| Two(2) propellers and bearing | 129           |
| One(1) CDI unit               | 33            |
| <b>TOTAL</b>                  | <b>5,287</b>  |

**1773.** Approval was granted for a change of programme to purchase the tyres and CDI unit to rehabilitate two(2) vehicles for the Regional Administration. The items purchases were verified as having been received and properly brought to account.

**Subhead 25001 - Furniture & Equipment (Education)**

**1774.** The sum of \$1.896M was provided for the purchase of work tables for the home economics department, furniture for nursery schools, and benches, desks and cupboards for secondary schools. Amounts totalling \$1.429M were expended. The items purchases were verified as having been received and properly brought to account.

**Subhead 25002 – Furniture & Equipment (Administration)**

**1775.** The sum of \$800,000 was allocated for the purchase of two(2) computers and two(2) typewriters. Amounts totalling \$794,000 were expended. The items purchases were verified as having been received and properly brought to account.

**Subhead 26002 - Furniture & Equipment ( Health)**

**1776.** The sum of \$3.280M was voted for the purchase of cupboards, filing cabinets, cradles with mattresses, fans, 1,500 watts transformers, small generators and air conditioning units. The full amount was expended as follows:-

| DESCRIPTION | AMOUNT |
|-------------|--------|
| 401         |        |

|  | <b>\$'000</b> |
|--|---------------|
| Nine(9) cupboards                                      | 180           |
| Twelve(12) steel filing cabinets, four(4) transformers | 733           |
| Four(4) cradles with mattresses                        | 72            |
| Two(2) AC/Dc generators                                | 461           |
| Seven(7) AC units                                      | 1,680         |
| Thirty-five(35) 16" stand fans                         | 105           |
| Five(5) high Speed fans                                | 49            |
| <b>TOTAL</b>   | <b>3,280</b>  |

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

### **HEAD 73 & DIVISION 533**

#### **REGION 3 - ESSEQUIBO ISLANDS/WEST DEMERARA**

#### **Current Expenditure**

##### **Employment Costs**

- 1777.** An examination of the Diary of Pay Changes revealed seventy-eight(78) 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.
- 1778.** Amounts totalling \$27.751M 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 \$3.772M were recovered from the relevant agencies. A similar observation was made in 2000 where amounts totalling \$19.774M were refunded to the Sub-Treasury but the related deductions totalling \$1.174M had not been recovered. The failure to recover the deductions would result in overpayments to the agencies concerned. In addition, the appropriation accounts for 2001 would have been overstated by \$3.772M. It is again recommended that efforts be made to recover the amounts involved.
- 1779.** Of the amounts reflected as unclaimed salaries, sums totalling \$18.365M related 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. In addition, an amount of \$3.530M was for deductions paid over to agencies for officers who had their services terminated, that is, resigned, dismissed etc. It is again recommended that this record be introduced urgently.

- 1780.** 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.
- 1781.** The wages and salaries bank account Nos. 3088, 3089 and 3090 reflected balances of \$30.758M, \$857,000 and \$6.899M respectively as at 31 December 2001. The Accounting Officer explained that these accounts were reconciled up to November 1999. However, these statements were not produced for audit. 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.
- 1782.** An examination of the Register of Contributors to the National Insurance Scheme (NIS) for December 2001 revealed 119 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.
- 1783.** It is a 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, eighty-one(81) instances were noted where payments totalling \$65.535M were made after the stipulated period. This has resulted in penalties and related interest totalling \$798,000 being levied against the Region for the year 2001. It should be noted also that penalties relating to previous years amounted to \$3.292M, and both these amounts remained unpaid.
- 1784.** 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 as acting allowance. Refunds were to have been made in the months of May, June and July 1999. However, as at August 2002, 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 2002 such evidence was not seen.
- 1785.** A comparison of the authorised staff shown in the 2001 Estimates of Expenditure with the

actual staff employed by the Region in December 2001, revealed that the authorised staff was substantially exceeded, in the following categories:-

| DESCRIPTION               | AUTHORISED | ACTUAL       | EXCESS       |
|---------------------------|------------|--------------|--------------|
| Administration            | 28         | 330          | 302          |
| Senior Technical          | 96         | 430          | 334          |
| Other Tech/ Craft Skilled | 197        | 345          | 148          |
| Semi- Skilled             | 355        | 837          | 482          |
| Contracted Employees      | -          | 10           | 10           |
| <b>TOTAL</b>              | <b>676</b> | <b>1,952</b> | <b>1,276</b> |

- 1786.** As mentioned in my previous report, the National Estimates did not include staff of the Education Department, 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 under the Education Programme.
- 1787.** Amounts totalling \$9.717M were expended on travelling allowances. However, the travelling register was not satisfactorily maintained, since important information was omitted. There was also no evidence of supervisory checks on this record. Seven(7) officers had also exceeded their mileage ceilings by 973 miles without the approval of the Regional Executive Officer.

#### **Other Charges**

- 1788.** Ninety-six(96) payments vouchers totalling \$43.961M were not presented for audit examination. Fifty-eight(58) of these valued at \$24.614M 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.
- 1789.** 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 2001 until 15 February 2002. In this regard, a total of seven hundred and thirty-four(734) cheques valued at \$114.473M were drawn during this period and were backdated to 31 December 2001. In the circumstances, it would have been more appropriate for the amounts involved to be re-budgeted for in 2002.

- 1790.** Amounts totalling \$37.736M were expended on Materials, Equipment & Supplies, as



follows:-

| <b>DESCRIPTION</b>          | <b>AMOUNT<br/>\$000</b> |
|-----------------------------|-------------------------|
| Drugs & medical supplies    | 13,442                  |
| Field materials & supplies  | 6,399                   |
| Office materials & supplies | 10,597                  |
| Print & non-print materials | 7,298                   |
| <b>TOTAL</b>                | <b>37,736</b>           |

**1791.** 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 twenty(20) purchases valued at \$2.396M, falling within the limits of \$90,000 and \$180,000;
- Twenty-two(22) purchases valued at \$5.278M were noted where there was apparent subdivision to avoid adjudication by the Regional Tender Board; and
- Eleven(11) purchases totalling \$1.369M were noted where there was recycling of quotations by photocopying the original previously used in the determination of other purchases.

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

**1792.** Amounts totalling \$10.066M were expended on fuel and lubricants. However, of the thirty-four(34) vehicles and equipment for which log books were required to be maintained, log books were only presented for twenty-nine(29) vehicles and for varying periods in the year. Of the log books presented for audit, fifteen(15) of them were not properly maintained, 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. As a result it could not be determined whether the vehicles and equipment were efficiently used in the interest of the Region. Efforts should be made to correct these deficiencies.

**1793.** Two(2) purchases totalling \$243,000 were noted where there was the recycling of quotations by photocopying the original previously used in the determination of other purchases.

**1794.** Amounts totalling \$28.370M were expended on the Maintenance of Buildings. The following is a breakdown of the expenditure: -

| DESCRIPTION   | AMOUNT<br>\$'000 |
|---|------------------|
| Miscellaneous works \$180,000 – \$450,000                 | 14,839           |
| Miscellaneous works below \$180,000                       | 5,347            |
| Rehabilitation of the Administration building (WDRH)      | 2,984            |
| Purchases below \$180,000                                 | 2,195            |
| Rehabilitation of Government quarters at La Grange        | 1,347            |
| Construction of office for Bureau of Standards – Region 3 | 548              |
| Repairs to Matron’s House at WDRH compound                | 516              |
| Repairs to Meten-Meer-Zorg Primary                        | 461              |
| Weeding and cleaning                                      | 93               |
| Security services   | 40               |
| <b>TOTAL</b>  | <b>28,370</b>    |

- 1795.** In relation to the amount of \$14.839M expended on miscellaneous works falling within the limits of \$180,00 and \$450,000, forty-seven(47) contracts were awarded. Evidence was seen of apparent sub-division of contracts to avoid the adjudication by the Regional Tender Board. In addition, sixteen(16) instances totalling \$4.326M were noted where the Engineer’s Estimates were not evident. The expenditure on two(2) contracts valued at \$529,000 for the construction of fences at Vergenoegen and Stewartville Nursery Schools was mis-allocated under this line item instead of being charged to maintenance of other infrastructure. With respect to the amount of \$5.347M expended on miscellaneous works falling below the limit of \$180,000, eighty-five(85) contracts were awarded. Documentary evidence provided indicated that the above works were satisfactorily completed.
- 1796.** The contract for the rehabilitation of the Administration Building at West Demerara Regional Hospital (WDRH) was awarded in the sum of \$2.052M to the fifth lowest bidder on the grounds that the lowest bidder whose tendered sum was \$792,066 was too far below the Engineer’s Estimate of \$3.548M and the other three(3) bidders either had ongoing jobs or poor track records. A variation of \$932,000 was approved, giving a revised contract sum of \$2.984M. As at 31 December 2001, the full amount was paid to the contractor. However, a physical verification revealed that materials to the value of \$220,265 were short supplied on the contract, resulting in an overpayment of this amount. To date, this amount has not been recovered.
- 1797.** The amount of \$2.195M was expended on the acquisition of hardware supplies, lumber and electrical fittings. The items purchased were verified as having been received and properly brought to account.
- 1798.** With respect to the rehabilitation of the Government quarters at La Grange, the contract was awarded to the lowest of three(3) bidders in the sum of \$1.347M against an Engineer’s

Estimate of the same amount. The Accounting Officer explained that the original bid was \$1.353M, but the contractor agreed to carry out the works at the Engineer's estimate. The full amount was paid to the contractor and the works were physically verified as having been completed.

- 1799.** In relation to the construction of the office for the Bureau of Standards, the contract was awarded in the sum of \$1.343M to the lowest bidder. As at 31 December 2001, the amount of \$548,000 was paid to the contractor. However, a physical verification on 23 August 2002 revealed that works to the value of \$129,000 as contained in the bills of quantities and for which payment was made were not done. A new contract in the sum of \$443,914 was awarded to the same contractor for the completion of the office in 2002 and at the time of inspection the works were not completed. This expenditure should have been made from the capital provision.
- 1800.** The contract for the repairs to the Matron's House at WDRH compound was awarded to the lowest of three(3) bids in the sum of \$446,860. There was an approved variation for additional works to the value of \$69,180, giving a revised contract sum of \$516,040. The full amount was paid to the contractor and at the time of inspection the works were completed.
- 1801.** The contract for the repairs to the Meten-Meer-Zorg Primary School was awarded in the sum of \$1.012M to the lowest bidder. A variation of \$89,519 was approved, giving a revised contract sum of \$1.102M. As at 31 December 2001, the amount of \$1.067M was paid to the contractor. The amount of \$461,000 was paid from this line item while the difference of \$606,103 was met from line item 155 – maintenance of other infrastructure. This is a misallocation of funds to avoid exceeding the voted provision. The work was nevertheless, physically verified.
- 1802.** Amounts totalling \$2.966M were expended on Maintenance of Roads. This expenditure was mainly in relation to the purchase of 500 tons crusher run valued at \$1.5M. The contract was awarded to the lowest of four(4) bidders. The difference of \$1.466M was expended on repairs to roads, printing of tenders and transportation costs. The expenditure was verified as having been properly incurred and the item purchased were received and properly brought to account.
- 1803.** Amounts totalling \$4.767M were expended on Maintenance of Bridges. Included in this amount is the repair of a heavy-duty bridge at Orangetein façade, Parika. This contract was awarded to the lowest of five(5) bidders in the sum of \$1.101M. The full amount was paid to the contractor. The difference of \$3.666M was expended on the repairs to eleven(11) other bridges, revetment works and dismantling of concrete tubes. The works were verified as having been satisfactorily completed.
- 1804.** According to the Appropriation Account, amounts totalling \$43.994M were expended on the Maintenance of Drainage and Irrigation. The following are details of the expenditure: -

| DESCRIPTION  | AMOUNT<br>\$'000 |
|--|------------------|
| Miscellaneous works \$180,000 - \$450,000          | 17,497           |
| Miscellaneous works below \$180,000                | 11,550           |
| Wages and Salaries                                 | 9,432            |
| Operation of river sluices                         | 2,120            |
| Security equipment                                 | 2,097            |
| Construction of shed for World Food Day            | 518              |
| Purchases of fuel and lubricants                   | 405              |
| Repairs to heavy-duty bridge at Parika/Orangestein | 375              |
| <b>TOTAL</b>                                       | <b>43,994</b>    |

**1805.** The following observations were made in relation to the above expenditure: -

- (a) The nature of the weeding, cleaning and excavation works valued at \$21.402M, 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 awarded, but failed to provide these;
- (b) The expenditure for the security of equipment, fuel and lubricants, repairs to bridges and construction of shed was inappropriately charged to this line item and should have been included in the relevant current expenditure accounts;
- (c) Included in the figure of \$17.497M are payments for the excavation of trench at Anna Maria. Two(2) contracts totalling \$720,000 were awarded to the same contractor, to avoid the adjudication by the Regional Tender Board;
- (d) Also included in the figure of \$17.497M are seven(7) contracts totalling \$2.218M for weeding and cleaning of drains and trenches for which the three-quote system was not applied; and
- (e) A Contingencies Fund Warrant No. 44/2001 dated 15 November 2001 was issued to the Region to pay wages and salaries to D & I workers. As shown above, the amount of \$9.432M was expended and the amount was verified as having been properly incurred.

**1806.** According to the Appropriation Account, amounts totalling \$9.190M were expended on Maintenance of Other infrastructure. The related works, which were below the limits of \$450,000, included the building of dams, toilets, fences and repairs to bridges and dams.

Documentary evidence provided, indicated that the works were satisfactorily completed.

**1807.** According to the Appropriation Account, amounts totalling \$18.511M were expended as Transport, Travel and Postage. The following is a breakdown of the expenditure: -

| <b>DESCRIPTION</b>           | <b>AMOUNT<br/>\$'000</b> |
|------------------------------|--------------------------|
| Local Travel & Subsistence   | 9,716                    |
| Postage, Telex & Cablegrams  | 9                        |
| Vehicle Spares & Maintenance | 8,786                    |
| <b>TOTAL</b>                 | <b>18,511</b>            |

**1808.** The following observations were made in relation to the above expenditure: -

- (a) A significant amount of the expenditure of \$9.716M 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 seventy-five(75) instances amounting to \$161,000, such hire was unsubstantiated by receipts;
- (b) Amounts totalling \$28,500 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) Amounts totalling \$2.343M 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 working away from base in excess of six(6) hours. An overtime register was also not kept to monitor overtime work undertaken;
- (d) 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
- (e) Of the \$8.786M expended for Vehicle Spares and Services, amounts totalling \$2.859M 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.

- 1809.** According to the Appropriation Account, amounts totalling \$13.533M were expended as Utility Charges. The following is a breakdown of the actual expenditure: -

| <b>DESCRIPTION</b>  | <b>AMOUNT<br/>\$'000</b> |
|---------------------|--------------------------|
| Telephone Charges   | 2,024                    |
| Electricity Charges | 9,439                    |
| Water Charges       | 2,070                    |
| <b>TOTAL</b>        | <b>13,533</b>            |

- 1810.** Amounts totalling \$2.024M were expended on telephone charges. However, the telephone register reflected recordings totalling \$1.181M, 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.
- 1811.** Amounts totalling \$9.439M were expended on electricity charges. However, the electricity register reflected recordings totalling \$4.879M, resulting from the failure to update this record with all the bills from the Guyana Power Light Company. The register also bore no evidence of supervisory checks.
- 1812.** Amounts totalling \$61.494M were expended on Other Goods and Services Purchased. The following is a breakdown of the expenditure:-

| <b>DESCRIPTION</b>                 | <b>AMOUNT<br/>\$'000</b> |
|------------------------------------|--------------------------|
| Repairs & maintenance of equipment | 4,387                    |
| Security services                  | 50,103                   |
| Cleaning & extermination services  | 2,363                    |
| Other                              | 4,641                    |
| <b>TOTAL</b>                       | <b>61,494</b>            |

- 1813.** It was observed that the expenditure of \$50.103M on security services includes inappropriate charges of \$385,000 for travelling and subsistence and \$60,000 for a machine operator's salary.

**1814.** Excess expenditure totalling \$23.102M was incurred under nineteen(19) sub-heads of the five(5) expenditure programmes. However, a Contingency Fund Advance in the sum of \$18M was issued in respect of the excess expenditure of \$17.994M under one(1) Programme. Since there was savings under other programmes, it would have been more appropriate for virement of funds to be sought to accommodate the excess expenditure.

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

**1815.** 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 2000 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;
- 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 utilised 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.

**1816.** The store at Crane was reportedly broken into between the 29 – 30 September 2001, resulting in the loss of a tractor. A losses report was filed with the Secretary to the Treasury and at the time of reporting the matter is still being investigated by the Police. The store's officer did not maintain stock ledgers and had a quantity of unserviceable items which were on hand.

**1817.** A physical verification of lubricants carried out in August 2002, 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. XD3 | 250 pints                     | 224 pints      | 26 pints          |
| Gasolene                | 354 gallons                   | 345 gallons    | 9 gallons         |
| <b>WDRH Store</b>       |                               |                |                   |
| Lubricating Oil No.90   | 156 pints                     | 80 pints       | 76 pints          |
| Gasolene                | 496 gallons                   | 305 gallons    | 191 gallons       |
| Engine Oil              | 42 bottles                    | 20 bottles     | 22 bottles        |

**1818.** 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.

**1819.** According to a report dated 12 September 2001, a physical verification was carried out by the Region's stock verifier at WDRH Dietary Store. This report indicated that items valued at \$1.008M were unaccounted for. Consequently, a loss report was prepared and submitted to the REO. At the time of reporting in August 2002, no further action was taken in relation to this matter.

### Capital Expenditure

#### Subhead 11001 - Bridges

**1820.** The sum of \$5M was allocated for the construction of bridges at Schoonord/La Grange, Long Dam and Health Centre Road – Vergenoegen. Amounts totalling \$4.442M were expended as follows:-

| LOCATION               | AMOUNT<br>\$'000 |
|------------------------|------------------|
| Schoonard/La Grange    | 3,388            |
| Long Dam - Vergenoegen | 607              |
| Anna Catherina         | 447              |
| <b>TOTAL</b>           | <b>4,442</b>     |

**1821.** As can be noted, the construction of the bridge at Health Centre road - Vergenoegen was not undertaken. In addition, approval was not seen for a change in programme to accommodate the construction of the bridge at Anna Catherina.



- 1822.** The contract for the construction of the bridge at Schoonard/La Grange was awarded to the lowest bidder in the sum of \$3.388M against an Engineer's Estimate of \$4.020M. The full amount was paid to the contractor, and at the time of the inspection in March 2002 the works were verified as having been completed. However, according to the bill of quantity 6,630 bm of green heart planks were to be supplied, but only 3,588 bm was supplied, resulting in a shortage to the value of \$486,720. There was no evidence that this amount was refunded by the contractor. However, the REO has since taken steps to recover the amounts from the contractor.
- 1823.** In relation to the construction of the bridge at Long Dam, Vergenoegen, the contract was awarded to the sixth lowest tenderer in the sum of \$554,950 against the Engineer's Estimate of \$898,785. The reasons being were that the two(2) lower bidders whose bids were \$410,870 and \$443,070 were considered too low, the third bidder had on-going jobs and the fourth bidders had never done jobs for the Region. No reason was stated as to why the fifth lower bidder whose bid was \$547,250 was not considered. There was an approved variation for additional work of \$52,082, giving a revised contract sum of \$607,032. The full amount was paid to the contractor, and at the time of the inspection the works were verified as having been completed.
- 1824.** The contract for the construction of the bridge at Anna Catherina was awarded to the lowest bidder in the sum of \$447,400 though a system of three(3) quotations, since the Engineer's Estimate of \$449,890 was below the Tender Board limit of \$450,000. The full amount was paid to the contractor, and at the time of the inspection the works were verified as having been completed.

**Subhead 12001 - Buildings (Education)**

- 1825.** The sum of \$24M was voted for construction of nursery schools at Stanleytown, Belle Plaine and North Hogg Island. Amounts totalling \$20.133M were expended on the construction of nursery schools at the following locations:-

| <b>LOCATION</b>   | <b>AMOUNT<br/>\$'000</b> |
|-------------------|--------------------------|
| Belle Plain       | 7,125                    |
| North Hogg Island | 6,805                    |
| Stanleytown       | 4,424                    |
| Vergenoegen       | 1,283                    |
| Hague             | 496                      |
| <b>TOTAL</b>      | <b>20,133</b>            |

- 1826.** Approval for an extension of programme was seen to accommodate the completion of the nursery schools at Vergenoegen and Hague.

- 1827.** The construction of the nursery school at Belle Plain, Wakenaam was awarded to the twelfth lowest of fifteen(15) tenderers in the sum of \$7.031M against an Engineer's Estimate of \$7.406M. The reasons being was that the eleven(11) lower bidders whose bids ranged from \$5.238M to \$6.818M could not complete the job at their tendered sums and the successful contractor was residing in the area of Wakenaam. There was an approved variation for additional work of \$93,840, giving a revised contract sum of \$7.125M. The full amount was paid to the contractor, and at the time of the inspection the works were verified as having been completed.
- 1828.** In relation to the construction of the nursery school at Northern Hogg Island, the contract was awarded to the second lowest tenderer in the sum of \$6.619M, against the Engineer's Estimate of \$7.264M. The reason was because the past performance of the lowest tenderer whose tender sum was \$6.396M, was not satisfactory. There was an approved variation of \$186,220 for additional work, giving a revised contract sum of \$6.805M. The full sum was paid to the contractor. However, physical verification revealed that items to the value of \$88,510, as contained in the bill of quantities were short supplied on the contract.
- 1829.** In respect of the construction of the nursery school at Stanleytown, the contract was awarded to the fifth lowest bidder in the sum of \$3.913M, against the Engineer's Estimate of \$4.475M. The reason was that the lower bidders tendered sums ranging from \$3.330M to \$3.839M were considered too low. There was an approved variation of \$510,735 for additional work, giving a revised contract sum of \$4.424M. The full amount was paid to the contractor, and at the time of the inspection the works were verified as having been completed.
- 1830.** The contract for the completion of the nursery school at Vergenoegen, was awarded in 2000 in the sum of \$5.644M, to the lowest bidder. As mentioned above an extension of programme was granted to complete this school. Two variations totalling \$756,501 were awarded for additional work, giving a revised contract sum of \$6.401M. As at 31 December 2000 amounts totalling \$5.111M were paid to the contractor, and during the period under review \$1.283M was paid, giving an amount of \$6.394M paid on this contract. At the time of inspection, the works were completed and were physically verified.
- 1831.** With respect to the completion of the nursery school at Hague, the contract was awarded in 2000 to the fourth lowest tenderer in the sum of \$5.3M. The lower bids, which ranged from \$4.449M to \$5.227M, were deemed to be unrealistic when compared with the Engineer's Estimate of \$7.168M. There was a variation in 2000 of \$447,900, giving a contract sum of \$5.748. As at 31 December 2002, \$5.267M was paid to the contractor, and during the period under review \$495,466 was paid, giving an amount of \$5.763M paid on the contract. In my 2000 report it was pointed out that a 400 gallons water tank valued at \$18,000 was not installed. Inspection carried out again in August 2002 revealed that the tank was still not installed.

#### **Subhead 12002 – Buildings (Health)**

- 1832.** The sum of \$10.5M was allocated for the redesign and extension of theatre and the

construction of toilet block at the West Demerara Regional Hospital. Amounts totalling \$7.683M were expended. The following is a breakdown of the expenditure: -

| <b>DESCRIPTION</b>                       | <b>AMOUNT<br/>\$'000</b> |
|--|--------------------------|
| Re-design & extension of theatre at WDRH | 5,380                    |
| Construction of health post at Leguan    | 1,498                    |
| “ “ toilet block at WDRH                 | 805                      |
| <b>TOTAL</b>                             | <b>7,683</b>             |

- 1833.** The contract for the re-designing and extension of the theatre at the WDRH was awarded to the second lowest of four(4) bidders in the sum of \$4.716M against an Engineer’s Estimate of \$7.395M. The reason being was that the lowest tender sum of \$2.686M was considered unrealistic. There was an approved variation of \$3.181M for additional work, giving a revised contract sum of \$7.897M. Amounts totalling \$5.38M were paid during the period under review. Approval was granted in 2002 by the Chief Planning Officer to allow the use of \$2.4M for the continuation of this project. At the time of the inspection in July 2002 the works were verified as having been completed.
- 1834.** The contract for the construction of the Health Post at Leguan was awarded in 2000 in the sum of \$1.174M to the lowest bidder. There was an approved variation of \$324,250, giving a revised contract sum of \$1.498M. In my report for the year 2000, it was noted that the works were programmed for and was completed in 2000, but no payment was made due to the unavailability of funds. However, without an approval from the Chief Planning Officer for an inclusion of programme to accommodate this expenditure, the full amount of \$1.498M was paid to the contractor during the period under review. Also there was no approval from the Secretary to the Treasury to meet this liability from this provision. The works were nevertheless physically verified as having been completed.
- 1835.** With respect to the construction of the toilet block at WDRH, the contract was awarded to the third lowest tenderer in the sum of \$1.583M, against an Engineer’s Estimate of \$1.923M. The reason for the two lower bidders whose bids of \$1.350M and \$1.414M not being considered was because their record of performance was unsatisfactory. There was an approved variation of \$344,589 for additional work, giving a revised contract sum of \$1.928M. As at 31 December 2001 the amount of \$804,676 was paid to the contractor. The work was re-budgeted for in 2002, and at the time of the inspection, it was verified as having been completed.

**Subhead 12003 - Buildings (Administration)**

- 1836.** The sum of \$1M was allocated for the rehabilitation of the water supply system at the

Regional Administrative Office. This work was not done. However, the rehabilitation of the Regional Accounting Unit was done, for which a change in programme to accommodate this expenditure was not seen. This contract was awarded to the lowest bidder in the sum of \$552,520, against the Engineer's Estimate of \$999,648. There was an approved variation of \$504,180 for additional work, giving a revised contract sum of \$1.057M. Amounts totalling \$998,553 were paid to the contractor, and the works were physically verified as having been completed.

### **Subhead 13001 - Agricultural Development**

- 1837.** The sum of \$30M was voted for (a) the damming of creeks at Western Hogg Island (b) construction of kokers at Palmyra, Belfield and Amarfort and (c) construction of aqueduct at Four Mouth, Hubabu. According to the Appropriation Account, amounts totalling \$24.799M were expended. The following is a breakdown of the expenditure:-

| <b>DESCRIPTION</b>                      | <b>AMOUNT<br/>\$'000</b> |
|---|--------------------------|
| Completion of koker at Hoop-en-Vries    | 5,497                    |
| “ “ “ “ Enterprise                      | 4,960                    |
| Damming of creek at Western Hogg Island | 3,302                    |
| Construction of koker at Hogg Island    | 2,939                    |
| Revetment works for koker at Palmyra    | 1,710                    |
| Fuel and lubricants                     | 2,647                    |
| Travelling & subsistence                | 2,044                    |
| Miscellaneous works                     | 964                      |
| Vehicle spares                          | 657                      |
| Miscellaneous purchases                 | 73                       |
| <b>TOTAL</b>                            | <b>24,794</b>            |

- 1838.** As can be noted, no works were undertaken in relation to the construction of kokers at Palmyra, Belfield and Amarfort, and the aqueduct at Four Mouth, Hubabu. Also, amounts totalling \$5.421M were expended on fuel and lubricants, travelling and subsistence, vehicle spares and miscellaneous purchases. These should have been charged to current expenditure where provisions were made.

- 1839.** Approval was seen from the Chief Planning Officer to accommodate the completion of the kokers at Hoop-en-Vries and Enterprise. However, no approval was seen for change in programme to construct koker at Hogg Island and revetment works at Palmyra, in addition to four(4) miscellaneous project to the value of \$964,075.

- 1840.** The contract for the completion of the koker at Hoop-en-Vries was awarded in 2000 for the sum of \$4.879M. There was an approved variation of \$3.931M in 2000 giving a revised contract sum of \$8.810M. As at 31 December 2000, \$3.313M was paid to the contractor, and

during the period under review \$5.497M was paid, giving the full amount of \$8.810M paid on the contract. The works were physically verified as having been completed.

- 1841.** In relation to the completion of the koker at Enterprise, the Regional Tender Board in 2000, awarded two(2) contracts values \$14.187M to the same individual. Had one(1) contract been awarded, this would have required adjudication by the Central Tender Board. As at 31 December 2000, \$9.127M was paid to the contractor of which \$3.546M was charged to this subhead, and the remainder of \$5.581M was charged to Division 508(Ministry of Agriculture) Subhead 13003, based on departmental warrants issued to the Region. During the period under review, amounts totalling \$4.960M were paid, giving a total of \$14.087M paid on the contract. The works were physically verified as having been completed.
- 1842.** The contract for the damming of the creek at Western Hogg Island was awarded to the sole bidder in the sum of \$6.604M, against the Engineer’s Estimate of \$6.408M. During the period under review, amounts totalling \$3.302M were paid to the contractor. The work was re-budgeted for in 2002, and at the time of the inspection it was completed.
- 1843.** With regards to the construction of the koker at Hogg Island, the contract was awarded to the lowest bidder in the sum of \$2.939M, against an Engineer’s Estimate of \$3.659M. The full amount was paid to the contractor, and at the time of the inspection, the works were physically verified as having been completed.
- 1844.** In relation to the contract for the revetment works at Palmyra, the contract was awarded to the third lowest tenderer in the sum of \$1.408M, against the Engineer’s Estimate of \$1.919M. The reason being was that the lower bids of \$1.005M and \$1.374M were considered unrealistic There was an approved variation for additional work of \$302,400, giving a revised contract sum of \$1.710M. The full amount was paid to the contractor, and at the time of the inspection, the works were physically verified as having been completed.

**Subhead 14001 - Roads**

- 1845.** The sum of \$34M was voted for the construction of community roads at Evergreen, Bora Side Line, Sea Spray, Groenveldt, Patentia/La Harmony, Checkerman Street – Best, Tiger Bay – Vergenoegen, Endeavour/Commons and Rustomdam – Canal No. 2 and School Street – Wales. According to the Appropriation Account, amounts totalling \$33.499M were expended on the construction of roads at the following locations:-

| DESCRIPTION | AMOUNT<br>\$'000 |
|-------------|------------------|
| 417         |                  |

|                                     |       |               |
|-------------------------------------|-------|---------------|
| Cemetary Road - Zeelugt             | 4,735 |               |
| Rustum Dam - No.2 Canal             |       | 4,548         |
| School Street - Wales               |       | 3,647         |
| Sea Spray - Leonora                 |       | 3,595         |
| Water Pump Street - Leonora         |       | 2,711         |
| Bora Side Line - Best Village       |       | 2,520         |
| Old Road - Parika                   |       | 2,194         |
| Groenveldt - Leonora                |       | 2,079         |
| Evergreen Street - Vreed-en-Hoop    |       | 2,067         |
| Tiger Bay - Vergenoegen             |       | 1,467         |
| Endeavour & Commons - No.2 Canal    | 1,031 |               |
| Checkerman Street - Vreed-en-Hoop   | 981   |               |
| Construction of bridge - Schonoovan |       | 250           |
| Miscellaneous roads - 7 contracts   |       | 1,630         |
| Advertisement for tenders           |       | 43            |
| <b>TOTAL</b>                        |       | <b>33,499</b> |

- 1846.** As can be noted, no work was undertaken in relation to the road at Patentia - La Harmonie. In addition there was no evidence that approval was granted for a change in programme to include Cemetary Road - Zeelugt and Old Road - Parika. Extension of programme was however seen for the inclusion of the road at Water Pump Street - Leonora. In relation to the construction of the bridge at Schonoovan, to the value of \$250,000, this is a misallocation, and approval should have been sought for an extension of programme to accommodate the expenditure under subhead 11001 - Bridges, where funds were available.
- 1847.** In relation to the construction of the Cemetary Road at Zeelugt, the contract was awarded to the lowest bidder in the sum of \$1.808M, against the Engineer's Estimate of \$2.091M. Three(3) variations totalling \$2.927M for additional work which include the chip sealing of the road to accommodate heavy duty vehicles were approved, giving a revised contract sum of \$4.735M. The full amount was paid to the contractor, and at the time of the inspection the works were verified as having been completed.
- 1848.** With respect to the construction of the Rustum Dam, No. 2 Canal road, the contract was awarded to the third lowest tenderer in the sum of \$4.548M, against the Engineer's Estimate of \$5.250M. The reason for the two(2) lower bids of \$2.721M and \$2.739M not being considered was because, the amounts were considered unrealistic. There was an approved variation of \$536,590, giving a revised contract sum of \$5.085M. As at 31 December 2001, \$4.548M was paid to the contractor, and the works were verified as having been completed.
- 1849.** In respect of the construction of the School Street, Wales road, the contract was awarded to the fourth lowest tenderer in the sum of \$2.291M, against the Engineer's Estimate of \$2.884M. The reason for the two(2) lower bids of \$1.099M and \$1.589M not being

considered was because, the amounts were considered unrealistic. The RTB had recommended the third lowest bidder whose sum was \$1.825M. However, the Finance Committee rejected this recommendation, since the particular contractor had outstanding works, and referred the matter back to the RTB. Two(2) variations totalling \$1.451M which include the chip sealing of the road to accommodate heavy duty vehicles were approved, giving a revised contract sum of \$3.742M. As at 31 December 2001, \$3.647M was paid to the contractor, and the works were verified as having been completed.

**1850.** The contract for the construction of the road at Sea Spray, Leonora, was awarded to the lowest bidder in the sum of \$3.206M, against the Engineer's Estimate of \$4.038M. There was an approved variation of \$389,350, giving a revised contract sum of \$3.596M. As at 31 December 2001, the full amount was paid to the contractor, and the works were verified as having been completed.

**1851.** In relation to the construction of the road at Water Pump Street, Leonora, the contract was awarded to the lowest bidder in the sum of \$1.184M, against the Engineer's Estimate of \$1.515M. There was an approved variation of \$2.005M for additional work, for the chip sealing of the road to accommodate heavy duty vehicles, giving a revised contract sum of \$3.189M. As at 31 December 2001, the amount of \$2.711M was paid to the contractor, and at the time of the inspection the works were verified as having been completed.

**1852.** The contract for the construction of the road at Bora Side Line, Best Village, was awarded to the second lowest bidder in the sum of \$2.520M, against the Engineer's Estimate of \$2.539M. The reason for the lowest bidder whose bid was \$2.452M not being considered was because his past performance was not satisfactory. There was a variation of \$30,000, giving a revised contract sum of \$2.550M. As at 31 December 2001, the sum of \$2.520M was paid to the contractor, and the works were verified as having been completed.

**1853.** With respect to the construction of the Old Road at Parika, the contract was awarded to the lowest tenderer in the sum of \$2.194M, against the Engineer's Estimate of \$2.274M. The full amount was paid to the contractor. Physical verification however revealed that the road does not have the required width of 12 feet, instead this varied from 9 to 10.5 feet, resulting in an overpayment to the contractor of \$131,050.

**1854.** In relation to the construction of the road at Groenveldt at Leonora, the contract was awarded to the lowest bidder in the sum of \$1.706M, against the Engineer's Estimate of \$1.828M. There was an approved variation of \$372,650 for additional work, giving a revised contract sum of \$2.079M. The full amount was paid to the contractor, and at the time of the inspection the works were verified as having been completed.

**1855.** In relation to the construction of the road at Evergreen Street, Vreed-en-Hoop, the contract was awarded to the fifth lowest of six(6) tenderers in the sum of \$2.067M, against the

Engineer's Estimate of \$2.352M. The reasons being were that the four(4) lower bids ranging from \$1.257M and \$1.695M were considered inadequate, in addition to the first and second lowest bidders having on-going jobs. There was an approved variation of \$50,000, giving a revised contract sum of \$2.117M. As at 31 December 2001, the amount of \$2.067M was paid to the contractor, and at the time of the inspection the works were verified as having been completed.

- 1856.** In respect of the construction of the road at Tiger Bay, Vergeonegen, the contract was awarded to the lowest tenderer in the sum of \$3.101M, against the Engineer's Estimate of \$3.682M. As at 31 December 2001, the amount of \$1.467M was paid to the contractor, and the difference of \$1.634M was paid in 2002 upon approval by the Chief Planning Officer. At the time of the inspection the works were verified as having been completed.
- 1857.** The contract for the construction of the road at Endeavour & Commons, No. 2 Canal, was awarded to the second lowest bidder in the sum of \$973,780, against the Engineer's Estimate of \$1.122M. The reason being was that the lowest bid of \$698,180 was considered inadequate. There was an approved variation of \$57,520, giving a revised contract sum of \$1.031M. The full amount was paid to the contractor, and the works were verified as having been completed.
- 1858.** With respect to the construction of the Checkerman Street road at Vreed-en-Hoop, the contract was awarded to the third lowest tenderer in the sum of \$980,500, against the Engineer's Estimate of \$1.072M. The reason being was that the two(2) lowest bidders whose bids were \$754,500 and \$879,000 had on-going jobs. The full amount was paid to the contractor, and the works were verified as having been completed.
- 1859.** Included in the figure of \$1.630M, is an amount of \$272,360 paid for construction of the Cornelia Ida Nursery School Road. This contract was awarded to the lowest bidder in the sum of \$497,000, against the Engineer's Estimate of \$547,000. There was an approved variation of \$27,000, giving a revised contract sum of \$524,000. At the time of the inspection in March 2002, there were several potholes visible on the road and at the time of reporting, the difference of \$251,640 was not paid to the contractor.

**Subhead 19001 - Land Development**

- 1860.** The sum of \$11M was allocated for (a) the construction of roads at Bel Vue, Cornelia Ida, De Willem, Zeeburg and Goed Fortuin and (b) installation of stand pipes at DeKendren. According to the Appropriation Accounts, amounts totalling \$8.894M were expended on the following roads:-

| DESCRIPTION | AMOUNT |
|-------------|--------|
| 420         |        |



|                       | <b>\$'000</b> |
|-----------------------|---------------|
| Goed Fortuin          | 2,965         |
| De Williem – Area “G” | 2,388         |
| Bel Vue               | 1,662         |
| De Williem            | 1,140         |
| Zeeburg               | 739           |
| <b>TOTAL</b>          | <b>8,894</b>  |

- 1861.** As can be noted, the construction of the road at Cornelia Ida and the installation of the stand pipe at DeKendren were not done. However, only the construction of the Cornelia Road was re-budgeted for in 2002.
- 1862.** In relation to the construction of the road at Goed Fortuin, the contract was awarded to the third lowest bidder in the sum of \$2.965M, against the Engineer’s Estimate of \$2.986M. The reason being was that the two(2) lower bidders whose bids were \$2.463M and \$2.558M had on-going jobs. The full amount was paid to the contractor, and at the time of the inspection the works were completed.
- 1863.** The contract for the construction of the road at Area “G”, De Willem, was awarded to the third lowest tenderer in the sum of \$2.166M, against the Engineer’s Estimate of \$3.837M. The reasons being were that the Finance Committee had rejected the lowest bid of \$1.972M as recommended by the RTB, because it was considered too low, and the second bidder whose bid was \$2.090M had on-going jobs. There was an approved variation for additional work of \$221,700, giving a revised contract sum of \$2.388M. The full amount was paid to the contractor, and at the time of the inspection the works were completed.
- 1864.** With respect to the construction of the road at Bel Vue, the contract was awarded to the lowest tenderer in the sum of \$1.013M, against an Engineer’s Estimate of \$1.536M. There was an approved variation for additional work of \$648,939M, giving a revised contract sum of \$1.662M. The full amount was paid to the contractor, and at the time of the inspection the works were completed.
- 1865.** In relation to the construction of the road at De Willem, the contract was awarded to the lowest bidder in the sum of \$1.140M, against an Engineer’s Estimate of \$1.325M. The full amount was paid to the contractor, and at the time of the inspection the works were completed.
- 1866.** The contract for the construction of the road at Zeeburg, Land Development was awarded to the second lowest bidder in the sum of \$1.385M, against the Engineer’s Estimate of \$1.536M. The reason being was that the lowest bid of \$1.302M was considered by the RTB

to be inadequate. During the period under review, the amount of \$739,300 was paid to the contractor, and in 2002 the Chief Planning Officer granted an inclusion in the 2002 budget for the amount of \$646,000 to complete the works. At the time of the inspection in March 2002, the works were completed, however, the amount of \$646,000 was not yet paid.

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

- 1867.** The sum of \$5M was allocated for the purchase of a plough and a back blade. Amounts totalling \$1.586M were expended. The plough was purchased at a cost of \$1.391M from the second lowest tenderer, since he had spare parts in stock, and the lowest bidder whose bid was \$1.150M, was not a reputable dealer. The back blade was purchased at a cost of \$194,558. The items purchased were verified as having been received and properly brought to account.

#### **Subhead 25001 - Equipment (Health)**

- 1868.** The sum of \$8.755M was voted for the purchase of all purpose stretchers, delivery beds, a dish-washing machine, a food processor, a 6-burner gas stove, a computer, two(2) refrigerators and an anaesthetic machine. Amounts totalling \$8.315M were expended. The items purchased were verified as having been received and properly brought to account.

#### **Subhead 25002 - Furniture & Equipment (Administration)**

- 1869.** An amount of \$500,000 was provided for the purchase of two(2) computers. Amounts totalling \$499,000 were expended on one(1) computer and a refrigerator. The items purchased were verified as having been received and properly brought to account.

#### **Subhead 25003 - Furniture & Equipment (Education)**

- 1870.** The sum of \$3M was allocated for the purchase of nursery chairs, tables, cupboards, desks and benches. Amounts totalling of \$2.763M were expended. The items purchased were verified as having been received, brought to account at the stores and distributed to schools in the Region.

#### **GENERAL**

- 1871.** During the period under review, thirty-three(33) contracts for capital works to the value of \$89.865M were awarded. Twenty(20) of these contracts had variations to the value of \$12.363M which were approved, by either the Regional Executive Officer or the Regional Tender Board. While there was no major discrepancies in the physical verification carried out, it must be noted that there was an apparent lack of proper planning and foresight in the estimation by the Regional Engineer. This situation has resulted in the frequent need for additional works to be done, and variations to be approved.

#### **HEAD 74 & DIVISION 534**

#### **REGION 4 - DEMERARA/MAHAICA**

## Current Expenditure

### Employment Costs

- 1872.** The salaries bank account Nos. 3029 and 3030 reflected large balances of \$49.396M, and \$11.471M respectively as at 31 December 2001. In addition, these accounts as well as another salaries bank account No. 3036 were not reconciled since they were established.
- 1873.** The failure to reconcile these bank accounts was drawn to attention in my previous reports. However, there was no evidence of remedial action taken 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 sixteen (16) accounting personnel. It would therefore appear that reconciliation of bank accounts was not given the priority it deserves.
- 1874.** 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. The following are the details:-

| MONTH     | A/C NO. 3029<br>\$ | A/C NO. 3030<br>\$ | A/C. NO. 3036<br>\$ |
|-----------|--------------------|--------------------|---------------------|
| January   | 17,407,777         | 55,553             | 2,098,416           |
| February  | 18,383,823         | 485,015            | 100,996             |
| March     | 18,508,904         | 411,223            | 2,257,891           |
| April     | 17,688,089         | 405,396            | 2,560,982           |
| May       | 15,979,101         | 319,366            | 3,710,123           |
| June      | 16,912,544         | 356,000            | 3,754,718           |
| July      | 17,091,912         | 356,000            | 3,809,862           |
| August    | 16,986,755         | 342,866            | 3,760,862           |
| September | 1,724,906          | 300,210            | 3,793,670           |
| October   | 18,755,745         | 8,812              | 4,139,061           |
| November  | 17,373,299         | 770,564            | 2,834,567           |
| December  | 7,089,631          | 699,477            | 340,123             |

- 1875.** 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. He further stated that efforts would be made to regularise this unsatisfactory

situation. It is 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.

- 1876.** During the period under review, the Region employed on average 1,966 persons. However, the NIS numbers for 665 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**

- 1877.** Cheque order vouchers 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 one hundred and seven (107) days later. Every effort should be made to ensure strict compliance with the laid down procedures.

- 1878.** At the time of reporting, twenty-three (23) cheque orders valued at \$6.276M had not been cleared. In the circumstances, it could not be determined whether value was received in respect of this amount. These matters were drawn to the attention of the Accounting Officer for investigation.

- 1879.** Amounts totalling \$11.043M 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 logbooks, it could not be satisfactorily determined whether effective control was exercised over the remaining five (5) vehicles.

- 1880.** Amounts totalling \$31.739M were expended on the Rental & Maintenance of Buildings. The following gives a breakdown of the expenditure:-

| DESCRIPTION | AMOUNT<br>\$'000 |
|-------------|------------------|
| 424         |                  |

|   |               |
|---|---------------|
| Rehabilitation of 7 primary schools           | 10,448        |
| “ “ 1 secondary school                        | 6,024         |
| “ “ Education Office – Triumph                | 3,298         |
| “ “ Timehri Sub-office                        | 1,692         |
| “ “ 7 nursery schools                         | 1,514         |
| Miscellaneous repairs (\$450,000 - \$950,000) | 1,509         |
| Miscellaneous “ (\$180,000 - \$450,000)       | 2,912         |
| Miscellaneous “ (below \$180,000)             | 875           |
| Purchase of building materials                | 2,271         |
| Rental of buildings                           | 1,196         |
| <b>TOTAL</b>                                  | <b>31,739</b> |

**1881.** The above works were executed by forty-two (42) contracts valued at \$28.272M, three (3) of which were in excess of \$1M. However, it was observed that variation orders to the value of \$4.633M and representing 32.1% of the contract sums, were issued in respect of five (5) of the contracts as shown below:-

| <b>LOCATION</b>           | <b>ORIGINAL<br/>CONTRACT<br/>SUM<br/>\$</b> | <b>VARIATION<br/>\$</b> | <b>REVISED<br/>CONTRACT<br/>SUM<br/>\$</b> |
|---------------------------|---|-------------------------|--|
| Golden Grove Secondary    | 5,114,102                                   | 1,086,165               | 6,200,267                                  |
| Diamond Primary School    | 4,774,761                                   | 431,360                 | 5,206,121                                  |
| Strathspey Primary School | 2,796,810                                   | 788,655                 | 3,585,465                                  |
| LBI Primary School        | 900,528                                     | 1,477,925               | 2,378,453                                  |
| Timehri Sub-Office        | 843,131                                     | 849,363                 | 1,692,494                                  |
| <b>TOTAL</b>              | <b>14,429,332</b>                           | <b>4,633,468</b>        | <b>19,062,800</b>                          |

**1882.** Of the forty-two(42) contracts which were awarded under this subhead, only twelve(12) contracts were awarded to the most competitive bidders. The reasons stated in the tender board minutes varied from the failure to submit complete information to unsatisfactory performance in relation to previous contracts.

**1883.** The contract for the rehabilitation of Golden Grove secondary school was awarded to the fifth lowest tender at the sum of \$5.114M compared with the engineer’s estimate of \$5.746M on the grounds that the three (3) lowest tenders were substantially below the engineer’s

estimate and the fourth lowest bidder's PAYE compliance certificate was not valid. However, there was an approved variation of \$1.086M giving a revised contract sum of \$6.200M. During the year 2001, amounts totalling \$6,023,499 were paid to the contractor and the balance was met from 2002 voted provision. The rehabilitation works were physical verified and conform generally to the specifications in the bills of quantities.

- 1884.** The contract for the rehabilitation of Diamond primary school was awarded to the fourth lowest tender at a revised contract sum of \$4.775M. However, no reasons were stated why the other lower bids were not accepted. There was an approved variation of \$431,360 giving a revised contract sum of \$5.206M. Amounts totalling \$4,685,509 were paid to the contractor as at 31 December 2001. The rehabilitation works were physical verified and conform generally to the specifications in the bills of quantities.
- 1885.** The contract for the rehabilitation of Strathspey primary school was awarded to the highest of five(5) bidders at a contract sum of \$2.797M. However, no reasons were stated why the other lower bids were not accepted. In addition, there was an approved variation of \$788,655 giving a revised contract sum of \$3.586M. Amounts totalling \$3,008,585 were paid to the contractor as at 31 December 2001. The rehabilitation works were physical verified and conform generally to the specifications in the bills of quantities.
- 1886.** With regards the contract for the repairs to LBI Primary school, the contract was awarded to the second lowest bidder in the sum of \$900,528 on the grounds that the lowest bidder had projects to complete for the Region. There was an approved variation of \$1,477,925 giving a revised contract sum of \$2,378,453. The variation included extensive painting which was done to the building and which was not in the original bills of quantity. Only the sum of \$1,257,284 was paid in 2001. The balance of \$1,121,169 was met from 2002 voted provision.
- 1887.** In relations to the contract for the rehabilitation of Timehri sub office, the contract was awarded to the third lowest bidder in the sum of \$843,131 on the grounds that the two lowest bidders could not complete the job at their tendered price that was far below the engineer's estimate of \$1,031,109. However, there was an approved variation of \$849,363 giving a revised contract sum of \$1,692,494. The full amount was paid to the contractor in 2001. The works were completed and physically verified while the materials purchased were verified as having been received and properly brought to account.
- 1888.** Amounts totalling \$53.140M were expended on the Maintenance of Infrastructure. The following gives a breakdown of the expenditure:-

| DESCRIPTION   | AMOUNT<br>\$'000 |
|---|------------------|
| D & I Works   | 24,399           |
| Rehabilitation of Surat Drive, Triumph                | 4,977            |
| "        " Roger Harper Street, Buxton                | 3,229            |
| "        " Danrade Streets, Jones Town                | 3,182            |
| Upgrading access road, RDC compound, Paradise         | 1,773            |
| Rehabilitation of Melanie Access Road                 | 1,651            |
| "        " Enterprise Main Road                       | 1,430            |
| Construction of Fourth Street, Jones Town             | 1,359            |
| Rehabilitation of Market Street, Grove                | 1,351            |
| Miscellaneous rehabilitation works (\$450,000 - \$1M) | 528              |
| "        "        " (\$180,000 - \$450,000)           | 7,197            |
| "        "        " (below \$180,000)                 | 1,569            |
| Purchases of building materials                       | 495              |
| <b>TOTAL</b>  | <b>53,140</b>    |

- 1889.** Included in the amount of \$24.399M expended on D& I works were sums totalling \$20.867M in respect of twelve(12) contracts for the weeding and cleaning of trenches and canals and desilting of outfall channels. Eight(8) of these contracts valued at \$9.493M were awarded to three(3) NDCs while the remaining four(4) contracts valued at \$11.374M were awarded to individuals. The balance of \$3.532M relates to several small contracts.
- 1890.** The contract for the rehabilitation of Surat Drive, Triumph was awarded to the lowest bidder in the sum of \$5.364M. However, only the sum of \$4.977M was paid to the contractor. The balance of \$326,521 was met from the 2002 voted provision.
- 1891.** With regard to the rehabilitation of the Danrade Street in Jonestown, Mahaica, the contract was awarded to the lowest bidder in the sum of \$3.526M. The sum of \$3.182M was paid to the contractor, while the difference of \$354,000 was met from the 2002 voted provision.
- 1892.** The upgrading of access road at the RDC compound at Paradise was executed at a cost of \$1.773M. In relation to the rehabilitation of the Melanie Access road, the contract was awarded in the sum of \$2.928M. As at 31 December 2001, amounts totalling \$1.651M were paid the contractor.
- 1893.** In relation to the rehabilitation of Enterprise Main Road, the contract was awarded to the second lowest bidder in the sum of \$2.659M on the grounds that the lowest bidder does not do work of a high quality. As at 31 December 2001 sums totalling \$1.430M were paid to the

contractor and an amount of \$158,903 was paid from the 2002 voted provision.

- 1894.** In relation to the rehabilitation of Fourth Street, Jonestown, Mahaica, the contract was awarded to the lowest bidder in the sum of \$1.510M. However, the lowest bidder did not commence the work and as a result, the contract was awarded to the fourth lowest bidder in the sum of \$1.740M. The sum of \$1.359M was paid to the contractor and the difference of \$150,996 was paid from the 2002 voted provision.
- 1895.** In relation to the rehabilitation of Market Street, Grove, the contract was awarded to the second lowest bidder in the sum of \$1.352M. No reason was stated why the lowest bidder was not considered. The full amount was paid to the contractor.
- 1896.** 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**

- 1897.** At the time of the audit, several obsolete and unserviceable items, including a truck, two (2) cars, a land rover and two (2) tractors 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.
- 1898.** 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. However, it was not until October 2001 that the Accountant General was officially informed of these gifts and their values to reflect them in the Public Accounts.
- 1899.** 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 bin cards were maintained at the Triumph stores. It is recommended that a stores ledger be maintained by the Accounting Section and the balances be reconciled periodically with the bin cards.

### **Capital Expenditure**

#### **Subhead 11001 - Bridges**



- 1900.** The sum of \$4.5M was voted for the construction of bridges at Bare Root (Bachelor Adventure), Bee Hive and Mon Repos. Amounts totalling \$4.310M were expended in the construction/ rehabilitation of the following:-

| DESCRIPTION   | AMOUNT       |
|---|--------------|
|   | \$'000       |
| Timber bridge and revetment at Bare Root main access road | 1,466        |
| Bridge at Bare Root                                       | 1,036        |
| “ “ Bee Hive  | 1,300        |
| Footpath bridge at Mon Repos                              | 508          |
| <b>TOTAL</b>  | <b>4,310</b> |

- 1901.** The contract for the construction of the timber bridge and revetment at Bare Root main access road was awarded to the lowest bidder in the sum of \$1.466M as compared with the Engineers Estimate of \$2.749M. As at 31 December 2001 the full amount was paid to the contractor.
- 1902.** In relation to the rehabilitation of the timber bridge at Bare Root, the contract was awarded to the lowest bidder in the sum of \$1.013M as compared with the Engineers' Estimate of \$1.405M. There was an approved variation of \$22,500, giving a revised contract sum of \$1.036M. As at 31 December 2001, the full contract sum was paid.
- 1903.** In relation to the rehabilitation of the timber bridge at Bee Hive, the contract was awarded to the lowest bidder in the sum of \$1.173M as compared with the Engineers' Estimate of \$1.861M. There was a variation of \$126,400, which exceeds 10%, giving a revised contract sum of \$1.299M. However, there was no evidence that the variation was approved by the Regional Tender Board. As at 31 December 2001, the full contract sum was paid to the contractor. A physical inspection carried out in August 2002, revealed that there was an overpayment of \$232,420. This resulted from the actual length of the bridge being 20 lin. ft. less than the 90 lin. ft. as stated in the bills of quantity. Action should be taken to recover the overpayment from the contractor.
- 1904.** In relation to the construction of footpath bridge at Mon Repos, the contract was awarded to the fifth lowest bidder in the sum of \$328,720 on the grounds that the Tender Board considered that the lower bidders could not do the work at their tendered sum. There was an approved variation of \$179,451, giving a revised contract sum of \$508,171. The Engineer's estimate was \$327,804. As at 31 December 2001, the full contract sum was paid to the contractor.
- 1905.** With the exception of the rehabilitation of the bridge at Bee Hive the above works were physically verified and conformed generally to the specification as contained in the respective bills of quantities and contract documents.

### **Subhead 12001 - Buildings (Education)**

- 1906.** The sum of \$18M was allocated for (a) the construction of practical instruction centre at friendship (b) completion of nursery schools at Enmore/Hope and Eccles (c) construction of Dora Primary School (d) rehabilitation of Buxton Primary School and (e) fencing of Strathspey Primary School compound. Amounts totalling \$5.525M were expended as follows:-

| <b>DESCRIPTION</b>                                | <b>AMOUNT<br/>\$'000</b> |
|---|--------------------------|
| Rehabilitation of Buxton Primary School           | 2,735                    |
| Completion of Enmore Hope Nursery School          | 1,207                    |
| Rehabilitation of Strathspey Primary School fence | 1,030                    |
| Construction of Dora Primary School               | 553                      |
| <b>TOTAL</b>                                      | <b>5,525</b>             |

- 1907.** As can be noted from the above, no work was done in relation to construction of practical instruction centre at Friendship and the Eccles Nursery School. However, it was explained that Eccles Nursery School was completed in 2000 and should not have re-budgeted in the year 2001.
- 1908.** The contract for the rehabilitation of the Buxton Primary School was awarded in the sum of \$2.770M to the fifth lowest tenderer. However, no reasons were stated in the tender board minutes why the lower bidders were not considered for this job. In addition, there was an approved variation of \$269,265, given a revised contract sum of \$3.039M. As at 31 December 2001, amounts totalling \$2.735M were paid to the contractor. In the year 2002 approval was granted for the retention fees of \$303,895 to be paid. At the time of reporting, the works were physically verified and conformed generally to the specifications as contained in the bills of quantities.
- 1909.** In relation to the completion of the Enmore/Hope Nursery School, the contract was awarded to the lowest tenderer in the sum of \$5.378M as compared with the Engineers' Estimate of \$5.582M. As at 31 December 2001, amounts totalling \$1.207M were paid to the contractor. However, the completion of this Nursery School was not re-budgeted in 2002.
- 1910.** With respect to the rehabilitation of the Strathspey Primary School fence, the contract was awarded to the fourth lowest tenderer in the sum of \$578,000 on the grounds that the lower bidders could not perform the work at the tendered sum. There was an approved variation for \$450,000, giving a revised contract sum of \$1.030M for additional works to be done on the

Northern-side of the fence. As at 31 December 2001 the full contract sum was paid. The construction of the fence was physically verified and conformed generally to the specifications as contained in the revised bills of quantities.

- 1911.** The contract for the construction of the Dora Primary School was awarded in the sum of \$5.530M to the lowest bidder as compared with the Engineers' Estimate of \$5.719M. There was an approved variation of \$1.183M, giving a revised contract sum of \$6.712M. In 2001, a mobilisation advance of \$553,000 was paid to the contractor. However, when the first valuation certificate was submitted it was discovered that the contractor had done work that was not included in the bills of quantities. An examination of the bills of quantities by the Regional Engineer, revealed that the bills of quantities were severely flawed as several items were omitted. The omissions included excavation works to foundation, form work in relation to the foundation and inadequate quantities of block work, form work to columns and beams, doors and windows frames, reinforced floor slab reinforcement to foundation, columns, beams, aprons, drains and lintels. On 27 August 2002 when the work was inspected it was discovered that the contractor's material storage bond was empty. However, the contractor had completed the foundation, columns, external walls, lintels, 85% of sand fill and 80% of doors and window frames. The work was re-budgeted for in 2002.

**Subhead 12002 - Buildings (Administration)**

- 1912.** The sum of \$1.2M was voted for the payment of liability in respect of the construction of Grove Craft Centre. A payment voucher was initially prepared for the sum of \$1.021M on the 31 December 2001. However, the amount was not paid to the contractor but was refunded to the Consolidated Fund on 30 April 2002. As a result the Appropriation Account relating to this subhead was overstated by the amount of \$1.021M.

**Subhead 12003 - Buildings (Health)**

- 1913.** The sum of \$8M was provided for (a) payment of liabilities (b) extension of health centre at Grove and (c) construction of waiting room, doctor's office and sanitary facility at Dora Health Centre. Amounts totalling \$7.236M were expended as shown below:-

| <b>DESCRIPTION</b>                    | <b>AMOUNT<br/>\$'000</b> |
|---------------------------------------|--------------------------|
| Payment of liability                  | 1,064                    |
| Extension to Grove Health Centre      | 4,850                    |
| Rehabilitation of Dora Health Outpost | 1,322                    |
| <b>TOTAL</b>                          | <b>7,236</b>             |

- 1914.** The sum of ~~\$1.064M~~, was voted for the payment of a liability in respect of the Mahaica Health Centre. However, the amount was not paid to the contractor, instead the cheque was kept in the safe and the amount was subsequently refunded to the Consolidated Fund on 30 April 2002. As a result the Appropriation Account relating to this subhead was overstated by \$1.064M.

- 1915.** The contract for the extension to the Grove Health Centre was awarded in the sum of \$3.544M to the lowest bidder. There was an approved variation of \$1.845M, giving a revised contract sum of \$5.389M. Amounts totalling \$4.850M were paid to contractor as at 31 December 2001. A physical inspection carried out in August 2002, revealed that the contractor was overpaid sums totalling \$368,425 when the measured work was compared with the bills of quantities and the variation work done as shown below:-

| DESCRIPTION                    | MEASURED WORK | AMOUNT PAID | DIFF   | RATE   | O/PAYMENT \$   |
|--------------------------------|---------------|-------------|--------|--------|----------------|
| Reinforced concrete Foundation | 10 c.y        | 18 c.y      | 8 c.y  | 14,000 | 112,000        |
| Formwork to beams              | 58 s.y        | 90 s.y      | 32 s.y | 700    | 22,400         |
| Formwork to columns            | 27 s.y        | 72 s.y      | 45 s.y | 600    | 27,000         |
| Formwork                       | 7 s.y         | 24 s.y      | 17 s.y | 750    | 12,750         |
| Concrete floor                 | 6 c.y         | 12 c.y      | 6 c.y  | 14,000 | 84,000         |
| RBC fabric                     | 58 s.y        | 113 s.y     | 55 s.y | 425    | 23,375         |
| R.W gutter                     | 12.1 y        | 45.1 y      | 33.1y  | 1,800  | 59,400         |
| Brackets                       | 0             | 50 nr       | 50 nr. | 550    | 27,500         |
| <b>TOTAL OVERPAYMENT</b>       |               |             |        |        | <b>368,425</b> |

Action should be taken to recover the overpayment from the contractor.

- 1916.** In relation to the health outpost at Dora, the contract was awarded to the second lowest bidder in the sum of \$1.145M on the grounds that the lowest did sub-standard work for the Region previously. There was an approved variation of \$332,190 giving a revised contract sum of \$1.478M. As at 31 December 2001 the amount of \$1.322M was paid to the contractor. The rehabilitation work was completed and physically verified.

#### **Subhead 14001 - Roads**

- 1917.** The sum of \$24M was allocated for the construction of roads at Bare Root, Second Street - Herstelling, Payoffice Street – Enterprise, main Road – Eastville Housing Scheme, Long Creek access road and Middle Street – Friendship. Amounts totalling \$21.730M were expended in the construction of the following roads:-

| DESCRIPTION | AMOUNT \$'000 |
|-------------|---------------|
| Bare Root   | 7,200         |
| 432         |               |

|                              |               |
|------------------------------|---------------|
| Middle Street, Friendship    | 5,631         |
| Eastville Housing Scheme     | 4,622         |
| Payoffice, Enterprise Street | 3,375         |
| Long Creek Access Road       | 402           |
| Consultancy services         | 500           |
| <hr/>                        |               |
| <b>TOTAL</b>                 | <b>21,730</b> |

- 1918.** The contract for the construction of the road at Bare Root was awarded in the sum of \$8M to the second lowest bidder on the grounds the lowest bidder of \$5.889M was too low when compared with the Engineer's estimate of \$14.449M. The work was completed and physically verified but the sum of \$800,000 was still owing to the contractor as at 31 December 2001.
- 1919.** In respect of the road at Middle Street, Friendship, the contract was awarded to the third lowest bidder, in the sum of \$5.105M, on the grounds that the Tender Board felt that the lower bidders could not do the work at their tendered sums. However, after 10% of the contract sum was paid as a mobilisation advance the contract was terminated. The contract was re-awarded to the fourth lowest bidder at his tendered sum of \$5.690M. Amounts totalling \$5.121M were paid to the new contractor as at 31 December 2001. The work was physically verified.
- 1920.** The contract for the construction of the Eastville Housing Scheme main road was awarded in sum of \$5.135M to the fourth lowest bidder, on the grounds that the Tender Board felt that the lower bidders could not complete the work at their tendered sums. Amounts totalling \$4.622M were paid to the contractor in 2001. The approval of the Chief Planning Officer was obtained for the balance of the contract sum to be made from the 2002 budget. A physical inspection carried out in 2002, revealed that the construction of the road was completed.
- 1921.** With respect to the construction of Payoffice Street, the contract was awarded to the third lowest bidder in the sum of \$3.750M on the grounds that the Tender Board felt that the lower bidders could not complete the job at their tendered sums. At the time of reporting, the work was completed.
- 1922.** The contract for the Long Creek Access Road was awarded to the lowest bidder in the sum of \$1.226M. The sum of \$402,000 was paid to the contractor as at 31 December 2001 and was still in progress. However, the works were not re-budgeted in the year 2002. At the time of reporting the works were not completed.

#### **Subhead 17001 - Agricultural Development**

- 1923.** The sum of \$18.550M was voted for (a) construction of revetment at Bamboo Dam – Buxton (b) rehabilitation of trenches and canals at Better Hope, Garden of Eden and Cane Grove and (c) rehabilitation of Buxton/Friendship canal. Amounts totalling \$17.768M were expended,

as follows:-

| DESCRIPTION  | AMOUNT<br>\$'000 |
|--|------------------|
| Rehabilitation of canals at Garden of Eden                 | 4,361            |
| Recondition of Pearl north drainage trench                 | 2,759            |
| Rehabilitation of water path irrigation canal – Cane Grove | 2,705            |
| Excavation to Beterverwagting irrigation trench            | 2,437            |
| Rehabilitation to Buxton/Friendship canal                  | 1,617            |
| “ of trench at Better Hope                                 | 1,487            |
| Construction of revetment at Bamboo Dam, Buxton            | 953              |
| “ “ “ opposite Wilkenson Street                            | 833              |
| Recondition of irrigation trench at Peter’s Hall           | 616              |
| <b>TOTAL</b>   | <b>17,768</b>    |

- 1924.** Four (4) contracts were awarded for the rehabilitation of canals at Garden of Eden to two (2) contractors. The contract for the cleaning of the southern part of the Garden of Eden trench was awarded to the lowest bidder in the sum of \$1.050M. The contract for the north drainage and south canals were awarded to the lone bidder in the sum of \$1.840M and \$1.2M respectively. In addition another contract was awarded for the cleaning of 400 rods of Garden of Eden Façade. Amounts totalling \$4.361M were paid on the four (4) contracts.
- 1925.** The contract for the rehabilitation of Pearl north drainage trench was awarded to the second lowest bidder in the sum of \$2.115M There was an approved variation of \$950,000 giving a revised contract sum of \$3.065M. The amount of \$2.759M was paid to the contractor as at 31 December 2001. However, approval was not seen for a change in programme for the works.
- 1926.** The contract for the rehabilitation of water path irrigation canal at Cane Grove was awarded to the sixth lowest bidder at his sum of \$3.005M, on the grounds that the others could not complete the job at their tendered sum. As at 31 December 2001, amounts totalling \$2.705M were paid to the contractor.
- 1927.** The excavation of the irrigation trench at Beterverwagting was awarded to the lowest bidder in the sum of \$2.048M. There was an approved variation in the sum of \$660,000, giving a revised contract sum of \$2.708M. As at 31 December 2001 the sum of \$2.437M was paid to the contractor. However, approval was not seen for a change in programme for the works.
- 1928.** The sum of \$900,000 was paid to the Buxton/Foulis Neighbourhood Democratic Council for the rehabilitation of the Buxton/Friendship canal and a further sum of \$717,200 was paid for engineering survey in respect of Buxton Friendship canal.
- 1929.** The sum of \$1.487M was expended for the recondition of the Better Hope west sideline

trench. The contract was awarded to the fifth lowest bidder on the grounds that the lowest, second and third lowest were too low and the fourth lowest was awarded contract of a similar nature but did not commence working on the project at the time of the tender board meeting.

- 1930.** The contract for the construction of revetments at Bamboo Dam, Buxton was awarded to the lowest bidder in the sum of \$1.059M. However, only the sum of \$952,947 was paid in 2001.
- 1931.** With regards to the contract for the construction of revetments opposite Wilkenson Street and the recondition of Peter's Hall irrigation trench, funds were not provided in the budget for the year 2001. However approval was only seen for a change in programme to carry out works to revetments opposite Wilkenson Street.
- 1932.** In relation to the above works, evidence was seen where the Regional Works Committee and engineers certified that the works were satisfactorily completed.

**Subhead 25001 - Furniture and Equipment (Education)**

- 1933.** The sum of \$3M was allocated for the purchase of benches, desks, cupboards, nursery tables and chairs, and cots. Amounts totalling \$2.851M were expended. The items purchased were verified as having been received and distributed to the various schools in the Regions.

**Subhead 25002 – Office Furniture & Equipment**

- 1934.** The sum of \$500,000 was provided for the purchase of two(2) computers. Amounts totalling \$384,820 were expended on the purchase of a computer and accessories. The items purchased were verified as having been received and properly brought to account.

**Subhead 25003 - Equipment (Health)**

- 1935.** The sum of \$560,000 was voted for the purchase of a generator for Long Creek and eight(8) examination couches. The full amount was expended on the purchase of a generator and examination couches. The items were verified as having been received but they were not taken on inventory.

**Subhead 25004 – Furniture & Equipment (Health)**

- 1936.** The sum of \$600,000 was allocated for the purchase of filing cabinets, writing desks, chairs and refrigerators. Amounts totalling \$411,198 were expended. The items were verified as having been received. However, they were not taken on inventory.

**HEAD 75 & DIVISION 535**

**REGION 5 - MAHAICA/BERBICE**

**Current Expenditure**

**Employment Costs**

**1937.** 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<br/>\$</b> | <b>MONTH</b> | <b>AMOUNT<br/>\$</b> |
|--------------|----------------------|--------------|----------------------|
| January      | 30,972               | July         | 328,812              |
| February     | 11,630               | August       | 363,567              |
| March        | 19,645               | September    | 12,862               |
| April        | 19,646               | October      | 5,247                |
| May          | 1,367                | November     | 39,308               |
| June         | 286,627              | December     | 419,376              |

**1938.** 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.

**1939.** An examination of the bank reconciliation statement for account No. 3096 for December 2001, revealed that there were nineteen(19) stale-dated cheques valued \$258,599 which were shown as being un-presented. These should be cancelled and the cash book adjusted accordingly. In addition, a number of deficiencies were observed as follows:-

- (a) the statement was not signed as prepared, checked, and certified by the relevant officers;
- (b) there were nine(9) overstated cheques valued at \$230,000. Investigation revealed that this amount was misappropriated and the matter was reported to the Police. This matter should be followed up with the Police. In the interim, it is recommended that a loss report be put up to the Secretary to the Treasury for necessary action; and
- (c) the dates of the transactions were not always stated on the reconciliation statement.



- 1940.** Amounts totalling \$10.131M were refunded as unclaimed salaries for 2001, of which sums totalling \$7.714M relate to the Education Department. However, an unclaimed salaries register for that department was not maintained at the Regional Accounting Unit to monitor all unpaid salaries. In addition, as a result of the late notification of pay-changes, instances were noted where only the net salaries were refunded. Deduction totalling \$839,102, in respect of the unpaid salaries were already paid over to the relevant agencies. Action should be taken to recover this amount from these agencies. The Accounting Officer had since advised that the relevant agencies were written to with a view to obtaining refunds
- 1941.** A comparison of the authorised staffing as shown in 2001 Estimates of Expenditure with the actual staff employed by the Region in December 2001 revealed that the actual staffing was substantively exceeded, as shown below:-

| <b>DESCRIPTION</b>             | <b>AUTHORISED</b> | <b>ACTUAL</b> | <b>EXCESS</b> |
|--------------------------------|-------------------|---------------|---------------|
| Administrative                 | 18                | 147           | 129           |
| Senior Technical               | 39                | 316           | 277           |
| Other Technical & Craft Skills | 96                | 207           | 111           |
| Clerical & Office Support      | 67                | 42            | (25)          |
| Semi-skilled Operatives etc.   | 210               | 346           | 136           |
| <b>TOTAL</b>                   | <b>430</b>        | <b>1,058</b>  | <b>628</b>    |

- 1942.** 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 the staff of the Education Department, including teachers. In order to ensure meaningful comparisons between the authorised and actual staffing, it is recommended that all staff be included in the authorised establishment of the Region.
- 1943.** An examination of the Register of Contributors to the National Insurance Scheme revealed that NIS numbers in respect of 140 employees were not quoted in the register. The Accounting Officer gave the undertaking that action would be taken to correct this situation.

### **Other Charges**

- 1944.** 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-two(32) days after they were issued. In addition, at the time of reporting, thirteen(13) cheque orders valued at \$3.560M in respect of purchases remained outstanding.

- 1945.** Amounts totalling \$14.661M were expended on Materials, Equipment and Supplies. Of this sums totalling \$1.907M relate to the purchase of Drugs and Medical Supplies In relation to the purchases falling within the limits of \$90,000 to \$180,000, there was however no evidence of adherence to the three-quote system in respect of three(3) purchases valued at \$264,557. In addition, there were fourteen(14) instances where purchases totalling \$845,805 were apparently sub-divided to avoid adherence to the three quote system. Efforts should therefore be made to ensure strict compliance with the regulation.
- 1946.** Amounts totalling \$3.735M were expended on Fuel & Lubricants. However, of the twenty(20) vehicles, plant and equipment owned by the Region, log books for two(2) 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.
- 1947.** Amounts totalling \$29.167M were expended on the Rental & Maintenance of Buildings. The following gives a breakdown of the expenditure:-

| <b>DESCRIPTION</b>                                      | <b>AMOUNT<br/>\$'000</b> |
|---|--------------------------|
| Rehabilitation of sanitary blocks at four(4) schools    | 5,984                    |
| Enclosure of Woodley Park and Hopetown Primary School   | 4,249                    |
| Rehabilitation of boardroom and two(2) living quarters  | 3,366                    |
| Repairs to two(2) health centres and one(1) hospital    | 3,332                    |
| Repairs and termite treatment to several buildings      | 2,078                    |
| Repairs to Belladrum and Blairmont Primary School       | 1,800                    |
| Rehabilitation of a trestle and repairs to schools      | 1,588                    |
| Fencing and electrical works at Yeoville Nursery School | 1,273                    |
| Miscellaneous repairs (below \$180,000)                 | 3,029                    |
| Purchase of building materials etc.                     | 2,468                    |
| <b>TOTAL</b>  | <b>29,167</b>            |

- 1948.** Four(4) contracts valued at \$5.984M were awarded for the rehabilitation of the sanitary blocks at various schools. However, the contract for the construction of sanitary block at No. 29 Primary School was awarded to the second lowest bidder in the sum of \$2.460M on the grounds that the lowest bidder, whose tendered sum was \$2.215M had other jobs to complete. In relation to the sanitary block at Airy Hall Nursery School, the contract was awarded to the second lowest bidder in the sum of \$1.202M on the basis that the lowest bidder was unable to accept the job awarded to him. In relation to the rehabilitation of the

sanitary block at Hopetown, physical inspection revealed that the contractor was overpaid an amount of \$175,168 for works not done.

- 1949.** Two(2) contracts valued at \$4.249M were awarded for the enclosure of the Woodley Park and Hopetown Primary schools. However, the contract for the enclosure of the Hopetown Primary School was awarded to the second lowest bidder in the sum of \$1.521M on the grounds that the lowest bidder whose tendered sum was \$1.280M was unable to accept the job.
- 1950.** Included in the sum of \$3.332M was a contract which was awarded for the repairs to the No.28 Health Centre. However, physical inspection revealed that there was an overpayment of \$67,820 for work not done.
- 1951.** In relation to the repairs to the Belladrum and Blairmont Primary Schools two(2) contracts valued at \$1.802M were awarded. However, the contract for the Blairmont Primary School was awarded to the fourth lowest tenderer on the grounds that the three(3) other lowest bidders' price were unrealistic and duration periods were too long. In addition, there were overpayments of \$85,185 and \$120,300 for works not done at Belladrum and Blairmont Primary schools, respectively. Except for the above comments, the above works were physically verified.

**1952.** Amounts totalling \$69.911M were expended on the Maintenance of Infrastructure. The following rehabilitation works were executed for this sum:-

| DESCRIPTION | AMOUNT<br>\$'000 |
|-------------|------------------|
| 439         |                  |

|  |               |
|--|---------------|
| Rehabilitation of ten(10) roads                | 23,409        |
| “ “ ten(10) D & I System                       | 10,981        |
| Maintenance of five(5) canals                  | 9,152         |
| Construction of two(2) bridges                 | 5,669         |
| Rehabilitation of two(2) revetment works       | 4,320         |
| Construction of four(4) RC structure           | 2,804         |
| Installation of sluice door                    | 2,352         |
| Fencing of hospital and sand filling at school | 1,808         |
| Miscellaneous works (below \$450,000)          | 7,306         |
| Purchases                                      | 2,110         |
| <b>TOTAL</b>                                   | <b>69,911</b> |

- 1953.** In relation to the rehabilitation of the roads, ten(10) contracts valued at \$23.409M were awarded. These contracts were awarded to the lowest bidders, except for four(4) contracts. The contract for the rehabilitation of the Blairmont Public Road was awarded to the second lowest tenderer in the sum of \$6.4M on the grounds that the lowest bidder whose tendered sum was \$5.681M had not the expertise and machinery to do the work, and he is only known to do community roads. The contract for the rehabilitation of Esau and Jacob road was awarded to the second lowest bidder on the basis that he was already mobilised in that area on other works.
- 1954.** In relation to the rehabilitation of the access road leading to Fort Wellington Mortuary, the contract was awarded to the third lowest bidder in the sum of \$874,350 on the grounds that the lowest and second lowest bidders showed some deficiency in certain items on the bills of quantities. The contract for the access road leading to the No. 28 Health Centre was awarded to the third lowest bidder on the basis that the lowest bidder had already been recommended for one(1) road and should not be considered for more since he does not have suitable equipment to handle more than one job. The second lowest bidder was not considered since he did not have the relevant experience.
- 1955.** Included in the sum of \$23.409M was a contract which was awarded in the sum of \$1.903M for the repairs to the access road leading to Wash Clothes Stelling. However, physical inspection revealed that there was an overpayment of \$605,490 for work not done.
- 1956.** Included in the sum of \$23.409M was a contract which was awarded for the repairs to the access road leading to Mahaicony Hospital. However, physical inspection revealed that there was an overpayment of \$34,800 for work not done.
- 1957.** The rehabilitation of the five(5) canals in the Mahaicony area were executed at the cost of \$9.152M. However these contracts were awarded to the most competitive bidder except for the rehabilitation of Wash Clothes Canal. This contract was awarded to the second lowest bidder in the sum of \$960,000 on the basis that the lowest bidder whose tendered sum was \$893,500 had several other jobs to complete.
- 1958.** Included in the sum of \$1.808M was a contract, which was awarded for the repairs to the

fence at Fort Wellington Hospital. However, physical inspection revealed that there was an overpayment of \$88,500 for work not done. Similarly, there was an overpayment of \$57,020 on the contract awarded for the repairs to the fence at Strathcampbelle.

- 1959.** Included in the amount of \$4.320M was a contract, which was awarded in the sum of \$2.818M for the rehabilitation of revetment at Zorg-en-Hoop. However, physical inspection revealed that there was an overpayment of \$66,000 for work not done. Similarly, there was an overpayment of \$45,360 on the contract awarded for the rehabilitation of revetment at No. 2 Beach. Strathcampbelle.
- 1960.** Included in the sum of \$2.352M was a contract, which was awarded for the installation of a sluice door at Ithaca. However, physical inspection revealed that there was an overpayment of \$357,750 for work not done.
- 1961.** Except for the matters referred to above in the preceeding paragraphs, the above works were physically verified and confirmed generally to the specifications as contained in the respective documents.
- 1962.** 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**

- 1963.** In relation to Regional Store at Fort Wellington, it was observed that copies of requests for purchases(RTP) and Goods Received Notes (GRN) along with suppliers invoices were not always attached to payment vouchers to substantiate payments made. In addition, revenue stamps, paid stamp and store-keeper stamp were not always affixed to the bills/receipts.
- 1964.** An inspection at the Education Department revealed that bulk items of stores were being requisitioned and received from the Regional Store. However, although large quantities of items were on hand, no stores records were being maintained. It is recommended that these records be introduced immediately.
- 1965.** The following unsatisfactory features were observed based on an inspection of the records of the Fort Wellington and Mahaicony Hospitals:-
- The Controlled Form Registers were not written up properly with all the relevant information. In addition, sixteen (16) Internal Stores Requisition books were not produced for audit scrutiny. Further, two hundred and ninety-one(291) completed ISR's were not produced for audit.. Also, thirty-two (32) triplicate copies of ISR'S which should have retained in the ISR books were missing from their respective books;

- Receipt of drugs at Fort Wellington Hospital, all Combined Requisition and Issue Vouchers (CRIVs) were not produced for audit scrutiny. Also, CRIVs were not always signed by the issuing and requisitioning officers;
- Issuing of drugs – Internal Stores Requisitions were not always approved by the responsible officer prior to issuing of drugs. In addition, several instances were noted where quantities of items on the original copies of requisition forms were different from quantities recorded on the triplicate copies;
- Several pieces of papers were used to uplift drugs from the dispensary instead of the preprinted requisition forms. In addition, several instances were noted where officer(s) receiving and issuing drugs did not sign the requisition forms;
- In respect of the receipt and issuing of dietary and miscellaneous stores;-
  - twenty-three(23) instances were noted where quantities of items on bills/invoices were different from quantities recorded in the stock ledger, bin cards and goods received book;
  - Thirty-one(31) instances were noted where items were not recorded in the Goods Received Book, Stock Ledger and Bin Cards;
  - Fifty-one(51) instances were noted, where items issued were not recorded in the stock ledger, while on eleven occasions, the quantities on items were different from the quantities in the stock ledger. In the circumstances, the balances reflected in the stock ledgers have been overstated;
  - Two hundred and ninety-six(296) instances were noted where quantities of items on the original requisition forms were different from the quantities on the triplicate copies of the requisition forms; and
  - Test checks of a sample of one hundred(100) items at both stores revealed shortages on seventy(70) items and excesses on thirty(30) items.

**1966.** In view of the above, it could not be determined whether, all items purchased were received and properly brought to account in the stores records. 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**

**1967.** The sum of \$10M was allocated for the rehabilitation of bridges at Ithaca public road and De Hoop branch road. Amounts totalling \$7.844M were expended as follows:-

| <b>DESCRIPTION</b>                  | <b>AMOUNT<br/>\$'000</b> |
|-------------------------------------|--------------------------|
| Rehabilitation of bridge at De Hoop | 5,457                    |
| “ “ “ “ at Ithaca                   | 2,135                    |
| Purchase of concrete pipes          | 252                      |
| <b>TOTAL</b>                        | <b>7,844</b>             |

**1968.** In relation to the rehabilitation of the bridge at De Hoop, the contract was awarded to the lowest bidder in the sum of \$6.123M. However, payments totalling \$5.457M was paid to the contractor for all works completed and which was physically verified. The rehabilitation of the bridge at Ithaca was awarded to the most competitive bidder in the sum of \$1.924M. There was an approved variation of \$211,000 giving a revised contract sum of \$2.135M. Physical inspection revealed that there was an overpayment of \$33,000. The purchase of eighteen(18) concrete pipes was received and properly brought to account.

**Subhead 12003 - Buildings (Education)**

**1969.** The sum of \$16M was allocated for (a) the rehabilitation of schools at Baiboo, Rosignol (Shieldstown) and Cotton Tree (b) construction of nursery school at Cotton Tree and (c) extension of nursery school at Liberty Hall - Rosignol. Approval was subsequently granted for a change in programme to extend the primary school at Hopetown, instead of the nursery school. Amounts totalling \$9.827M were expended as follows:-

| <b>DESCRIPTION</b>                              | <b>AMOUNT<br/>\$'000</b> |
|---|--------------------------|
| Extension of nursery school at Liberty Hall     | 3,200                    |
| Rehabilitation to primary school at Rosignol    | 3,040                    |
| Rehabilitation of primary school at Cotton Tree | 1,735                    |
| Extension of secondary school at Mahaicony      | 1,408                    |
| Consultancy fees                                | 299                      |
| Electrical work at Mahaicony Secondary School   | 145                      |
| <b>TOTAL</b>                                    | <b>9,827</b>             |

**1970.** In relation to the extension of the nursery school at Liberty Hall, the contract was awarded to the second lowest bidder in the sum of \$2.502M on the grounds that the lowest bidder whose tendered sum was \$2.389M had other jobs to complete. There was an approved variation of \$697,561 giving a revised contract sum of \$3.2M. However, physical inspection revealed that there was an overpayment of \$53,214.

**1971.** In relation to the extension of the primary school at Rosignol, the contract was awarded in

the sum of \$3.077M to the lowest bidder. However, physical inspection revealed that there was an overpayment of \$981,160.

**1972.** The contract for the rehabilitation of the primary school at Cotton Tree was awarded in the sum of \$1.736M to the second lowest bidder on the basis that the lowest bidder whose tendered sum was \$1.681M, could not complete the work in the specified time. The work was physically verified.

**1973.** In relation to the extension of the Mahaicony Secondary School, the contract was awarded in the sum of \$7.472M to the lowest bidder. As at 31 December 2001, the work was still in progress and amounts totalling \$1.408M were paid to the contractor based on works completed. The works were re-budgeted for in 2002.

**Subhead 12004 - Buildings (Health)**

**1974.** The sum of \$10M was voted for (a) the construction of health centre at Bush Lot, including fencing of compound and (b) the extension of health centre at Ithaca. Amounts totalling \$4.460M were expended, as follows:-

| DESCRIPTION                            | AMOUNT<br>\$'000 |
|--|------------------|
| Construction of Bush Lot Health Centre | 2,884            |
| Extension of Ithaca Health Centre      | 1,324            |
| Consultancy Fees                       | 252              |
| <b>TOTAL</b>                           | <b>4,460</b>     |

**1975.** In relation, to the construction of the health centre at Bush Lot, the contract was awarded to the second lowest bidder in the sum of \$6.283M on the grounds that the lowest bidder had other two(2) jobs to complete. As at 31 December 2001, the work was still in progress and amounts totalling \$2.884M were paid to the contractor based on measured work. The works were re-budgeted for in 2002.

**1976.** In relation to the extension of the health centre at Ithaca, the contract was awarded in the sum of \$1.285M to the lowest bidder. However, physical inspection revealed that there was an overpayment of \$175,245.

**Subhead 13001 - Drainage and Irrigation**

**1977.** The sum of \$35M was voted for (a) the construction of revetments at Perth and Zeskendren



(b) construction of RC structures at Yankee Canal, Handsome Tree/Yankee Canal, No. 10 and Perth/Baiboo Canal (c) extension of main canal at Broomsland/Industry and (d) excavation of canal from Handsome Tree to Mahaicony River. Amounts totalling \$30.602M were expended on construction works as follows:-

| <b>DESCRIPTION</b>      | <b>AMOUNT<br/>\$'000</b> |
|-------------------------|--------------------------|
| RC structure at De Hoop | 6,044                    |
| RC structure at Yankee  | 5,894                    |
| RC at Handsome Tree     | 5,713                    |
| RC at Perth             | 5,103                    |
| Revetment at No. 8      | 3,872                    |
| Revetment at Perth      | 1,928                    |
| Consultancy fees        | 2,048                    |
| <b>TOTAL</b>            | <b>30,602</b>            |

**1978.** As can be noted, no work was done on the revetment at Zeskendren, extension of main canal at Broomsland/Industry and excavation of canal from Handsome Tree to Mahaicony River. These works were not re-budgeted for in 2002.

**1979.** The above works were awarded to lowest bidder, except for the construction of the revetment at Perth which was awarded to the fourth lowest bidder in the sum of \$1.951M. The lowest three(3) bidders were not favourably considered because of their lack of experience in this type of work and also their price was unreasonably low. In respect of the revetment at No. 8, the contract was awarded in the sum of \$4.303M. However, physical inspection revealed that there was an overpayment of \$156,000 for works not done. The other works were also physically verified.

#### **Subhead 14001 - Roads**

**1980.** The sum of \$37M was voted for the construction of community roads at Ithaca, Shieldstown, Rosignol, Cotton Tree, No. 3/No. 5, Bath, Woodley Park, Hopetown, Bush Lot, No 29 Village, Ross/Yeoville and Belladrum. Amounts totalling \$33.233M were expended on the construction of the following roads:-

| <b>DESCRIPTION</b>     | <b>AMOUNT<br/>\$'000</b> |
|------------------------|--------------------------|
| No. 3 to No. 5 Village | 4,063                    |
| No. 29 Village         | 4,044                    |
| Belladrum              | 3,291                    |
| 445                    |                          |

|                        |               |
|------------------------|---------------|
| Shieldstown            | 3,166         |
| Hopetown               | 2,906         |
| Ithaca                 | 2,793         |
| No.22 Village/ Bel Air | 2,640         |
| Rosignol               | 2,587         |
| Murphy Dam             | 2,080         |
| Ross/Yeoville          | 2,060         |
| Bush Lot               | 2,052         |
| Cotton Tree            | 819           |
| Zorg-en-Hoop           | 732           |
| <hr/>                  |               |
| <b>TOTAL</b>           | <b>33,233</b> |

- 1981.** The contract for the construction for access road from No. 3 to No. 5 Villages was awarded to the third lowest bidder on the grounds that the lowest bidder whose tendered sum was \$3.403M, had no track record for road works and he is known to be a carpenter. The second lowest bidder whose tendered sum was \$3.429M had other jobs and his machinery was not in the region. Since it is desirable that all road works commence at the same time and completed before the rainy season, it is felt that he should not be awarded any other job.
- 1982.** In relation to the construction of road at No. 29 Village the contract was awarded to the third lowest bidder on the basis that the lowest bidder whose tendered sum was \$3.343M had no track record for road works, while the second lowest bidder whose tendered sum was \$3.381M had other job and his machinery was in Region 10.
- 1983.** The contract for the construction of Murphy Dam was awarded to the fourth lowest tenderer on the grounds that the lowest bidder whose tendered sum was \$1.5M, and whose prices were very low and members felt that the structure of the road would be compromised. The other lower bidders were not favourably considered because they had jobs on hand to complete. All the above works were physically verified.

**Subhead 14002 – Mahaicony/De Hoop Roads**

- 1984.** The sum of \$15M was voted for (a) the extension of the De Hoop road from No. 10 to Baiboo and (b) the rehabilitation of De Hoop branch road from the public road to No. 10. The full amount was issued by way of an inter departmental warrant to the Ministry of Public Works and Communications. An examination of the financial return revealed that expenditure

totalling \$10.331M was expended as at 31 December 2001 and at this date the work was still in progress. However, the Appropriation Account reflected an expenditure of \$15M, resulting in an overstatement of \$4.669M. The work was rebudgeted for in 2002.

**Subhead 17001 - Land development**

- 1985.** The sum of \$10M was voted for the construction of infrastructures at Zorg-en-Hoop, Bath, Bush Lot and Mahaicony housing areas. Amounts totalling \$9.446M were expended as shown below:-

| <b>DESCRIPTION</b>                            | <b>AMOUNT<br/>\$'000</b> |
|---|--------------------------|
| Construction of RC structure at Hope,Bath     | 4,357                    |
| Construction of main road at Zorg-en-Hoop     | 3,672                    |
| Construction of RC structure at Waterloo,Bath | 1,417                    |
| <b>TOTAL</b>                                  | <b>9,446</b>             |

- 1986.** In relation to the construction of the RC structure at Hope, Bath , the contract was awarded in the sum of \$3.877M to the lowest bidder. In addition, there was an approved variation of \$480,000 giving a revised contract sum of \$4.357M. However, physical inspection revealed that there was an overpayment of \$70,200 for works not done.
- 1987.** In relation to the construction of the RC structure at Waterloo, Bath, the contract was awarded to the third lowest bidder on the grounds that the lowest bidder whose tendered sums was \$1.320M was disqualified while the second lowest bidder had other jobs to complete. The above works were physically verified.

**Subhead 24001 – Land & Water Transport**

- 1988.** The sum of \$6M was allocated for the purchase of (a) one(1) double cab vehicle for the Works and Drainage & Irrigation Departments and (b) three(3) motor cycles. The vehicle and the motor cycles were purchased at a cost of \$5.004. However, the Appropriation reflected an amount of \$5.999M, resulting in an overstatement of \$995.000. It was noted that the amount of \$995,000 was refunded to revenue in 2002. The items purchased were verified as having been received and properly brought to account

**Subhead 25001 - Furniture (Education)**

- 1989.** The sum of \$2.5M was voted for the purchase of desks, benches, tables, chairs and cupboards for secondary and nursery schools. Amounts totalling \$2.416M were expended. The items purchased were verified as having been received and properly brought to account.

**Subhead 25002 – Office Furniture & Equipment**

**1990.** The sum of \$300,000 was allocated for the purchase of one(1) computer. The sum of \$286,000 was expended on the purchase of a computer which was verified as having been received and properly brought to account.

**Subhead 25003 - Furniture & Equipment (Health)**

**1991.** The sum of \$3M was voted for the purchase of dental instrument, ultrasonic cleaner, large autoclave, cardiac monitor and oxygen unit. Amounts totalling \$2.605M were expended, as follows:-

| <b>DESCRIPTION</b>        | <b>AMOUNT<br/>\$'000</b> |
|---------------------------|--------------------------|
| One(1) vital sign monitor | 1,220                    |
| One(1) infant incubator   | 875                      |
| One(1) ECG machine        | 350                      |
| Forty(40) plastic chairs  | 160                      |
| <b>TOTAL</b>              | <b>2,605</b>             |

All the above items purchased were verified as having been received and properly brought to account.

**HEADS 76 & DIVISION 536**

**REGION 6 - EAST BERBICE/CORENTYNE**

**Current Expenditure**

## Employment Costs

- 1992.** The salaries bank account No. 870, which became non-operational some years ago, reflected a balance of \$1.386M as at 31 December 2001. It is again recommended that this balance be transferred to the Consolidated Fund.
- 1993.** The present salaries bank account No. 3072 was overdrawn at the end of each month during the period January to June 2001. However, as at 31 December 2001, it reflected a balance of \$1.643M, as shown below:-

| MONTH    | A/C NO. 3072<br>\$ |
|----------|--------------------|
| January  | 1,848,332          |
| February | 1,703,758          |
| March    | 1,839,893          |
| April    | 1,562,925          |
| May      | 1,595,744          |
| June     | 1,643,370          |

- 1994.** 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 salaries bank account before payments are effected.
- 1995.** 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 2001. 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.
- 1996.** An examination of the reconciliation statements for account Nos. 3070 and 3071 for December 2001, revealed they were hand-written and there was no evidence of checking and certification. In the circumstances, reliance could not be placed on them.
- 1997.** A comparison of the authorised staffing as shown in the 2001 Estimates of Expenditure with the actual staff employed by the Region for Programme 4 (Education) in December 2001 revealed that the actual staffing was substantively exceeded, as shown below:-

| DESCRIPTION | AUTHORISED | ACTUAL | EXCESS |
|-------------|------------|--------|--------|
|             | 449        |        |        |

|                                |            |              |              |
|--------------------------------|------------|--------------|--------------|
| Administrative                 | 1          | 133          | 132          |
| Senior Technical               | 12         | 601          | 589          |
| Other Technical & Craft Skills | 64         | 401          | 337          |
| Clerical & Office Support      | 58         | 15           | 43           |
| Semi-skilled Operatives etc.   | 44         | 399          | 355          |
| <b>TOTAL</b>                   | <b>179</b> | <b>1,549</b> | <b>1,456</b> |

**1998.** 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.

**1999.** An examination of the register of contributors to the National Insurance Scheme for December 2001 revealed that 1,326 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**

**2000.** Cheque orders are required to be cleared within sixteen(16) days of their issue through the submission of bills and/or receipts and other supporting documents. However, based on sample checks carried out, cheque orders were being cleared on average forty(40) days later. At the time of reporting, 240 cheque orders valued at \$31.402M remained outstanding, 175 of which relate to previous years.

**2001.** One hundred and fifty(150) of the outstanding cheque orders valued at \$27.914M 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.

**2002.** Amounts totalling \$8.9M were expended on Fuel & Lubricants. However, fuel and lubricants valued at \$18.969M 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 231 – Subsidies & Contributions to Local Organisations under Programme 2. Therefore, the total purchase of fuel and lubricants for the period under review amounted to \$27.869M.

**2003.** Of the forty-four(44) vehicles and equipment under the control of the Region, log books for only seven(7) vehicles and equipment were presented for examination while there were partial submissions in respect of ten(10). In the absence of log books for the remaining vehicles and equipment, it could not be determined whether effective control was exercised over the use of these assets. Every effort should be made to ensure strict adherence to the requirement to maintain log books for all vehicles and equipment under the control of the Region. In addition, it was observed that the following four(4) vehicles were consuming more fuel more than is normal:-

| <b>VEHICLE NO.</b> | <b>FUEL CONSUMED<br/>GNLS.</b> | <b>MILEAGE</b> | <b>MILES PER GAL.</b> |
|--------------------|--------------------------------|----------------|-----------------------|
| PHH 4467           | 118                            | 1810.2         | 15.34                 |
| PDD 3603           | 811.05                         | 1114.4         | 13.74                 |
| PCC 6163           | 140.07                         | 1086.6         | 7.07                  |
| PFF 7303           | 156.08                         | 2479.8         | 15.08                 |

**2004.** Amounts totalling \$28.093M were expended on Rental & Maintenance of Buildings. The following is a breakdown of the expenditure:-

| <b>DESCRIPTION</b>                               | <b>AMOUNT<br/>\$'000</b> |
|--|--------------------------|
| Rehabilitation of six(6) schools                 | 6,036                    |
| “    “ four(4) living quarters                   | 3,467                    |
| “    “ one(1) hospital & other health facilities | 2,712                    |
| Miscellaneous works – below \$450,000            | 5,155                    |
| Purchases  | 10,723                   |
| <b>TOTAL</b>                                     | <b>28,093</b>            |

**2005.** Thirteen(13) contracts were awarded for the above works, five(5) of these were awarded to the second lowest bidder, on the grounds that the lowest bidder had outstanding works or did not produce NIS certificates, while the remainder were awarded to the lowest bidder. The above works were physically verified and conformed generally to the specifications contained in the respective bills of quantities and contract documents. In relation to the

purchases, test checks revealed that the items purchased were verified as having been received and properly brought to account.

- 2006.** Amounts totalling \$56.533M were expended on the Maintenance of Infrastructure. The following rehabilitation works were executed for this sum:-

| <b>DESCRIPTION</b>  | <b>AMOUNT<br/>\$'000</b> |
|---|--------------------------|
| Seven(7) roads at Benab, Canje, Fyirish, Whim & New Amsterdam | 12,247                   |
| Seven(7) canals & three(3) main drain in BBP                  | 11,142                   |
| Fourteen(14) canals from Nos. 52-74                           | 10,492                   |
| Two(2) canals at Letter Kenny & Crabwood Creek                | 1,852                    |
| Four(4) bridges at BBP & Canje                                | 3,245                    |
| Alness Primary School   | 777                      |
| Miscellaneous works (below \$450,000)                         | 15,732                   |
| Purchases   | 1,046                    |
| <b>TOTAL</b>  | <b>56,533</b>            |

- 2007.** The above works were executed by one hundred and thirteen(113) contracts valued at \$55.487M. However, nine(9) of these contracts were not awarded to the most competitive bidders on the grounds that the lowest bidders price were being deemed unrealistic and far below the engineer's estimate. 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**

- 2008.** 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.

- 2009.** A sample of one hundred(100) items at the New Amsterdam Hospital Store were physically counted on. May 2002 and the results compared with the balances on the stock ledger since bin cards were not maintained. There were apparent shortages in respect of thirty(30) items while excesses were observed in respect of twenty(20) items. In addition, large quantities of expired drugs were found at New Amsterdam and Fort Canje hospitals. The Accounting



Officer explained that a list of such drugs was being compiled with a view to their disposal in the approved manner.

- 2010.** 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 12001 – Buildings (Administration)**

- 2011.** The sum of \$6M was allocated for the rehabilitation of the State House at New Amsterdam and the Canje bridge keeper’s quarters. Amounts totalling \$5.214M were expended as shown below:-

| <b>DESCRIPTION</b>                | <b>AMOUNT<br/>\$'000</b> |
|-----------------------------------|--------------------------|
| Rehabilitation of Guyana House    | 3,129                    |
| “ “ Canje bridge keeper’s quarter | 2,049                    |
| Advertisement                     | 36                       |
| <b>TOTAL</b>                      | <b>5,214</b>             |

- 2012.** Two(2) contracts valued at \$5.178M were awarded to the most competitive bidders in relation to the above works. As at 31 December 2001 the full contract sums were paid to the contractors. The works were physically verified and confirmed generally to the specifications and bills of quantities

#### **Subhead 12002 - Buildings (Education)**

- 2013.** The sum of \$35M was allocated for (a) extension of Canefield Nursery School (b) construction of nursery schools at Reliance and Adelphi and (c) rehabilitation of Cumberland Secondary School. Amounts totalling \$24.818M were expended, as follows:-

| <b>DESCRIPTION</b>                         | <b>AMOUNT<br/>\$'000</b> |
|--|--------------------------|
| Construction of nursery school at Reliance | 8,456                    |
| 453  |                          |

|   |               |
|---|---------------|
| “ “ “ “ at Adelphi                        | 6,885         |
| Extension of nursery school at Canefield  | 5,094         |
| Rehabilitation of secondary at Cumberland | 2,122         |
| Miscellaneous                             | 127           |
| Consultancy fees                          | 2,134         |
| <b>TOTAL</b>                              | <b>24,818</b> |

- 2014.** The above works were awarded to the most competitive bidders except for the extension of the nursery school at Canefield, which was awarded to second lowest bidder in the sum of \$5.11M, on the grounds that the lowest bidder whose tendered sum was \$4.475M had no experience in concrete work and his quality of timber work had not always been satisfactory. Furthermore, his certificate from NIS had been submitted in respect of himself and not as an employer as required.
- 2015.** 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)**

- 2016.** The sum of \$20M was budgeted for (a) rehabilitation of the New Amsterdam Hospital (b) construction of laboratory at Port Maurant Hospital and (c) construction of x-ray room at Skeldon Hospital. Amounts totalling \$13.043M were expended. The following gives a breakdown of the expenditure:-

| DESCRIPTION                                | AMOUNT<br>\$'000 |
|--|------------------|
| Rehabilitation of New Amsterdam Hospital   | 5,586            |
| Construction of health centre at Edinburgh | 3,565            |
| “ “ laboratory at Port Maurant Hospital    | 2,717            |
| Consultancy Fees                           | 1,174            |
| <b>TOTAL</b>                               | <b>13,043</b>    |

- 2017.** As can be noted, the construction of the Edinburgh Health Centre was not budgeted for, and there was no evidence that approval was granted for a change in programme to accommodate this expenditure. Nevertheless, these works were awarded to the most competitive bidders.

**2018.** 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**

**2019.** The sum of \$65M was budgeted for (a) rehabilitation of canals at Yakusari, Johanna, Mibucuri, Lesbeholden, Crabwood Creek, Letter Kenny, Whim and Lighttown/Macaw and (b) construction of bridges at Yakusari, Mibicuri, Johanna, Lesbeholden and Nos. 52/74 NDC. Amounts totalling \$61.937M were expended as follows:

| DESCRIPTION   | AMOUNT<br>\$'000 |
|---|------------------|
| Rehabilitation of drainage system in Black Bush Polder  | 25,310           |
| Construction of eight(8) bridges within Black Bush area | 20,420           |
| “    “    two(2) bridges within Nos. 52/74 area         | 5,817            |
| Rehabilitation of drainage system at Crabwood Creek     | 5,316            |
| “    “    “    “    at Whim                             | 2,512            |
| “    “    “    “    at Macaw                            | 1,980            |
| Miscellaneous   | 582              |
| <b>TOTAL</b>  | <b>61,937</b>    |

**2020.** The above works were awarded to the most competitive bidders, except in three(3) instances where they were awarded to second and third lowest bidders, on the grounds that the lower bidders had other jobs to complete.

**2021.** The above works were physically verified and conformed generally to the specification as contained in the respective bills of quantities.

**Subhead 14001 - Roads**

**2022.** The sum of \$40M was voted for the construction of roads at Gangaram/New Forest, Orealla/Siparuta, Market Street - Hoggstown, Middle Walk Dam – Manchester, Community Centre/Haswell Road, Sideline Dam – Letter Kenny/Auchlyne and Ankerville Road. Amounts totalling \$39.9M were expended in the construction of the following roads:-

| DESCRIPTION      | AMOUNT<br>\$'000 |
|------------------|------------------|
| Orealla/Siparuta | 8,401            |
| 455              |                  |

|                               |               |
|-------------------------------|---------------|
| Ankerville                    | 8,375         |
| Market Street, Hoggtown       | 5,172         |
| Manchester middle walk dam    | 4,505         |
| Gangaram/New Forest           | 4,405         |
| Bushlot cemetery road         | 3,401         |
| Haswell community centre road | 2,062         |
| Nigg Post Office road         | 1,664         |
| Consultancy                   | 1,795         |
| Miscellaneous                 | 120           |
| <b>TOTAL</b>                  | <b>39,900</b> |

**2023.** As can be noted no work was done on the construction of the Letter Kenny/Auchlyne Village road and it was re-budgeted for in 2002. Also a change of programme was approved for the rehabilitation of the Nigg Post Office road

**2024.** The above works were awarded to the most competitive bidders except for the two roads at Orealla and Gangaram, which were awarded to the second lowest bidders on the grounds that the lowest bidders did not have the necessary equipment and lacks the technical capability to do the work.

**2025.** The sum of \$3.401M was expended for the construction of cemetery road at Bush Lot. No evidence was seen for a change in programme to accommodate this expenditure. At the time of inspection, all the above the works were completed and were physically verified.

**Subhead 19001 - Land Development**

**2026.** The sum of \$6M was voted for the construction of roads at Glasgow. Amounts totalling \$4.075M were expended in the rehabilitation of the following roads:-

| DESCRIPTION                            | AMOUNT<br>\$'000 |
|--|------------------|
| Construction of access road at Glasgow | 2,962            |
| Rehabilitation of roads at Ankerville  | 431              |
| “ “ “ at Tain                          | 411              |
| Consultancy                            | 271              |
| <b>TOTAL</b>                           | <b>4,075</b>     |

**2027.** The contract for the construction of the road at Glasgow was awarded in the sum of \$4.925M to the second lowest bidder on the grounds that the lowest bidder did not have the equipment to complete the project. In addition, approval was seen for a change of programme for the rehabilitation of the roads at Ankerville and Tain. At the time of inspection, the above works were completed and were physically verified.

**Subhead 24001 – Land Transport**

- 2028.** The sum of \$4.5M was allocated for the purchase of a double cab vehicle for the Works and Drainage and Irrigation Department. Amounts totalling \$3.895M were expended. The item purchased was verified as having been received but was not brought to account in the asset register, since such a register was not maintained.

**Subhead 25001 - Furniture & Equipment (Education)**

- 2029.** The sum of \$5M was voted for the purchase of desks, benches, cupboards and chairs. Amounts totalling \$4.999M were expended. The items purchased were verified as having been received and properly brought to account.

**Subhead 25002 – Furniture & Equipment (Administration)**

- 2030.** The sum of \$1M was allocated for the purchase of beds, mattresses, kitchen utensils, gas stoves and dinette sets. Amounts totalling \$978,000 were expended. The items purchased were verified as having been received and properly brought to account.

**Subhead 25003 - Furniture and Equipment (Health)**

- 2031.** The sum of \$8M was voted for the purchase of x-ray machine, operating theatre beds, overhead lamps, stretchers and dental forceps. Amounts totalling \$3.838M were expended. The 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

- 2032.** The Region operated three(3) wages and salaries bank account Nos. 3147, 3148 and 3149 during the period under review. However, bank account No.3148 was overdrawn on several occasions. Of particular note, it was overdrawn by \$389,422 and \$276,548 at the end of May and August 2001, respectively. 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 account being overdrawn.
- 2033.** It was observed that bank account No.3149 became non-operational in February 2001, and reflected an overdraft of \$442,242 as at 31 December 2001. However, this overdraft was cleared in March 2002. Action should be taken to close the account.
- 2034.** An examination of the Register of Contributors to the NIS revealed that forty(40) 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

- 2035.** Amounts totalling \$15.820M 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 ten(10) vehicles and equipment. The Accounting Officer explained that the other six(6) log books were in respect of vehicles and equipment which were located in remote areas. In the absence of the logbooks for the remaining vehicles and equipment, it could not be determined whether effective control was exercised over their use.
- 2036.** A physical count of fuel and lubricants carried out on the 16 September 2002 revealed shortages of \$1.372M when comparisons were made between bin card balances and actual stock on hand as shown below:-

| DESCRIPTION | UNIT QTY. | BIN CARD BALANCE | ACTUAL STOCK | APPARENT SHORTAGE | VALUE \$ |
|-------------|-----------|------------------|--------------|-------------------|----------|
|             |           | 458              |              |                   |          |

|              |        |       |       |       |                  |
|--------------|--------|-------|-------|-------|------------------|
| Gasolene     | gallon | 4,920 | 1,556 | 3,364 | 1,118,530        |
| Dieselene    | “      | 320   | 35    | 285   | 88,265           |
| Kerosene     | “      | 638   | 342   | 296   | 143,856          |
| Oil 40       | pint   | 559   | 450   | 109   | 21,100           |
| <b>TOTAL</b> |        |       |       |       | <b>1,371,751</b> |

It is recommended that an investigation be carried out to determine the reason/s for the shortages and a loss report filed with the Secretary to the Treasury.

- 2037.** 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 2002, this had still not been done. The Accounting Officer explained that the tank would be pressurised, calibrated and put into use by the end of the year.
- 2038.** The sum of \$21.700M was expended on the Rental & Maintenance of Buildings. The following is a breakdown of the expenditure:-

| <b>DESCRIPTION</b>                     | <b>AMOUNT<br/>\$'000</b> |
|--|--------------------------|
| Rehab. of St. Anthony's Primary School | 5,058                    |
| “ “ Bartica Resources Centre           | 5,051                    |
| “ “ fuel bond at Bartica               | 1,082                    |
| “ “ sanitary block at Kurupung         | 625                      |
| Other miscellaneous (below \$450)      | 3,294                    |
| Other miscellaneous (below \$180)      | 4,090                    |
| Purchases                              | 2,500                    |
| <b>TOTAL</b>                           | <b>21,700</b>            |

- 2039.** In relation to the rehabilitation of the St Anthony's Primary School, the contract was awarded to the lowest bidder in the sum of \$5.058M. The full contract sum was paid. However, physical inspection revealed that there was an over payment of \$159,119 for works not done. The Accounting Officer gave the assurance that the overpayment would be recovered from the contractor.
- 2040.** The contract for the rehabilitation of the Bartica Resource Centre was awarded to the second lowest bidder in the sum of \$5.051M, on the grounds that the lowest bidder whose tendered sum was \$3.277M did not complete previous work given to him. Physical inspection of the works carried out revealed that there was an overpayment of \$313,740 for works not done. The Accounting Officer gave the assurance that the overpayment would be recovered from

the contractor.

- 2041.** In relation to the rehabilitation of the fuel bond at Bartica, the contract was awarded to the fifth lowest bidder in the sum of \$1.082M on the grounds that the other lowest bidders whose tendered sums were \$1.069M, \$1.064 M, \$1.059 M and \$1.030 M had other jobs to complete. The work was physically verified.
- 2042.** The contract for the rehabilitation of the sanitary block at Kurupung, was awarded to the second lowest bidder in the sum of \$624,925, on the grounds that the lowest bidder whose tendered sum was \$624,490 was not in a position to lodge a performance bond with the Region. The work could not have been verified, but reliance was placed on the certificate of satisfactory completion of the work issued by the Superintendent of Works.
- 2043.** Of the sixty-three(63) miscellaneous works undertaken, only ten(10) 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.
- 2044.** Amounts totalling \$27.440M were expended on the Maintenance of Infrastructure. The following is a breakdown of the rehabilitation works:-

| <b>DESCRIPTION</b>                                     | <b>AMOUNT<br/>\$'000</b> |
|--|--------------------------|
| Eight(8) concrete drains at Bartica                    | 6,610                    |
| Three(3) wooden bridges at Winiperu, Jawalla, 72 Miles | 3,866                    |
| Pathway at Bartica dormitory                           | 2,117                    |
| Chain link fence at Bartica Hospital                   | 913                      |
| Fencing of Education Compound                          | 603                      |
| Miscellaneous works (Below \$450,000)                  | 4,793                    |
| Miscellaneous works (Below \$180,000)                  | 5,470                    |
| Purchases  | 3,068                    |
| <b>TOTAL</b>   | <b>27,440</b>            |

- 2045.** Included in the sum of \$6.610M was a contract for the rehabilitation of drains in Third and Fourth Streets, Bartica, which was awarded to the fifth lowest bidder in the sum of \$1.067M on the basis that the lower bidders, were inexperienced or had outstanding works. The works were physically verified.



- 2046.** The contract for the rehabilitation of the chain link fence at Bartica Hospital was awarded in the sum of \$913,165 to the fifth lowest bidder, on the grounds that, the lower bidders tendered sums were unrealistic or they had outstanding works. The works were physically verified.
- 2047.** The fencing of the Bartica Education Compound was executed at a cost of \$603,445. The contract was awarded to the lowest bidder. However, a physical inspection of the works revealed an overpayment of \$44,800 for works not done. The Accounting Officer gave the assurance that the overpayment would be recovered from the contractor.
- 2048.** Of the one hundred and six(106) miscellaneous works which were executed, seventy-five(75) were physically verified. The other thirty-one(31) could not be verified 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 Properties**

- 2049.** A physical count of a number of items randomly chosen revealed instances of shortages. In addition, the stores were not suitably packed, that, items of like nature were stored in different locations. Further, there were a number of obsolete items stored in both the fuel bond and the stores. It is recommended that the stores be neatly packed and that the obsolete items be identified and the Secretary to the Treasury be written to with a view of having these items written off.

### **Other Matters**

- 2050.** The present imprest bank account No. 3146 with an allocation of \$1M was overdrawn each month during the year, and as at 31 December 2001, the account was overdrawn by \$642,104. A satisfactory explanation was not obtained. Action should be taken to avoid having this account in an overdrawn position.

### **Capital Expenditure**

#### **Subhead 12001 - Buildings (Education)**

- 2051.** The sum of \$21M was provided for the construction of teaching blocks at Waramadong, dormitory at Bartica, headmaster's quarters at Kaikan and a primary school at Jawalla. Amounts totalling \$17.522M were expended in the construction of the following:-

| <b>DESCRIPTION</b>              | <b>AMOUNT<br/>\$'000</b> |
|---------------------------------|--------------------------|
| Teaching Blocks at Waramadong   | 7,508                    |
| Dormitory at Bartica            | 5,928                    |
| Headmaster's quarters at Kaikan | 2,883                    |
| Primary school at Kartabo       | 1,203                    |
| <b>TOTAL</b>                    | <b>17,522</b>            |

- 2052.** The contract for the construction of the teaching blocks at Waramadong was awarded in the sum of \$7.508M. 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.
- 2053.** In relation to the construction of the Dormitory at Bartica, the contract was awarded in the sum of \$6.478M to the third lowest bidder on the grounds that the lower bidders had a record of producing substandard or unfinished works. As at 31 December 2001, amounts totalling \$5.928M were paid to the contractor and the balance of \$658,625 was kept as retention. Physical verification revealed an overpayment of \$167,320 for works not done. The Accounting Officer gave the assurance that the overpayment would be recovered from the contractor.
- 2054.** The contract for the construction of the headmaster's quarters at Kaikan was awarded to the lowest bidder in the sum of \$2.883M. However, the works could not have been physically verified because of the remoteness of the area. Nevertheless, reliance was placed on the certificate of satisfactory completion issued by the Superintendent of Works.
- 2055.** As can be noted, the rehabilitation of the Kartabo Primary School was not budgeted for in the National Estimates for 2001. However, a change in programme was sought and granted to accommodate the works.
- 2056.** The contract was awarded to the lowest bidder, in the sum of \$1.203M. However, physical verification of the works revealed an overpayment of \$41,942 for works not done. The Accounting Officer gave the assurance that the overpayment would be recovered from the contractor.

### **Subhead 12002 - Buildings (Health)**

**2057.** The sum of \$8M was allocated for the rehabilitation of cottage hospital at Kamarang and construction of a health post at Itaballi. Amounts totalling \$6.742M were expended, as follows:-

| <b>DESCRIPTION</b>                      | <b>AMOUNT<br/>\$'000</b> |
|---|--------------------------|
| Construction of hospital at Kamarang    | 4,463                    |
| Construction of health post at Itaballi | 2,279                    |
| <b>TOTAL</b>                            | <b>6,742</b>             |

**2058.** Approval was granted for a change of programme for the construction, instead of the rehabilitation of the hospital at Kamarang. The contract was awarded in the sum of \$4.463M to the lowest bidder. 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.

**2059.** In relation to the construction of the concrete health post at Itaballi the contract was awarded to the second lowest bidder in the sum of \$2.279M on the grounds that the lowest bidder whose tendered sum was \$2.230M had an outstanding job to complete. 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.

### **Subhead 12003 – Buildings (Administration)**

**2060.** The sum of \$3M was allocated for the rehabilitation of the Bartica Guest House. The contract was awarded to the second lowest bidder in the sum of \$2.943M on the grounds that the lowest bidder whose tendered sum was \$2.915M had other jobs to complete. As at 31 December, the amount of \$2.993M was paid to the contractor and the works were physically verified as being completed.

### **Subhead 14001 - Roads**

**2061.** The sum of \$8M was voted for the construction of Kamarang/Waramadong and Agatash/Byderabo roads. Amounts totalling \$4.621M were expended as follows:-

| <b>PARTICULARS</b>                   | <b>AMOUNT<br/>\$'000</b> |
|--------------------------------------|--------------------------|
| Construction of main road at Agatash | 3,383                    |
| Purchase of 107 tons of crusher run  | 1,013                    |
| Consultancy fees                     | 225                      |
| <b>TOTAL</b>                         | <b>4,621</b>             |

**2062.** The contract for the construction of the Agatash Main Road was awarded in the sum of \$3.7559M to the most competitive bidder. As at 31 December 2001, amounts totalling \$3.383M were paid to the contractor. A provision was made in 2002 to pay the remainder. In addition, the crusher run purchased were verified as having been received and properly brought to account.

**2063.** The construction of the Kamarang/Waramadong road was not done due to the absence of equipment as promised by the Ministry of Amerindian Affairs. However, this project was rebudgeted for in 2002.

#### **Subhead 15001 – Sea & River Defence**

**2064.** The sum of \$10M was voted for the construction of revetments at Byderabo and Agatash. A change of programme was seen to use up the entire allocation for the construction of revetment at Agatash only, of which amounts totalling \$8.818M were expended. Included in this amount was a contract for the construction of the revetment at Agatash which was awarded in the sum of \$5.770M to the fifth lowest bidder on the grounds that the lower bidders were not competent to handle work of this nature. The works were physically verified and confirmed generally to specifications.

#### **Subhead 24002 – Water Transport**

**2065.** The sum of \$1.990M was allocated for the purchase of two(2) boats and four(4) outboard engines for Middle Mazaruni and Kamarang Health Departments, Education Department and Administration at Kurutuku. Amounts totalling \$1.875M were expended. The items purchased were verified as having been received and properly brought to account.

#### **Subhead 25003 - Furniture and Equipment (Education)**

**2066.** The sum of \$3M was provided for the purchase of (a) freezers for Waramadong and Bartica secondary schools (b) nursery furniture and desks and benches for secondary schools and (c) beds for dormitories at Waramadong and Bartica. Amounts totalling \$2.909M were

expended. Documentation was seen indicating that the items purchased were received and distributed to the various locations

**Subhead 26001 - Furniture and Equipment (Health)**

- 2067.** The sum of \$2M was allocated for the purchase of a fax machine, a computer with printer, two(2) radio sets, refrigerators for the hospital and health centres and semi furnishings for staff quarters. Amounts totalling \$1.994M were expended. The items purchased were physically verified as having been received and properly brought to account.

**Subhead 26002 – Furniture & Equipment (Administration)**

- 2068.** The sum of \$1.5M was allocated for the purchase of (a) radio sets for Kurutuku, Kamarang, Kato and Kurupung (b) typewriters for the Registry and (c) gas stoves, mattresses and cooking utensils. The full amount was expended. The items purchased were verified as having been received and properly brought to account.

**Subhead 26003 - Power Extension**

- 2069.** The sum of \$754,000 was voted for the payment of liability for power extension. However, no expenditure was incurred. The Accounting Officer explained that a request was made to the Secretary to the Treasury for approval to pay a liability of \$50,000 but it was not granted.

**HEAD 78 & DIVISION 538**

**REGION 8 - UPPER POTARO/SIPARUNI**

**Current Expenditure**

## **Employment Costs**

- 2070.** A salaries control register was maintained for the period under review, however, evidence of supervisory checks was not seen. The Accounting Officer explained that in future this would be done.
- 2071.** 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.
- 2072.** The two(2) present salaries and wages bank accounts Nos. 3134 and 3135 were not reconciled since they were established in 1997. However, with effect from January 2001 reconciliation statements were prepared in draft but were not submitted to the Accountant General's Department. The Accounting Officer attributed this to staffing difficulties. However, as at 31 December 2001, both accounts reflected positive balances of \$13.540M and \$450,666 respectively.
- 2073.** An examination of the National Insurance Scheme (NIS) records kept by the Region revealed that one hundred and twelve(112) 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. However, at the time of reporting in August 2002 these employees were registered with the National Insurance Scheme.
- 2074.** Although there was evidence of refund of salaries and wages, an unpaid salaries and wages register was not maintained during the year under review. However, with effect from January 2002 this record was introduced.

## **Other Charges**

- 2075.** One hundred and forty-seven(147) cheque orders totalling \$21.540M in respect of salaries and wages and one hundred and twenty-three(123) cheque orders totalling \$14.170M in respect of purchases remained outstanding at the time of reporting in August 2002. The Accounting Officer explained that the majority of these cheque orders were in respect of payments made in the North Pakaraima, which is a remote location, however, necessary action would be taken to have these cheque orders cleared.
- 2076.** Amounts totalling \$5.666M 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 six(6) vehicles and equipment 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.

**2077.** Amounts totalling \$12.428M were expended on the Rental & Maintenance of Buildings. The following gives a breakdown of the expenditure:-

| <b>DESCRIPTION</b>                                      | <b>AMOUNT<br/>\$'000</b> |
|---|--------------------------|
| Repairs to eleven(11) buildings (\$180,000 - \$450,000) | 3,514                    |
| Miscellaneous repairs (below \$180,000)                 | 2,498                    |
| Repairs to living quarters No. R8M9                     | 2,278                    |
| Rehabilitation of REO quarters                          | 1,214                    |
| Rehabilitation and painting Orinduik guest house        | 1,101                    |
| Construct concrete floor at Duplex building- Health     | 475                      |
| Purchases of cleaning materials                         | 809                      |
| Purchases of building materials                         | 359                      |
| Rental of building                                      | 180                      |
| <b>TOTAL</b>  | <b>12,428</b>            |

**2078.** The contract for the rehabilitation of building No. R8M9 was awarded to the second lowest bidder in the sum of \$2.278M, on the grounds that he had the necessary equipment to complete the job. The full contract sum was paid.

**2079.** The contract for the rehabilitation of the REO's quarter was awarded to the fifth lowest bidder in the sum of \$1.056M, on the grounds that the other lower bids would not have been able to complete the jobs within the time frame. There was an approved variation for \$158,463, giving a revised contract sum of \$1.214M. The full contract sum was paid to the contractor.

**2080.** 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 and cleaning materials, these were verified as having been received and properly brought to account.

**2081.** Amounts totalling \$10.903M were expended on the Maintenance of Infrastructure. The following gives a breakdown of the expenditure:-

| <b>DESCRIPTION</b>             | <b>AMOUNT<br/>\$'000</b> |
|--------------------------------|--------------------------|
| Weeding and clearing of trails | 1,480                    |
| 467                            |                          |

|  |               |
|--|---------------|
| Construction of bridge at Yumong             | 1,432         |
| Construction of revetment at Tumatumari      | 1,354         |
| Rehabilitation of bridge at 111 Miles Mahdia | 1,346         |
| “ “ two(2) roads                             | 950           |
| Repairs to three(3) buildings                | 773           |
| Miscellaneous repairs (below \$180,000)      | 3,326         |
| Purchase of building materials               | 242           |
| <b>TOTAL</b>                                 | <b>10,903</b> |

**2082.** The contracts for the construction of the bridge at Yumong, the rehabilitation of the bridge at 111 miles Mahdia and the construction of a revetment at Tumatumari were awarded in the sums of \$1.432M, \$1.346 and \$1.354 respectively. With respect to the bridge at 111 miles Mahdia and the revetment at Tumatumari, the contracts were awarded to the sole tenderer, while the contract for the bridge at Yumong was awarded to the higher of two(2) bidder on the grounds that the lower bid was too low.

**2083.** The works were physically verified, except for those works done over the Pakarima mountains, 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.

**2084.** Amounts totalling \$15.853M were expended on Transport, Travel and Postage. Included in this sum were amounts totalling \$3.946M which were expended on vehicles spares and service. An analysis of vehicle spares and service revealed that large amounts were spent on the repairs of the following vehicles:-

| <b>VEHICLE NUMBER</b> | <b>AMOUNT<br/>\$</b> |
|-----------------------|----------------------|
| PEE 1781              | 816,198              |
| PDD 4884              | 639,805              |
| PFF 7332              | 565,070              |
| GFF 4132              | 450,862              |
| <b>TOTAL</b>          | <b>2,471,935</b>     |

**2085.** 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.

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

**2086.** 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.

**2087.** 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; and
- Although bin cards were seen in the store, they were not being maintained.

**2088.** 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**

**2089.** The Imprest Account No. 3136 was overdrawn on one(1) occasion 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**

**2090.** The sum of \$8M was allocated for the construction of bridges at Porobu, Uribaru and Yowong. Amounts totalling \$5.889M were expended in the construction of bridges in the following areas as shown below:-

| <b>DESCRIPTION</b> | <b>AMOUNT<br/>\$'000</b> |
|--------------------|--------------------------|
| Kaibarupai         | 2,427                    |
| Maikwak            | 1,671                    |
| Porobu             | 851                      |
| Uribaru            | 699                      |
| Yowong             | 241                      |
| <b>TOTAL</b>       | <b>5,889</b>             |

**2091.** Approval was seen for an extension in programme for the construction of bridges at Kaibarupai and Maikwak. Due to 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 captains.

**Subhead 12001 - Buildings (Education)**

**2092.** The sum of \$18M was voted for (a) the completion of secondary school at Mahdia and (b) construction of teachers' quarters at Micobie and Paramakatoi and primary school at Maikwak. Amounts totalling \$14.939M were expended in the construction/completion of the following:-

| <b>DESCRIPTION</b>                | <b>AMOUNT<br/>\$'000</b> |
|-----------------------------------|--------------------------|
| Secondary school at Mahdia        | 8,005                    |
| School at Maikwak                 | 3,088                    |
| Teachers' quarters at Paramakatoi | 2,033                    |
| Teachers' quarters at Micobie     | 1,813                    |
| <b>TOTAL</b>                      | <b>14,939</b>            |

**2093.** In my 2000 Report, it was stated that a contract for the construction of the secondary school at Mahdia was awarded in the sum of \$8.093M and that the full amount was paid to the contractor as at 2000, although the work was substantially incomplete. In 2001 another contract in the sum of \$8.894M was awarded to the same contractor for the completion of this school. As at 31 December 2001, the amount of \$8.005M was paid to the contractor. However, physical inspection in August 2002 revealed that the building was substantially incomplete in that, among others, windows were missing, the guttering was not done and the

painting was incomplete.

- 2094.** In relation to the construction of the school at Maikwak, the contract was awarded in the sum of \$3.431M to the second lowest bidder on the grounds that the lowest bidder does not produce work of quality. As at 31 December 2001, the sum of \$3.088M was paid to the contractor. In addition, the contract for the construction of teachers' quarters at Micobie was awarded in the sum of \$2.015M to the second lowest tenderer on the grounds that the lowest tenderer does not have the necessary experience. As at 31 December the amount of \$1.813M was paid to the contractor.
- 2095.** The works at Mahadia and Micobie were physically verified, however due to the remoteness of the area the works at Maikwak and Paramakatoi could not be physically verified. Reliance was placed on the certificate of satisfactory completion issued by the headmaster and the village captain.

**Subhead 12003 - Buildings (Health)**

- 2096.** The sum of \$12M was allocated for the construction of health posts at Princeville, Maikwak and Orindiuk. Amounts totalling \$9.392M were expended in the construction of health posts at the following locations:-

| <b>LOCATION</b> | <b>AMOUNT<br/>\$'000</b> |
|-----------------|--------------------------|
| Maikwak         | 3,223                    |
| Princeville     | 3,223                    |
| Orindiuk        | 2,946                    |
| <b>TOTAL</b>    | <b>9,392</b>             |

- 2097.** The contract for the construction of the health post at Maikwak was awarded in the sum of \$3.581M to the third lowest bidder, on the grounds that the second lowest had two(2) other jobs in the Region and the lowest tenderer does not produce work of quality. The amount of \$3.223M was paid to the contractor. 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.
- 2098.** The contracts for the construction of the health posts at Princeville and Orindiuk were awarded in the sums of \$3.581M and \$3.274M respectively to the second lowest bidders, on the ground that the lower bidders already had jobs in the Region and does not produce work of quality. The amounts of \$3.223M and \$2.946M were paid to the contractors. The works at Princeville were physically verified. However, due to the remoteness of the area, the works at Orindiuk could not have been physically verified. Reliance was placed on the certificates of satisfactory completion issued by the community health workers.

### **Subhead 14001 - Roads**

- 2099.** The sum of \$6M was voted for the construction of Maikwak/Itabac, Mutung/Monkey Mountain, Kato/Yourongparu and Tumatumari/Lower Potaro roads. 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**

- 2100.** The sum of \$6M was voted for the purchase of one(1) tractor and trailer for the Kopinang/Itabac area. Amounts totalling \$5.885M were expended. The items purchased were physically verified as having been received and properly brought to account.

### **Subhead 25001 – Furniture & Equipment (Education)**

- 2101.** The sum of \$2M was allocated for the purchase of desks and benches for Mahdia secondary school and tables and chairs for the sub-office at Kato. Amounts totalling \$1.195M were expended. The furniture purchased for the sub-office at Kato could not have been verified due to the remoteness of the area. However, items purchased for Mahdia secondary school were physically verified as having been received and properly brought to account.

### **Subhead 25002 - Furniture (Staff Quarters)**

- 2102.** The sum of \$2M was provided for the purchase of furniture for staff quarters at Kopinang, Paramakatoi, Princeville and Micobie. Amounts totalling \$1.491M were expended. The items purchased for the Kopinang and Paramakatoi staff quarters could not have been verified due to the remoteness of the area. However, items purchased for Princeville and Micobie staff quarters were physically verified as having been received and properly brought to account.

### **Subhead 25003 - Furniture & Equipment (Administration)**

- 2103.** The sum of \$600,000 was allocated for the purchase of furniture and equipment for Orinduik and Mahdia guest houses. Amounts totalling \$578,000 were expended. The items were nevertheless verified as having been received and properly brought to account.

### **Subhead 25004 - Furniture & Equipment (Health)**

- 2104.** The sum of \$1.8M was voted for the purchase of radio transmitting sets, solar panels and batteries for health posts at Princeville Maikwak and Orinduik. Amounts totalling \$1.793M 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

- 2105.** The salaries bank account No. 3125 and wages bank account No. 3126 were overdrawn on ninety- eight (98) and forty (40) occasions, respectively during the year under review. 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 2002, both salaries bank account Nos. 3125 and 3126 were only reconciled to September 2000. This position has remained the same since the last audit inspection. The Accounting Officer explained that this was due to staff constraints.
- 2106.** A comparison of the authorised staff as shown in the 2001 Estimates of Expenditure with the actual staff employed by the Region in December 2001 revealed that the authorised staff was exceeded by 169 under following categories, as shown below:-

| SUB-HEAD     | DESCRIPTION                 | AUTHORISED | ACTUAL     | EXCESS     |
|--------------|-----------------------------|------------|------------|------------|
| 101          | Administrative              | 18         | 39         | 21         |
| 102          | Senior Technical            | 29         | 66         | 37         |
| 103          | Other Tech. & Craft Skilled | 129        | 92         | -          |
| 104          | Clerical & Office Support   | 45         | 27         | -          |
| 105          | Semi-skilled & unskilled    | 139        | 246        | 107        |
| 106          | Contracted Employees        | 0          | 1          | 1          |
| 107          | Temporary Employees         | 0          | 3          | 3          |
| <b>TOTAL</b> |                             | <b>360</b> | <b>474</b> | <b>169</b> |

- 2107.** This state of affairs was due to the omission from the National Estimates of teachers and the contracted driver 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 Region is operating within its authorised strength.

- 2108.** Amounts totalling \$1.279M 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**

- 2109.** 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 2002, 957 cheque orders valued at \$268.291M had not been cleared. Of this amount, 356 cheque orders valued at \$153.182M 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.
- 2110.** Amounts totalling \$8.363M 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, examination of the Immediate Issues Book revealed that amounts totalling \$2.724M 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.
- 2111.** 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.
- 2112.** Amounts totalling \$13.011M were expended on Fuel & Lubricants. However, of the thirty-three(33) serviceable vehicles and equipment for which log books were required to be maintained, log books were only presented in respect of nine(9) 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. It was explained that due to the location of some vehicles and equipment, log books could not be timely presented for audit scrutiny.
- 2113.** At the time of the audit inspection in September 2002, a physical count was carried out on all fuel and lubricants and the balances compared with stock records. The following differences were noted :-

| <b>DESCRIPTION</b> | <b>UNITS</b> | <b>STOCK RECORDS</b> | <b>PHYSICAL COUNT</b> | <b>DIFFERENCE</b> |
|--------------------|--------------|----------------------|-----------------------|-------------------|
| Diesel             | Gallons      | (268)                | 28                    | (296)             |
| Gasoline           | “            | 2,333                | 50                    | 2,283             |
|                    |              | 474                  |                       |                   |

|            |   |       |       |       |
|------------|---|-------|-------|-------|
| Lubricants | “ | 3,275 | 2,577 | 698   |
| Kerosene   | “ | -     | 527   | (527) |

- 2114.** The balance of kerosene at time of physical count could not be accurately determined since the stock ledger was not written up during the period under review. The Accounting Officer gave the assurance that these discrepancies would be investigated.
- 2115.** Amounts totalling \$24.070M were expended on the Rental and Maintenance of Buildings. The following gives a breakdown of the expenditure:-

| <b>DESCRIPTION</b>                            | <b>AMOUNT<br/>\$'000</b> |
|---|--------------------------|
| Purchase of building materials                | 9,078                    |
| Repairs to fourteen (14) officers quarters    | 3,942                    |
| Electrical works to twenty-five(25) buildings | 3,630                    |
| Construction of five(5) health huts           | 1,643                    |
| Repairs to hospital and five(5) health hut    | 1,549                    |
| RDC and sub-district office                   | 1,014                    |
| Transportation                                | 981                      |
| Repairs to two (2) guest house                | 742                      |
| Construction of two (2) teachers quarters     | 692                      |
| Other miscellaneous repairs                   | 666                      |
| Purchase of janitorial & cleaning items       | 133                      |
| <b>TOTAL</b>                                  | <b>24,070</b>            |

- 2116.** The above works were executed by ninety-six(96) contracts valued at \$13.878M. The works within the Lethem and the North Rupununi areas, comprising two(2) teachers quarters, twenty(20) buildings, eleven(11) officers quarters and one(1) 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.
- 2117.** In relation to the construction of the two(2) teachers quarters at Annai, two contracts were awarded for the sums of \$1.038M and \$1.201M. As at December 31, 2001 amounts totalling \$.692M were expended in relation to the above mentioned works. At time of inspection in September 2002, the construction of the two teachers quarters have not been completed. Expenditure of this nature should have been provided under the Region’s capital estimates.
- 2118.** Amounts totalling \$8.188M were expended on the Maintenance of Infrastructure, including

roads, fences and bridges. The works were executed by thirty-three(33) contracts valued at \$6.853M. The difference of \$1.335M relates to the purchase of building materials. The works were physically verified.

**2119.** The sum of \$1.2M was expended on behalf of the Ireng-Sawariwau 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.

**2120.** The sum of 10.886M was expended on Subsidies and Contribution to Local Organisation. All sums charged to this sub-head were in relation to Lethem Power Company. The following gives a breakdown of the expenditure: -

| <b>DESCRIPTION</b>      | <b>AMOUNT<br/>\$000</b> |
|-------------------------|-------------------------|
| Employment Cost         | 4,452                   |
| Repairs and Maintenance | 4,798                   |
| Purchases               | 1,225                   |
| Miscellaneous           | 382                     |
| <b>TOTAL</b>            | <b>10,886</b>           |

Based on test checks carried out, proper documentation existed for the incurrence of the above expenditures.

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

**2121.** 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 2002, the exercise was still to be completed. In addition, office equipment and furniture were not marked to readily identify them as State property.



**2122.** An examination of the stores operations was carried out at the time of inspection, the following observations were noted;

- (a) The storekeeper, who is tasked with the responsibility of maintaining the bin cards, also maintains the stock ledger. It is recommended that the stock ledger be maintained by the accounting unit to serve as an independent check on the stores;
- (b) During the inspection a number of unserviceable items were noted in the stores. It is recommended that these items be separated with a view to having them disposed of at the earliest opportunity;
- (c) Lubricants in the fuel bond could not be readily identified by type, due to the condition in which the stores is kept. It is recommended that similar items in the fuel bond be given a designated area and so marked.

**2123.** In addition to the above findings, it was noted that during the year 2000, sixteen(16) sacks of cement and three drums of diesel were loaned out. At time of inspection in September 2002, there was no evidence that items were returned. It is recommended that efforts be made to ensure strict compliance with the stores regulation.

#### **Other Matters**

**2124.** The imprest bank account No. 3127 which reflected a nil balance as at 31 December 2001 was only reconciled to September 2000 at the time of the audit in September 2002.

#### **Capital Expenditure**

##### **Subhead 11001 - Bridges**

**2125.** The sum of \$11.5M was voted for the construction of bridges at Sawarawau, Achawib, Markanata and Yurora. Amounts totalling \$9,875M were expended in the construction of bridges at the following locations:-

| <b>DESCRIPTION</b>                     | <b>AMOUNT<br/>\$'000</b> |
|--|--------------------------|
| Yurora Creek No. 1 Bridge – Karasabai  | 4,494                    |
| Yurora Creek No. 2 Bridge – Tiger Pond | 3,346                    |
| Sawariwau                              | 1,678                    |
| 477                                    |                          |

|              |              |
|--------------|--------------|
| Markanata    | 190          |
| Achawib      | 167          |
| <hr/>        |              |
| <b>TOTAL</b> | <b>9,875</b> |

- 2126.** The contract for the construction of the bridge at Karasabai was awarded in the sum of \$4.133M to the lowest bidder. There was an approved variation of \$364,344, giving a revised contract sum of \$4.497M. As at 31 December 2001, amounts totalling \$4.494M were paid to the contractor. In relation to the bridge at Tiger Pond, the contract was awarded in the sum of \$3.346M to the lowest bidder. The full amount was paid to the contractor.
- 2127.** In relation to the construction of the bridge at Sawariwau, the contract was awarded to the second lowest bidder on the grounds that the contractor resides close to the construction site and the difference from the lowest bid was minimal (\$5,660).
- 2128.** The contract for the construction of the bridge at Markanata was awarded to the lowest bidder in the sum of \$1.906M. As at 31 December 2001 a mobilisation advance of \$190,572 was paid to the contractor.
- 2129.** The works could not have been physically verified because of the remoteness of the area. However, reliance was placed on the certificates of satisfactory completion issued by the Senior Superintendent of Works (SSOW).

**Subhead 12001 - Buildings (Education)**

- 2130.** The sum of \$32M was allocated for the construction of (a) education building at Lethem, (b) dormitory and teachers' quarters at Aishalton, (c) primary schools at Gunns Strip and Crash Water, (d) headmaster's quarters at Kumu, Rukumuta, Quarrie and Crash Water, (e) nursery school at Annai and (f) rehabilitation of teachers' quarters at Beverly Hills, Lethem. Amounts totalling \$24.790M were expended as follows :-

| <b>DESCRIPTION</b>                   | <b>AMOUNT<br/>\$'000</b> |
|--------------------------------------|--------------------------|
| Construction of four (4) HM quarters | 1,211                    |
| “ “ primary school at Crash Water    | 779                      |
| “ “ nursery school at Annai          | 659                      |
| 478                                  |                          |

|  |               |
|--|---------------|
| Const. and rehab. of two (2) dorms at Aishalton      | 527           |
| Const. of a five (5)-apartment bldg. at St. Ignatius | 514           |
| Const. of Education bldg at Lethem                   | 347           |
| Const of teachers' quarters at Aishalton             | 204           |
| Purchase of building materials                       | 16,733        |
| Transportation costs                                 | 1,391         |
| Miscellaneous (26 contracts below \$180,000)         | 2,425         |
| <b>TOTAL</b>   | <b>24,790</b> |

- 2131.** In relation to the construction of the four(4) HM quarters, six(6) contracts totalling \$2.220M were awarded to the lowest bidders. As at 31 December 2001, amounts totalling \$1.211M were paid to the contractors. Although these works were not completed in 2001, they were not re-budgeted for in 2002.
- 2132.** The contract for the construction of the primary school at Crash Water was awarded to the lowest of three(3) bidders in the sum of \$779,410. The full amount was paid to the contractor as at 31 December 2001.
- 2133.** In relation to the construction of the nursery school at Annai, the contract was awarded to the lowest of nine(9) bidders in the sum of \$659,410. As at 31 December 2001, the entire contract sum was paid to the contractor.
- 2134.** As can be noted, the construction of the teachers quarters at Annai and the five(5) apartment building at St. Ignatius were not included in the National Estimates for 2001. However, a change in programme was not obtained for these works. In addition, the construction of the primary school at Gunns Strip and the rehabilitation of the teachers quarters at Beverly Hills, Lethem were not done. However a perusal of the National Estimates 2002 revealed that the works were not re-budgeted for.
- 2135.** The various works undertaken were physically verified with the exception of the primary school and the headteachers' quarters at Crash Water. 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)**

- 2136.** The sum of \$8M was allocated for the construction of health posts at Gunns Strip, Cuduwini, Haiwa, Quarrie and Kraudarnawau. Amounts totalling \$4.740M were expended in the construction of the following:-

|     |  |
|-----|--|
| 479 |  |
|-----|--|

| DESCRIPTION                    | AMOUNT<br>\$'000 |
|--------------------------------|------------------|
| Health Post at Kraudarnawau    | 454              |
| " " " Quarrie                  | 414              |
| " " " Haiwa                    | 414              |
| " " " Gunns Strip              | 50               |
| " " " Cuduwini                 | 48               |
| Purchase of building materials | 3,142            |
| Transportation                 | 218              |
| <b>TOTAL</b>                   | <b>4,740</b>     |

**2137.** The above works were executed by five(5) contracts valued at \$2.280M. As at 31 December 2001, amounts totalling \$1.380M were paid to the contractors. Except for the health posts at Kraudarnawau and Quarrie, 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. The materials purchased were also verified as having been received and properly brought to account.

**Subhead 12003 – Buildings (Administration)**

**2138.** An amount of \$3M was voted for the completion of the regional guest house at Lethem. Amounts totalling \$2.813M were paid to the contractor as at 31 December 2001. Included in the above sum was an amount of \$1,101M being payment of the balance on a contract awarded in 1999 for the construction of the regional guest house. The difference of \$1.712M relates to two(2) payments on a contract awarded in 2001 for the completion of the regional guest house and the purchase of building materials. The works were completed and were physically verified and the items purchased were received and properly brought to account.

**Subhead 12004 - Buildings (Agriculture)**

**2139.** The sum of \$4M was allocated for the construction of livestock officers' quarters at Aishalton and Sand Creek. Amounts totalling \$2.380M were expended as at 31 December 2001. Included in the above sum were amounts totalling \$1.166M being payments on four(4) contracts awarded for the construction of the livestock officers' quarters at Aishalton and Sand Creek. The difference of \$1.214M represents the purchase of building materials. The livestock officer's quarters at Sand Creek could not have been verified because of the

remoteness of the area. However, reliance was placed on the works satisfactory completed certificates issued by the SSOW. The items purchased were verified as having been received and properly brought to account.

**Subhead 14001 - Roads**

**2140.** The sum of \$23M was allocated for (a) the continued construction of roads at Karasabai/Yurong Peru, Toka/Karasabai and Manari/ Parashara (b) construction of Annai/Kurupukari and Massara roads and (c) purchase of one(1) road roller. Amounts totalling \$21.367M were expended as follows:-

| DESCRIPTION                                   | AMOUNT<br>\$'000 |
|---|------------------|
| Rehabilitation of Lethem Road                 | 2,526            |
| Rehabilitation of Nappi/Parishara             | 1,426            |
| Rehabilitation of Manari/Nappi Road           | 284              |
| Rehabilitation of Stock Farm/St.Ignatius Road | 363              |
| Repairs to vehicles and purchase of spares    | 9,684            |
| Payment of salaries, overtime, subsistence    | 6,383            |
| Miscellaneous                                 | 115              |
| <b>TOTAL</b>                                  | <b>21,367</b>    |

**2141.** The amount of \$2,526 relates to the first Interim payment on a contract awarded in 2000 in the sum of \$8.464M for the rehabilitation of the road at Lethem. Physical inspection in September 2002 revealed that there were no shoulders on the road completed although the contractor was paid the related amount.

**2142.** The rehabilitation of the roads at Nappi/Parishara, Stock Farm/St.Ignatius and Manari/Nappi were carried out using the region's force account. The works were physically verified.

**2143.** Included in the amount of \$9.684M expended on the repairs to vehicles, were amounts totalling \$5.466M utilised in the repairs of heavy duty equipment, trucks and engines. The difference of \$4.218M relates to the purchase of spares. Proper documentation exists for repairs to the vehicles and equipment and the items purchased were verified as having been received and properly brought to account.

**Subhead 17001 – Agriculture Development**

- 2144.** An amount of \$3M was voted for the establishment of two(2) Plant Nurseries at Karasabai and Annai. As at 31 December 2001 amounts totalling \$1.818M were expended on the purchase of building materials and the payment of mobilisation advance on two(2) contracts awarded for the construction of the above stated plant nurseries. Physical inspection in September 2002, revealed that the plant nursery at Annai was still to be completed whilst, due to the remoteness of the area, reliance was placed on the certificate of satisfactory completion issued by the SSOW in relation to the plant nursery at Karasabai.

#### **Subhead 19001 - Land Development**

- 2145.** The sum of \$4M was allocated for cadastral surveys and construction of infrastructure works for housing development at Tabatinga. Amounts totalling \$3.728M were expended on the construction of 9,300 feet of road at Culvert City and the purchase of building materials. As can be noted, the construction of the road at Culvert City was not provided for in the National Estimates for 2001. However, a change in programme was not obtained for the works. Notwithstanding this, the works were physically verified and the materials purchased received and properly brought to account.

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

- 2146.** An amount of \$5.2M was allocated for the purchase of one(1) 4X4 vehicle for the Office of the Regional Executive Officer. However, approval was granted for an extension in programme in August 2001 to purchase another vehicle for use by the Education Department. The entire allocation was expended on the acquisition of two(2) Toyota Hilux 4x4 vehicles. The vehicles were received by the Region in September 2001. In November 2001, one (1) of the vehicles which was being used by the Regional Chairman encountered mechanical problems. However, although the vehicle had a six(6) months warranty, action was not taken to have it repaired by the supplier. Instead, the vehicle driver was allowed to try and rectify the problem but to no avail. At the time of audit in September 2002 the vehicle was still not operational.

#### **Subhead 24002 – Water Transport**

- 2147.** The sum of \$1.2M was voted for the purchase of a boat and an outboard engine for the Health Department. Amounts totalling \$870,000 were expended on the acquisition of one(1) 25HP engine and an aluminium boat. The items were verified as having been received. However they were not inventorised.

#### **Subhead 25001 – Furniture (Staff Quarters)**

- 2148.** An amount of \$500,000 was voted for the purchase of beds, mattresses, dinette sets and refrigerators for officers' quarters. Amounts totalling \$494,700 were expended on the purchase of five(5) refrigerators. The items were verified as having been received. However they were not inventorised.

#### **Subhead 25002 – Furniture & Equipment (Agriculture)**

**2149.** The sum of \$100,000 was allocated for the purchase of equipment for the Survey Department. Amounts totalling \$98,000 were expended on the purchase of sitting chairs and tables. The items were verified as having been received. However they were not inventorised.

**Subhead 25003 – Furniture & Equipment (Administration)**

**2150.** An amount of \$400,000 was allocated for the purchase of a computer, printer, typist chair and office chairs. The full amount was expended on the acquisition of the above stated furniture and equipment. The items were verified as having been received. However they were not inventorised.

**Subhead 25004 – Furniture and Equipment (Education)**

**2151.** The sum of \$2.5M was allocated for the purchase of stoves, beds, mattresses, typist chairs, nursery furniture, screens, cupboards, tables and chairs. Amounts totalling \$2.486M were expended on the purchase of the above stated furniture and equipment. The items purchased were verified as having been received and distributed to the various schools in the Regions. However, they were not inventorised.

**Subhead 25005 – Furniture and Equipment (Health)**

**2152.** The sum of \$2.5M was allocated for the purchase of radio sets for Cuduywini, Tiperu, Karadarnau, Yupukari and Taushida. Amounts totalling \$2.494M were expended on the purchase of five(5) radio sets. However, only four(4) of the five(5) radio sets could be accounted for. These were located at Cuduywini, Taushida, Baitoon and Rukumuta. A satisfactory explanation was not given for the missing radio set.

**2153.** As can be noted, radio sets were not obtained for Tiperu, Karadarnau and Yupukari. However, a perusal of the National Estimates for 2002, revealed that the radio sets were not re-budgeted for. In addition, radio sets for Baitoon and Rukumuta were not provided for in the National Estimates for 2001. Further, a change in programme was not obtained for these purchases.

**Subhead 26003 - Power Extension**

**2154.** The sum of \$6M was voted for the extension of electricity supply at St. Ignatius, Culvert City, Lethem and the Tabatinga housing schemes. Amounts totalling \$4.075M were expended in the purchase of transformers and the construction and rehabilitation of distribution systems. The works carried out were physically verified and the items purchased were received and properly brought to account.

**Subhead 28001 – Water Supply**

- 2155.** The sum of \$3M was provided for the construction of hand-dug wells at Quarrie and St. Ignatius nursery schools, Cudunwini, Tiger Pond, Taushida and Gunns Strip. Amounts totalling \$708,000 were expended in the construction of three(3) wells at St. Ignatius, Cudunwini and Quarrie. The works were physically verified with the exception of the well at Cudunwini which could not have been accessed due to the remoteness of the area.
- 2156.** As can be noted, the wells at Tiger Pond, Taushida and Gunns Strip were not done. However, a perusal of the National Estimates for 2002, revealed that only the well at Taushida was re-budgeted for.

## **HEADS 80 & DIVISION 540**

### **REGION 10 - UPPER DEMERARA/BERBICE**

#### **Current Expenditure**

##### **Employment Costs**

- 2157.** The old salaries bank account No. 861, which became non-operational in June 1996, was overdrawn by \$5.466M as at 31 December 2001. 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.
- 2158.** The two(2) present salaries bank account Nos. 3092 and 3094, with balances of \$43.625M and \$316,290 as at 31 December 2001, were not reconciled since July 1996 and April 1997 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.
- 2159.** In my 1999 and 2000 Reports, 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 July, 2002. 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.
- 2160.** An examination of the Register of Contributors to the National Insurance Scheme and the Contribution Schedule for December 2001 revealed 134 and 460 instances respectively



where the employees' NIS numbers were not quoted. It was explained that the register of contributors was not up-to-date. However, it could not be determined when last this record was written up. Since registration with the Scheme has implications for social security and other benefits, efforts should be made to ensure the prompt registration of employees.

- 2161.** A comparison of the authorised staff as shown in the 2001 Estimates of Expenditure with the actual staff employed by the Region in December 2001 revealed that the authorised staff was exceeded by 866, as shown below:-

| <b>DESCRIPTION</b>             | <b>AUTHORISED</b> | <b>ACTUAL</b> | <b>EXCESS</b> |
|--------------------------------|-------------------|---------------|---------------|
| Administrative                 | 11                | 178           | 167           |
| Senior technical               | 39                | 354           | 315           |
| Other technical & craft skills | 90                | 240           | 150           |
| Clerical & office support      | 51                | 23            | (28)          |
| Semi-skilled operatives etc.   | 64                | 325           | 261           |
| Contracted employees           | 0                 | 1             | 1             |
| <b>TOTAL</b>                   | <b>255</b>        | <b>1.121</b>  | <b>866</b>    |

- 2162.** It was explained that the National Estimates under Programme 4- Education Delivery did not include teachers in the Region. In addition, the authorised staff in the year 2001 had decreased by fourteen(14) employees over the 2000 authorised staff strength. 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**

- 2163.** 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 checks carried out, cheque orders were being cleared on average sixty-five(65) days later in the year 2001. At 31 December 2001, one hundred and thirty-two(132) cheque orders valued at \$44.634M were outstanding. Included in this figure were twenty-three(23) cheque orders valued at \$15.158M relating to the year 2000. However, at the time of the audit only the twenty-three(23) cheque orders for 2000 were outstanding.
- 2164.** Amounts totalling \$56.609M were expended on Materials, Equipment & Supplies. Included in this figure were drugs valued at \$15.423M purchased for the Upper Demerara Hospital and Health Centres. The items purchased were verified as having been received and properly brought to account.
- 2165.** Amounts totalling \$3.183M were expended on Fuel & Lubricants. However, log books were not maintained for the nine(9) vehicles and three(3) motor cycles owned by the Region. In the circumstances, it could not be determined whether there was effective control over the use of these assets.

- 2166.** In my 1999 and 2000 Reports, 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. This unsatisfactory situation continued in 2001. However, on 7 March 2002, the Regional Administration wrote the Secretary to the Treasury seeking approval to dispose of the unserviceable items. It is recommended that this matter be pursued urgently with the Secretary to the Treasury.
- 2167.** Amounts totalling \$34.991M were expended on the Rental & Maintenance of Buildings. The following is a breakdown of the expenditure:-

| DESCRIPTION                               | AMOUNT<br>\$'000 |
|---|------------------|
| Repairs to thirteen (13) schools          | 5,953            |
| “    “ four (4) officers quarters         | 425              |
| “    “ Regional Office                    | 295              |
| “    “ nine (9) health centres            | 3,964            |
| “    “ three (3) administrative buildings | 1,524            |
| “    “ Education building                 | 4,542            |
| “    “ Teachers' & Nurses Hostel          | 4,063            |
| Purchase of building materials            | 8,524            |
| Miscellaneous payments below \$90,000     | 4,376            |
| Rental of building                        | 1,325            |
| <b>TOTAL</b>                              | <b>34,991</b>    |

- 2168.** Thirteen(13) contracts valued at \$5.263M were awarded for the repairs to thirteen(13) schools. There were three(3) approved variations totalling \$690,531 bringing the total revised contract sum to \$5.953M. Two(2) of the contracts totalling \$2.556M were awarded on the basis of selective tendering. The Accounting Officer explained that these schools are located in the Berbice River and that the other contractors were not interested in the jobs. As at 31 December 2001, the entire amount was expended on the repairs to the schools. The works were completed and were physically verified and conformed generally to the specifications in the respective bills of quantities.
- 2169.** Nine (9) contracts valued at \$6.858M were awarded to the lowest tenders for the repairs to nine(9) Health Centres. As at 31 December 2001, sums totalling \$3.964M were expended on repairs for eight(8) health centres. Included in this figure, were two(2) payments totalling \$624,976 made to the contractor who was awarded the repair work to Amelia's Ward health centre. The first payment was in respect of a mobilisation advance and other payment was for work completed. However, a physical inspection carried in July 2002, revealed that no repair work was done to Amelia's Ward health centre. This matter was brought to the attention of the Accounting Officer for investigation.

- 2170.** Seven (7) contracts valued at \$4.542M were awarded for the repairs to Education Buildings. As at 31 December 2001, the full amount was paid to the contractors. Physical inspection in July 2002, revealed that the works were completed.
- 2171.** In relation to the teachers' and nurses' hostel, eight(8) contracts valued \$4.528M were awarded for the repairs to these buildings. As at December 2001, sums totalling \$4.063M were paid to the contractors. The works were completed and physically verified.
- 2172.** The other works were physically verified while the items purchased were verified as having been received and properly brought to account.
- 2173.** Included in the amount of \$10.716M which were expended on Transport, Travel & Postage were thirty-two(32) contracts valued at \$2.886M which were awarded to one(1) particular contractor for supplying labour and material costs for the repairs of vehicles and equipment. However, the contracts did not specify the material cost and the labour cost separately. In addition, the used parts were not returned to the stores as required by existing financial instructions. As a result, it could be determined whether value was received for the sums expended.
- 2174.** Excess expenditure of \$390,000 was incurred in respect of three(3) subheads under Programme 1- Administration. Since there were savings of \$4.653M under the other subheads for this Programme, it would have been more appropriate for a virement of funds to be sought.

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

- 2175.** 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.
- 2176.** A physical verification of a sample of eight-two(82) items of stock kept at the Region's store on 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.
- 2177.** An examination of the loans register revealed several instances where items were loaned to employees, contractors, and residents. However, at the time of audit in July 2002, items loaned were not returned to the store. In addition, some items loaned since 1996 were still outstanding. It recommended that appropriate action be taken to recover the items.

#### **Other Matters**

- 2178.** The Imprest bank account No. 3093, which reflected a balance of \$113,329 as at 31 December 2001, was not reconciled since August 1997. It is recommended that action be taken to bring

the reconciliation up-to-date.

- 2179.** In my Report for the year 2000, mention was made of seventy-one (71) stale-dated cheques drawn on the old bank accounts Nos. 802, 804 and 861 which were still in the safe in August 2001. During the audit in July 2002, thirty-eight(38) of the seventy-one(71) stale-dated cheques totalling \$1.615M were cancelled and replaced by new cheques and paid over to the NIS. In relation to the balance of the thirty-three (33) cheques totalling \$395,109, it was explained that these cheques relate to unclaimed payments as well as deductions dating back to 1994 to various agencies for which the details were not available. It is recommended that the advice of the Accountant General be sought in relation to this matter.

## **Capital Expenditure**

### **Subhead 12002 - Buildings (Education)**

- 2180.** The sum of \$16M was allocated for the construction of students' dormitory at Linden. However, the dormitory was not constructed. It was explained that the Regional Democratic Council (RDC) had difficulties acquiring land to build the dormitory.
- 2181.** As a result, the RDC sought and obtained a change in programme to rehabilitate the Watooka Day Primary School. However, no work was done on the Watooka Day Primary School and the work was re-budgeted in the year 2002.
- 2182.** The contract for the construction of staff quarters at St. Lust was awarded in the year 2000 in the sum of \$4.949M. As at 31 December 2000, amounts totalling \$4.898M were paid to the contractor. Further, sums totalling \$544,171 were expended in 2001 on the completion of the staff quarters. Physical inspection in August 2001, 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. A subsequent inspection in July 2002, revealed that no additional work was done and the building was still unoccupied. However, the final payment was approved by the consultant. It is recommended that urgent action be taken to resolve this matter so that the building can be utilised.
- 2183.** In my 2000 Report, it was mentioned that the contract for the construction of staff quarters at Calcuni was awarded in the sum of \$4.413M. As at 31 December 2000, amounts totalling \$3.610M were paid to the contractor. A physical inspection in August 2001, however, revealed that although the building was substantially completed, gutters were not installed, the roof was not painted and the entire building was in need of a second coat of paint. In addition, the floor was also to be lacquered. However, no funds were re-budgeted in the year 2001 for the completion of the building. A subsequent inspection in July 2002, revealed that the position remained the same and the building was unoccupied. It is recommended that urgent action be taken to resolve this matter so that the building can be utilised early.

**2184.** 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. In 2001, the building was completed by another contractor at a cost of \$2.873M using funds from current expenditure. However, there was no evidence at the time of reporting that the amount of \$1.518M was recovered from the previous contractor. It is recommended that appropriate action be taken to recover the overpayment.

**Subhead 12003 - Buildings (Health)**

**2185.** The sum of \$12M was voted for the construction of (a) health post at River View (b) health centre at Calcuni and (c) nurses' quarters at Kwakwani. Amounts totalling \$11.039M were expended as follows:-

| <b>DESCRIPTION</b>                                    | <b>AMOUNT<br/>\$'000</b> |
|---|--------------------------|
| Construction of health post at Calcuni                | 5,382                    |
| Construction of nurses quarters at Kwakwani           | 1,882                    |
| Construction of health post at River View (IDW Reg.7) | 3,000                    |
| Retention fees for three (3) contracts                | 775                      |
| <b>TOTAL</b>  | <b>11,039</b>            |

**2186.** In relation to the construction of the health centre at Calcuni, the RDC and the Village Council entered into an agreement in September 2001. According to the agreement the RDC would provide a technical director to supervise and direct the progress of the work, supply materials and reimburse the Village Council for the amount expended on labour charges for a total Project cost of \$5M. The following gives a breakdown of expenditure incurred:-

| <b>DESCRIPTION</b> | <b>AMOUNT</b> |
|--------------------|---------------|
| 489                |               |

|                                | \$               |
|--------------------------------|------------------|
| Purchase of Building Materials | 1,605,269        |
| Labour                         | 3,006,551        |
| Technical Director Fees        | 570,000          |
| Transportation                 | 200,000          |
| <b>TOTAL</b>                   | <b>5,381,820</b> |

**2187.** At the time of physical inspection in July 2002, the Project was approximately 50% completed. However, expenditure incurred represents approximately 96% of the Project cost. Although the value of the works completed on a project does not necessarily represent the percentage of physical works completed, in this case however, the percentages given above indicate an apparent overpayment.

**2188.** The contract for the construction of the nurses quarters at Kwakwani was awarded in the sum of \$4.179M to the lowest bidder. As at 31 December 2001, amounts totalling \$1.882M were paid to the contractor. A physical verification in July 2002, revealed that the contractor was overpaid an amount of \$312,441 as shown below:-

| DESCRIPTION                              | BQ QTY   | ACTUAL QTY | RATE \$ | AMOUNT OVERPAID \$ |
|--|----------|------------|---------|--------------------|
| Security                                 |          |            |         | 198,000            |
| Aluzinc sheeting 26g Gh. Floor & landing | 1,284 sf | 1,261sf    | 122     | 2,806              |
| Boards                                   | 1,042 sf | 810 sf     | 165     | 38,280             |
| 1"x12" treads & landing                  | 168 lf   | 142 lf     | 165     | 4,290              |
| Painting – general                       | 800 sy   | 755 sy     | 459     | 20,655             |
| Sand & Lacquer floor                     | 63 sy    | 37 sy      | 26      | 29,250             |
| Others                                   | various  | various    | various | 19,160             |
| <b>TOTAL OVERPAYMENT</b>                 |          |            |         | <b>312,441</b>     |

It is recommended that the overpayment be recovered from the contractor.

**2189.** The contract for the construction of the health centre at River's View was awarded to the fifth lowest bidder on the grounds that the other bidders had outstanding work commitments or were inexperienced. The works were physically verified.

**2190.** In my 2000 Report it was stated that the contract for the construction of the health post at Kimbia, 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 completion. A subsequent visit in July 2002, revealed that the building was completed. However, the cost of completing the health post was not met from the Region's funds. It was explained that the building was completed by residents at their own cost.

- 2191.** 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. Subsequent inspections in August 2001 and July 2002, revealed that the position remained the same as reported in my 1999 and 2000 Reports.

**Subhead 13001 – Drainage & Irrigation**

- 2192.** The sum of \$10M was allocated for (a) construction of D & I canals at West Watooka (b) rehabilitation of eroded roads at Amelia's Ward and (c) construction of soakways and drains at Blueberry Hill. Amounts totalling \$3.763M were expended in the construction of D & I canals at West Watooka. As can be noted from the above, no work was done Amelia's Ward and Blueberry. The works were physically verified.

**Subhead 14001 - Roads**

- 2193.** The sum of \$10M was allocated for the rehabilitation of the Linden/Ituni road. Amounts totalling \$9.713M were expended as follows:-

| <b>DESCRIPTION</b>                    | <b>AMOUNT<br/>\$</b> |
|---------------------------------------|----------------------|
| Rehab. of Ituni/Kwakwani road         | 7,243,979            |
| Rehab. of Amelia's Ward/Block22 roads | 1,249,663            |
| Retention on contract awarded in 1997 | 1,219,830            |
| <b>TOTAL</b>                          | <b>9,713,472</b>     |

- 2194.** As can be noted from the above, no work was done on the Linden/ Ituni road. Instead, the Region utilised the funds to rehabilitate the Ituni/ Kwakwani road and two other roads at Amelia's Ward and Block 22. In addition, an amount of \$1,219,830 was paid to a contractor as retention fees on a contract awarded in 1997 for the construction of a road at Surabana which was completed in 1999. However, the Region did not obtain an approval for a change in programme for the above works. Nevertheless, the rehabilitation of the roads at Amelia's Ward and Block 22 were completed and physically verified.
- 2195.** In relation to the rehabilitation of the road at Ituni/ Kwakwani, the work was done by the Force Account Team of the Regional Administration. The bulk of the expenditure relate to transportation cost and the hire of equipment. The rehabilitation work was completed and was physically verified.

**Subhead 19001 - Infrastructure Development**

- 2196.** 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 \$5.558M were expended on the occupational survey and clearing of the lands at Amelia's Ward and Block22. The work was undertaken through the recruitment of surveyors and power saw operators. The expenditure was verified with the related payment vouchers and other supporting documents.

**Subhead - Land & Water Transport**

- 2197.** The sum of \$4.3M was allocated for the purchase of an ambulance, a 25HP outboard engine and a 40 HP outboard engine for the health department. Amounts totalling \$2.882M were expended as follows:-

| DESCRIPTION                   | AMOUNT<br>\$ |
|-------------------------------|--------------|
| One Toyota mini-bus           | 1,500,000    |
| One 40HP outboard engine      | 562,000      |
| Purchase of medical equipment | 517,060      |
| One paddle boat               | 15,000       |
| Quotation for mini-bus        | 288,000      |
| 492                           |              |



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**TOTAL**

**2,882,060**

- 2198.** The purchase of the mini-bus was awarded to the lowest of three(3) bidders in the sum of \$1.5M. The bus was handed over to the health department and is being used as an ambulance. In addition, the medical equipment valued at \$517,060 was used to outfit the ambulance. The items were verified as having been received. However, they were not taken on inventory at the time of the audit.
- 2199.** As can be noted from the above, the Region did not purchase the 25HP outboard engine. Instead, a paddle boat was purchased. However, a change in programme was not obtained for the purchase of the paddle boat. In addition, a quotation for \$288,000 was received from a auto dealer for the purchase of another mini bus. However, when the cheque was presented the dealer informed the Region that the price quoted was a mistake. The amount was not refunded to the votes before the close of the financial year. As a result, the Appropriation Account was overstated by the amount of \$288,000. The amount was subsequently refunded to revenue on 29 January 2002.

**Subhead 25001 - Furniture and Equipment (Education)**

- 2200.** The sum of \$4M was voted for the purchase of (a) students' chairs and tables for secondary schools; (b) nursery chairs and tables; and (c) beds and mattresses for students' dormitory and teachers' quarters. The full amount was expended on the purchase of students' chairs, desks, nursery sets, teachers' chairs, filing cabinets, tables, one dinette set, office desks, conference tables and cupboards. However, a change in programme was not obtained for the purchase of the items not provided for in the 2001 Capital Budget. Nevertheless, the items purchased were verified as having been received and distributed to the various schools and the Regional Education Office. However, specific quantities of the items distributed to the various schools could not be determined. In addition, the items were not inventorised.

**Subhead - Equipment (Administration)**

- 2201.** The sum of \$500,000 was provided for the purchase of a computer and printer, tables, chairs, filing cabinets and typist chairs. Amounts totalling \$493,680 were expended on the purchase of two(2) computers and (2)two printers, one(1) heavy duty fan, one(1) large metal writing desk, three(3) sitting chairs and two(2) stabilisers. However, a change in programme was not obtained for the purchase of the items not provided for in the 2001 Capital Budget. Nevertheless, the items purchased were verified as having been received. However, they were not taken on inventory.

**Subhead - Radio Communication**

- 2202.** The sum of \$3M was allocated for the purchase of radio sets for health posts in the Berbice and Demerara rivers. Amounts totalling \$2.856M were expended on the acquisition and installation of six (6) radio sets. The radio sets were physically verified, however, they were not taken on inventory.

**Subhead 28001 - Water Supply**

- 2203.** The sum of \$50M was voted for the improvement of the water supply system in Linden. The full amount was paid over to the Guyana Water Authority (GUYWA) as a subvention for the LINMINE Water Project. The amount was verified as having been received by GUYWA.

## **REPORT ON OTHER ENTITIES**

### **Audits of Public Enterprises**

- 2204.** 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.
- 2205.** 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.
- 2206.** 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.
- 2207.** 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.
- 2208.** In August 2001, however, the Constitution was amended to, inter alia, to delink the Audit Office from the Executive and to place it under Parliamentary oversight. To give effect to this amendment, the Audit Office had 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.

- 2209.** The Public Accounts Committee approved the action plan as well as the proposed organisational structure, job specifications and descriptions, and salary scales. Cabinet also 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.
- 2210.** For the period under review, twenty-two(22) audits have been finalised under the contracting out arrangements referred to above at a total cost of \$42.356M. The following are the details in respect of entities for which audit fees and expenses exceeded \$1M:-

| NAME OF ENTITY                                | YEAR OF ACCOUNTS | FEES & RELATED COSTS \$'000 |
|---|------------------|-----------------------------|
| 1. Guyana Sugar Corporation Ltd.              | 1999             | 6,000                       |
| 2. Guyana Sugar Corporation Ltd.              | 2000             | 6,000                       |
| 3. Guyana National Cooperative Bank           | 2000             | 4,500                       |
| 4. Berbice Mining Enterprise Ltd.             | 1999             | 4,400                       |
| 5. Linden Mining Enterprise                   | 1999             | 4,350                       |
| 6. Guyana Electricity Corporation             | 1998             | 3,267                       |
| 7. Guyana Electricity Corporation             | 1999             | 1,620                       |
| 8. Guyana Post Office Corp.                   | 1995             | 2,000                       |
| 9. Guyana National Newspapers Ltd.            | 2000             | 1,200                       |
| 10. Guyana National Shipping Corporation Ltd. | 2000             | 1,000                       |
| <b>TOTAL</b>                                  |                  | <b>42,356</b>               |

- 2211.** 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.

- 2212.** 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.

- 2213.** 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.
- 2214.** An analysis of the opinions issued in respect of the audits of the twenty-two(22) 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. Seven(7) reports were also qualified opinions because of uncertainties and/or disagreement of a material nature. (See tables below.) These are matters of public concern which should be discussed and debated at the Parliamentary level with a view to effecting improvements in performance on the part of the entities concerned. In the more developed countries, the slightest qualification on the accounts of an entity by the External Auditor may require some form of change in the management of that entity.

#### **DISCLAIMERS OF OPINION**

| <b>NAME OF ENTITY</b>                 | <b>YEAR OF ACCOUNTS</b> |
|---------------------------------------|-------------------------|
| 1. Bauxite Industry Develop. Co. Ltd. | 1995                    |
| 2. Bauxite Industry Develop. Co. Ltd. | 1996                    |
| 3. Bauxite Industry Develop. Co. Ltd. | 1997                    |
| 4. Sanata Textiles Ltd.               | 1999                    |
| 5. Guyana Post Office Corporation     | 1995                    |
| 6. Linden Mining Company Ltd.         | 1999                    |

## QUALIFIED OPINIONS

| NAME OF ENTITY                                     | YEAR OF ACCOUNTS |
|--|------------------|
| 1. Surapana Agricultural & Allied Services Limited | 1999             |
| 2. Guyana Marketing Corporation                    | 1997             |
| 3. Guyana National Printers Ltd.                   | 1999             |
| 4. Guyana National Printers Ltd.                   | 2000             |
| 5. Berbice Mining Company Ltd.                     | 1999             |
| 6. Guyana Electricity Corporation                  | 1998             |
| 7. Guyana Electricity Corporation                  | 1999             |

### Audits of Municipal and District Councils

**2215.** 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.

**2216.** 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.

**2217.** The following table show the status of the audits in respect of the six(6) municipalities at the time of reporting:-

| NAME OF ENTITY             | YEAR LAST AUDITED | REMARKS                                |
|----------------------------|-------------------|--|
| Georgetown City Council    | 1998              | Audit in progress for 1999             |
| 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.     |

**2218.** 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.

**2219.** 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 thirty-two(32) 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, thirty-three(33) opinions were issued in respect of these entities.

### **Audits of Statutory Bodies**

**2220.** I am also the External Auditor of some forty-six(46) 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, twenty-seven(27) audits were finalised for the period under review.

**2221.** The following sets out the status in respect of those entities which are in arrears for five(5) years and over, at the time of reporting:-

| <b>NAME OF ENTITY</b>                  | <b>YEAR LAST AUDITED</b> |
|--|--------------------------|
| National Science Research Council      | 1982                     |
| Sugar Industry and Labour Welfare Fund | 1993                     |
| University of Guyana Pension Scheme    | 1994                     |
| State Planning Commission              | 1991                     |
| Guyana School of Agriculture           | 1996                     |
| Guyana National Energy Authority       | 1997                     |
| Guyana Museum                          | 1996                     |
| Guyana Export Promotion Council        | 1994                     |
| General Nursing Council                | 1992                     |

**2222.** It is also a legal requirement for all statutory bodies to have their audited accounts laid in the National Assembly. However, there was no evidence that audited accounts referred to above were presented to the National Assembly.

### **Audits of Trade Unions**

**2223.** 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.

**2224.** Although some unions have been making efforts to have their accounts audited, others were in severe arrears, and for the period under review, only ten(10) audits for five(5) 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 Teachers' Union                          | 1987                     |
| 4.  | Guyana Local Government Officers' Association   | 1990                     |
| 5.  | Guyana Bauxite and General Workers' Union       | 1997                     |
| 6.  | Guyana Mining, Metal and General Workers' Union | 1993                     |
| 7.  | Guyana Mine Workers' Union                      | Unknown                  |
| 8.  | Association of Masters and Mistresses           | Unknown                  |
| 9.  | University of Guyana Staff Association          | Unknown                  |
| 10. | University of Guyana Workers' Union             | Unknown                  |

**2225.** 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**

**2226.** 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.

**2227.** 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.

- 2228.** For the period under review, it is with some degree of satisfaction that I should report that the Audit Office concluded thirty-eight(38) audits of foreign funded projects, as shown below:-

| <b>FUNDING AGENCY</b>                           | <b>NO. OF OPINIONS</b> |
|---|------------------------|
| Inter American Development Bank                 | 13                     |
| United Nations Development Programme            | 16                     |
| International Development Association           | 4                      |
| United Nations Environment Programme            | 1                      |
| United States Aid for International Development | 3                      |
| International Fund for Agricultural Development | 1                      |
| <b>TOTAL</b>                                    | <b>38</b>              |

#### **ACKNOWLEDGEMENTS**

- 2229.** 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.
- 2230.** 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.