

31 October 2003

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 2002**

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 2002.

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 best 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 2002**

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 2002, as set out in pages 2/1 to 2/233. My audit was carried out in accordance with Sections 26 and 31 of the Financial Administration and Audit Act, Chapter 73:01 of the Laws of Guyana.

Responsibility for the Preparation and Audit of the Accounts

The preparation of the statements and accounts referred to above, including assertions relating to their completeness, accuracy and validity and compliance with applicable laws and regulations, is the responsibility of the Accountant General, Accounting Officers and Principal Receivers of Revenue. My responsibility is to express an independent opinion on these statements based on my audit as well as these assertions and to report my opinion thereon.

Basis of Opinion

I conducted my audit in accordance with generally accepted auditing standards 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 2002. 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 2002.*

B. BALRAM
AUDITOR GENERAL(Ag.)

31 October 2003

**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 2002**

EXECUTIVE SUMMARY

Financial Performance

1. *For the period under review, a surplus of \$2.180 billion of current revenue over current expenditure was recorded. This performance compares favourably with that of 2001 where a deficit of \$2.734 billion was recorded. The surplus resulted mainly from a combination of the following:-*
 - (a) *a decrease of \$1.014 billion in the repayment and servicing of the Public Debt from \$10.913 billion to \$9.899 billion, compared with a decrease of \$4.932 billion in 2001;*
 - (b) *a decrease in current expenditure (excluding the repayment and servicing of the Public Debt) of \$1.006 billion from \$36.133 billion to \$35.127 billion; and*
 - (c) *an increase of \$2.895 billion in current revenue from \$44.312 billion to \$47.207 billion.*
2. *The collection of current revenue exceeded projected levels by 7.68%, compared with similar performances in 2001 and 2000, i.e. an excess of 0.55 % and 13.23%, respectively. Estimated current revenue in 2002 totalled \$43.840 billion while actual collections amounted to \$47.207 billion, giving a budgetary surplus of \$3.367 billion. Of particular importance is the fact that Other Tax Revenues and Internal Revenue exceeded their targets by \$4.167 billion and \$1.402 billion respectively.*
3. *Capital revenue collections from sale of assets, internal loans, external grants and loans, and from other sources, fell short of projected levels by \$11.158 billion. Actual amounts budgeted to be collected totalled \$22.342 billion while the recorded actual collections amounted to \$11.184 billion, giving a percentage shortfall of 49.94%. A similar performance was recorded in 2001 where capital revenue collections fell below the projected level of \$23.349 billion by \$11.148 billion or 47.75%.*
4. *Capital expenditure also fell below estimated levels. Of a total amount of \$22.793 billion budgeted to be spent on capital projects, sums totalling \$16.859 billion were actually expended, giving a shortfall of \$5.934 billion or 26.03%, compared with a shortfall in 2001 of \$4.299 billion or 19.09% of the revised allocations.*

The Public Debt

5. *The Public Debt of Guyana (i.e. debts which are required to be serviced out of the Consolidated Fund only and which do not include those of Bank of Guyana and parastatal entities) stood at G\$315.712 billion as at 31 December 2002, the external portion accounting for G\$211.820 billion. In equivalent United States dollars, the Public Debt was US\$1.651 billion, the external debt accounting for US\$1.107 billion.*
6. *Compared with 2001, the Public Debt has increased by G\$4.885 billion, the external portion accounting for G\$4.135 billion. In terms of US dollars, the external debt increased by US\$16M from US\$1.091 billion to US\$1.107 billion. The internal debt has increased by G\$750M from G\$103.141 billion to G\$103.891 billion. Expressed as a factor of current revenue, the Public Debt at the end of 2002 was 6.69 times current revenue, compared with a factor of 7.01 at the end of 2001 and 7.12 at the end of 2000.*
7. *As mentioned above, there was a net decrease of G\$1.014 billion in the repayment and servicing of the Public Debt. This decrease resulted from decreases of \$539.112M and \$584.303M from \$4.852 billion to \$4.313 billion and \$2.948 billion to \$2.364 billion in the repayments of internal interest and external principal, respectively.*
8. *Expressed as a percentage of current revenue, the repayment and servicing of the Public Debt in 2002 represented 20.97% of current revenue, compared with 24.62%, 35.52% and 31% in 2001, 2000 and 1999 respectively.*

The Cash Position of the Government

9. *The Consolidated Fund was overdrawn by \$45.455 billion as at 31 December 2002, compared with overdrafts of \$63.726 billion, \$54.263 billion and \$57.110 billion at the end of 2001, 2000 and 1999, respectively. These significant increases in overdraft over the years 1999 to 2001 were mainly due to the failure to reconcile the various Government bank accounts and to pay over sums due to the Consolidated Fund. However, it was noted that the overdraft decreased by \$18.271 billion from 2001 to 2002, mainly as a result of unspent balances for the years 1998 to 2000 being refunded to the Consolidated Fund during 2002. 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 total sum 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 \$15.523 billion at the end of 2002, compared with \$15.983 billion, \$22.143 billion and \$14.101 billion as at the end of 2001, 2000 and 1999 respectively. In the absence of the reconciliation of the vast majority of the Government's bank accounts, the positive balance*

of \$15.523 billion represents the best available estimate of the cash position of the Government as at 31 December 2002.

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

DESCRIPTION	AMOUNT 2001 \$M	AMOUNT 2002 \$M
Consolidated Fund	(63,726)	(45,455)
Deposits Fund	2,269	2,213
Contingencies Fund	141	969
General Account	25,795	8,113
Non-Sub-Accounting Ministries/Departments	9,635	7,477
Other Ministries/Departments' Accounts	1,641	(2,130)
Monetary Sterilisation Account	40,228	44,336
TOTAL	15,983	15,523

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 those of any other overseas bank accounts held by the Government. Of particular importance was the overdrawn balance of £200,212 and accumulated interest of £1,496,053 totalling £1.696M equivalent to G\$468.473M as at 31 December 1998 in respect of amounts due by the Guyana High Commission in London to Lloyds Bank in London. (The figures at the end of 2002 were not available up to the time of reporting.) Interest charges were several times the actual overdraft, which is an indicator of the length of time the overdraft had been in existence. In addition, this overdrawn balance has been attracting interest every six(6) months and unless urgent action is taken to liquidate it, the indebtedness to the Bank would continue to increase significantly through the accumulation of interest charges.
13. According to the audited accounts of Bank of Guyana for 2002, the total amount held in special accounts on behalf of the Government, as at 31 December 2002 was \$20.960 billion. Of this amount, sums totalling \$3.395 billion relate to the HIPC relief on the Bank of Guyana's liability to the CARICOM Multilateral Clearing Facilities while amounts totalling \$16.717 billion are funds, which are transferable to the Consolidated Fund. Had such funds been transferred, the cash position as at 31 December 2002 would increase to \$32.240 billion.
14. 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

15. *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 but an order to bring it into operation has not been issued by the Minister of Finance.*

Review of the Financial Management System

16. *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.*
17. *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. It was however, noted that the Ministry of Finance is in the process of drafting a new legislation to improve the Government financial administration.*

Inadequacy of Staffing and the Absence of Internal Audits

18. *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. It was however noted that the Government has recently completed (July 2003) Phase I of the Public Sector Modernisation Project, which would determine the staff requirements of the various Ministries, Departments and Regions.*

Key Findings Relating to Ministries/Departments/Regions

19. *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. In some instances, cash books were kept open until 16 January 2003 and payments were backdated to 31 December 2002. It was however, noted that some Ministries/Departments have since been taking steps to refund unspent balances.

20. *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.*
21. *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 2002, amounts totalling \$1.984 billion were received as the Government’s share of the Lotteries while payments totalling \$1.869 billion were made. However, only the amount of \$208.770M was transferred to the Consolidated Fund in December 2002, leaving a balance of \$115M as at 31 December 2002.*
22. *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 January 2003.*
23. *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.*
24. *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.*
25. *In relation to the Ministry of Agriculture, a number of statutory bodies in receipt of subventions from the Ministry were also significantly in arrears in terms of financial reporting. In addition, expenditure for warrants issued to the Regions were not awarded on a competitive basis using tender board procedures.*
26. *At the Ministry of Education, there was continued abuse of the main bank account through the issuance of advances, despite related comments in previous years. Of the advances issued, 507 totalling \$54.500M remained uncleared during the years 1997 to 2002.*

27. *In relation to the Customs and Excise Department, a total of 915 cargo vessels arrived in port in 2002. However, completed ship's files in respect of only 781 were made available for audit examination. The remainder were still at the various transit sheds. In relation to the Inland Revenue Department, there were 3,960 registered companies. However, only 458 submitted annual returns.*
28. *In relation to the Ministry of Public Works & Communication, the unspent balance on releases for the year 2002 amounted to \$51.663M. However, it was observed that an amount of \$65.065M was refunded to the Consolidated Fund. In addition, several contracts were awarded through a selective tendering process. However, a waiver of Tender Board Procedures was not obtained as required by the Tender Board Regulations.*
29. *In relation to Georgetown Public Hospital Corporation, amounts totalling \$10.704M were collected as revenue during the period under review. However, these amounts were not remitted to the Consolidated Fund. This situation constitutes a breach of Section 17 of the Financial Administration and Audit Act. In addition, 329 payments vouchers totalling \$74.523M were not presented for audit examination.*
30. *In relation to the Ministry of Health, 249 contracts valued at \$8.961M were awarded for vehicle repairs, while amounts totalling \$4.550M were expended on purchases of spares. These costs appeared to be excessive. In addition, a large quantity of gifts was received during the year. However, there was no evidence that these gifts were valued for incorporation in the Public Accounts.*
31. *At Regions 1,2, 3, 5,6,7 and 9 storekeeping and stores accounting were unsatisfactory. In addition, despite previous years recommendations, logbooks were not maintained for several vehicles and equipment belonging to the Regions. Further, with the exception of Region 7, a significant number and value of cheque orders remained uncleared.*

**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 2002**

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 2003, 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 thirty five(35) of the one hundred and eight five(185) appropriation and revenue accounts required to be submitted, were not received. Submissions were, however, made subsequently on varying dates, the last being the Statement of the Receipts and Payments of the Consolidated Fund, the Statement of the Revenue Actually paid into the Consolidated Fund as Compared with the Estimates of Revenue, the Statement of the Expenditure from the Consolidated Fund as Compared with the Estimates of Expenditure, and the Current Assets and Liabilities of the Government by the Accountant General which were received on 17 September 2003.
- 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 2002, 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 signature by the officer preparing it; and
 - Entries in the cash book relating to revenue and other receipts were not made in the relevant month but several months later. The Accountant General 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.
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 2002, the overdraft on this account was \$45.455 billion, compared with overdrafts of \$63.726 billion, \$54.263 billion and \$57.110 billion at the end of 2001, 2000 and 1999 respectively. At the end of 1998, the overdraft on this account was \$52.568 billion, compared with overdrafts of \$40.407 billion, \$38.229 billion and \$22.457 billion at the end of 1997, 1996 and 1995 respectively. In other words, over the period 1995 to 2002, the overdraft on the Consolidated Fund increased by \$22.998 billion. However, it was noted that the overdraft decreased by \$18.271 billion from 2001 to 2002, mainly as a result of unspent balances for the years 1998 to 2000 refunded to the Consolidated Fund during 2002.
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 \$15.523 billion as at 31 December 2002, compared with positive balances of \$15.983 billion, \$22.143 billion, \$14.101 billion and \$12.437 billion at the end of 2001, 2000, 1999 and 1998, respectively.
26. In the absence of the reconciliation of the vast majority of these accounts, the positive balance of \$15.523 billion represents the best available estimate of the cash position of the Government as at 31 December 2002.
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 2001 \$M	AMOUNT 2002 \$M
Consolidated Fund	(63,726)	(45,455)
Deposits Fund	2,269	2,213
Contingencies Fund	141	969
General Account	25,795	8,113
Non-Sub-Accounting Ministries/Departments	9,635	7,477
Other Ministries/Departments' Accounts	1,641	(2,130)
Monetary Sterilisation Account	40,228	44,336
TOTAL	15,983	15,523

28. The figure of \$15.523 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 was the overdrawn balance of £200,212 and accumulated interest of £1,496,053 totalling £1.696M equivalent to G\$468.473M as at 31

December 1998 in respect of amounts due by the Guyana High Commission in London to Lloyds Bank in London. (The figures at the end of 2002 were not available up to the time of reporting). Interest charges were several times the actual overdraft, which is an indicator of the length of time the overdraft had been in existence. In addition, this overdrawn balance has been attracting interest every six(6) months and unless urgent action is taken to liquidate it, the indebtedness to the Bank would continue to increase significantly through the accumulation of interest charges.

29. According to confirmation received from the Bank of Guyana, the total amount held in special accounts on behalf on the Government as at 31 December 2002 was \$20.960 billion. Of this amount, sums totalling \$3.395 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.
30. The following balances held in the special accounts are, however, funds which appear to be transferable to the Consolidated Fund:-

ACCOUNT NO.	DESCRIPTION	AMOUNT \$'000
200880	Accountant General	2,532,371
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	6,352,425
201160	Agricultural Sector Programme – Lo. 965-SF/GY	5,558,235
201200	CPF-8 th EDF Structural Adjustment Programme	124,785
201210	EPDS – Buy Back Programme	548,972
TOTAL		16,717,360

31. 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 \$32.240 billion as at 31 December 2002.

- 32.** 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.
- 33.** The balance on A/c No. 200880 at the beginning of 2002 was \$1.328 billion. During the year, amounts totalling \$1.732 billion were received, of which sums totalling \$1.329 billion relate to debt relief under the HIPC Initiative. During the year, payments totalling \$526.859M were made of which sums totalling \$461.144M relate to debt relief and \$41M relate to transfers to the Consolidated Fund. This gives a closing balance of \$2.532 billion.
- 34.** 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.
- 35.** 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.
- 36.** 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.
- 37.** 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.

- 38.** 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 2002. There was no movement since 1997.
- 39.** 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.
- 40.** 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.
- 41.** In respect of paragraphs 34 to 40 above, the Accounting Officer explained that these accounts were being reviewed and steps would be taken to close them and transfer the balances to the Consolidated Fund.
- 42.** 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 \$142.094M. Interest and deposit totalling \$17.306M were received during the year while an amount of \$34.616M was transferred to the National Authorising Task Force.
- 43.** 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.
- 44.** The Statement of Receipts and Payments of the Consolidated Fund, comprising both capital and current accounts, is shown on pages 2/1 to 2/8 and is summarised below with comparative figures for the two(2) preceding years:-

	2002 \$'000	2001 \$'000	2000 \$'000
Current Receipts	47,206,545	44,311,511	43,389,404
Capital Receipts	11,184,074	12,201,148	17,293,048
	58,390,619	56,512,659	60,682,452
Current Payments	46,231,763	49,578,000	51,540,375
Capital Payments	16,505,305	19,182,397	17,110,479
	62,737,068	68,760,397	68,650,854
Excess of Receipts over Payments	(4,346,449)	(12,247,738)	(7,968,402)

45. As can be noted, there has been a deficiency of receipts over payments of \$4.346 billion, compared with similar deficiencies of \$12.248 billion and \$7.968 billion in 2001 and 2000 respectively. The main reason for this deficiency was that payments to meet capital expenditure exceeded capital revenue by \$5.321 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 \$859.508M.
46. An examination of the Cash Book of the Consolidated Fund kept by the Accountant General revealed that sums totalling \$88.760 billion were received and deposited into this account, compared with \$58.391 billion reported in the financial statements, giving a difference of \$30.369 billion.
47. A similar observation was made in respect of payments. The cash book reflected an amount of \$75.333 billion while the financial statements showed \$62.737 billion, a difference of \$12.596 billion. Further examination revealed that proceeds from the issuing of Treasury Bills totalling \$12.371 billion and the redemption of Treasury Bills totalling \$12.322 billion were not reflected in the financial statements. Taking this into account, there still remains unexplained differences of \$17.998 billion and \$274 million between the financial statements and the related cash book in terms of receipts and payments of the Consolidated Fund respectively.
48. The divestment bank account No. 3179 reflected a balance of \$9.878M as at 31 December 2002. It was explained that action is being taken to close the account and transfer the amount to the Consolidated Fund.

49. Amounts totalling \$862.580M representing dividends and transfers were paid into the Consolidated Fund and shown as current revenue. In addition, according to the records of NICIL, additional amounts totalling \$425.932M were received as dividends and deposited in the Consolidated Fund, However there was no evidence that this amount was brought to account in the records of the Accountant General's Department. Further, an investment register was not kept at the Ministry of Finance to monitor Government's investments. 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.
50. All gifts received by Ministries/Departments/Regions are to be valued and brought to account by the individual Ministries, Departments and Regions. Periodic returns are also to be submitted to the Ministry of Finance and the values of these gifts are to be reflected in the Country's accounts as Miscellaneous Revenue. However, although there was evidence of the receipt of numerous gifts during the year, there was no evidence of adherence to these procedures. As a result, the amount of \$697.027M representing Miscellaneous Receipts has been understated by an undetermined amount. The failure to properly account for gifts received has been the subject of adverse comments in my previous reports, and it is again disappointing that no improvement can be reported.

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

51. The Statement of Revenue Actually paid into the Consolidated Fund as compared with the Estimates of Revenue, comprising both capital and current, is shown on page 2/9 and is summarised below with comparative figures for the two(2) preceding years:-

	2002 \$'000	2001 \$'000	2000 \$'000
CURRENT REVENUE			
Revenue Actually Paid into Consolidated Fund	47,206,545	44,311,511	43,389,404
Estimates of Revenue	43,840,300	44,067,771	38,319,465
Over/(Under) the Estimates	3,366,245	243,740	5,069,939
CAPITAL REVENUE			
Revenue Actually Paid into Consolidated Fund	11,184,074	12,201,148	17,293,048
Estimates of Revenue	22,342,232	23,348,584	17,678,937
Over/(Under) the Estimates	(11,158,158)	(11,147,436)	(385,889)

- 52.** The collection of current revenue in 2002 exceeded projected levels by 7.68%, compared with similar performances in 2001 and 2000, i.e. an excess of 0.55%, and 13.23% respectively. Estimated current revenue in 2002 totalled \$43.840 billion while actual collections amounted to \$47.207 billion, giving a budgetary surplus of \$3.366 billion. Compared with 2001, total current revenue collections, however, increased by \$2.895 billion or 6.53%.
- 53.** In relation to capital revenue, collections from sale of assets, internal loans, external grants and loans and from other sources fell short of projected levels by \$11.158 billion or 49.94%, compared with a similar shortfall of \$10.554 billion or 45.20% and an excess of \$669.162 million or 3.79% in 2001 and 2000, respectively. Estimated capital revenue from all sources totalled \$22.342 billion while actual revenue collected was \$11.184 billion.
- 54.** Proceeds from external loans fell short of the projected levels by \$3.133 billion or 27.87%, compared with a shortfall of \$5.931 billion or 41.82% in respect of 2001. Of the amount of \$11.244 billion budgeted as inflows from external loans, actual inflows amounted to \$8.110 billion. In relation to external grants, of the amount of \$3.387 billion budgeted, actual inflows amounted to \$1.303 billion. These figures would be affected by the observations made in the relevant sections of this report on the capital programmes of individual Ministries and Departments where several instances were noted of disbursements made by funding agencies which had not been brought to account as capital revenue. In addition, under the United Nations Development Programme, amounts totalling US\$1.376M, equivalent to \$263.133M were disbursed by way of grants to various Government agencies. These were reflected neither in the estimates of revenue and expenditure for 2002 nor in the public accounts.

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

55. The Statement of Expenditure from the Consolidated Fund as compared with the Estimates of Expenditure, comprising both current and capital, is shown on pages 2/10 to 2/14, and is summarised below with comparative figures for the two(2) preceding years:-

	2002 \$'000	2001 \$'000	2000 \$'000
CURRENT EXPENDITURE			
Actual Expenditure	45,026,924	47,045,985	48,133,683
Revised Estimates	45,763,679	50,304,086	52,144,670
Over/(Under) the Estimates	(736,755)	(3,258,101)	(4,010,987)
CAPITAL EXPENDITURE			
Actual Expenditure	16,858,540	18,215,664	16,784,664
Revised Estimates	22,793,145	22,514,544	18,212,633
Over/(Under) the Estimates	(5,934,605)	(4,298,880)	(1,427,969)

56. There has been an overall decrease of \$2.019 billion or 4.29% in current expenditure in 2002, compared with a decrease of \$1.088 billion or 2.26% in 2001. This was due to the following:-
- (a) a decrease of \$1.014 billion or 9.29% in the repayment and servicing of the Public Debt from \$10.913 billion to \$9.899 billion; and
 - (b) a decrease of \$1.006 billion or 2.78% in expenditure by Ministries, Departments and Regions, compared with an increase of \$3.844 billion or 12.31% in 2001. Employment costs have increased by \$909.502 million or 6.18% while expenditure on Other Charges decreased by \$1.956 billion.
57. Capital expenditure has decreased by \$1.357 billion or 7.45%, compared with an increase of \$1.431 billion or 8.53% in 2001. Compared with the Revised Estimates, there has been a shortfall of \$5.935 billion or 26.04%. A similar shortfall of \$4.299 billion or 19.09% was noted in 2001. 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.

58. The main Ministries which have not achieved their anticipated levels of capital expenditure activity in 2002 are as follows:-

NAME OF MINISTRY/ DEPARTMENT	REVISED ESTIMATES \$'000	ACTUAL EXPEND. \$'000	SHORTFALL \$'000
Min. of Works – Air Transport	562,450	122,555	439,895
Min. of Works – Sea Defences	1,764,567	1,425,565	339,002
Min. of Works - Comm.	1,262,730	743,437	519,293
Min. of Finance	5,319,926	3,759,572	1,560,354
Min. of Tourism, Comm. & Ind.	241,700	38,299	203,401
Min. of Housing & Water	1,080,327	752,505	327,822
Min. of Education	950,400	529,901	420,499
Secondary Sch. Reform Proj.	645,750	280,203	365,547
Min. of Labour - SIMAP	861,190	511,092	350,098
Min. of Works – Bridges/Roads	890,751	629,352	261,399
TOTAL	13,579,791	8,792,481	4,787,310

STATEMENT OF THE PUBLIC DEBT

59. 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.
60. 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.
61. 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. The Accounting Officer explained that these matters were being addressed.

62. 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.
63. The reported Public Debt as at 31 December 2002 (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 2/31 and is summarised below:-

DESCRIPTION	EXTERNAL G\$'000	INTERNAL G\$'000	TOTAL G\$'000
Unfunded	211,820,322	55,032,695	266,853,017
Funded	-	-	-
Sub-total	211,820,322	55,032,695	266,853,017
Treasury Bills			
(90 days)	-	1,939,500	1,939,500
(182 & 365 days)	-	46,919,050	46,919,050
TOTAL	211,820,322	103,891,245	315,711,567

64. As can be noted, the total Public Debt stood at \$315.712 billion, compared with G\$310.827 billion at the end of 2001, an increase of G\$4.885 billion. In equivalent United States dollars, the total Public Debt as at 31 December 2002 was US\$1.651 billion. Expressed as a factor of current revenue, the total Public Debt at the end of 2002 was 6.69 times current revenue, compared with a factor 7.01 at the end of 2001 and 7.12 at the end of 2000.

65. The External Debt at the end of 2002 was G\$211.820 billion, compared with G\$207.686 billion at the end of 2001, an increase of G\$4.134 billion. In equivalent United States dollars, the External Debt as at 31 December 2002 was US\$1.107 billion, compared with US\$1.091 billion at the end of 2001, an increase of US\$16M. This increase was due mainly to (a) repayments totalling US\$17.526M (b) disbursements totalling US\$55.176M in respect of loans contracted and (c) the movement of the exchange rate from US\$1 = G\$190.3291 to US\$1 = G\$191.27063. The Internal Debt has, however, increased by G\$750M from G\$103.141 billion to G\$103.891 billion. In 2001, the Internal Debt had decreased by G\$14.181 billion.
66. During the period under review, there were five(5) 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

67. 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.
68. 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.
69. According to the Statement of Outstanding Loans or Credits Guaranteed by the Government, as set out on page 2/32, the total outstanding liability as at 31 December 2002 was \$1.308 billion, compared with \$7.233M at the end of 2001, an increase of \$1.301 billion.
70. 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 2002, 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 2002. 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.

71. 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 as is evidenced in 2002 where the outstanding loans or credits exceeded this limit by \$308.291M.

STATEMENT OF OUTSTANDING LOANS AND ADVANCES MADE FROM THE CONSOLIDATED FUND

72. 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.

73. The statement of outstanding loans and advances made from the Consolidated Fund as at 31 December 2002 is shown on pages 2/33 to 2/37 and is summarised as follows:-

DESCRIPTION	AMOUNT \$'000
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
TOTAL	6,652,678

74. 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 2002, 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.
75. 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. It was however, noted that approval was obtained for the write-off of amounts totalling \$5.551M in May 2003.
76. 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 2002 could not be determined.

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

77. 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.
78. The Statement of Statutory Expenditure for 2002 is shown on page 2/38, and is summarised below with comparative for the preceding two(2) years:-

DESCRIPTION	2002 \$'000	2001 \$'000	2000 \$'000
Internal Debt - Principal	124,562	101,135	2,398,037
" " - Interest	4,312,827	4,851,939	5,031,287
External Debt - Principal	2,363,539	2,947,841	3,614,428
" " - Interest	3,098,511	3,012,081	4,801,252
Sub-Total	9,899,439	10,912,996	15,845,004
Constitutional Offices	334,872	312,926	300,135
Pensions & Gratuities	910,704	894,219	703,807
Payments to Dependants' Pension Fund	7,125	4,847	6,955
Total Statutory Expenditure	11,152,140	12,124,988	16,855,901

79. As can be noted, the repayment and servicing of the Public Debt decreased by \$1.014 billion or 9.29% from \$10.913 billion to \$9.899 billion, compared with a decrease of \$4.932 billion in 2001. This decrease was due mainly to decreases of \$539.112M and \$584.302M in repayment of internal interest and external principal respectively.
80. Expressed as a percentage of current revenues, the repayment and servicing of the Public Debt in 2002 represented 20.97% of current revenue, compared with 24.62%, 35.79%, 31% and 41.14% in 2001, 2000, 1999 and 1998 respectively. In other words, over the last five(5) years, on average 30.70% of current revenues went towards the repayment and servicing of the Public Debt.

- 81.** It should be noted that, for the period under review, interest charges relating to the servicing of the Public Debt totalled \$7.411 billion, representing 74.87% of the total payments thereof, compared with \$7.864 billion or 72.06% in 2001. In 2000, 62.05% of the repayment and servicing of the Public Debt represented interest charges. In other words, over the last three(3) years interest charges averaged 69.66% 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**

- 82.** 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.
- 83.** 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.
- 84.** The Statement of Receipts and Payments of the Contingencies Fund for the year ended 31 December 2002 is shown on pages 2/39 to 2/44. Total payments of the Contingencies Fund amounted to \$2.101 billion, compared with \$1.024 billion in 2001, an increase of \$1.077 billion. Total receipts from the Consolidated Fund amounted to \$1.358 billion, compared with \$1.351 billion in 2001, an increase of \$7M. This gives an excess of payments over receipts of \$743M.

85. The following is a summary of the payments made from the Contingencies Fund for the period under review:-

DESCRIPTION	NO. OF ADVANCES	AMOUNT \$'000
Ministry of Finance – BERMINE, LINMINE, GPL, Youth Choice Initiative, boxing champions etc.	13	1,268,157
Ministry of Home Affairs – Purchase of bullet proof vests, helmets, arms & ammunitions, etc.	8	216,524
Office of the President – Payment of salaries & Operational cost, GS&WC, Guywa etc.	7	201,499
Region No. 4 – Payment for security services	6	27,380
Region No. 5 – Payment for security services	5	8,100
Region No. 6 – Payment for security services	4	16,996
Region No. 1 – Payment for security services	4	7,362
Region No. 3 – Repairs to vehicles, weeding etc.	4	7,083
Ministry of Public Works – complete specific Component for IDB contract, rehab. of drains etc.	2	25,866
Region No. 10 – Purchase of generator, etc.	2	19,386
Other Ministries/Departments	7	302,522
TOTAL	62	2,100,875

86. As at 31 December 2002 sixty-eight(68) advances totalling \$1.331 billion remained outstanding. Taking into account the closing cash book balance of \$32.214M, the balance on the Contingencies Fund as at 31 December 2002 was \$1.363 billion.
87. According to the FAA Act, the level of the Contingencies Fund should not exceed 2% of the previous year's estimated expenditure. Estimated total expenditure for 2001 was \$65.609 billion and the level of the Fund in 2002 was \$1.363 billion, resulting in the level of the Fund being exceeded by \$51.066M.
88. Included in the amount of \$1.331 billion 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. The Accounting Officer gave the assurance that action will be taken to clear these advances.

89. 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.
90. 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:-

MINISTRY	PARTICULARS	AMOUNT \$'000
Ministry of Finance	Payment to GPL etc.	150,000
Ministry of Housing	Electricity charges	150,000
Min. of Foreign Affairs	Telephone charges, operating expenses etc.	15,875
Region No. 10	Payment for security services	14,886
Region No. 4	Payment for security services	12,766
Region No. 6	Payment for security services	5,000
TOTAL		348,527

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

91. 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.
92. 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.
- 93.** 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.
- 94.** Prior to 1996, the last audited Statement of Deposits held by the Accountant General and Outstanding Advances made there from 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.
- 95.** The Statement of Deposit held by the Accountant General and Outstanding Advances made there from is shown on pages 2/45 to 2/46 and is summarised below:-

Balances Held on Deposit	\$'000
Held for Investments	1,344,137
" on behalf of Ministries/Departments/Regions	1,045,369
" " " " Dependants' Pension Fund	285,747
" " " " Sugar Industry Welfare Committee	60,198
TOTAL	2,735,451

Outstanding Advances	\$'000
Personal	6,814
Motor Vehicles	100,960
Bicycles & Motor Cycles	492
Furniture	0
Statutory Bodies	1,554,456
TOTAL	1,662,722

96. As can be noted, the balance on the Deposits Fund as at 31 December 2002 was \$2.735 billion while the bank account reflected a balance of \$2.213 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.
97. The amount of \$1.344 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.
98. 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 \$1.663 billion shown as advances outstanding as at 31 December 2002 could not be substantiated.
99. The Statement also includes an amount of \$285.747M 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.
100. 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

101. 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.
102. 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.

- 103.** 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.
- 104.** The Statement of Current Assets and Liabilities of the Government for the year ended 31 December 2002 was prepared using the same approach adopted for 1999. It is shown on Page 2/47 and is summarised as follows:-

	\$M	\$M
CURRENT ASSETS		
Cash at Bank of Guyana in respect of Central Government accounts		15,523
Cash at Bank of Guyana in respect of special accounts		16,717
		32,240
LESS: CURRENT LIABILITIES		
90 days Treasury Bills	1,940	
180 days Treasury Bills	10,189	
360 days Treasury Bills	36,730	
	48,859	
Sugar Industry Welfare, Labour, Rehabilitation, and Price Stabilisation funds	1,344	
Miscellaneous deposits	1,045	
Dependants' Pension Fund and Sugar Industry Welfare Committee	346	51,594
NET CURRENT LIABILITY AS AT 31 DECEMBER 2002		19,354

- 105.** As can be noted, current assets totalled \$32.240 billion while current liabilities amounted to \$51.594 billion, resulting in a net current liability of \$19.354 billion. This gives the best available estimate of the financial position of the Government as at 31 December 2002.

106. In relation to the amount of \$15.523 billion shown as balances held at the Bank of Guyana in respect of Central Government, the following gives a breakdown, with comparative figures at the end of the preceding year:-

DESCRIPTION	AMOUNT 2001 \$M	AMOUNT 2002 \$M
Consolidated Fund	(63,726)	(45,455)
Deposits Fund	2,269	2,213
Contingencies Fund	141	969
General Account	25,795	8,113
Non-Sub-Accounting Ministries/Departments	9,635	7,477
Other Ministries/Departments' Accounts	1,641	(2,130)
Monetary Sterilisation Account	40,228	44,336
TOTAL	15,983	15,523

107. 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 balance of \$8.113 billion at the end of 2002. 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.
108. 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 \$7.477 billion as at the end of 2002, 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.
109. 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.

- 110.** 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. It was however, noted that the Ministry of Finance is in the process of drafting a new legislation to improve the Government financial administration.
- 111.** 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.
- 112.** In respect of the bank accounts of Ministries, Departments and Regions, as can be noted, the total of all the bank balances amounted to (\$2.131) billion at the end of 2002, of which the following reflected balances in excess of \$100M:-

ACCOUNT NO.	DESCRIPTION	AMOUNT \$'000
102	Accountant General Interest on Bonds	3,719,489
404	Redemption of Treasury Bills A/c	(15,332,140)
500	National Insurance - National Insurance Fund A/c	279,629
902	Ministry of Labour - Public Asst. Imprest A/c	(270,586)
922	Primary Education Improvement Project	120,727
946	Ministry of Health - Main A/c	(102,899)
954	Co-ordinator Urban Development - Main A/c	277,340
964	Government of Guyana Omai Royalties	367,670
981	Revenue & Deposits Fund Receipts	809,668
986	Guyana Sea Defence - General A/c	152,969
993	Student Loan Fund A/c	252,506
1010	Ministry of Public Works - Main A/c	272,502
1012	Counter-Part Funds Infrastructure Rehabilitation Project	331,594
3006	Office of the President - Main A/c	248,002
3014	Customs & Excise Revenue A/c	526,537
3018	Revenue A/c - Licence Revenue Officer	128,766
3020	Ministry of Home Affairs - Main A/c	157,505
3025	Inland Revenue Department - Revenue A/c	1,302,500
3034	Ministry of Home Affairs - Police A/c	224,419
3046	Region 6 Sub-Treasury A/c	169,154
3051	Guyana Defence Force - Sub-Treasury A/c	259,950
3054	Ministry of Agriculture - Main A/c	109,021
3061	Ministry of Education & Cultural Dev. Main A/c	239,091
3079	Ministry of Health - Main A/c	392,100
3119	New National Lotteries A/c	133,259
3215	Ministry of Health - Lotto Fund A/c	144,769
3239	Guyana Lands and Surveys Commission A/c	130,092
4004	Supreme Court - Main A/c	146,228
TOTAL		(4,810,138)

- 113.** As can be noted, the Redemption of Treasury Bills Account No. 404 was overdrawn by \$15.332 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.
- 114.** In my 2001 Report, it was stated that there was a large balance of \$4.361 billion in the Inland Revenue Main Account No. 3025, resulting from a technical error made in 1999. As at 31 December 2002, the balance on this account was reduced to \$1.302 billion. The Accounting Officer explained that action was being taken to transfer this latter amount to the Consolidated Fund and close the account.

- 115.** In my report for 2001 it was stated that there were 567 inactive bank accounts as at 31 December 2001. During the period review, Accountant General's Department decided to close most of the inactive accounts and transferring the balances to the Consolidated Fund. However, as at 31 December 2002 there were thirty-three(33) accounts inactive with net balances totalling \$1.385 billion, which included twenty-eight(28) accounts with overdrawn balances totalling \$665.441M. Shown below is a list of inactive accounts in overdraft (in excess of \$1M).

ACCOUNT NO.	DESCRIPTION	AMOUNT \$'000
112	Commissioner Inland Revenue - PAYE A/c	32,949
213	Ministry of Labour & Social Security	26,565
301	Sub-Comptroller Customs - NA Imprest A/c	9,417
444	Ministry of Foreign Affairs - Imprest A/c	51,635
506	Accountant General - Salaries A/c	1,946
861	Region No. 10 - Salaries A/c, Education	5,466
902	Ministry of Labour - Public Assistance Imprest A/c	270,586
926	Ministry of Education & Cultural Dev. - Main A/c	78,115
929	Ministry of Public Works & Communication A/c	8,268
932	Office of the President & CAB - Main A/c	28,930
938	Ministry of Agriculture - Main A/c	6,597
946	Ministry of Health - Main A/c	102,899
3013	Comptroller of Customs & Excise - Salaries A/c	3,133
3024	Inland Revenue Department - Salaries A/c	1,242
3076	District Commissioner - East Coast	20,915
3077	District Commissioner - East Bank	8,548
3095	GAHEF - Salaries A/c	1,201
3112	West Demerara Magistrate District Bastardy & Maint.	5,466
	TOTAL	663,878

- 116.** As at 31 December 2002 the number of active bank accounts totalled 283, 7 of which (excluding the Consolidated Fund) were overdrawn by amounts totalling \$15.334 billion. The Treasury Bill Account was overdrawn by \$15.332 billion.
- 117.** 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.

- 118.** 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.
- 119.** 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.
- 120.** 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.
- 121.** 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.
- 122.** As can be noted, the Monetary Sterilisation Account reflected a balance of \$44.336 billion as at 31 December 2002, compared with \$40.228 billion as at 31 December 2001 and \$34.561 billion at the end of 2000. However, according to the Public Debt Statement, as at 31 December 2002, amounts totalling \$46.919 billion were outstanding in respect of medium-term Treasury Bills, giving an unexplained difference of \$2.583 billion.
- 123.** 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 2002 was \$20.960 billion. Of this sum, amounts totalling \$16.717 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.
- 124.** 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 2002, could not be satisfactorily determined.

APPROPRIATION ACCOUNTS OF ACCOUNTING OFFICERS

- 125.** The appropriation accounts of Accounting Officers for the year ended 31 December 2002 in respect of the votes for which they were responsible, comprising both capital and current, are shown on pages 2/48 to 2/215. 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

- 126.** The statements of receipts and disbursements by Principal Receivers of Revenue for the year ended 31 December 2002 are shown on pages 2/216 to 2/233. These statements are also subject to the comments made under the relevant sections of this report dealing with the accounts of Ministries/ Departments/Regions.

REPORTS BY MINISTRIES/DEPARTMENTS/REGIONS

HEAD 01 & DIVISIONS 501 & 502

OFFICE OF THE PRESIDENT

Current Expenditure

Employment Costs

- 127.** At the time of the audit in July 31, 2003, the salaries bank account No.3007, which reflected a balance of \$7.355M as at 31 December 2002, was only reconciled to August 2002. The Accounting Officer explained that efforts were being made to bring the reconciliation up to date. At the time of reporting in August 2003, reconciliation for the month of September 2002 was in progress.
- 128.** An examination of the reconciliation statements for the year in respect of account No.3009 revealed that there were four(4) unrepresented cheques valued at \$55,197 which had become stale dated. It was, however, noted that these cheques were written back to the cash book in September 2003.
- 129.** An examination of the Register of Contribution to the National Insurance Scheme(NIS) revealed that thirteen(13) employees were not registered with the Scheme. Since contributions have implications for social security and other benefits, it is imperative that these employees be registered with the Scheme. The Accounting Officer explained that efforts were being made to have these officers registered.

Other Charges

- 130.** The main bank account No. 932, which ceased to be operational in June 1996, was overdrawn by \$28.929M as at 31 December 2001. Evidence was seen that Bank of Guyana was written on the 11 September 2001. However, it is again recommended that follow-up action be taken on this matter.
- 131.** Amounts totalling \$9.815M were expended on Materials, Equipment and Supplies. The following is a break down of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Office materials and supplies	6,740
Print and non-print	2,587
Field materials and supplies	323
Drugs and medical supplies	165
TOTAL	9,815

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

AUTHORITY LIMIT	NUMBER OF PURCHASES	AMOUNT \$'000
Below \$90,000	169	4,612
\$90,000 - \$180,000	20	2,400
\$180,000 - \$600,000	10	2,803
TOTAL	199	9,815

133. A system of quotation was followed for twenty(20) purchases totalling \$2.4M falling within the limits of \$90,000 and \$180,000. In addition, ten(10) purchases totalling \$2.803M were adjudicated by the Ministerial Tender Board. Based on test checks, the items purchased were verified as having been received and properly brought to account.

134. Amounts totalling \$6.272M were expended on Rental of Buildings, as follows:-

DESCRIPTION	AMOUNT \$'000
Building – Eccles, East Bank Demerara	2,907
Dependant's Pension Fund Building	1,800
Rental of Echilibar Villas	1,565
TOTAL	6,272

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

136. Amounts totalling \$15.404M were expended on maintenance of buildings as follows:-

DESCRIPTION	AMOUNT \$'000
Office of the President buildings	3,965
Amerindian Residence (Hostel)	1,412
Service contracts	1,274
Castellani Compound	1,137
State House	628
Red House	494
Bidford House	90
Purchase of building materials	6,404
TOTAL	15,404

137. Two(2) buildings at the Office of the President were repaired at the cost of \$3.965M. The works were executed by thirty(30) contracts. Six(6) of these were valued at \$1.769M falling within the limits of \$180,000 and \$450,000 and were awarded by the Ministerial Tender Board. In respect of the maintenance of the Amerindian Hostel, the works were executed by twenty-one(21) contracts. However, all these contracts fell below \$180,000 and certificates for the satisfactory completion of these works were seen. These works were physically verified.
138. The amounts of \$1.137M, \$628,000, \$494,000 and \$90,000 were expended on the maintenance works undertaken at Castellani Compound, State House, Red House and Bidford House respectively. Three(3) contracts for works done at Castellani Compound and two(2) contracts for State House totalling \$837,735 and \$547,812 respectively fell within the limits of \$180,000 and \$450,000, for which a system of quotations was followed. One(1) contract in the sum of \$493,690 was awarded by Ministerial Tender Board for repairs to Red House fell within the limit of \$450,000-\$900,000. These works were physically verified while test checks revealed that the items purchased were received and properly brought to account.
139. The amount of \$2.240M was expended on janitorial and cleaning supplies, which represents purchase of various cleaning items. Four(4) payments valued at \$917,600 which fell within the limits of \$180,000 and \$600,000 were awarded by the Ministerial Tender Board. These items were verified as having been received and properly brought to account.
140. The amount of \$449,210 was expended on maintenance of infrastructure. Included in this amount were three(3) contracts totalling \$373,310 made to a contractor for the clearing and repairs of the broken sewerage main at Castellaini House. The difference of \$75,900 was expended on the purchase of materials. Because of the nature of the works physical verification of the works could not be carried out. However reliance was placed on certificates attesting to the satisfactory completion of the works.

141. Amounts totalling \$27.199M were expended on transport, travelling and postage. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Vehicle spares and services	16,794
Others	7,537
Travelling and subsistence	2,868
TOTAL	27,199

142. Amounts totalling \$16.794M were expended on vehicle spares and services for the period under review. In my previous reports on the excessive maintenance cost incurred on vehicles under the control of the Department were highlighted. However, an examination of the relevant records revealed that in the year 2001 an amount of \$12.689M was incurred in comparison to \$16.794M expended in 2002. The Accounting Officer explained that a substantial sum was expended on the repairs to the vehicles of the President which were involved in an accident and that twelve(12) vehicles were disposed of in 2002 and 2003.

143. Amounts totalling \$51.430M were expended on Utility charges as follows:-

DESCRIPTION	AMOUNT \$'000
Electricity charges	36,998
Telephone charges	12,924
Water charges	1,508
TOTAL	51,430

144. The amounts of \$36.998M expended on Electricity charges were in respect of fifty-three(53) meters under the control of the Office of the President. However, although an electricity register was kept to record all charges, it was not properly maintained in that amounts totalling \$23.337M could not be easily traced to the register, as details of the payments were not recorded therein. It is recommended that this record be properly written up so that payments could be easily verified with the vote's ledger and the register.

145. The amount of \$1.508M was expended on water charges, in respect of nine(9) meters under the control of the Office of the President. However, payments totalling \$417,467 made in respect of three(3) meters, listed below could not be verified, since the locations, of these meters could not be determined.

METER NO.	LOCATION	AMOUNT \$'000
90751090	Botanical Gardens	281,700
2100031	State House	81,873
6040281	Bidford House	53,894
TOTAL		417,467

The Accounting Officer explained that this matter would be taken up with the Guyana Water Inc.

146. Amounts totalling \$57.281M were expended on Other Goods and Services Purchased. The following gives a breakdown:-

DESCRIPTION	AMOUNT \$'000
Others	32,964
Security Services	12,164
Cleaning and Extermination Services	6,851
Equipment Maintenance	5,302
TOTAL	57,281

147. Included in the amount of \$57,281M shown as Others Goods and Services Purchased, were sums totalling \$23.057M, which were expended on the printing of the Official Gazette and cards. An amount of \$12.164M was also expended on security services. Included in the amount of \$12.164M were sums totalling \$587,520 representing payments for services of a private security firm for which a contract was not entered into. Further, the amounts of \$6.851M and \$5.302M were expended on equipment maintenance and cleaning and extermination services, respectively.

148. Amounts totalling \$31.069M were expended on Operating Expenses. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Refreshment and meals	5,400
National and other events	4,992
Dietary	3,094
Others	17,583
TOTAL	31,069

149. Sums totalling \$3.094M were expended on Dietary items for the Amerindian Hostel. However, proper stores records were not kept, and as a result, it could not be ascertained whether the purchases were received and properly brought to account. It was noted that a stock ledger was introduced in January 2003.

150. Amounts totalling \$55.007M were expended on training. The following is a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Allowances for Overseas & local students	34,808
Airfares & transportation cost	17,985
Tuition & exam fees	1,257
Others	957
TOTAL	55,007

151. Included in the figure of \$34.808M shown as allowances for overseas and local students, were amounts totalling \$28.823M, which were expended by the Ministry of Amerindian Affairs. This expenditure relates to guardian, out of pocket and clothing allowances for two hundred and nine(209) students attending various educational institutions. The difference of \$4.985M represents payments made for supplemental and incidental allowances and book outfit for one hundred and seventeen(117) students studying in Cuba.

- 152.** In relation to the amount of \$17.985M expended on airfares 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 amount of \$1.257M expended on tuition and examination fees, this relates to twenty-three(23) students pursuing studies at the Guyana School of Agriculture and the Government Technical Institute among others.
- 153.** Amounts totalling \$644.774M were expended on Subsidies and Contributions to Local Organisations. The following gives a breakdown of the expenditure:-

NAME OF ORGANISATION	AMOUNT \$'000
Presidential Guard	129,706
National Parks Commission	86,156
Guyana Office for Investment	40,100
Environmental Protection Agency	61,356
Guyana Energy Agency	33,946
Guyana Natural Resources Agency	25,174
Institute of Applied Science & Technology	31,292
Castellani House	17,752
Integrity Commission	9,000
Joint Intelligence Co-ordinating Centre	9,217
Guyana Lands and Surveys Commission	105,154
Government Information Agency	63,634
Guyana Television Broadcasting Co. Ltd.	30,000
Amerindian Organisations	2,287
TOTAL	644,774

- 154.** The Presidential Guard, Castellani House, the Joint Intelligence Co-ordinating Agency are departments in the Office of the President and the expenditures therefore ought not to be met from this subhead. It is recommended that specific programmes be allocated to these units under the present Programme Budgeting arrangements. The expenditure was nevertheless verified, as part of the audit, of the appropriation accounts of the Office of the President.
- 155.** The National Parks Commission was established by Act 23 of 1977 and is subject to separate financial reporting and audit. The last set of audited accounts was in respect of the year 2001. At the time of reporting, financial statements for 2002 were received and the audit was in progress. The amount of \$86.156M was verified as having been received by the Commission. However, in the absence of audited accounts, it could not be determined whether the amount given as subvention was properly expended.

- 156.** Guyana Office for the Order No.38 of 1994 established Investment 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 in receipt of financial statements for 2001 and 2002 and the audit for 2001 was in progress. The amount of \$40.100M was verified as having been received by the Office. However, in the absence of audited accounts, it could not be determined whether the amount given as subvention was properly expended.
- 157.** 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 the last set of audited accounts was in respect of the year 2002, where an unqualified opinion was issued. The amount of \$61.356M was verified as having been received and properly accounted for by the Agency.
- 158.** The Guyana Energy Authority(GEA) 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 2000. 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 2001 and 2002 were received and the audit for 2001 was in progress. The amount of \$33.946M was verified as having been received by the Authority. However in the absence of audited accounts, it could not be determined whether the amount given as subvention was properly expended.
- 159.** The Guyana Natural Resources Agency(GNRA) was established by Order No. 37 of 1986 and is subject to separate financial report and audit. The last set of auditing accounts was in respect of the year 2001, for which an unqualified opinion was issued. However, at the time of reporting the Audit Office received financial statements for the year 2002 and the audit was in progress. The amount of \$25.174M 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.
- 160.** 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, financial statements for the years 2001 and 2002 were received and the audit of the 2001 accounts was in progress. The amount of \$31.292M was verified as having been received by the Institute. However in the absence of audited accounts, it could not be determined whether the amount given as subvention was properly expended.
- 161.** 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. The Commission has not submitted financial statements since its establishment. For the year 2002 the Commission received subventions totalling \$9M. These amounts were verified as having been received by the Commission. However in the absence of audited accounts, it could not be determined whether the amount given as subvention was properly expended.

- 162.** The Guyana Lands and Surveys Commission was established by Act No. 15 of 1999 and became fully self-accounting on 1 June 2001 and is subject to separate financial reporting and audit. At the time of reporting, financial statements for 2001 and 2002 were received and the audit of the 2001 accounts was in progress. The amount of \$105.154M 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.
- 163.** The Government Information Agency was established on 1 October 2001 and is subject to separate financial reporting and audit. At the time of reporting, financial statements for 2001 and 2002 were received and the audit of the 2001 accounts was in progress. The amount of \$63.634M 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.
- 164.** The Guyana Television Broadcasting Company Limited(GTV) was established on 24 June 1993 under the Companies Act, Chapter 89.01 and is subject to separate financial reporting and audit. The last set of audited accounts was in respect of the year 2001. At the time of reporting, financial statements for 2002 were received and the audit was in progress. The amount of \$30M was verified as having been received by GTV. However in the absence of audited accounts, it could not be determined whether the amount given as subvention was properly expended.

Stores and Other Public Property

- 165.** A large quantity of unserviceable items was seen in the stores, despite comments to this effect in previous reports. The Accounting Officer explained that a board of survey with a view to their disposal was examining the items.

Capital Expenditure

Subhead 12001 – Guyana Defence Force

- 166.** The sum of \$42M was voted for the (a) construction of new ammunition depot at Camp Groomes and new male officers' accommodation at Camp Ayanganna, and (b) rehabilitation/extension to Air Corps barrack at Camp Stephenson. Amounts totalling \$41.997M were expended, as follows:-

DESCRIPTION	AMOUNT \$'000
Rehabilitation of six(6) buildings at Camp Stephenson	22,357
“ “ four(4) bldgs. at Camp Ayanganna	9,928
Excavation works at Tacama	145
Purchase of building materials for five(5) buildings	9,567
TOTAL	41,997

- 167.** As can be noted no work was done at the new ammunition depot at Camp Groomes, male officers' accommodation at Camp Ayanganna and the Air Corps barrack at Camp Stephenson under the capital programme. From the description in the 2003 capital profile it was not clear whether these works were re-budgeted for in 2003. A change of programme was not seen for all of the above works undertaken in 2002.
- 168.** The six(6) buildings which were rehabilitated at Camp Stephenson were (1) Support Company Office, (2) Julianna Living Quarters, (3) the Barima Living Quarters, (4) the Jaguar Company Office, (5) the Labaria Company Office and (6) the female soldiers accommodation. Except for the repairs to the female soldiers' accommodation, the contracts for these works were awarded by the Central Tender Board to the lowest bidders. The contract for the female soldier's accommodation was awarded in the sum of \$1.270M on the sole authority of the Accounting Officer. In addition, there was no public advertisement and no form of competitive bidding. The Engineer's estimate was also not submitted. With the exception of the works at Jaguar Company Office, physical verification of the other rehabilitation works revealed the following overpayments:-

CONTRACT NO.	DESCRIPTION	OVERPAYMENT \$
75/2002	Support Company Office	399,450
77/2002	Juliana living quarters	36,560
79/2002	Barima living quarters	34,680
83/2002	Labaria Company Office	196,300
138/2002	Female soldiers accommodation	318,600
TOTAL		985,590

- 169.** The four(4) buildings which were rehabilitated at Camp Ayanganna are (1) the all ranks sports complex, (2) officers' mess, (3) sports corps accommodation and (4) other ranks dining hall/kitchen. The contract for the rehabilitation of the all ranks sport complex was awarded to the lowest bidder in the sum of \$1.998M by the Central Tender Board. The contracts for the rehabilitation of the officers' mess and the sports corps accommodation were awarded in the sums of \$3.450M and \$1.480M, respectively to the lowest bidders by the Central Tender Board.
- 170.** In relation to the demolition of the other ranks kitchen and the rehabilitation of the other ranks dining hall, the contract was awarded in the sums of \$3M by the Central Tender Board. With the exception of the works at officers' mess building and the demolition of the other ranks kitchen, the other works could not have been physically verified because of the time lapse since the responsible GDF personnel were not there. As such the works executed could not be pointed out.
- 171.** It should be noted that generally the contracts used for these projects are deemed totally inadequate, as there are no provisions for defaults and remedies by the contractor. The Accounting Officer explained that a new format for contracts, making provisions for defaults and remedies has been introduced in 2003.
- 172.** As can be noted, amounts totalling \$9.567M were expended in the purchase of building materials for the rehabilitation of five(5) buildings. The works were undertaken by the 4th Engineer Battalion. However, there was evidence of subdivision of the purchases to avoid adjudication by the Central Tender Board. For example, a number of purchases of building materials were made on the same dates from the same supplier. The following are examples:-

DATE	PV	PARTICULARS	AMOUNT \$
02.06.20	4444	214 gls. of paint	591,950
02.06.20	4445	76 gls. of paint, 780 tiles and 200 lbs.	318,130
		TOTAL	910,080

DATE	PV	PARTICULARS	AMOUNT \$
02.12.11	9142	460 sacks of cement, 38 tonnes stone.	565,400
02.12.11	9143	52 ft 30" flashing, 3 6" bolts	46,050
		TOTAL	611,450

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

Subhead 12002 - Office & Residence of the President

- 173.** The sum of \$22.456M was voted for the rehabilitation of (a) Presidential Office Complex, including driveway (b) Presidential Guard barrack, Botanical Gardens (c) physiotherapy area and northern/southern villas, Castellani House Complex and (c) building at Forshaw Street. Amounts totalling \$22.306M were expended as follows:-.

DESCRIPTION	AMOUNT \$'000
Renovation to Castellani House/Complex	10,293
Renovation of the Presidential Guard Compound	7,608
Repairs to Office of the President	2,989
Repairs to State House	364
Repairs to Bidford House	282
Consultancy Service	770
TOTAL	22,306

- 174.** As can be noted from the above schedule, no work was done to the building at Forshaw Street. It was however, re-budgeted for in 2003. It was also noted that works were done at State House and Bidford House and for which a change of programme was approved.
- 175.** The renovation and maintenance works undertaken at Castellani House Complex were executed by nine(9) contracts awarded to seven(7) contractors. Two(2) of these contracts were awarded by the Central Tender Board while the seven(7) were adjudicated by the Ministerial Tender Board. All of these contracts were awarded to the lowest bidders. The works were physically verified.

- 176.** In relation to the repairs to the Presidential Guards Compound, four(4) contracts were awarded, of which two(2) were awarded by the Central Tender Board and two(2) by the Ministerial Tender Board. The repairs to the Office of the President were carried out under four(4) contracts, one(1) of which was adjudicated by the Central Tender Board and the others by the Ministerial Tender Board. All of these contracts were awarded to the lowest bidders. The works executed were physically verified.
- 177.** Two(2) contracts were awarded for works undertaken at State House while one(1) was awarded for the work at Bidford House by the Ministerial Tender Board. The works executed were physically verified.

Subhead 12003 – Marine Development (GDF)

- 178.** The sum of \$30M was allocated for the construction of Coast Guard Complex – Phase II. Amounts totalling \$29.980M were expended. The following is a breakdown of the expenditure in relation to this Complex:-

DESCRIPTION	AMOUNT \$'000
Completion of New Accommodation & Workshop	19,962
Construction of Building R3 foundation – Phase 1	5,085
Refurbishing of Male/Female Accom. (GAC Bond)	1,791
Construction of concrete bondwall	1,196
Purchases of paint (543 gallons)	1,946
TOTAL	29,980

- 179.** In relation to above works, five(5) contracts totalling \$28.035M were awarded by the Central Tender Board to the lowest bidders and were also approved by Cabinet. Included in the amount of \$28.035M were two(2) contracts, which were awarded in the sums of \$17.993M and \$5.086M for the completion of the new accommodation and workshop building and construction of building R3-Phase 1, respectively. However, physical inspection of the works on these two(2) contracts revealed overpayments of \$195,900 and \$271,550, respectively. The other works which conformed generally to the specifications and bills of quantities were physically verified.
- 180.** As can be noted, amounts totalling \$1.946M were expended in the purchase of five hundred and forty three(543) gallons of paint. However, the purchases were sub-divided to avoid adjudication by the Central Tender Board. In addition, the purchases were made on the sole authority of the Accounting Officer. Details are as follows:-

CHEQUE NO.	DATE OF LPO	PARTICULARS	AMOUNT \$'000
01-283065	28/12/02	222 gallons (404 oil)	599,400
01-283066	28/12/02	93 gallons (404 berger)	850,500
01-283067	28/12/02	228 gallons (303 flat)	495,900
TOTAL			1,945,800

- 181.** The Accounting Officer is of the view that such purchases were authorised by a waiver of Central Tender Procedures granted by Cabinet in July 2000. Nevertheless, the paint was received and properly brought to account.

Subhead 14015 - Amerindian Development Fund

- 182.** The sum of \$417,000 was voted for the provision of emergency food relief. Amounts totalling \$415,430 were expended on food items and the hire of an aircraft. The expenditure was verified as having been properly incurred.

Subhead 15001 – Information Communication Technology

- 183.** The sum of \$ 25M was allocated for the use of information communication technology in both the private and public sectors. This includes low income individuals gaining access to employment opportunities through the internet and promoting e-service exports to encourage economic diversification. No amount was expended. The project was re-budgeted for in 2003.

Subhead 17001 - Minor Works

- 184.** The sum of \$35M was provided to finance activities that are critical and essential to national development. Amounts totalling \$38.476M were expended, resulting in an excess expenditure of \$3.476M. The excess was met from an advance from the Contingencies Fund, which was cleared by way of a supplementary estimate in April 2003. The following is a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Contributions to Organisations/Individuals	15,789
Donation and Gifts	6,878
Hotel accommodation, transportation, airfares etc.	4,822
Consultancy Services	3,075
Purchase of office equipment	2,064
Maintenance Works	1,400
Purchase of household items	501
Others	3,947
TOTAL	38,476

- 185.** Included in the amount of \$15.789M expended on contributions to various organisations, were sums totalling \$4M representing contribution made to the Minister of Home Affairs to off set crime fighting expenses and Operation Tourniquet. Also included in above figure is the sum of \$9.5M which was used to offset all administrative and promotional expenses relating to Guyana Prize in Literature and the Civil Defence Commission which received \$1.538M as annual subvention. The amounts of \$6.878M and \$4.822M representing donations and gifts and hotel accommodation etc. respectively, were given to several persons, schools and various organisations in the form of sport gears, trophies and airfares. The other expenditures were verified as having been properly incurred.

Subhead 24002 – Land Transport

- 186.** An amount of \$12.6M was allocated for the purchase of a vehicle and provision for outstanding payment. Amounts totalling \$6.387M were expended on the purchase of a motor car at the cost of \$1.575M and the remaining \$4.812M being final payment on the motor vehicle purchased in 2001 for the Office of the President. The vehicle were verified as having being received and properly brought to account.

Subhead 25001 – Purchase of Equipment

- 187.** The sum of \$16M was voted for the purchase of equipment including fire extinguishers, hose, photocopier, generator and air condition units. Amounts totalling \$15.979M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Standby generator	5,731
Five(5)Air condition units	4,217
Photocopier	2,528
Office furniture & equipment	2,477
Twenty(20) fire extinguishers	930
Refrigerator	95
TOTAL	15,978

- 188.** The above purchases were properly adjudicated by the relevant tender boards. Although the items were verified as having been received and properly brought to account, they were not marked to readily identify them as the property of the Government. It is recommended that these items be marked.

Subhead 28001 – Pure Water Supply (GDF)

- 189.** An amount of \$8M was provided for the improvement to the water supply system at all bases. Amounts totalling \$7.996M were expended in the acquisition of the following:-

DESCRIPTION	AMOUNT \$'000
Forty-seven(47) pressure tanks & nineteen(19) pumps	3,995
PVC pipes & fittings	1,393
Repairs to generator set (Makouria)	881
One(1) generator & one(1) purifier	875
One(1) engine and accessories	852
TOTAL	7,996

- 190.** Although the items purchased were verified as having been received and properly brought to account, there was evidence of sub-division of purchases to avoid adjudication by the Central Tender Board. For example, a number of purchases of the same items were made on the same dates from the same supplier. In addition, two(2) of these purchases should have been awarded by the Central Tender Board:-

CASH BOOK DATE	CASHBOOK NO.	DESCRIPTION	AMOUNT \$'000
31.12.02	10498	2 Sediment tanks, 2 carbonated tanks	955,480
"	10503	43HP Engine, 1 engine bed & accessories	945,000
"	10501	4 Jet pump pumps & 4 vertical tanks	474,000
"	10502	4 Jet pumps & 4 Pressure tanks	474,000
"	10500	3 Jet Pumps & 3 pressure tanks	355,500
"	10499	1 Water purifier	290,000
TOTAL			3,493,980

The Accounting Officer is of the view that such purchases were authorised by a waiver of Central Tender Procedures granted by Cabinet in July 2000.

Subhead 28007 – Agriculture Development (GDF)

- 191.** The sum of \$5M was voted for (a) pasture development (b) the purchase of pullets, boars and heifers and (c) the purchase of a chicken processor. Amounts totalling \$4.997M were expended on the rehabilitation of one(1) broiler pen and purchase of three(3) generators, six(6) fans, ten(10) water tanks, chain link fence and other materials. However, there was no approval for a change in programme to undertake the works and purchases. In addition, there was also evidence of sub-division of purchases to avoid the adjudication by the Central Tender Board.
- 192.** Details of sub-division of purchases were as follows:-

CASH-BOOK DATE	CASH-BOOK NO	PARTICULAR	AMOUNT \$
02.08.16	5663	52 Sacks cement, 10 rolls barb wire, 420 ms rods, 160 lbs nails. Etc	442,840
02.08.16	5666	13 rolls of chain link fencing	546,000
		TOTAL	988,840
02.12.30	10445	1 (8000w) Honda generator	576,850
02.12.31	10504	1 (8000w) Honda generator	576,850
02.12.31	10505	1 (7000w) Coleman generator	375,000
		TOTAL	1,528,700

- 193.** The Accounting Officer is of the view that such purchases were authorised by a waiver of Central Tender Procedures granted by Cabinet in July 2000. 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

- 194.** The sum of \$6.7M was allocated for the purchase of a vehicle, air conditioning unit, refrigerator and photocopier. According to Appropriation Account the full amount was expended. However, a check with the records of the Guyana Office for Investment revealed that amounts totalling \$6.553M were expended on the purchase of the items provided for in the capital profile. The unspent amount of \$147,302 should have been refunded. In addition, the items were not marked to readily identify them as Government's property. Nevertheless, the items were verified as having been received and properly brought to account in the records of GO-INVEST.

Subhead 34006 – Environmental Protection Agency

- 195.** The sum of \$5M was voted for the purchase of one 4x4 vehicle(double cab) and field equipment. According to the Appropriation Account the full amount was expended. However, a check with the records of the Environmental Protection Agency revealed that only the vehicle was purchased for \$3.895M. The unspent amount of \$1.105M should have been refunded. The vehicle was verified as having been received and properly brought to account in the records of the Environmental Protection Agency.

Subhead 34007 – Public Sector Modernisation Project

- 196.** The sum of \$55M was provided for (a) the provision of consultancy services, diagnostics and in-service training (b) improve baseline data and human resource management systems and procedures and (c) design voluntary severance programme in light of labour market study. Supplementary provisions totalling \$118.007M were approved towards meeting expenses of the Project, giving a revised allocation of \$173.007M. According to the Appropriation Account the full amount was expended.
- 197.** The Project is financed by the Government of Guyana and the Inter-American Development Bank and is subject to separate financial reporting and audit. The Project was signed on 11 July 2000 with a completion date of 11 June 2002. The Project did not commence on the due date and as result the life of the Project was extended to 11 October 2003. Audited financial statements are not due until ninety(90) after the last disbursements. The amount of \$173.007M was verified as having been received by the Project. However, according to the records of the Project, amounts totalling \$91.002M were expended, giving a difference of \$82.005. This difference was due to disbursements made in 2002 not yet brought to account. The following is a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$000
Consultancy	65,191
Payroll audit	12,374
Support staff	10,729
Equipment and Logistics	2,708
TOTAL	91,002

- 198.** The amount of \$65.191M represents payments to a project coordinator and a consulting firm for the preparation of a design plan for the Public Sector Modernisation Project, which includes diagnostic studies, training, etc. for the purpose of upgrading the Public Sector. The amount of \$12.374M in respect of payroll audit represents payments to two(2) consultants, eighteen(18) data collectors and ten(10) auditors. The amounts of \$10.729M and \$2.708M represent administrative costs, such as salaries for support staff, conferences and seminars, and purchase of equipment. In the absence of audited accounts of the Project, it could not be determined whether the above expenditure was properly incurred.

Subhead 34009 - Infrastructure - G.D.F.

- 199.** The sum of \$20M was allocated for the construction of a concrete fence at Timehri and resurfacing of Soweyo access road. The full amounts was expended as follows:-

DESCRIPTION	AMOUNT \$000
Const. of Bridge/roadway to ARSC BC(A)	7,125
Overlay car park-coast guard	4,994
Const. car park BC(A)	3,747
Purchase of chain link fence & cement for BC(A)& BC(S)	3,198
Designing and supervising bridge/road BC(A)	633
Designing and supervising car BC(A)	302
TOTAL	19,999

- 200.** As can be noted no work was done at Soweyo and it was not re-budgeted for in 2003. Instead works were done at the bridge/roadway to ARSC- BC(A) and car parks at coast guard and BC(A) and for which there was no approval for a change of programme to undertake the works and purchases of chain link fence for Camp Ayanganna. Three(3) contracts totalling \$15.866M were awarded by the Central Tender Board for the above works to the most competitive bidders. As at December 2002, the works were completed

and the full contract sums were paid to the contractors.

- 201.** In relation the purchase of sixty-eight(68) rolls of chain link fence and eighty-seven(87) sacks of cement totalling \$3.198M, there was no approval by the Central Tender Board. The Accounting Officer is of the view that such purchases were authorised by a waiver of Central Tender Procedures granted by Cabinet in July 2000. In addition, the contract for the designing and supervising of car park BC(A) was awarded by the Departmental Tender Board without any form of competitive bidding. The works were nevertheless, physically verified and the items purchased were verified as having been received and properly brought to account.

Subhead 34010 - National Parks Commission

- 202.** An amount of \$5M was provided for the purchase of one tractor, one slasher and brush cutters. Amounts totalling \$5.231M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
1 NF 290/2WD Agricultural Tractor	4,212
1 RC 1700 Rotary cutter-Direct Drive	510
6 FS 160 Brush cutters with accessories	509
TOTAL	5,231

- 203.** The excess expenditure of \$231,309 was met from the revenue earned by the Commission. The above purchases were approved by the appropriate Tender Boards. The items were verified as having been received and properly brought to account.

Subhead 34012 - Government Information Agency

- 204.** The sum of \$5.5M was voted for the purchase of production and office equipment. Amounts of \$4.764M were released to the Agency of which sums totalling \$4.528M were expended on the purchase of one(1) power edge server, one(1) editing suite and accessories, one(1) title marker, one(1) air conditioning unit, one(1) crumpling jack, one(1) hub and patch panel and a Nippon music mixer. The unspent amount of \$235,739 was refunded. The item were verified as having been received and properly brought to account.

Subhead 34013 – Guyana Energy Authority

- 205.** The sum of \$5M was allocated for the rehabilitation of building. According to the Appropriation Account the full amount was expended. However, only an amount of \$4,999,597 was released to the Guyana Energy Authority(GEA). In the absence of audited accounts, it could not be determined whether this amount was properly expended. Nevertheless, the amount was verified as having been received by GEA.

Subhead 45001 – Guyana Television – GTV

206. The sum of \$15M was provided for the purchase of televisions, video mixers, boosters, transistors, recorders, cameras and microphones. A change of programme was approved for the use of the funds for the upgrading of the capacity and technical capability of the GTV. According to the Appropriation Account the full amount was expended. In the absence of audited accounts, it could not be determined whether this amount was properly expended. Nevertheless, the amount was verified as having been received by GTV.

Subhead 51003 – Equipment (GDF)

207. An amount of \$140M was provided for the final payment for GDFS Essequibo and the purchase of equipment. Amounts totalling \$139,992M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
HMS Orwell (GDFS Essequibo)	96,766
One tape drive system & accessories	15,909
69 Telephones & accessories	10,360
3 Note book computers spares and accessories	6,428
1 4X4 pickup & Hiace minibus	4,129
6 Motorola Radio & accessories	2,542
2 Motor cycle	1,940
1 Out board Engine & 1 generator	685
2 Chain Saw & brush cutter	682
Miscellaneous purchases	551
TOTAL	139,992

208. The amount of \$96.766M represents two(2) instalments and final payments made for the GDFS Essequibo which was acquired in 2001. With the exception of purchase of the pickup, minibus, motor cycles, and generator, purchases totalling \$35.501M which were all above \$600,000 were not approved by the Central Tender Board. The Accounting Officer is of the view that such purchases were authorised by a waiver of Central Tender procedures granted by Cabinet in July 2000. In addition, the purchase of the outboard engine and brush cutter at a total cost of \$976,416 was approved by the Departmental Tender Board, without any form of competitive bidding. The items were nevertheless verified as having been received and properly brought to account.

LANDS AND SURVEYS COMMISSION

Subhead 33002 – Geodetic Surveys

209. The sum of \$8M was allocated for the establishment of survey control points. According to the Appropriation Accounts the full amount was expended. According to the records of the Lands and Surveys Commission, amounts totalling \$4.583M were expended on the establishment of sixteen(16) survey control points in seven(7) Regions, while the amount of \$3.375M was expended on the purchase of survey equipment necessary for the use on the establishment of the control points. The expenditure on the control points were properly incurred while the equipment purchased were verified as having been received and properly brought into account.

Subhead 33003 – National Land Registration

210. The sum of \$14M was budgeted for the issuing of titles and the execution of topographic and other surveys. According to the Appropriation the full amount was expended. However an examination of the records of the Lands and Surveys Commission revealed an expenditure of \$14.216M giving a difference of \$216,000, which was met from the Commission's funds. The following is a breakdown of the expenditure:-

DESCRIPTION	AMOUNT G\$'000
Cadastral Surveys for five(5) regions	13,965
Purchase of equipment	107
Advertisement	144
TOTAL	14,216

211. Seventeen(17) contracts valued \$14.216M were awarded for the carrying out of cadastral surveys in Regions 1, 2, 3, 4, 7 and 10 to six(6) contractors in 2001 and 2002. Amounts totalling \$3.593M were paid as at 31 December 2001. During the period under review, sums totalling \$10.372M 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 2003. The equipment was verified as having been received and properly brought to account. As can be noted, no expenditure was incurred for the issuing of titles.

Subhead 33004 – Lands and Surveys Commission

- 212.** The sum of \$ 167M was allocated for the provisions for consultancy services and furnishing of the Commission. There was a supplementary provision of \$83M, giving a revised allocation of \$250M. According to the Appropriation the full amount was expended. However an examination of the records of the Lands and Surveys Commission revealed an expenditure of \$250.884M giving a difference of \$.884M, which was met from the Commission’s funds. The following is a breakdown of the expenditure:-

DESCRIPTION	AMOUNT G\$'000
Consultancy	158,770
Equipment and Office Furniture	45,101
Rehabilitation of Building	22,059
Land Tenure Regularisation	18,037
Salaries of Support Staff	4,525
Operating Costs	2,392
TOTAL	250,884

- 213.** As can be noted above, expenditure was incurred on the rehabilitation of building, land tenure regularisation, salaries of support staff and operating costs. However, a change of programme was not seen to incur these expenditures.
- 214.** The amount of \$158.770M representing technical co-operation relates to payment to seven(7) Consultants under the formation of the Commission, three(3) under the regularisation of land tenure and five(5) under policy studies. This amount also includes the associated costs, such as subsistence, airfares and utilities.

215. The amount of \$45.101M was spent on the purchase of equipment and office furniture. The details are as follows:-

DESCRIPTION	AMOUNT G\$'000
Motor Vehicles	20,575
Surveys Equipment	5,645
Office Furniture	5,269
Computers and Accessories	4,669
Air-conditioning Units	3,574
Outboard Engines & Boats	3,514
Photocopiers	1,855
TOTAL	45,101

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

216. Twenty-five(25) contracts totalling \$22.059M were awarded to lowest bidders in respect of the rehabilitation of the building. The works were physically verified. Included in the sum of \$18.037M representing land tenure regularisation, were the payment of salaries to fourteen(14) officers and honoraria to three(3) individuals attached to the Lands and Survey's Commission. Also included were the purchase of stationary and fuel, repairs to vehicles and travelling and subsistence. The amount of \$4.525M represents salaries paid to four(4) administration officers and three(3) vehicles drivers and workshops held in Guyana. The amount of \$2.392M representing operating costs includes payment for postage fees, telephone charges, internet services and miscellaneous costs.

DIVISION 502

Subhead 13008 - El Nino Emergency Rehabilitation

217. The sum of \$427.582M 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 \$141.024M to meet contractor's final payment, retention fees and additional expenses of the Project Coordination Unit was approved, giving a revised estimate of \$568.606M. According to the Appropriation Account, amounts totalling \$565.166M were expended.
218. 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 2002 revealed similar expenditure of \$565.166M. The following is a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Civil works	350,279
Procurement of goods	183,941
Consulting services	22,230
Administrative expenses	8,716
TOTAL	565,166

- 219.** 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 were expended and the total cost on the completion of the Project amounted to US\$10.149M.
- 220.** The amount of \$350.279M 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.
- 221.** Amounts totalling \$183.941M were expended on the procurement of goods as follows:-

DESCRIPTION	AMOUNT \$'000
Mobile pumps	125,772
Suction dredges	57,341
Winches	828
TOTAL	183,941

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

- 222.** The amount of \$22.230M expended on Consultancy Services was in respect of the emoluments of eight(8) employees, including engineers and technicians. In relation to the amount of \$8.716M 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

- 223.** 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 forty-four(44) cheque orders valued at \$7.153M out of a total of three hundred and thirty six(336) were cleared on an average of twenty-nine(29) days later. At the time of reporting, no cheque orders remained outstanding. However, efforts should be made to ensure strict compliance with the system as it relates to the clearing of cheque orders.
- 224.** Up to the time of reporting in August 2003, twenty-four(24) payment vouchers valued at \$494,185 were not presented for audit examination. These payments related to 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. However, the Accounting Officer explained that there is an ongoing exercise to locate these vouchers and to present them for audit examination.
- 225.** Amounts totalling \$1.695M were expended on the Maintenance of Buildings. Included in this amount is a contract valued at \$1.349M which was awarded to the second lowest of four(4) bidders for the rehabilitation of the Prime Minister's Office Roof at Oranapai Towers on the basis that the lowest tender did not have the expertise in the removal of asbestos which this job involves. As at 31 December 2002 amounts totalling \$1.001M were paid to the contractor. The works were physically verified.
- 226.** Amounts totalling \$7.545M were expended on Transport, Travel & Postage. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Vehicle spares and services	4,774
Local travel and subsistence	2,294
Other transport, travel and postage	467
Postage and telex	10
TOTAL	7,545

- 227.** In relation to the amount of \$4.774M expended on Vehicle Spares and Maintenance, sums totalling \$4.328M were expended in respect to fifty(50) contracts awarded to five contractors for the repairs of seven(7) vehicles. An analysis carried out by the Audit Office revealed a high maintenance costs incurred in 2001 and 2002 in respect of the following vehicles:-

VEHICLE NO.	2001 \$'000	2002 \$'000	TOTAL \$'000
GDD 3996	1,292	848	2,140
PEE 7511	473	1,045	1,518
PEE 236	414	1,079	1,493
PEE 9505	557	727	1,284
PHH 4396	-	805	805

- 228.** Included in the amount of \$2.294M expended on Local Travel and Subsistence is the sum of \$1.087M expended on the charter of flights. This expenditure could have been more appropriately charged to line item 165 - Other Transport, Travel and Postage. Had this expenditure been charged line item 165, the voted provision would have been exceeded. The Accounting Officer explained that corrective action had been taken in 2003.
- 229.** Included in the figure \$467,000 shown as Other Transport, Travel and Postage is the sum of \$282,395 representing the cost of repairs to one(1) air conditioning unit, and plumbing works at the Prime Minister's Office and Residence. 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 \$282,395. The Accounting Officer explained that corrective action had been taken in 2003.

HEAD 03 & DIVISION 526

MINISTRY OF FINANCE

PROGRAMME 1 - MINISTRY ADMINISTRATION

Current Expenditure

- 230.** An amount of \$1.075 billion was provided for Employment Costs of which amounts totalling \$1.239 billion were expended. Included in this expenditure were sums totalling \$1.186 billion, which represent payments for the increases in salaries for employees in Ministries/Departments/Regions. The allocation under Subhead 271 – Revision of Wages & Salaries was \$1.127 billion. The difference of \$58.936M was met from an advance of the Contingencies Fund.

- 231.** Amounts totalling \$5.913M were expended on maintenance of buildings. However, a petty contract register was not produced for audit scrutiny to verify the payments made. It is recommended that this record be maintained and produce for audit examination.
- 232.** Amounts totalling \$1.770 billion were expended on Subsidies and Contributions to Local & International Organisations. The following gives a breakdown of the expenditure, compared with that of the previous year:-

NAME OF ORGANISATION	2001 \$'000	2002 \$'000	INCREASE \$'000
Local Organisations			
GRDB	3,799,877	49,974	(3,749,903)
Guyana Revenue Authority	1,210,000	1,321,000	111,000
State Planning Secretariat	103,387	105,265	1,878
CANU	80,938	77,195	(3,743)
Statistical Bureau	67,116	71,353	4,237
Privatisation Unit	55,454	52,112	(3,342)
Guyana Co-op. Financial Services Ltd.	35,321	31,385	(3,936)
NDMA	19,972	21,575	1,603
BIDCO	15,000	15,000	-
NICIL	4,468	963	(3,505)
	5,391,533	1,745,822	(3,645,711)
International Organisations			
ACP	8,955	24,185	15,230
TOTAL	5,400,488	1,770,007	(3,630,481)

- 233.** The amount of \$49.974 M 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.
- 234.** 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".

235. 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.
236. 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 2002, and an examination of these accounts revealed that amounts totalling \$1.321 billion were received as subsidies and subventions from the Ministry of Finance. Additional amounts totalling \$34.155M 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.
237. As at 31 December 2002, amounts totalling \$1.337 billion were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Wages and salaries	514,991
Overhead expenditure	249,154
Materials equipment and supplies	68,663
Fuel and lubricants	11,363
Rental and maintenance of buildings	53,498
Transport, travel and postage	49,338
Utility charges	38,510
Other goods and services	61,654
Other operating expenses	6,123
Education, subvention and training	1,919
Rates, taxes and subventions to local authorities	177
Subsidies and contributions to local organisations	8,274
Refunds of revenue	273,526
TOTAL	1,337,190

The Audit Office issued an unqualified opinion on the accounts of GRA for the year 2002.

238. As can be noted from the above analysis, payments totalling \$305.925M 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.

- 239.** The State Planning Secretariat, 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-three(23) officers were attached to it. The remaining twenty-eight(28) officers were attached to various departments within the Ministry of Finance and other Ministries/ Departments although their emoluments were met from the State Planning payroll, as shown below:-

MINISTRY/DEPARTMENT	NO. OF PERSONS
Ministry of Finance - Budget Department	11
” ” ” - Debt Management	5
” ” ” - Data Processing	6
” ” ” - Student Loan	1
Office of the President	4
Caricom Project	1
TOTAL	28

- 240.** These matters were drawn to attention in my 2001 Report. In response, the Ministry stated that (a) the dissolution of the Secretariat 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 Secretariat. 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 eleven(11) years in arrears in terms of financial reporting.
- 241.** Although CANU was established to protect the Customs revenues, this unit was 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 operation of CANU was still under the operation of the Ministry of Finance.

- 242.** The accounts of the Guyana Co-operative Financial Services Ltd.(GCFS) were last audited to 1998. At the time of reporting, financial statements were received for the years 1999 and 2000 and the audit was in progress. The amount of \$31.385M were verified as having been received by the Company, but in the absence of audited accounts, it could not be determined whether the amount was properly utilised.
- 243.** The National Data Management Authority was established as a body corporate by Act No. 9 of 1983 and is subject to separate financial reporting and audit. The accounts were last audited for the year 2001. At the time of reporting, financial statements were received for the year 2002 and the audit was due to commence. The amount of \$21.575M were 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 utilised.
- 244.** The accounts of NICIL were last audited to 2001. Financial statements for 2002 were not received at the time of reporting. BIDCO was, however, last audited to 2000. Financial statements for the year 2001 were submitted for audit examination and at the time of reporting the audit was in progress. The amounts were verified as having been received by the respective entities, but in the absence of audited accounts, it could not be determined whether the amount was properly utilised.

Other Matters

- 245.** In my previous 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.
- 246.** 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 2002, proceeds received from the National Lotteries amounted to \$245.312M, of which amounts totalling \$208.770M were transferred to the Consolidated Fund. It was noted that the sum of \$160M was provided under Division 526 – Subhead 45009 – Youth Initiative Programme.

247. As at December 2002, amounts totalling \$1.984 billion were received from the Lotteries Company while payments totalling \$1.869 billion were made give a closing balance of \$115M. During the period under review \$339.921M were paid out of the Lotteries bank account No. 3119. The following is a breakdown of the payments made:-

MINISTRY/DEPARTMENT/REGION	AMOUNT \$'000	REMARKS
Transfers to Consolidated Fund	208,770	
Ministry of Culture Youth and Sports	42,189	Mash Activities
Office of the President	40,383	Funding of Caricom Heads of Government, Amerindian Heritage Month, library etc.
Ministry of Foreign Affairs	10,000	Supply of rice to Cuba
Ministry of Tourism, Comm. & Industry	6,000	GuyExpo 2000
Guyana Broadcasting Corporation	5,386	Transmitter and electrical items
Ministry of Public Works & Comm.	5,000	Rehab. of Quamina St. and Installation of reflectors
Ministry of Labour, Human Services & Social Security	3,683	Purchase of Equipment
Others	18,510	Directors fees and assistance to other organisations
TOTAL	339,921	

248. The last set of audited accounts of the Guyana Lotteries Commission was for the year 1999. At the time of reporting the accounts for the year 2000, 2001 and 2002 were received and the audit was to commence shortly.

Capital Expenditure

Subhead 12001 – Buildings

249. The sum of \$9.4M was allocated for the completion of annex and enclosure of offices. Amounts totalling \$9.398M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Completion of building	8,273
Design and supervision services	424
Construction of file racks	397
Erect partition walls	219
Landscaping work at M.O.F.	85
TOTAL	9,398

250. The first contract was awarded to the second lowest of five(5) bidders on the grounds of his past satisfactory performance in the sum of \$8.568M in the year 2001. There was an approved variation of \$2.708M in the year 2002 giving a revised contract sum of \$11.276M. As at 31 December 2001, amounts totalling \$3.002M were paid to the contractor while the remaining amount of \$2.274M were paid in 2002. A second contract was also awarded in the year 2001 for the design and supervision of works for the Central Tender Board Building in the sum of \$845,822. As at 31 December 2001, amounts totalling \$421,875 were paid while the remaining amount of \$423,947 was paid in 2002. Two(2) other contracts totalling \$616,000 were awarded for miscellaneous works. The works were physically verified as having been satisfactorily completed.

Subhead 19001 - Basic Needs Trust Fund (4)

251. The sum of \$19M was allocated for final payment to contractors and upgrading of road in Chesney. A supplementary provision of \$27.900M was approved to meet additional expenses relating to the road project at Chesney, Corentyne giving a revised allocation of \$46.900M. According to the Appropriation Account, the full amount was expended.

252. 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 \$47.926M as shown below:-

DESCRIPTION	AMOUNT \$'000
Rehabilitation of seven(7) roads	19,710
" " five(5) schools	1,596
" " " health centre	569
" " " water supply system	555
Administrative expenses	25,496
TOTAL	47,926

The difference of \$1.026M was met from the unspent balance of the previous year.

253. Seven(7) contracts totalling \$19.710M were expended for the rehabilitation of roads. Three(3) of these contracts valued at \$3.222M were awarded in the year 2001 for the rehabilitation of roads in Regions 4 and 6. Amounts totalling \$1.103M were paid in 2001 and the final payments totalling \$2.019M were paid to the contractors in 2002. The other four(4) contracts valued at \$21.140M were awarded in the year 2002 for the rehabilitation of roads in Regions 3, 5 and 6. As at December 2002, amounts totalling \$17.691M were paid to the contractors. The works were completed and were physically verified.
254. Five(5) contracts totalling \$1.596M were expended for the rehabilitation of schools in Regions 1, 4 and 9. Two(2) of these contracts valued at \$25.693M were awarded in the year 2001 and for which final payment and retention totalling \$596,632 were paid to the contractors. The remaining three(3) contracts totalling \$1.076M were awarded in the year 2002 and for which amounts totalling \$999,350 were paid to the contractor. The works were completed and were physically verified.
255. The amounts of \$568,555 and \$551,441 represented retention fees and final payment in respect of the rehabilitation of the Aurora Health Centre and construction of water trestle, reservoir and overhead tank, respectively. The sum of \$24.470M 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 19002 - Basic Needs Trust Fund (5)

256. The sum of \$35M was allocated for the (a) the rehabilitation and construction of roads, schools, health centres, and drainage and irrigation systems and (b) skills training. No expenditure was incurred for the year and the amount was re-budgeted for in the year 2003.

Subhead 24001 - Land Transport

257. An amount of \$3.6M was voted for the purchase of one(1) vehicle and one(1) trailer. Amounts totalling \$3.334M were expended on the acquisition of one(1) Toyota Hilux double cab pickup and one(1) double axle boat trailer. The vehicle and the trailer purchased were verified as having been received and properly brought to account.

Subhead 25001 – Equipment

258. The sum of \$4.5M was allocated for the purchase of furniture and equipment for the various Departments in the Ministry. Amounts totalling \$4.494M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Four Computers & accessories	1,198
Furniture	1,535
Equipment	1,096
Three(3) Air condition units	576
Four(4) calculators	89
TOTAL	4,494

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

Subhead 26001 - Statistical Bureau

259. An amount of \$130M was allocated for the provision for visitor exit survey and census preparation 2002. Amounts totalling \$125.163M were released to the Statistical Bureau. Amounts totalling \$121.878M were expended mainly on the Census preparatory activities and for the acquisition of computers and other associated items. The following is a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000	AMOUNT '000
Census		
Salaries & allowances	90,412	
Transportation	5,008	
Stationery	4,761	
Advertisement	4,009	
Other purchases	3,802	
Rental	1,708	
Miscellaneous	11,680	
		121,380
Equipment		
		388
Visitor Exit Survey		
Meals & travelling		110
TOTAL		121,878

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

Subhead 44001 – Institutional Strengthening (Equipment)

- 260.** The sum of \$20M was voted for the purchase of computers and accessories for Ministries and Regions. However, no expenditure was incurred for the period due to the fact that the Project was not executed and was not re-budgeted for in the year 2003.

Subhead 44003 – Student Loan

- 261.** The sum of \$490M was allocated to grant loans to those students who are desirous of pursuing tertiary level education. The full amount was released to the Student Loan Agency and deposited in account No. 993 at the Bank of Guyana.
- 262.** The Students Loan Programme commenced in 1994, and as at 31 December 2002, amounts totalling \$3.817 billion were paid over to the Loan Agency. At the end of 2002, the balance on account No. 993 was \$252.506M, indicating that sums totalling \$3.564 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 2002 was \$3.862 billion. The difference of \$298M was due to (a) \$296M received but not yet paid over to the University and (b) interest of \$2M received from the purchase of Government's Treasury Bills.

263. 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 were for the year 2000. At the time of reporting, financial statements for the years 2001 and 2002 were received and the audit was in progress.

Subhead 44006 – Poverty Programme

264. The sum of \$387.609M was voted for providing special support for the most vulnerable groups in the country. Amounts totalling \$89.572M were shown as having been expended by way of transfers to the following agencies:-

MINISTRY/DEPARTMENT/REGION	AMOUNT \$'000
Ministry of Human Services	41,527
Ministry of Home Affairs	20,000
Ministry of Agriculture	7,996
Ministry of Public Works	6,404
Ministry of Local Government	6,000
Region No. 2	1,001
Region No. 3	2,999
Region No. 4	2,038
Region No. 6	1,432
Office of the President	107
Secretary to the Treasury	68
TOTAL	89,572

265. In relation to the amount transferred to the Ministry of Labour, Human Services and Social Security, amounts totalling \$40.237M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Fin. assist. for school uniforms	15,137
Fin. assist. for spectacles	9,062
Fin. assist. for setting up businesses	8,576
Fin. assist. for funeral, drugs, hospital, airfare etc.	4,519
Fin. assist. for rehabilitation centre	2,943
TOTAL	40,237

- 266.** These payments were made to deserving persons to assist them to purchase basic necessities. The unspent amount of \$1.290M should have been refunded to the Consolidated Fund. Nevertheless, based on test-check carried out, the expenditure was verified as having been properly incurred.
- 267.** The amount of \$20M paid over to the Ministry of Home Affairs was in respect of assistance given to the relatives of slain Police Officers who died in the line of duty. As at 31 December 2002, amounts totalling \$1.210M were expended and were verified as having been properly expended. It was explained that the difference of \$18.790M was not refunded, because the payments to beneficiaries were still being processed.
- 268.** The amount of \$7.996M was paid over to the Ministry of Agriculture, for which the full amount was expended for the purchase of chemicals, plants, chicks, seeds and fertilizers. The items purchased were verified as having been received and properly brought to account.
- 269.** Included in the amount of \$6.404M paid over to the Ministry of Public Works was an amount of \$5.904M, which was paid to Guyana Power and Light to supply electricity to De Kinderen Housing Scheme. The remaining amount of \$500,000 was expended for the maintenance of road at Vigilance North.
- 270.** The amount of \$6M paid to the Ministry of Local Government, was transferred to Region No. 10 via Inter Departmental Warrant, to effect payments to Linden Municipality in order to assist the Council to meet its, Community commitment to workers at Linden. The full amount was expended and was verified as having been properly incurred.
- 271.** The amount of \$1.001M was paid to the Region No. 2 to purchase fuel and lubricating oil for three(3) heavy-duty pumps. This was to assist in the drainage of excess water during heavy rainfall. The full amount was expended and the fuel and lubricants were verified as having been received and properly brought to account.
- 272.** The sum of \$2.999M was paid to Region No. 3 to facilitate payment for the construction of Teacher Norma Road in Region 3. The contract was awarded in the amount of \$3.371M in the year 2002 to the second lowest of nine(9) bidders on the basis that lowest bidder was below the Engineer's estimate of \$3.686M. The contractor was paid amounts totalling \$2.999M as at 31 December 2002. The work was completed.
- 273.** The sum of \$2.038M was paid to the REO Region No. 4 for the clearing and weeding of trenches and beds at Friendship and Buxton. Three(3) contracts were awarded in the sum of \$2.414 to three contractors. As at 31 December.2002 amounts totalling \$2.038M were paid to the contractors. The works were completed.
- 274.** The sum of \$1.432M was paid to the REO Region No. 6 to facilitate the purchase of ancillary equipment for four(4) Women's Groups at Black Bush Polder. Amounts totalling \$1.432M were expended on the purchase of four(4) refrigerators, four(4) six- burner gas stoves and kitchen-related items. Based on test check carried out the expenditure was verified as having been properly incurred.

275. The Office of the President received an amount of \$107,000 to purchase one(1) keyboard to be used by the Regional Culture Group in Region No. 2. The item purchased was verified as having been received and brought to account.

Subhead 45001 – CDB

276. An amount of \$200M was voted to meet capital contribution to the Caribbean Development Bank. Amounts totalling \$145.950M were expended and were verified as having been properly incurred.

Subhead 45003 – Inter American Investment Corporation (IIC)

277. An amount of \$19M was voted for Guyana’s capital contribution. Amounts totalling \$18.185M were expended and were verified as having been properly incurred.

Subhead 45004 - IADB

278. The sum of \$14.3M was voted to meet capital contributions to the Inter-American Development Bank(IADB). A supplementary Provision of \$6.351M was approved to meet shortfall in capital contribution, giving a revised figure of \$20.651M. Amounts totalling \$19.918M were expended and were verified as having been properly incurred.

Subhead 45005 – NGO/Private Sector Support Programme

279. The sum of \$7M was provided for the institutional support for PL 480 and CIDA funded projects. Amounts totalling \$4.218M were expended on the operational costs of the PL 480 Unit at the Ministry of Finance, and the Ministries of Public Works and Agriculture as shown below:-

DESCRIPTION	AMOUNT \$'000
PL 480 Administrative office	2,036
Ministry of Public Works	1,500
Ministry of Agriculture	682
TOTAL	4,218

The above amount represented emoluments paid to PL480 personnel.

Subhead 45006 – Guyana Revenue Authority

- 280.** The sum of \$82M was allocated for (a) the rehabilitation of buildings at New Amsterdam, Lamaha Street and Springlands and improvement to lobby area at Customs and Trade Administration, Main Street and (b) purchase of office equipment including computers and accessories, desks, chairs and filing cabinets. According to the Appropriation Account, amounts totalling \$52M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Rehabilitation of quarters at Springlands	9,241
" of 2 quarters at New Amsterdam	8,120
" " driveway of Secretariat, Lamaha Street	3,584
Construction of complex at Corriverton	1,302
Repairs to office at Lethem	1,012
Construction of bond and hut at Anna Regina	916
Purchase of computers and related accessories	11,076
" " furniture, guns, generator, etc.	8,356
" " desks, chairs, filing cabinets, etc.	6,068
Consultancy fees	2,036
TOTAL	51,771

- 281.** As can be noted no work was done on the improvement to the lobby area at Customs and Trade Administration, Main Street and was not re-bugeted in 2003. Instead, works were done at Lethem and Anna Regina for which there was no approval for a change for programme. There was however, an approved change of programme for the construction of the complex at Corriverton.
- 282.** In relation to the rehabilitation of quarters at Springlands, the contract was awarded by the Central Tender Board to the lowest bidder in the sum of \$9.241M. As at the 31 December 2002, the full amount was paid to the contractor. Two(2) contracts totalling \$9.135M were awarded to the lowest bidders in 2001, for the rehabilitation of two(2) officers' quarters at New Amsterdam. As at 31 December 2002, amounts totalling \$9.034M were paid to the contractors. At the time of inspection, the works were completed and were physically verified.
- 283.** The contract for the rehabilitation of the existing driveway and parking area at the Authority's Secretariat was awarded in the sum of \$3.984M in 2001. As at December 2001, a mobilisation advance of \$398,382 was paid to the contractor. The works were completed in 2002 and as at 31 December 2002, amounts totalling \$3.983M were paid to the contractor. The works were physically verified.

- 284.** The contract for the construction of the complex at Corriverton was awarded in 1995 in the sum of \$27.896M. As at 31 December 1995, amounts totalling \$26.593M were paid to the contractor. The difference of \$1.302M due to the contractor should have been used to offset the contractor's corporation tax liability to the Internal Revenue Department. However, the contractor subsequently paid this amount and approval was sought and obtained for the payment of \$1.302M from 2002 allocation.
- 285.** In relation to the repairs to the office at Lethem, the contract was awarded to the lowest bidder in the sum of \$1.012M and the full amount was paid to the contractor as at 31 December 2002. The works undertaken were completed and were physically verified.
- 286.** With the exception of the generator valued at \$2.667M, the items purchased were verified as having been received and were brought to account in the fixed assets 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. At the time of Reporting in June 2003, the generator was not received.
- 287.** In my 2001 Report, it was stated that three(3) printers valued at \$365,750 were not received from the supplier. At the time of reporting, the position remained the same. It was explained by Management that all efforts made to get a refund from the supplier proved futile.

Subhead 45007 – Guyana Sugar Corporation

- 288.** An amount of \$1.228 billion was provided to Guysuco for rehabilitation works. However, no expenditure was incurred and was not re-budgeted for in 2003.

Subhead 45008 - Loans to Public Corporations

- 289.** An amount of \$1.500 billion was allocated as a loan to LINMINE. A supplementary provision of \$274.266M was approved to meet cost of restructuring BERMINE and provide additional support to LINMINE giving a revised allocation of \$1.774 billion. Sums totalling \$2.359 billion were expended, giving an excess expenditure of \$584.443M. This excess expenditure was met from an advance from the Contingencies Fund, which was cleared in April 2003.

Subhead 45009 – Youth Initiative Programme

- 290.** The sum of \$160M was allocated for (a) small infrastructure communities driven project (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 \$209M were expended. The excess expenditure of \$49M was met from an advance from the Contingencies Fund, which was cleared in April 2003. The following is a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Region No. 1	74
Region No. 2	12,306
Region No. 3	10,799
Region No. 4	51,713
Region No. 5	15,070
Region No. 6	43,424
Region No. 7	5,174
Region No. 10	14,538
Office & sporting Equipment Administration	41,071
Miscellaneous	7,909
	7,137
TOTAL	209,215

- 291.** The sum of \$12.306M was paid over to Region No. 2. Eighteen(18) contracts were awarded in the sum of \$8.712M for the construction of two(2) fences at Aurora and Darthmouth, two(2) flat concrete buildings at Walton Hall Youth Centre and Aurora, four(4) toilet facilities at Darthmouth, Golden Fleece, Land of Plenty and Alliance, community hall at St. Denny Mission, rehabilitation of Queenstown Youth Centre, painting of Charity Community Centre, installation of metal grill at Cotton Field and Anna Regina new Clubhouse, electrical and guttering work at Danielstown. According to the records of the Region, amounts totalling \$8.712M were expended. The difference of \$3.594M should have been refunded to the Consolidated Fund. In addition, the Regional Tender Board approvals were not seen for the awarding of five(5) contracts totalling \$5.880M for the construction of fence at Aurora and Queenstown Youth Centre, community hall at St. Denny's Mission and two flat concrete buildings at Aurora and Wallton Hall. Nevertheless, the works were completed and were physically verified.
- 292.** The sum of \$10.799M was paid to Region No. 3 for the construction of a multi purpose centre at Phoenix Park, spectators stand at Parika, water trestle at Windsor Forest, bridge at Nismes, Teacher Norma Road, De Kindren, pavillion at Caria Caria Island, four(4) fences at Tuschen, Stanleytown, Vergenoegen, Ruby Community Centres and the upgrading of playground at Great Troolie Island and Stuart Ville NDC Office. In respect of the construction of the multi purpose centre, the contract was awarded in 2002 in the sum of \$4.613M to the second lowest of six(6) bidders. The lowest bid was \$4.610M. No reason was stated why the contract was not awarded to the lowest bidder, neither was the Engineer's estimate stated. As at 31 December 2002 the work was still in progress and amounts totalling \$2.78M were paid to the contractor. The contract was terminated in April 2003 because the contractor abandoned the job. During the period January to April 2003 amounts totalling \$1.318M were paid to the contractor. Physical inspection in October 2003 revealed an overpayment of \$1.351M to the contractor. Action should be taken to recover the overpayment from the contractor. A new contract in the sum of \$2.674M was awarded

to lowest bidder in August 2003.. At the time of reporting the work had not commenced but a mobilisation advance of \$668,512 was paid to the contractor.

- 293.** In respect of the other works five(5) contracts totalling \$6.154M were awarded. In addition, amounts of \$294,000 and \$432,000 were expended for purchase of books for Wakenaam School and payment of consultancy fees, respectively. According to the records of the Region, amounts totalling \$9.439M were received and amounts totalling \$6.241M were expended during the period under review. Except for the multi purpose centre, the other works were completed and were physically verified.
- 294.** The amount of \$51.713M was paid over to Region No. 4. In addition, there was an unspent balance of \$18.753M as at 31 December 2001 which was not refunded to the Consolidated Fund. According to the records of the Region amount totalling \$49.897M were received and amounts totalling \$75.634M were expended. The following is a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Construction of gymnasium	17,884
Construction of four(4) buildings	15,362
Constructions of four(4) pavilions	13,975
Fencing of three(3) play grounds	11,457
Upgrading of eight(8) play grounds	7,774
Construction of five(5) multi-purpose buildings	5,074
Rehabilitation of two(2) buildings	1,415
Revetment at Alexander Village	1,166
Others	1,527
TOTAL	75,634

- 295.** The contract for the construction of the gymnasium in Albouystown was awarded by Cabinet in the sum of \$16.243M in December 2001 to the second lowest of five(5) bidders on the grounds that the bid was 3% lower than the Engineers estimate of \$16.712M and satisfied all the requirements. In addition, there was a variation of \$1.641M for which no approval was seen, giving a revised contract sum of \$17.884M. As at 31 December, 2002, the full amount was paid to the contractor. At the time of reporting, the works were completed and were physically verified.
- 296.** Amounts totalling \$15.362M were expended on the construction of four(4) buildings at Kuru Kuru, St. Cuthbert's Mission, Eccles and David Rose Centre. Four(4) contracts were awarded in the sum of \$22.690M by Regional Tender Board in the years 2001 and 2002. As at 31 December 2002 amounts totalling \$16.362M were paid to the contractors. Except for the construction of the Community Centre building at St. Cuthbert's Mission, the works were physically verified.

- 297.** In relation to the construction of four(4) pavilions, Regional Tender Board awarded four(4) contracts totalling \$16.960M in the years 2001 and 2002. These pavilions were constructed at Laluni, Non Pariel, Mon Repos and South Ruimveldt. As at 31 December 2002, amounts totalling \$13.975M were paid to the contractors. The works were completed and physically verified.
- 298.** In relation to the fencing of three(3) play grounds, three(3) contracts totalling\$9.064M were awarded by the Regional Tender Board for the construction of fences of playgrounds at Non Pariel, Success and Buxton. As at December 2002, amounts totalling \$11.457M were paid to the contractors. The difference of \$2.393M represents retention fees for works done in 2001. The works were completed and were physically verified.
- 299.** The sum of \$7.774M was expended for the upgrading of eight(8) play grounds Non Pariel, Supply, South Ruimveldt, etc. Eight(8) contracts totalling \$12.180M were awarded in the years 2001 and 2002. As at 31 December 2002, amounts totalling \$7.774M were paid to the contractors. The works were completed and were physically verified.
- 300.** Amounts totalling \$5.074M were expended for the construction of five(5) multi-purpose buildings at Yarrow Kabra, Beterverwagting, Soesdyke, Lodge and Grove ECD. Five(5) contracts totalling \$24.848M were awarded by the Regional Tender Board in 2001. The contractors were paid amounts totalling \$19.003M for the year 2001. Amounts totalling \$5.074M were paid to the contractors for the year 2002, giving a total of \$24.076M paid to the contractors. The works were completed and were physically verified.
- 301.** Amounts totalling \$1.415M were expended for the rehabilitation of two(2) buildings at Mocha and Farm Village. Two(2) contracts totalling \$8.919M were awarded in the year 2001. As at 31 December, amounts totalling \$5.491M were paid to the contractors. Amounts totalling \$1.415M were paid giving a total sum of \$6.906M paid to the contractors for measured works. The works were completed and were physically verified.
- 302.** Amounts totalling \$1.166M were paid for the revetment at Alexander Street. The contract was awarded in the sum of \$1.166M in the year 2002. As at December 2002, the work was completed and the full contract sum was paid to the contractor. The work was physically verified.
- 303.** In respect of Region No. 5, amounts totalling \$15.070M were paid over by the Ministry of Finance. However, according to the records of the Region amounts totalling \$9.488M were received and amounts totalling \$8.931M were expended for the construction of two(2) skilled training centre at No. 8 Village and Hope Town Village, a community centre at Fairfield, three(3) fences at Golden Grove, Weldaad and Ithaca, construction of one(1) pavilion at Weldaad, hard court at Lichfield and installation of grills at Fairfield. The contracts were awarded by the Regional Tender Board in the years 2001 and 2002. The works were completed and were physically verified.

- 304.** The sum of \$43.424M was paid to Region No. 6. However, according to the records of the Region amounts totalling \$39.698M were received and amounts totalling \$41.879M were expended. The following is a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
One(1) multi-purpose building	11,988
Construction of pavilion	5,628
Construction of two(2) skill training centres	5,183
Construction of training facility	3,600
Construction of recreation facility	3,498
Construction of three(3) fences	1,283
Fencing of four(4) grounds	2,054
Rehabilitation of community centre	3,698
Repairs to building	1,921
Others	3,026
TOTAL	41,879

- 305.** The contract for the construction of one(1) multi-purpose building at Vryman's Erven, New Amsterdam was awarded in the sum of \$11.901M by the Central Tender Board. As at December 2002, the work was still in progress and amounts totalling \$11.988M were paid to the contractor. At the time of reporting, physical inspection revealed that the work was about 90% completed.
- 306.** The contract for the construction of the pavilion at Crabwood Creek was awarded in the sum of \$5.925M to the lowest of five(5) bidders. As at December 2002, the work was completed and amounts totalling \$5.628M were paid to the contractor. In respect of the construction of two(2) skill-training centres at Mara Village and Sisters Village, two(2) contracts totalling \$5.413M were awarded by the Regional Tender Board. Amounts totalling \$5.183M were paid to the contractors as at 31 December 2002. The contract for the construction of training facility at Orealla was awarded in the of \$3.656M. The contractor was paid amounts totalling \$3.600M as at 31 December 2002. With the exception of the pavillon at Crabwood Creek, the other works could not have been verified but reliance was placed on certificates of satisfactory completion issued by the Consultant.
- 307.** In relation to the construction of recreation facility at Bara Cara, construction of three(3) fences at Mibicuri training centre compound, No. 68 Village and Letter Kenny, fencing of four(4) grounds at Tain, Liverpool, Nos. 46 and 58 villages, rehabilitation of community centre at Rose Hall Town, repairs to building at Eversham etc., ten(10) contracts totalling \$15.480M were awarded. As at 31 December 2002, the works were completed and the full amounts were paid to the contractors. With the exception of the works at Bara Cara the other works were physically verified.

- 308.** The sum of \$5.174M was paid to Region No. 7 for the construction of a multi-purpose centre at Mongrippa Hill, Bartica, supply of one(1) boat for Tassareen Village and construction of dig-out at Arau. However, according to the records of the Region amounts totalling \$15.926M were received and amounts totalling \$15.925M were expended. The contract for the multi-purpose centre was awarded by the Central Tender Board in 2001 for the sum of \$11M to the lower of two bidders. There was an approved variation of \$5.758M giving a revised contract sum of \$16.758M. As at 31 December 2001 amounts totalling \$11.533M were paid while \$5.295M was paid in 2002, resulting in total payments of \$16.828M. As at 31 December 2002 the works were completed and were physically verified. However, at the time of reporting in September 2003 the building was not in use.
- 309.** The sum of \$14.538M was paid over to Region No. 10 for the construction of three(3) joinery work shops at Ituni, Three Friends and Muritaro, two(2) sports hall at Koomaka and Three Friends, two(2) Broiler Pens at half mile Wismar and Moblissa, Basketball Court at Amelia' s Ward, two(2) wooden boats for Kwakwani and Gold hill and chain link fence at half mile Wismar. However, according to the records of the Region amounts totalling \$15.926M were received and amounts totalling \$12.636M were expended. In respect of these works twelve(12) contracts totalling \$20.723M were awarded. At the time of reporting, the works were completed and were physically verified.
- 310.** Amounts totalling \$41.071M were expended for the purchase of computers and accessories, farm tools, outboard engine, sporting equipment and goods. The items purchased were verified as having been received and properly accounted for.
- 311.** A comparison of the records of the Ministry of Finance with those of the Regions revealed the following differences:-

REGION	MOF RECORDS \$'000	REGION RECORDS \$'000	DIFFERENCE
1	73,930	765,000	(691,070)
2	12,305,971	12,305,971	0
3	10,798,517	9,439,337	1,359,180
4	50,664,622	49,896,877	767,745
5	15,069,881	9,487,522	5,582,359
6	43,423,617	39,697,689	3,725,928
7	5,173,884	15,925,832	(10,751,948)
8	0	4,358,918	(4,358,918)
10	14,538,259	15,860,545	(1,322,286)
TOTAL	152,048,681	157,737,691	(5,689,010)

- 312.** It is recommended that a reconciliation be carried out between the records of the Ministry of Finance and those of the Regions with a view to investigate these differences and to make the necessary adjustments.

- 313.** Amounts totalling \$32.203M representing unspent balances as at 31 December 2002 were not transferred to the Consolidated Fund, as detailed below:-

REGION	UNSPENT BALANCE \$'000
1	8
2	3,594
3	3,246
4	5,458
5	1,956
6	11,360
7	3
8	2,220
10	4,358
TOTAL	32,203

- 314.** It should be noted that in accordance with Section 36 of the Financial Administration and Audit Act, all unspent balances at the end of the year in respect of funds appropriated, should be refunded to the Consolidated Funds. Should funds be required for projects for the ensuing year, then it should be provided in the year's budget.

Subhead 45010 – Project Support Programme

- 315.** The sum of \$350M was allocated for the support and implementation of economic projects and programmes. However, no expenditure was incurred. The Project was not re-budgeted for in 2003.

Subhead 45011 – Linden Economic Advancement Project

- 316.** The sum of \$352M 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 \$182.516M were expended.
- 317.** 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 \$182.516M represents amount disbursed by the Project as at 31 December 2002.

Revenue Accounting and Control - Current Revenue

- 318.** 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 in September 2003, the balance of \$875.593M had not been paid over to the Government.
- 319.** 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 of \$989M. The Accounting Officer had explained that this difference was due to cheques from 1998 brought forward to 1999.
- 320.** 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.
- 321.** In the 2001 Report it was stated that 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.
- 322.** For the period under review, amounts totalling \$4.199 billion were collected as proceeds from Rice Levy A. The Appropriation Account, however, showed amounts totalling \$49.974M as having been refunded to the Guyana Rice Development Board. Taking into account the above explanation, there was still an unexplained difference of \$4.149 billion.
- 323.** In respect of the preceding paragraphs dealing with the differences in respect of Rice Levy A, the Accounting Officer explained that once there is not enough funds in the Appropriation Accounts, uncleared cheques would be carried forwarded to the next year. However, the details of these uncleared cheques for the years 1999 to 2002 were not provided to facilitate verification.
- 324.** 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 2002. This levy was to be paid by exporters of rice to the European Union at a rate of US\$6 per ton. According to the records of the Guyana Rice Development Board, amounts totalling US\$1.069M, equivalent to G\$200.515M was collectible in respect of this levy for the year 2002. A similar observation was made in my 1999, 2000 and, 2001 reports where it was stated that amounts totalling G\$853.814M, G\$213.010M and G\$214.153M respectively remained uncollected.

- 325.** In relation to application fees from Cambios, no amounts were shown as having been received in 2002. However, as indicated in an earlier part of this report, amounts totalling \$2.532 billion were held in a special bank account No. 200880 at 31 December 2002. 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. The Accounting Officer explained that Bank of Guyana was written to, to transfer the funds to the Consolidated Fund.
- 326.** For the period under review no amounts were received for royalties. However, as at 31 December 2002, the Government of Guyana Omai Royalties Account No. 964 reflected a balance of \$367.370M, compared with a balance of \$428.433M at the end of 2001. 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. However, at the time of reporting, the full amount was transferred from the special account to the Consolidated Fund.
- 327.** Amounts totalling \$882.580M were received as dividends and transfers from Public Enterprises as shown below:-

NAME OF CORPORATION	PARTICULARS	AMOUNT \$'000
Bank of Guyana	Profits for 2001	479,480
G.T. & T.		144,000
GUYOIL		239,100
TOTAL		862,580

- 328.** An examination of the records of NICIL revealed that the following amounts totalling \$425.932M were received and transferred to the Accountant General's Department by NICIL and deposited in the Consolidated Fund in August 2002. However, there was no evidence that these amounts were brought to account in the records of the Accountant General's Department:-

NAME OF CORPORATION	PARTICULARS	AMOUNT \$'000
G.T. & T. GUYOIL Guyana Stockfeeds Ltd.	Dividends ” ”	351,950 73,068 914
TOTAL		425,932

In addition, revenue has been overstated by this amount

- 329.** 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. At the time or reporting a gift register was introduced.
- 330.** An examination of the revenue register and overseas mission revenue register were revealed that they were not updated with all the relevant information. In addition, the revenue register bore no evidence of supervisory checks.

Revenue Accounting & Control - Capital Revenue

- 331.** The Account No. 3179 was established to deposit the proceeds from divestment and to meet related payments. At the beginning of 2002 account No. 3179 reflected a balance of \$76.542M. During the year, amounts totalling \$63.336M were received as proceeds while payments totalling \$130 million were made, leaving a balance of \$9.878M as at 31 December 2002. This account has since been closed and the balance transferred to the Accountant General Department.

332. The following are the details:-

DESCRIPTION	AMOUNT \$'000	AMOUNT \$'000
Balance as at 1.1.2002		76,542
Add Rec.:		
Lease Rental	24,181	
Transfer of Funds From GAC A/C From GBTI	39,155	63,336
	-----	-----
		139,878
Less Payments:		
Advance for Materials for Unserved Areas Electrification Pro.		130,000

Balance as at 31.12.2002		9,878

333. Guyana Stores Ltd. was privatised in October 2000. The agreement of sale provided for a valuation of the net current assets 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. This exercise has been completed and the Management of Guyana Stores Limited was required to pay over the sum of G\$96,601,096 to the Privatisation Unit by 3 October 2003.

334. The audits of UNDP projects for the period under review revealed that grants totalling US\$1.376M equivalent to G\$263.133M was 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.

335. Significant differences were observed between the amounts shown as receipts in respect of external loans and those recorded in the Public Debt Statement, as shown below:-

LENDING AGENCY	PER PUBLIC DEBT STATEMENT \$000	PER REVENUE STATEMENT \$000	DIFFERENCE \$000
Inter American Dev. Bank	7,499,655	5,885,289	1,614,366
International Dev. Assoc.	1,090,122	824,274	265,848
Caribbean Dev. Bank	1,147,507	247,645	899,862
EIB	205,179	466,622	(261,443)
IFAD	205,173	172,901	32,272
USAID PL 480	-	506,155	506,155

336. These differences were due mainly to:-

- 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
- The delay in the processing foreign disbursements so that they can be brought to account in the relevant accounting period.
- 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

337. The salaries bank account No. 506, which became non-operational in June 1996, reflected an overdraft of \$1.946M at 31 December 2002, 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.

- 338.** The salaries bank account No. 3002, which reflected a balance of \$14.293M as at 31 December 2002, was not reconciled for the period July 1996 to December 1998. Attempts have, however, been made to reconcile the monthly transactions for the period January 1999 to July 2003. 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.
- 339.** Amounts totalling \$11.332M 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. The Accounting Officer further explained that independent checks are carried by his Inspection Section at period intervals.
- 340.** Amounts totalling \$113.757M were expended on overseas conferences and official visits. According to Conference Advances Register, 313 advances were granted for this amount. As at 31 December 2002, 121 advances totalling \$26.137M 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.
- 341.** Amounts totalling \$930.676M were expended on the payment of increases in pension for retired public officers and the emoluments of non-pensionable employees.
- 342.** The Consolidated Fund bank account No. 400 was overdrawn by \$45.455 billion as at 31 December 2002, as compared with \$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. It was noted that \$22 billion, representing unspent balances for the period 1988 to 1999 was paid over to the Consolidated Fund in 2002. The account was also not properly reconciled. Attempts were, however, made to reconcile monthly transactions for the period January 1994 to July 2003. This unsatisfactory feature was highlighted in my previous reports and was discussed in details in an earlier part of this Report.
- 343.** The Non Sub-Accounting Ministries/Departments bank account No. 3001 reflected a large balance of \$7.477 billion as at 31 December 2002, as compared to \$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. However, it was noted that \$10.105 billion, representing unspent balances for the period 1998 to 2000 was repaid to the Consolidated Fund in 2002. In addition, the account was also only reconciled to December 1996. However, as in the case of the 400 account, attempts were made to reconcile the monthly transactions for the period January 1994 to July 2003.

- 344.** The General Account No. 405 also reflected a large balance of \$8.113 billion as at 31 December 2002, 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. However, as in the case of the 400 account, attempts were made to reconcile the monthly transactions for the period January 1994 to July 2003.
- 345.** Amounts totalling \$367.670M were held in the Omai Royalties Account No. 964 at 31 December 2002, 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 2002 was \$428.432M. However, the amount of \$367.670M was subsequently transferred to the Consolidated Fund in April 2003.
- 346.** The Revenue and Deposits Account No. 981 reflected a balance of \$809.668M as at 31 December 2002. 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 2002 was \$737.116M. It is recommended that the processing of the related transactions be expedited so that transfers can be made to the Consolidated Fund. The Accounting Officer explained that action has been taken to have the recalcitrant Ministries/Departments submit their CCBS.

GUYANA REVENUE AUTHORITY

CUSTOMS AND TRADE ADMINISTRATION

Revenue Accounting and Controls

- 347.** 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.

- 348.** Amounts totalling \$18.727 billion were collected as revenue for the period under review, compared with \$18.101 billion collected in 2001. This represents a 3.46% increase in collection over 2001. Consumption tax on imported goods was the main area of increased revenue collection. Actual collection for the period under review was \$11.424 billion, compared with \$10.580 billion collected in 2001, an increase of \$844.010M. The following table summarises the Department's total collections for 2002, with comparative figures for the previous year:-

DESCRIPTION	COLLECTION 2001 \$'000	COLLECTION 2002 \$'000	INCREASE \$'000
Import Duties	3,685,948	3,483,043	(202,905)
Export Duties	12,390	7,886	(4,504)
Stamp Duties	6,110	8,535	2,425
Consumption Tax – Imported	10,579,507	11,423,517	844,010
Consumption Tax – Domestic	3,116,092	3,024,902	(91,190)
Consumption Tax – Services	205,361	220,820	15,459
Licence Liquor	14,961	15,190	229
Environmental Tax	353,588	326,110	(27,478)
Overtime Fees	33,454	45,859	12,405
Departmental Fines	64,952	62,640	(2,312)
Warehouse Rent & Charges	18,116	12,715	(5,401)
Miscellaneous Other Taxes	10,899	96,217	85,318
TOTAL	18,101,378	18,727,434	626,056

- 349.** 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 2,260 PID's which were issued for the period under review, 3 PID's valued at \$436.046M remained outstanding at the time of the audit in June 2003. 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.
- 350.** 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.

- 351.** An examination of the Seizures Register revealed that there were 49 seizures during the period under review. However, at the time of the audit only 36 files were presented for audit examination, despite repeated requests for presentation of the remainder. Further, of the 36 files that were presented for audit, evidence was not seen of the disposal of the matters relating to seven(7) seizures at the time of the audit in June 2003. 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.
- 352.** In my 2001 report, it was stated that 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 June 2003, there was no evidence that this amount was paid to the Department. However, evidence was seen of the destruction of the goods based on the advice of the Government Analyst Department.
- 353.** 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 were being made to obtain a central storage site or State warehouse to store seizures and detentions.
- 354.** 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 June 2003, it was observed that seven(7) bills valued at \$2.881M were still outstanding for the year 1999. The Commissioner explained that a request was made to the Ministry of Finance for the refund from the Deposits Fund, but to date the refund has not been received.
- 355.** 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. The Commissioner gave the undertaking that efforts were being made to ensure compliance with the Customs Regulations as they relate to bills of sight.
- 356.** Remissions of duties totalling \$15.486 billion were granted to various sectors in 2002, compared with amounts totalling \$16.331 billion remitted in 2001, a decrease of \$844.797M or 5.17%. In 2001, there was a 23.7% increase in remissions from \$13.2 billion in 2000 to \$16.331 billion.

357. The following is a breakdown of the remissions granted in 2002, compared with the previous year:-

DESCRIPTION OF GOODS	AMOUNT 2001 \$'000	AMOUNT 2002 \$'000	DECREASE \$'000
Petrol	8,792,355	8,276,738	(515,617)
Motor Vehicle	1,565,982	1,719,030	153,048
Forestry	197,947	204,416	6,469
Computer	125,499	67,509	(57,990)
Mining	693,589	220,891	(472,698)
Others	4,955,675	4,997,666	41,991
TOTAL	16,331,047	15,486,250	(844,797)

358. The remissions granted in 2002 represent 82.69% of actual collections by the Department, compared with 90.22%, 68.86%, 47.65%, and 31% in 2001, 2000, 1999 and 1998 respectively.
359. An examination of the Ships' Rotation Book kept at Customs House revealed that 915 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 June 2003, only 696 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.
360. In relation to consumption tax on locally manufactured goods, an examination of a sample of forty-nine(49) consumption tax files revealed that three(3) 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, four(4) manufacturers did not effect payment in respect of consumption tax within the prescribed fifteen(15) days of the close of the month.
361. The Consumption Tax Act provides for a fine of twenty-five thousand dollars(\$25,000) and a further fine of five thousand dollars(\$5,000) per day for failing to comply with the above requirements. However, there was no evidence that penalties were imposed on manufactures that failed to comply with the Act.
362. Amounts totalling \$220.820M were collected as consumption tax on services. Of this amount, \$212.882M 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 2002, annual remittances by the Telephone Company have declined from \$270.7M to \$212.882M.

- 363.** During the period under review, three(3) betting shops were in operation. The amount collected as taxes from these betting shops was \$7.937M against a budgetary allocation of \$8.160M. 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.
- 364.** Amounts totalling \$15.190M were collected from liquor licences. An examination of liquor licences records for Regions 2, 3, 4 and 10 revealed that a total of 1,449 registered premises did not renew their licences in 2002. 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 forty-three(43) control visits during the period 25 April to 30 September 2002. The Commissioner explained that efforts were being made to ensure that all premises are visited 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.
- 365.** Amounts totalling \$45.859M were collected as overtime fees from merchants. However, an examination of the merchant overtime register kept at the Customs Boathouse and the returns submitted by the Outstations revealed that amounts totalling \$44.722M were collected from merchants, a difference of \$1.137M. It is therefore recommended that this difference be investigated.
- 366.** An examination of the Dishonoured Cheques Register revealed that for the period under review, a total of 112 cheques valued at \$119.584M were dishonoured. 108 of these valued at \$118.627M were referred to their respective drawers while four(4) cheques valued at \$956,529 were post-dated. In addition, two(2) importers tendered a total of ten(10) dishonoured cheques valued at \$13.152M. 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 one(1) day to sixty-one(61) 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 2003, all dishonoured cheques for 2001 and 2002 were cleared.

367. 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:-

YEARS	NO. OF CHEQUES	AMOUNT \$
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
TOTAL	61	38,349,624

368. 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.

369. In my 2001 Report, it was stated that during the Public Service strike in May and June of 1999, goods were released to some importers and their cheques were held on hand. Documentation provided showed that one hundred and forty-five(145) cheques totalling \$119.434M had become 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.

370. The current revenue bank account No. 3194 reflected a balance of \$110.180M as at 31 December 2002. This account was reconciled to December 2002. The previous revenue bank account No. 3014, which became inactive in March 2000, reflected a balance of \$526.537M as at 31 December 2002. However, this account was only reconciled to February 2000. The Commissioner explained that action was being taken to close this account and to transfer the balance to the Consolidated Fund.

GUYANA REVENUE AUTHORITY

INTERNAL REVENUE

Revenue Accounting and Control

371. Amounts totalling \$22.128 billion were collected as revenue from various sources for the period under review, compared with \$19.682 billion collected in the previous year, an increase of \$2.446 billion or 12.43%, as shown below:-

PARTICULARS	AMOUNT 2001 \$'000	AMOUNT 2002 \$'000	INCREASE \$'000
Corporation Tax	6,728,473	7,447,499	719,026
Income Tax	7,835,605	9,024,925	1,189,320
Withholding Tax	1,438,168	1,372,759	(65,409)
Travel Tax	1,092,120	1,169,096	76,976
Income Tax – Self-employed	732,358	781,148	48,790
Net Property Tax	685,571	1,150,034	464,463
Purchase Tax	472,314	470,763	(1,551)
Licences – motor vehicles	253,574	228,322	(25,252)
Capital Gains Tax	99,698	140,741	41,043
Motor Vehicle & Road Traffic Ordinance	160,047	136,920	(23,127)
Others	19,497,928	21,922,207	2,424,279
	184,040	205,925	21,885
TOTAL	19,681,968	22,128,132	2,446,164

372. In relation to Corporation tax, of the amount of \$7.447 billion collected, sums totalling \$6.688 billion relate to the Private Sector. In relation to the Public Sector, sums totalling \$464M were budgeted to be collected while actual collections amounted to \$759.076M.

373. According to the records of the Department, there were 3,960 registered companies of which 315 were identified as defunct. In addition, 1817 companies were deemed to be inactive as compared to 262 companies in 2001. It should be noted that at the time of reporting in July 2003, only 458 companies submitted annual returns to the Department, as compared to 327 in 2001. 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 three(3) companies in 2002.

- 374.** Amounts totalling \$9.025 billion were collected as personal income tax. In accordance with Section 117 of the Income Tax Act Chapter 81:01, 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 292 instances where employers failed to submit returns for extended periods during 2002. Evidence was seen of the Department soliciting the assistance of the Director of Public Prosecutions in respect of some of the defaulters and fifteen(15) companies were taken to court for failure to remit personal income taxes.
- 375.** Amounts totalling \$1.373 billion were collected as withholding tax for the period under review, as compared with \$1.438 billion collected in 2001. This represents a 4.5% decrease in collection over 2001. 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. However, the Commissioner explained that reliance is placed on the integrity of the banks and therefore no checks were carried out on these records.
- 376.** Included in the amount of \$1.169 billion shown as having been collected as travel tax, were sums totalling \$717.596M relating to travel voucher tax. This represents an increase of \$22.370M or 3.22% in collection over 2001. According to the records of the Department, five(5) airlines made late payments of taxes but there was no evidence that penalties were imposed. At the time of the audit in July 2003, a special exercise was carried out to impose penalties on the defaulting airlines.
- 377.** Amounts totalling \$781.148M were collected as income tax from self-employed persons. According to the Department's records 17,428 persons were deemed as self-employed in 2002 as compared to 21,132 in 2001. The Commissioner explained that this decrease was as a result of a 'clean up' exercise of the system, which revealed that some files were erroneously categorised as self-employed, thus resulting, in the reduction of self-employed persons.
- 378.** Included in the amount collected from self-employed persons, were sums totalling \$3.020M, which were collected as professional fees from 302 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 739 taxpayers at the time of reporting in July 2003. However, evidence was seen of efforts made by the Department to update the list of professionals.
- 379.** Included in the above sum of \$22.128 billion were amounts totalling \$861.055M in respect of the purchase tax, licences-motor vehicles and other miscellaneous revenues collected by the Licence Revenue Office. During the period under review, amounts totalling \$31.002M were banked into the old revenue bank account No. 3018, instead of the new account No.3196. Efforts should be made to close this account and the balance transferred to the consolidated fund.

- 380.** Included in the sum of \$205.925M representing Others were amounts totalling \$110.646M, which were collected as hotel accommodation tax. According to 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 the hotel accommodation within fifteen(15) days of the close of the month. During the period under review, five(5) hotels submitted monthly returns as much as six(6) months late. The Commissioner explained that the defaulters were not aware that they had to submit returns until an inspection was done by the Guyana Revenue Authority.
- 381.** 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 half-monthly basis. Where no revenue is collected a 'nil' return should be submitted. An examination of the records at the Licence Revenue Office, however, revealed that there was no submission of CCBS's or 'nil' returns from four(4) sub-offices located in Regions 2, 5, 6 and 7 for the first quarter of 2002. However, it was noted that corrective action was taken from the second quarter of 2002.

Other Matters

- 382.** The 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. As at 31 December 2002, this balance was reduced to \$1.302 billion and it was recommended that the balance be transferred to the Consolidated Fund. At the time of reporting in July 2003, the position remains the same.
- 383.** 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 \$200.148M and \$69.218M as at 31 December 2002, respectively. At the time of reporting in July 2003, these accounts were only reconciled up to November 2002 and September 2002, respectively.
- 384.** Another Licence Revenue Office revenue bank account No. 3018 reflected a balance of \$128.765M as at 31 December 2002. The account was not reconciled since December 2000. However, at the time of the audit in July 2003, evidence was seen of efforts made via a letter to the Bank of Guyana requesting bank statements for the account.

- 385.** At the time of the audit in July 2003, a total of forty(40) dishonoured cheques totalling \$2.033M were on hand. Thirty-eight(38) of these were tendered during the period 1994 to 2000, as shown below:-

YEAR	NO. OF CHEQUES	AMOUNT \$
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	2,500
2002	1	154,149
TOTAL	40	2,033,234

- 386.** 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

- 387.** The present salaries bank account No. 3086 reflected a balance of \$25.715M as at 31 December 2002. The cash book was cast and balanced and bore evidence of supervisory checks for the period under review and the account was reconciled to December 2002.
- 388.** 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 \$'000	MONTH	AMOUNT \$'000
January	42,886	July	19,964
February	34,726	August	22,253
March	33,668	September	34,816
April	35,504	October	21,836
May	19,726	November	20,462
June	22,199	December	23,497

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

- 389.** An examination of the reconciliation statement for December 2002 in respect of the present salaries account revealed that there were several reconciling items which have been coming forward for several years. The Accounting Officer explained that Bank of Guyana was written to, with a view of identifying and clearing these discrepancies.

Other Charges

- 390.** Amounts totalling \$7.155M were expended on Office Materials & Supplies and Janitorial & Cleaning Services. 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. The Accounting Officer explained that every effort would be made to ensure full compliance with the Stores Regulations.

- 391.** Amounts totalling \$228.887M were expended on Subsidies & Contributions to International Organisations, as shown below:-

NAME OF ORGANISATION	AMOUNT \$000
CARICOM	133,152
Commonwealth Secretariat	18,914
Commonwealth Foundation	15,284
Commonwealth Fund for Technical Co-operation	14,250
International Organisation (WTO)	11,908
Caribbean Export Development Agency	10,808
UNDP	7,500
Commonwealth Science Council	7,125
Organisation of American States	3,900
United Nations – local office	3,560
Association of Caribbean States (ACS)	1,901
UNICEF	585
TOTAL	228,887

- 392.** 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

- 393.** A physical count of sixty(60) items in the stores was carried out on the 12 March 2003 and comparison was made with the stock ledger balances. The results revealed excesses in respect of eleven(11) items while there were shortages in respect of twenty-seven(27) items. Action should be taken to investigate and clear these discrepancies.

Other Matters

- 394.** The old imprest bank account No. 444, which became non-operational in July 1996, reflected an overdraft of \$51.635M as at 31 December 2002. The reason for the overdraft should be investigated. The Accounting Officer explained that a report was being prepared for submission to the Secretary to the Treasury for advice on the closure of this account.

Revenue

- 395.** During the period under review, amounts totalling G\$186.818M 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 \$102.333M was deposited into the Consolidated Fund Bank Account. The following are the details:-

MISSIONS	AMOUNT COLLECTED \$’000	AMOUNT DEPOSITED IN 400 A/C \$’000	AMOUNT NOT DEPOSITED INTO 400 A/C \$’000
Beijing	1,176	554	622
Brazil	655	Nil	655
Brussels	916	650	266
Caracas	2,127	1,644	483
CGNY	134,718	82,132	52,586
Cuba	326	Nil	326
London	8,809	4,698	4,111
Ottawa	1,202	550	652
Suriname	7,219	1,202	6,017
Toronto	17,863	5,242	12,621
Washington	11,807	5,661	6,146
TOTAL	186,818	102,333	84,485

- 396.** As a result, revenue has been understated by \$84.485M. In addition, although acknowledgement receipts were issued by the Accountant General’s Department, these were not forwarded to the relevant Missions. The Accounting Officer explained that a system is being put in place to ensure that receipts are uplifted and despatched to Missions.

Capital Expenditure

Subhead 12001 – Buildings

- 397.** The sum of \$6M was allocated for the resurfacing of the roof of Takuba Lodge and the rehabilitation of the Chancery and Residence in Washington.

- 398.** An amount of G\$5M was allocated to the High Commission, Washington for the repairs to the residence in Washington. A waiver of Tender Board procedures was approved by Central Tender Board. As at 31 December 2002, the work was completed and amounts totalling \$4.680M were expended. The work was physically verified. In respect of the resurfacing of the roof of the Takuba Lodge, no work was done, but it was re-budgeted for in the year 2003.

Subhead 24001 - Land Transport

- 399.** The sum of \$6.5M was allocated for the purchase of vehicles for China and Canada. Amounts totalling \$3.716M were expended for the purchase of one(1) Mazda motorcar for Toronto Consulate in Canada. The motorcar was verified as having been received and properly brought to account. No expenditure was incurred for China and it was not re-budgeted for in the year 2003.

Subhead 25001 - Office Equipment and Furniture

- 400.** The sum of \$5.5M was allocated for purchase of office equipment and furniture for Head Office and Mission Offices. Amounts totalling \$4.138M were expended as follows:-

DESCRIPTION	NO. OF ITEMS	MISSION	AMOUNT G\$
AC unit	2	Head Office	202,000
Executive chairs	12	" "	171,360
Metal Cabinets	4	" "	180,000
Chairs	8	" "	151,200
Work station	2	" "	52,000
Conference table	1	Brussels	518,922
Chairs	12	"	280,800
Photocopier	1	Cuba	496,275
Dining set	1	Brazil	491,790
Chairs		"	63,749
Computer	1	Washington	349,091
Chairs	12	P.R UN	280,800
3 piece suite	1	C.G NY	258,099
AC unit	2	Caracas	217,743
Computer desk	1	"	29,084
Filing cabinet	1	"	25,617
2 piece suite	1	Ottawa	195,000
Fax machine	1	London	174,726
TOTAL			4,138,256

- 401.** Amounts totalling \$756,560 were expended for the purchase of two(2) air condition units, twelve(12) executive chairs, four(4) metal cabinets, eight(8) chairs and two(2) computer desks, and for which Tender Board procedures were followed. The items were verified as having been received and properly brought to account by Head Office.
- 402.** Amounts totalling \$3.382M, which were allocated to the Missions, were remitted in the months of October to December 2002 and January 2003. Included in this amount were sums totalling \$1.435M, which were remitted in January 2003 to the Missions in Brazil, Consul General, New York, Washington and Caracas, resulting in the capital Appropriation Account being overstated by this amount.
- 403.** The amounts of G\$518,922 and G\$280,800 were allocated to the Embassy in Brussels to purchase one(1) conference table and twelve(12) conference chairs, respectively. The full amounts were expended. The items were purchased and were verified as having been received and properly brought to account. In respect of the purchase of one(1) photocopier for the Mission in Cuba adequate documentation exist for the procurement of the item.
- 404.** The amounts of G\$491,790 and G\$63,749 were allocated to the Embassy in Brazil to purchase one(1) dining set and chairs, respectively. The Mission received the allocation in January, 2003. No purchases were made due to inadequate funds being remitted to the Mission.
- 405.** An amount of G\$349,091 was allocated to the Embassy in Washington for the purchase of a computer. The allocation was received in January 2003 and the computer was purchased on the 25 April 2003 at a cost of G\$281,369. The item was verified as having been received and properly brought to account.
- 406.** Amounts totalling G\$280,800 were allocated to Permanent Representative in New York for the purchase of twelve(12) conference chairs. The chairs were purchased in December 2002 at a cost of G\$276,120. The items were received by the Mission but were not yet taken on inventory. It is recommended that the chairs be taken on inventory now that the Mission is being located to a new office. In respect of the amount of G\$258,099 allocated to the Guyana Consulate in New York for the purchase of one(1) 3-piece suite, no amount was expended at the time of the audit in August 2003. It was explained that the Office of the Consulate was in the process of being relocated to a new office, after which the suite would be acquired.
- 407.** The amounts of G\$29,084, G\$217,743 and G\$25,617 totalling \$272,444 were allocated to the Embassy in Caracas to purchase one(1) computer desk, two(2) air condition units and one(1) filing cabinet respectively. The Mission received the allocation in January 2003. Amounts totalling \$179,780 were expended to purchase the items, which were verified as having been received, and properly brought to account. The difference of \$92,663 was refunded to the Ministry in May 2003. In respect of the amount of G\$195,000 allocated to the Guyana High Commission in Ottawa for the purchase of one(1) suite, an amount of C\$1,771 (equivalent to G\$230,230) was expended for the purchase of the suite and the item was verified as having been received and properly brought to account.

- 408.** The Guyana High Commission in London received an allocation of G\$174,726 on the 29 November 2002 for the purchase of a fax machine. At the time of the audit in August 2003, the Mission acquired a Canon L350 fax machine at a cost of G\$172,849. The item acquired 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

- 409.** 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. The Accounting Officer explained that the Ministry was in the process of reviewing the staffing structure of the Missions at the end of which the staffing strength would be determined
- 410.** 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.
- 411.** An examination of the statement of expenditure for the year 2002 revealed an actual expenditure of \$37.262M, compared with a budgetary allocation of \$49.483M, giving a net saving of G\$12.221M. Employment costs accounted for \$14.628M. 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.

412. Excess expenditure totalling G\$1.687M was incurred in respect of eleven(11) line items, as shown below:-

A/C CODE	DESCRIPTION	ALLOCATION G\$'000	ACTUAL G\$'000	EXCESS EXPENDITURE G\$'000
105	Semi skilled and unskilled	2,083	2,261	178
201	Other direct labour costs	1,037	1,094	57
124	Print and non-print	82	99	17
131	Fuel and lubricants	417	515	98
142	Maintenance of buildings	148	168	20
161	Local travel and subsistence	124	139	15
163	Postage, telex & cablegrams	272	279	7
171	Telephone charges	1,758	1,901	143
172	Electricity charges	83	100	17
182	Equipment maintenance	237	238	1
194	Other	4,660	5,794	1,134
	TOTAL	10,901	12,588	1,687

413. 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 2002. It would appear necessary therefore for the Mission to be provided with a more realistic allocation in order to avoid this undesirable situation.
414. In relation to the remittance of revenue to the Accountant General, this is normally done on a bi-monthly basis and coincides with the movement of the diplomatic mailbag to Head Office. However, there were instances where revenue was remitted six(6) months after the month of collection. The Finance Officer explained that the revenues were deposited in the Main Account promptly, but because of insufficient and late remittances the revenues were not remitted as expected. At the time of the audit in June 2003, revenues totalling C\$76,345 in respect of the period September 2002 to March 2003 were not remitted to the Consolidated Fund.
415. In terms of capital expenditure, an amount of G\$3.237M was allocated for the purchase of a vehicle for the Consul General. This allocation was received on 30 January 2003. At the time of the audit in June 2003 an amount of C\$29,129 equivalent to G\$3.495M was expended on the purchase of the vehicle. The vehicle was received and properly brought to account.

Guyana High Commission, Ottawa

- 416.** 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. The Accounting Officer explained that the Ministry was in the process of reviewing the staffing structure of the Missions at the end of which the staffing strength would be determined.
- 417.** 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.
- 418.** 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. The Accounting Officer explained that due to budgetary constraints, additional staff cannot be employed.
- 419.** 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 verify 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.
- 420.** In relation to the Sub Accountant's Cash Book, there was evidence of supervisory checks during the periods under review. However, at the time of inspection the original payment vouchers for the period August to December 2002 and January to March 2003 were still on hand. The Executive Officer explained that these vouchers would be forwarded with the next diplomatic bag to the Accountant General. In addition, the Executive Officer further explained that these vouchers were still on hand due to forwarding of the original of the bills to Revenue Canada for the rebate of GST.

- 421.** An examination of the statement of expenditure for the year 2002 revealed an actual expenditure was \$34.490M, compared with a budgetary allocation of \$52.865M, giving a net saving of \$18.375M. Employment costs accounted for \$18.969M. 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.
- 422.** The Votes Ledger, which was introduced in January 2001, was also maintained by the Executive Officer. Based on test-checks carried out on the Votes Ledger for 2002 the following discrepancies were found:-
- (a) The votes ledger was signed at year end instead of monthly and/or daily to verify entries. And there was no evidence of checks for the period January to March 2003. The Executive Officer explained that this was due the records being written up at the end of the month instead of daily. It is therefore recommended that every effort should be taken to have the Votes ledger be written up on a daily basis;
 - (b) According to the votes ledger under subhead 141-Rental of Buildings, two(2) payments totalling C\$6,658.46 were recorded on 17/12/02, however a note was made in the votes indicating that these amounts were to be carried forward to 2003 due to the excess expenditure under this subhead. However it was observed that these payments were actually made in 2002. It was explained by the High Commission that these amounts were paid in December 2002, for the rental of buildings in January 2003, due to the fact that rents are to be paid in advance, and actual funds for this expenditure was received until January 2003. In addition it was observed that the two(2) payments were indeed reflected in 2003 votes and being treated as amounts brought forward; and
 - (c) Three(3) payment vouchers totalling G\$216,946 were recorded in the votes ledger as G\$311,702 thus resulting in the votes ledger being overstated by G\$94,756. In addition four(4) payment vouchers totalling G\$145,994 could not be traced to the votes ledger. Included in the latter figure of G\$145,994 are amounts totalling G\$83,789, which represents purchases of spares for the repair of Cuba Mission's vehicle. It was explained that the Cuba Mission was supposed to refund the said amount. However, at the time of the audit this amount was not yet received.

423. Excess expenditure totalling G\$1.434M was incurred in respect of nine(9) line items, as shown below:-

SUB-HEAD	DESCRIPTION	ALLOCATION \$	EXPENDITURE \$	EXCESS \$
103	Other technical & craft skilled	3,311,425	3,724,250	412,825
104	Clerical and office support	5,758,028	6,043,263	285,235
201	Other direct labour costs	935,031	1,028,209	93,178
163	Postage telex and cablegram	370,676	437,032	66,356
172	Electricity Charges	248,577	298,180	49,603
173	Water charges	160,000	181,371	21,371
182	Equipment maintenance	1,262,082	1,404,844	142,762
184	Other	83,987	112,041	28,054
194	Other	16,914	351,409	334,495
	TOTAL	12,146,720	13,580,599	1,433,879

424. The Executive Officer explained that the above situation resulted mainly from the restricted budgetary allocations. It would therefore appear necessary for the Mission to be provided with a more realistic allocation in order to avoid this undesirable situation.
425. In terms of capital expenditure for the year 2002, the Mission had an allocation of \$195,000 for the purchase of one suite. However, it did not receive the remittance, until 29 November 2002. At the time of inspection in June 2003, the full amount was expended and the item was verified as having received and properly brought to account.

Guyana Embassy, Washington D.C.

426. The actual staffing 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.
427. 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. The Accounting Officer explained that the Ministry was in the process of reviewing the staff structure of all Missions to determine their complement.

- 428.** 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 is 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, the preparation of cheques, the signing of cheques and the preparation of the bank reconciliation statements, collection, deposit 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.
- 429.** An examination of the statement of expenditure for the Mission for the period under review revealed an expenditure of \$65.6M, compared with a revised budgetary allocation of \$85.266M, giving a net saving of \$19.666M. The figure of \$65.6M, however, does not include the emoluments of home-based staff and who were paid directly by Head Office.
- 430.** Excess expenditure totalling G\$3.898M was incurred in respect of eight(8) line items, as shown below:-

A/C CODE	DESCRIPTION	ALLOCATION G\$'000	ACTUAL G\$'000	EXCESS G\$'000
103	Other Technical & Craft	13,041	14,230	1,189
104	Clerical & Off. Support	15,258	16,606	1,348
201	Other Direct Lab. Costs	1,002	1,650	648
123	Office Material & Supply	300	384	84
124	Print & Non-Print Materials	152	242	90
164	Vehicle Spares	601	866	265
171	Telephones	2,321	2,491	170
184	Other	1,769	1,873	104
TOTAL		34,444	38,342	3,898

- 431.** The excess expenditure was due mainly to the inadequate allocation being given to the Mission in respect to certain line items. It would therefore appear necessary for the Mission to be given a more realistic allocation. Notwithstanding the excess expenditure on the above line items, the total revised allocation for year 2002 was not exceeded and there was a net saving of G\$19.666M.
- 432.** The total revenue collected and remitted to the Accountant General in respect of the year 2002 was G\$11.807M equivalent to US\$62,319. At the time of the inspection visit, the Embassy was not in receipt of acknowledgement receipts from the Accountant General for the revenue remitted for the years 2000, 2001 and 2002 to indicate that the amounts were brought to account in the Public Accounts. However, according to the records of the Accountant General's Department, only amounts totalling \$5.661M were received and

deposited into the Consolidated Fund. It is recommended that the Ministry pursue this matter with the Accountant General's Department to ensure that all acknowledgement receipts are promptly sent to the Embassy so that their records can be up dated.

- 433.** In 1999 & 2000 Audit Reports, it was reported that twenty-four(24) advances totalling US\$51,402 equivalent to G\$8.031M, were given to the Ambassador during the period 1995 to 2000 from the Mission's bank account for official duties overseas. Evidence was seen where the Ambassador had written the Ministry on three(3) occasions prior to June 2000 in connection with the outstanding advances. In June 2000 the Ministry responded stating that an officer was assigned to deal with the matter.
- 434.** In January 2001, the Ambassador again wrote Head Office stating that his indebtedness to the Mission had increased to US\$57,161 equivalent to G\$9.079M. On 29 April 2003, the Ambassador again wrote the Ministry stating that his indebtedness according to the Embassy's records indicated that the advances were US\$70,331.46 equivalent to G\$11.998M. He further stated that the relevant claim forms and authorisations were submitted to the Ministry for onward transmission to the Accountant General's Department to clear his outstanding advances. At the time of reporting there was no evidence that the Ministry had taken any action in relation to this matter. In addition, the records also indicated that three(3) other advances totalling US\$1,055 were outstanding in the name of officers who served the Mission prior to 1999 but who were not longer attached to the Mission.
- 435.** It should be mentioned that the issuing of advances for official conferences from Mission's operational funds is not in keeping with the established procedures since funds are allocated for this purpose under the Ministry of Finance, Accountant General's allocation. It is therefore recommended that official visits overseas be approved by Cabinet well in advance to ensure that the funds are uplifted from the Accountant General. This will obviate the need to utilise the funds of the Mission and will avoid the problem highlighted above. In the meantime, efforts should be made to process the travelling claims by the Ambassador so that the Mission's main bank account can be reimbursed.
- 436.** In terms of capital expenditure an amount of US\$1,807 equivalent to G\$349,091 was remitted to the Embassy in January 2003 for the purchase of a computer. The computer was purchased on 25 April 2003 at a cost of US\$1,143 (G\$281,369). Therefore, there is a balance of US\$664 on the capital allocation. However, it should be noted that the amount of G\$349,091 related to the Ministry's Capital budget for the year 2002 and the full sum was shown as expended by the Ministry in the year 2002. In view of the expenditure being made in 2003, the Ministry's Capital Appropriation Account for the year 2002 was overstated by the amount of G\$349,091.
- 437.** Also in terms of capital expenditure, an amount of G\$5M was allocated for the repairs to the residence in Washington. Of this amount \$4.602M was remitted to the Mission. A waiver of Tender Board procedures was approved by Central Tender Board. As at 31 December 2002, the work was completed and amounts totalling \$3.420M were expended. The work was physically verified.

Guyana Consulate, New York

- 438.** In my Reports for the years 1999, 2000 & 2001, it was mentioned that the Sub- Accounting Officer of the Consulate was recalled to Georgetown in 1999 but tendered his resignation. Up to the time of the audit for the year 2001, no officer had been appointed to the position of Sub-Accounting Officer. However, in October 2002 the Consul General was appointed as Sub- Accounting Officer. Therefore, for the greater part of the year 2002, no one was charged with responsibility for the financial affairs of the Consulate.
- 439.** As reported in 2001, the entire accounting functions were carried out by the Executive Officer responsible for finance. Therefore, there was no segregation of duties. In particular, this officer was involved in (a) the preparation of payment vouchers (b) maintenance of the sub-accountant's cash book, votes ledger, and the remittance register (c) the preparation and signing of cheques (d) the preparation of the bank reconciliation statement and (e) the collection, deposit and remittance of revenue.
- 440.** 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 again recommended that another person be employed to improve the internal controls relating to the financial management of the Consulate. However, the Accounting Officer explained that owing to budgetary constraints, an additional officer cannot be employed, but consideration would be given in present staff assessment being carried out.
- 441.** As reported in 2000 and 2001, the Consulate has been in receipt of remittances either close to the end of the month or during the following month. This practice would have adversely affected the operations of the Consulate since payments for goods and services had to be delayed until funds were released by Head Office. It is recommended that Head Office institute measures aimed at ensuring that remittances are sent to the Consulate in a timely manner. The Accounting Officer explained that this matter was being addressed with the Ministry of Finance.
- 442.** The Votes Ledger for the year 2002 was accurately written up. However, the officer certifying the expenditure did not initial the entries in the Votes Ledger as required by existing financial regulations. This was as a result of no one being appointed as Sub-Accounting Officer until October 2002. However, even after the Sub-Accounting Officer was appointed in October 2002, the entries in the ledger were not initialled. It is recommended that in future the votes ledger be initialled by the Sub-Accounting Officer.
- 443.** On the 24 April 2002, the Consulate received its budgetary allocation for the year 2002. On the 9 January 2003, the Ministry sent a revised allocation letter for the year 2002. However, despite the revised allocation, eight(8) sub-heads were exceeded by expenditure totalling G\$4.469M as shown below:-

A/C CODE	DESCRIPTION	ALLOCATION G\$000	ACTUAL G\$000	EXCESS EXPENDITURE G\$000
103	Other Technical	11,397	12,404	1,007
104	Clerical & Off. Supp	19,732	20,852	1,120
105	Semi-Skilled	3,888	5,821	1,933
201	Other Direct Lab. Costs	705	882	177
203	Benefits & Allowances	3,801	3,915	114
131	Fuel and Lubricants	505	521	16
141	Rental of Buildings	3,527	3,776	249
193	Refreshments & Meals	16	69	53
TOTAL		43,571	48,240	4,669

It is recommended that a more thorough review be undertaken by Head Office to avoid such excess expenditure.

- 444.** At the time of the inspection visit on 6 August 2003, the revenue bank account No. 046-02886-6 was reconciled up to June 2003. An examination of the reconciliation statements for the months of December 2002 and June 2003 revealed that an amount of US\$569.29 that was credited by the bank on 21/1/99 was still appearing as an outstanding item in the reconciliation statements. It was explained that the bank was unable to provide any information on the deposit. It is recommended that this amount be debited to the cashbook so that the item can be cleared from the reconciliation statement.
- 445.** The total revenue collected in respect of the year 2002 was US\$731,050 equivalent to G\$134.718M. However, at the time of the inspection visit, the Consulate was not in receipt of acknowledgement receipts from the Accountant General's Department to indicate that the amounts were brought to account in the Consolidated Revenue Account for the year 2002. In addition, the Consulate did not receive acknowledgements from the Accountant General's Department for revenue totalling G\$131.116M remitted to it in respect of revenue collected for the year 2001 and G\$91.061M for the year 2000. It is recommended that the Ministry Foreign Affairs pursue this matter urgently with the Accountant General's Department so that the receipts can be submitted to the Consulate to ensure proper accountability of its revenue collection for those years.
- 446.** For the year 2001, the processing of new passports was only completed up to June 2001 and there was a backlog of 2,710 applications waiting to be processed. At the time of the inspection in 2003, there were still 136 applications for 2001 to be processed. In addition, 2,054 were outstanding for 2002 and 542 for 2003. It was explained that this unsatisfactory situation developed due to no fault of the Consulate and was as a result of the inadequate supply of blank passports from Georgetown.

447. According to the records of the Consulate only 1,500 blank passports were sent to the Consulate so far for the year 2003. At the time of the inspection visit there were only 500 blank passports in stock. However, because of the demand for new passports, the Consulate was only issuing new passports on an exceptional basis and to applicants who had applied sometime ago and appeared in person at the Consulate. In addition, in several instances applicants were required to pay an additional express fee of US\$35 per passport. It was explained that this course of action had to be taken because the Consulate was not certain when another batch of passports would be sent to the Mission. As a result, the non-submission of blank passports has seriously affected the operations of the Consulate. It is recommended that the Ministry pursue urgently the submission of passports to the Consulate on a timely basis, to ensure the efficient operation of the Consulate and to ease the difficulties that Guyanese nationals are currently experiencing in obtaining new passports.
448. In relation to capital expenditure an amount of G\$ 258,099 equivalent to US\$1,336 for the year 2002, was remitted to the Consulate on the 24 January 2003 for the purchase of one(1) 3-piece suite. However, at the time of the inspection the amount was not expended. It was explained that the office of the Consulate was in the process of being relocated to a new office at 370, 7th Avenue, Manhattan, after which the suite would be acquired.
449. A number of unserviceable and obsolete items were observed in the Consulate occupying valuable space. These include, computers, printers, monitors, fax machine and electric fans. It was observed that a Board of Survey had examined the items and approved of their disposal. As a result, the Accountant wrote Head Office on the 21 May 2002 requesting approval to dispose of the unserviceable items. It was explained that action is now being taken to dispose of all unserviceable items before the Consulate move to the new location.

Guyana's Permanent Mission to the United Nations

450. In my Reports for years 2000 and 2001, it was mentioned that the Mission was without an Ambassador. This was due to the appointment of the Ambassador as Minister of Foreign Affairs. Since the departure of the Ambassador, the Counsellor had been in charge of the Mission for the greater part of the year 2002 until her secondment to the United Nations in October 2002. On 14 October 2002 the First Secretary began performing the duties of Sub-Accounting Officer.
451. The actual staffing at the Mission at the time of reporting was twelve(12). Two(2) of the officers are home-based while and the others are 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. The Accounting Officer explained that the Ministry was in the process of reviewing the staff structure of all Missions to determine their complement.

- 452.** Prior to the 4 March 2002, all of the accounting work was done by the Executive Officer responsible for finance. Recommendations were made during the audit for the years 2000 and 2001 for another person to be recruited to improve the internal controls of the finance section. On 4 March 2002, the Ministry employed an Executive Officer 11 to assist with the duties of the finance section of the UN Mission. This Officer is now assisting with the accounting functions and therefore, the duties of the accounting section are now shared between two officers. This enhances the system of internal control of the Mission.
- 453.** The main bank account was reconciled up to June 2003 at the time of the inspection. However, as reported in 1999, 2000 and 2001 there was a discrepancy of US\$13,431.61 appearing in the bank reconciliation statements. This discrepancy continued up to the June 2003 bank reconciliation. In 2002, the Mission was able to determine that the discrepancy did not occur during the period 1995 to 1998 as they had reconciled the transactions for the period 1 January 1995 to 31 December 1998.
- 454.** Subsequent to the last audit, the Mission was able to determine that the discrepancy of US\$13,431.61 occurred in the year 1994 and was as a result of several omissions and incorrect posting of transactions in the cash book and bank account in 1994. An undertaking was given by the Executive Officer (Finance) that with the exception of one transaction for US\$1,620 the balance of incorrect entries totalling US\$ 11,811.61 would be adjusted in the July 2003 bank reconciliation statement. The amount of US\$1,620 represents a cheque No.8258 drawn for cash on the 4 October 1994. However, this amount was not entered in the cash book and it could not be determined whether the amount was utilised for the purchase of goods or services for the Mission. It is recommended that this transaction be further investigated, and if not resolved, then a loss of cash report be submitted to the Ministry of Foreign Affairs for submission to the Ministry of Finance.
- 455.** As reported in 2002, the bank reconciliation statements for the period December 2000 to June 2002, revealed that there were fourteen(14) amounts totalling US\$14,143.99 which were either shown as deposited in the cash-book or bank during the period 1993 to 1998. Twelve(12) of these totalling US\$13,690.99 were not traced to the related bank statements for the period mentioned. The Mission was able to establish 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. In addition, an amount of US\$2,500 was debited in the cashbook on 2 January 1997 being a refund of an advance. However, the amount could not be traced in the bank account. It could not be determined whether these cheques were cashed and the amounts utilised for operational expenses of the Mission or misappropriated or were misplaced and were not deposited in the bank account. It is recommended that these matters be further investigated, and if no further information is available to enable adjustments, then the discrepancies should be followed up with the Accountant General's Department for advice.

- 456.** The UNDP provided an amount of US\$30,000 for the Preparation of a Strategy for the Promotion of a Global Partnership for Sustainable Human Development in Collaboration with the Government of Guyana. The Project was scheduled for completion in three months commencing from 15 August 2000. However, the full amount due from the UNDP was only received on 11 November 2000 and deposited in a special bank account No. 152-005048. At 31 December 2001, four(4) payments totalling US\$20,187 were made and on the 25 October 2002 a further payment of US\$3,000 was made leaving a balance of US\$6,813 in the account. According to a letter dated July 16, 2003 from the Ministry of Foreign Affairs, the balance on this account, if not required, should be returned to the Ministry for transfer to UNDP. However, at the time of the audit the balance had not yet been returned to the Ministry. It was explained that the balance would be used to further promote the initiative for Sustainable Human Development.
- 457.** In first half of the year 2002, it was observed that the remittances sent by Head Office were substantially less than those sent for the corresponding period in 2001. This caused serious financial constraints and adversely affected the operations of the Mission since payments for goods and services including rental of both the Consulate and the UN Mission had to be withheld pending the receipt of the remittances. This matter was also drawn to attention in 2000 and 2001. At the time of reporting the Mission was again in financial difficulties since the remittances sent by Head Office are inadequate to meet the operational requirements of the Mission. It was noted that the average monthly expenditure of the Mission is US\$90,000. However, the remittances sent by the Ministry are far below this figure and in June 2003, it was only US\$23,262. It is recommended that Head Office institute measures aimed at ensuring that remittances are adequate to meet the monthly operational costs of the Mission.
- 458.** The figures reflected in the statement of expenditure for December 2002 were in agreement with those in the Votes Ledger. The total actual expenditure as at 31 December 2002 was G\$200.647M, giving a net positive balance of G\$10.815M on the revised allocation. Employment costs accounted for G\$72.227M. However, the employment figure does not include the salaries of the home-based staff, since they are paid directly by the Head Office.

459. Although there was a net positive balance of G\$10.815M, ten(10) subheads reflected excess expenditure totalling G\$3.080M as shown below:-

A/C CODE	DESCRIPTION	ALLOCATION G\$'000	ACTUAL G\$'000	EXCESS G\$'000
103	Other Technical & Craft	12,185	13,213	1,028
104	Cler. & Office Support	9,069	9,516	447
201	Other Direct Costs	706	882	176
123	Off. Materials & Supp	1,200	1,225	25
124	Print & Non- Print Mat.	148	180	32
131	Fuel & Lubricants	368	499	131
171	Telephone Charges	5,081	6,169	1,088
172	Electricity Charges	1,054	1,115	61
181	Security Services	36	81	45
184	Equipment Maintenance	2,513	2,560	47
Total Excess Expenditure		32,360	35,440	3,080

460. The above situation resulted from the inadequacy of the allocation. It was observed that on the 15 November 2002, the Mission submitted to Head Office a cash flow projection for the months of November and December 2002. In addition, monthly financial statements were submitted to Head Office indicating the financial state of affairs of the Mission. However, on 9 January 2003, the Ministry issued a revised allocation for the year 2002. Despite this revised allocation ten(10) subheads were over expended by sums totalling G\$3.080M. It is recommended that the Mission be given a more realistic allocation in order to avoid the undesirable situation described above.

461. An examination of the main cash book, votes ledger and the monthly expenditure statements for the year 2002 revealed the following:

- On the 26 November 2002, cheque No. 18441 for US\$4,800 representing security deposit for an apartment and rental for December 2002 was written and entered in the cashbook. However, the entry in the cashbook was subsequently adjusted to US\$2,400;
- Also on 27 November 2002, cheque No. 18448 for US\$5,955 representing rental for the Minister's apartment for December 2002 was written and entered in the cashbook. The amount was subsequently cancelled in the cashbook;

- On 2 December 2002, cheque No. 18453 for US\$2,966.35 was written in favour of Roosevelt Island Association being December 2002 rent for apartment 8N. The amount was entered in the cashbook, but was later adjusted to US\$261.35. Similarly, on the same date cheque No. 18454 was also drawn to the same landlord for US\$2,863.35 for rental of apartment 2N. The amount was entered in the cashbook, but was later adjusted to US\$263.42; and
- In January 2003, all four(4) transactions were again recorded in the cashbook along with the respect cheque Nos. as shown below:-

CHEQUE NO.	ORIGINAL SUM US\$	AMOUNT RECORDED IN JAN 2003 US\$
18448	5,955.00	5,955
18441	4,800.00	2,400
18453	2,966.35	2,705
18454	2,863.42	2,600

- 462.** It was explained by the Finance Officer that when the annual financial statement for 2002 was submitted to Head Office, he was requested to omit the rental charges for the month of December 2002 from the records for the year 2002 and to bring them to books in January 2003. This was because the subhead 141 Rental of Buildings for the Mission was in excess of the revised allocation and also that this subhead at the Ministry was also in excess of the releases issued by the Ministry of Finance. According to the Officer, he was requested to charge the utilities for the apartments to the 2002 allocations because that was met from another subhead. This accounted for the adjustments to the entries in the cashbook and votes ledger for 2002.
- 463.** As a result, the annual financial statement for the Mission for 2002 was adjusted to omit the rental charges for that year. Such action constitutes a serious breach of the Financial Regulations as the Appropriation Account for the Ministry for this subhead for 2002 was deliberately understated by US\$13,660 (G\$2.596M). In addition, it has serious implications for the 2003 allocations as the Mission has to match this amount against the 2003 allocation. Further, in view of the cheques being drawn in 2002 the expenditure for 2003 would be overstated by the said amount.
- 464.** At the time of the audit in August 2003, Guyana had cleared its indebtedness to the United Nations(UN) for the 2002 Regular Budget.

- 465.** On the 19 September 2002, the Ministry remitted the sum of G\$280,800 equivalent to US\$1,440 from its Capital Subhead 25001 for the Mission to purchase twelve(12) conference chairs. The chairs were purchased in December 2002 at a cost of US\$1,440 (G\$276,120). The items were received by the Mission but were not yet taken on inventory. It is recommended that the chairs be taken on inventory especially now that the Mission is being located to a new office.

Guyana High Commission – London

- 466.** The actual staffing at the time of reporting was fifteen(15). Five(5) of these were home-based staff and the rest were locally recruited. As part of the preliminary work done prior to the inspection visit, information was sought at the Ministry of Foreign Affairs in relation to the authorised staff strength. However, because this information was not available up to the time of reporting, the required complement of the Mission's staff could be determined. The Accounting Officer explained that the Ministry was in the process of reviewing the staff structure of all Missions to determine their complement.
- 467.** The Accounting Unit was staffed by only two(2) persons, resulting in a lack of proper segregation of duties. In particular, the Accountant/Administrative Officer was involved in (a) the preparation of payment and receipt vouchers; (b) the writing up 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. Instances were also seen where this officer was involved in the preparation of cheques.
- 468.** The above observation is not meant to cast any aspersion on the Accountant/Administrative Officer. However, this arrangement cannot be regarded as satisfactory, when the requirements for adequate checks and balances in the system and proper segregation of duties are considered. The more important consideration was the fact that the circumstances relied heavily on the honesty and integrity of the officer involved.
- 469.** It is, therefore, important to explore all possibilities to ensure that there is adequate segregation of duties. A helpful measure would be to increase the staff level within the accounting unit by at least one officer. This may mean reducing the staffing of a less critical unit, such as the registry, so as to maintain a budgetary balance. Another measure would be to redistribute certain key responsibilities in such a manner that they do not create basic internal control weaknesses. An example of such a measure would be to have the Sub-Accounting Officer perform the supervisory check over bank reconciliation.
- 470.** This issue was discussed with the High Commissioner who indicated that, at this time, nothing could be done to improve the present staffing of the accounting unit. He also felt that with the supervision exercised by him and the Sub-Accounting Officer there was an adequacy of internal controls. However, considering the requirement for more segregation of duties, a critical review of the assignment of duties within the accounting unit would have to be undertaken, so that a workable solution is found.

- 471.** After a lapse of four(4) years, another Foreign Service Officer III was assigned to the Mission in March 2003 to head the Consular Section, which serves approximately 70,000 Guyanese and related organisations, in addition to being responsible for the trade, economic, tourism and information aspects. Nonetheless, the vacancy of Deputy High Commissioner required a Foreign Service Officer III to assist the High Commissioner, in addition to being the Sub- Accounting Officer.
- 472.** A reorganisation of the Mission, in October 2002, resulted in the post of Accountant/Administrative Officer being filled by another functionary. In this regard, a formal handing/taking over was affected between the outgoing and incoming officers, but the date this procedure was undertaken was not documented on the related statement.
- 473.** Thought was given to the attrition rate of locally recruited staff and it was discerned that there were three(3) resignations of locally recruited staff compared to two(2) for the previous reporting period. This prompted considerations that the conditions of service, that is, salary and allowances, leave, pension rights, etc., may not compete favourably with that which is offered by other employers. It is suggested that a survey be carried out to determine the reason for the high staff turnover rate.
- 474.** The Mission received a revised allocation of G\$84.924M for the year ended 31 December 2002. However, in this regard remittances totalled G\$85.604M that comprised of G\$66.665M for operational expenditure and amounts totalling \$18.954M for salaries and allowances of home based staff. As can be noted, the remittances exceeded the revised allocation by G\$0.680M.
- 475.** The record of remittances also indicates that the Mission has been in receipt of its monthly remittances close to the end of each month or early in the succeeding month. This situation resulted in payments for goods and services being delayed to ensure that the commitment to the locally recruited staff is met in a timely manner. In this regard, approximately £10,850 would have had to be retained in the bank at the beginning of the month to meet the weekly payments of such wages. It is therefore recommended that the Ministry of Foreign Affairs take a serious view of this state of affairs and institute measures aimed at ensuring that remittances are sent to the Mission in a timely manner. If the present mode of operation continues, it could result in a significant amount of liabilities remaining unpaid. This could also result in a loss of credibility with suppliers of the various goods and services.
- 476.** Contrary to financial instructions, salary advances totalling £7,709.01 were made from the main account to three(3) members of the home-based staff. While the advances were repaid promptly, the Mission was advised to desist from such practices.
- 477.** Also, it was observed that contributions to international organisations and other remittances received during the period were not paid over promptly. The following are the instances where delays were noted:-

Particulars	Amount Received £	Date Of Receipt	Date Paid	Amount £	Balance Due £
Contribution to CFTC	47,571.05	16/07/02	04/09/02	47,571.05	-
Commonwealth Organisations	116,566.93	08/08/02	19/09/02	116,566.93	-
Honorarium	10,658.12	09/08/02	04/09/02	10,658.12	-
C/wealth Science Council	24,006.98	18/09/02	31/12/02	24,006.98	-
Honorarium	10,190.78	21/01/03	10/03/03	10,190.78	-
Honorarium	10,226.19	29/04/03	16/05/03	10,226.19	-
Contribution to CFTC	48,371.54	29/04/03	19/06/03	20,000.00	28,371.54

- 478.** As can be noted, the contribution to the Commonwealth Fund for Technical Co-operation (CFTC), while being paid one and one-half months late was only part paid. It was explained that in most cases the delays occur when documentation is not adequate to define the proper payee. However, at times the moneys were retained to supplement cash shortages.
- 479.** In a related matter, the unspent balance on remittances as at 31 December 2002, which totalled £5,651.70 was not repaid to the Consolidated Fund. It was, however, noted that the balance was excluded from the cash book balance for the year 2003, but reported in the bank reconciliation as an amount due to the Fund. In respect of the amounts remitted during 2002, an over-expenditure of £14,267.49 occurred.
- 480.** 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. There was no evidence to suggest that a physical count of the inventory was undertaken during the period reviewed. However, test checks carried out revealed no discrepancies. A reminder was given of the need to conduct physical counts of the inventory on an annual basis.
- 481.** The High Commission continued to utilise approximately 50% of its premises situated at Palace Court, Bayswater Road. The two upper flats remained empty for several years, but have been utilised intermittently for visiting dignitaries and other guests. It was previously suggested that these two(2) flats be refurbished at an estimated cost of £17,500 and then converted to living quarters. The pay back period would not exceed six(6) months from the savings that would accrue if the High Commission were to rent the flats or utilise them to house home based staff.
- 482.** The Audit Office urges the Ministry to take necessary steps to maximise the use of the building which had an estimated value of £2,786. The issue should not therefore be taken lightly.

- 483.** 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 has not been encouraging. As a result, the area allocated remained largely under utilised. It is recommended that Ministry of Foreign Affairs 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.
- 484.** An inspection of the fire escape indicated that it is 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 is approximately G\$0.713M. This amount was reflected in the Mission's budgetary submission for the year 2002 under Maintenance of Buildings. However, the actual allocation under this line item was G\$1.737M less than the request of G\$4.672M, made under this line item. The works were re-budgeted for in the year 2003, but were still to be undertaken.
- 485.** Earlier in the year 2003, a general fire inspection was carried out on the building as a part of the requirements for insurance. A number of shortcomings were observed in the report dated 30 July 2003 and recommendations were made for the following related purchases:-
- Two(2) 2kg carbon dioxide extinguishers;
 - Three(3) 9 litre water extinguishers;
 - One(1) 4kg dry powder extinguisher.
- 486.** The estimated cost was £470. The Mission is yet to comply with these requirements, because of the inadequate releases received to correct these shortcomings. The High Commissioner expressed grave concern about the current situation. It is, therefore, hoped that the Ministry of Foreign Affairs carefully considers the matter with a view to complying with the outstanding fire requirements, including the replacement of the fire escape.
- 487.** The statement of expenditure for the year 2002 was examined and was in agreement with the Votes Ledger. Actual expenditure was G\$65.954M, compared with a budgetary allocation of G\$84.924M, giving a difference of G\$18.970M on the allocation. However, as was initially reported the remitted portions of the salaries and allowances of the home-based staff accounted for G\$18.954M (£66,135.82) of the difference between the reported expenditure and the allocation. In relation to the reported expenditure, Employment Costs accounted for G\$37.355M. As previously stated, this figure does not include the emoluments of home-based staff, which are accounted for separately at the Ministry of Foreign Affairs.
- 488.** According to correspondence seen, amounts were included in the Mission's allocation for the emoluments of home-based staff, while the Mission was instructed not to include the associated costs in its expenditure statement. This practice is inconsistent with accepted norms and gave a distorted view when comparing budgetary allocations with actual expenditure. It was, however, noted that in 2003 the Ministry of Foreign Affairs took corrective action by removing the emoluments of home-based staff from the allocation.

489. Excess expenditure totalling G\$3.250M was incurred in respect of thirteen(13) line items, as shown below:-

A/C CODE	DESCRIPTION	ALLOCATION G\$'000	ACTUAL G\$'000	EXCESS EXPENDITURE G\$'000
123	Office Materials & Supplies	500	684	184
124	Print & Non-Print Materials	267	453	186
131	Fuel & Lubricants	2,242	2,340	98
142	Maintenance of Buildings	2,935	4,053	1,118
143	Janitorial & Cleaning	1,200	1,718	518
161	Local Travel & Subsistence	1,051	1,303	252
163	Postage, Telex, etc.	1,000	1,109	109
164	Vehicle Spares & Services	956	1,099	143
171	Telephone Charges	2,770	2,921	151
172	Electricity Charges	540	639	99
173	Water Charges	155	289	134
182	Equipment Maintenance	506	722	216
193	Refreshments & Meals	165	207	42
TOTAL EXCESS EXPENDITURE				3,250

490. The Accountant explained that the above situation resulted mainly from the restricted budgetary allocations under some of the above line items, coupled with the fact that the Ministry of Foreign Affairs had revised the budgetary allocations among line items, late in the December 2002. The allocation is an important tool within the framework of budgetary control and, therefore, should be provided in a timely manner.
491. In terms of capital expenditure for the year 2002, the Mission had an allocation of G\$270,000 for the purchase of a fax machine. However, it was not until 29 November 2002 that the remittance of G\$174,726 which had an equivalent of £583.17 was received. The fax machine was purchased at a cost of £562.83 or G\$172,849. The item was verified as having been received and proper brought to account.
492. The total revenue collected and remitted to the Accountant General's Department totalled G\$8.809M, equivalent to £30,915.50. Revenue remittances are normally sent every two months or more specifically to coincide with the movement of the diplomatic mailbag to the Ministry of Foreign Affairs. While the remittances were verified in the records of the Ministry of Foreign Affairs as having been received and transmitted to the Accountant General, the Mission is yet to receive acknowledgement receipts from the Accountant General to complete its record keeping. It is recommended that the Ministry vigorously pursue this matter with a view to obtaining the outstanding receipts.

The Guyana Embassy, Brussels

- 493.** 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 other three(3) 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 authorised staffing. However, this information was not available up to the time of inspection. According to information available at the Mission, which was based on a report by a KPMG consultant, the authorised staff strength was 13 officers. However, in the said report, a recommendation was made for that strength to be reduced to eight(8) operational officers. It is not clear whether the current staffing of 8 officers was based on the formal adoption of the recommendation made, but the structure in operation was similar to the one recommended.
- 494.** The Mission received remittances of cash and cheques through registered post on an average of once or twice per week. In this regard, two(2) officers, namely, the Confidential Secretary and Accountant, were authorised to receive such mail. A record was maintained of the amounts received through the post and evidence was seen to indicate that both officers witnessed the opening of the mail. While the amounts received were traced to other books of account, the relevant details, such as receipt numbers and dates were not recorded in the remittance book as required. Further, evidence was not seen in the record to suggest that supervisory checks were carried out over the amounts received through the post.
- 495.** On the security of cash and cheques, adequate segregation of duties existed in relation to both key lock and combination of the safe. The Sub-Accounting Officer was responsible for the keys to both the inner compartment and door to the safe, while the Accountant was entrusted with the knowledge of the combination. In a related matter, a recommendation was made for the safe to be embedded in concrete. However, at the time of the inspection this matter was still outstanding.
- 496.** On the matter of remittances from the Ministry of Foreign Affairs during the year ended 31 December 2002, the Mission received US\$193,814 equivalent to G\$36.980M. These were verified in the Remittances Register and were traced to the bank statements of the Main Bank Account No. 310-1007345-86.
- 497.** The revised allocation for the year ended 31 December 2002 amounted to G\$75.684M. Nonetheless, during that year the Mission received G\$61.292M, a difference of \$14.392M. Of the amount received, which had a United States dollar equivalent of \$321,122.75, the remittances register only reflected receipts of G\$36.980M or US\$193,814, as stated above. The difference of G\$24.312M or US\$127,308.75 represented remittances of salaries and allowances of home-based staff, which was not entered in the record.
- 498.** It was explained that the related amounts were not entered in the record since according to instructions received (Ministry of Foreign Affairs letter dated 11 June 1997 on the subject “Opening of Salaries Accounts”) official receipts were not required to be issued for such funds. The Ministry’s instruction not only contradicted the existing financial regulations, but also failed to follow established standards of accountability.

- 499.** This matter was raised in the previous audit report, where it was recommended that all amounts transferred to the Mission be recorded in the remittance register and acknowledged by general receipts. Notwithstanding the foregoing, the amounts remitted as salaries and allowances were properly accounted for in the books and in every case the payments therefrom were acknowledged by the members of the home-based staff.
- 500.** Further checks revealed that there were also omissions from the remittances register of amounts totalling €73,036.54 relating to other transfers to the Mission during 2002, as follows:-

DETAILS	AMOUNT €
Ministry of Foreign Affairs, Capital allocation 2001 – US\$1,513.25	1,694.00
Ministry of Foreign Affairs, Hospitalization expenses - US\$31,873.03	31,758.70
Ministry of Foreign Affairs, Hospitalization expenses (transferred in Euro)	39,583.84
TOTAL	73,036.54

- 501.** Nevertheless, the amounts were accounted for in the records of the main account. In the case of the capital allocation the computer purchase was effected and the related details were included in the inventory records of the Mission.
- 502.** The record of remittances also indicated that the Mission has been in receipt of its monthly remittances close to the end of each month. This situation could result in the bank account being overdrawn. It is therefore recommended that the Ministry of Foreign Affairs take 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.
- 503.** The receipts drawn in acknowledgement of remittances were not drawn in favour of the Sub-Treasury in Washington from which the remittances were received. Rather these were in favour of the Ministry of Foreign Affairs and as such were forwarded there. This arrangement could not justly enable the Sub-Treasury to discharge its responsibility to the Accountant General by accounting for all funds entrusted during the period. It is, therefore, recommended that triplicate receipts be prepared in favour of the Sub-Treasury and routed as follows:-

Original	-	Sub-Treasury, Washington
Duplicate	-	Ministry of Foreign Affairs
Triplicate	-	Retained in the book

- 504.** An examination revealed that although remittances to the Mission were in United States dollars, receipts in acknowledgement were prepared in the Euro. This would mean that in order to account for the amounts remitted the Ministry of Foreign Affairs and the Sub-Treasury in Washington would experience much difficulty. It is, therefore, recommended that, at all times, the receipt should principally acknowledge the foreign currency received, while the details should state the country's currency and the Guyana dollar equivalent, based on the exchange rate stated on the remittance advice.
- 505.** A scrutiny of the Remittances Register revealed evidence of supervisory checks carried out during the period. The record was also cast and balanced monthly, as required. However, as was previously reported, provision was not made in the record for the Guyana dollar equivalent of remittances to be recorded therein. The Accountant had undertaken to have this information included, but to date the record was not updated.
- 506.** The Mission operates the following bank accounts for its day to day operations:-
- Main bank account No. 310-1007345-86 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. 310-1272952-10 to facilitate the transfer of salaries and other emoluments for home-based staff and to effect payments therefrom.
- 507.** The main bank account of the Mission was a dual currency account. When transfers are made from the Sub-Treasury in Washington D.C., the amounts were brought to account in United States dollars. When the need arises, the Mission would request transfers to the "Euro" (€) part of the account to meet operational expenses.
- 508.** An examination of the records and documentation for the main bank account for the year ended 31 December 2002 revealed that a computerised summary cash book was maintained to capture the transactions in both currencies. However, since payments were mainly done in the "Euro", a manually prepared cash book was prepared to give all pertinent details of such payments.
- 509.** In relation to the computerised summary cash, a hard copy was printed and filed as a permanent record of the transactions done. However, these did not bear evidence of supervisory checks carried out during the period. The Accountant was advised to ensure that this was done. As at 31 December 2002, the United States dollar balance was US\$4,516.22.
- 510.** As required by standard accounting practice, the Accountant had affixed her signature to the cash books of the main bank account as evidence of preparing those records and there was evidence of the supervisory checks, which were carried out by the Sub Accounting Officer during the period. Both cash books were also properly reconciled. The reconciliation statements revealed that there were two(2) cheques totalling €84,09 dating back to the

years 1990 and 1992, which had not been cleared. Action was taken in March 2003 to have the amount written back into the account, thus increasing the bank balance by the amount. The amount was not, however, paid to revenue. This action is recommended.

- 511.** In relation to the revenue bank account, there was an opening balance of €15,816,30 for the year 2002. This balance comprised of €4,364,14 for the year 2001 and other arrears totalling €1,452,16. Out of these amounts, an unused cash float of €283,09 was maintained. The total amount of €15,816,30 was paid over to the Accountant General during the year 2002, but acknowledgement receipts for them were still outstanding.
- 512.** Amounts of €5,045.02 were collected and deposited into the revenue account during 2002. It was, however, noted that only €4,389.48 was remitted to the Treasury, while the difference of €655.54 remained in the Mission's bank account. Notwithstanding this error, the bank account was reconciled to July 2003.
- 513.** The collector's cash book statements for the period under review were also examined. A percentage of the entries were traced to the duplicate copies of receipts and to the bank statements and test checks were carried out on balances shown. Based on these checks, the entries and the categorisation of revenue were considered to be accurate. There was also evidence indicating that the Sub Accounting Officer had carried out the supervisory checks, required by existing regulations.
- 514.** The salary bank account No. 310-1272952-10 and related records for the period under review were examined. Remittances were traced to the cash book and bank statements. At the beginning of the year 2002, the account reflected a positive balance of €6,513,40 and as at 31 December 2002 balances of US\$1 and €3,391,74 were reflected. Theoretically, the salaries account should reflect a "nil" balance. However, 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.
- 515.** The Votes Ledger for the year 2002 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. These were last updated in June 2003 based on physical verification carried out by staff. A test check of the inventory was also carried out and this revealed no discrepancies.
- 516.** The statement of expenditure for the year 2002 was examined and was in agreement with the Votes Ledger. Actual expenditure was G\$42.232M, compared with the revised budgetary allocation of G\$75.684M, giving a difference of G\$33.452M on the allocation. However, as was initially reported the remitted portions of the salaries and allowances of the home-based staff accounted for G\$24.312M (US\$127,308.75) of the difference between the reported expenditure and the allocation. In relation to the reported expenditure, "Employment Costs" accounted for G\$10.872M, but this figure did not include the emoluments of home-based staff, which are accounted for separately at the Ministry of Foreign Affairs.

- 517.** The main reason for the above situation is that the allocation included the emoluments of home-based staff, while the Mission was instructed to exclude the associated costs from its expenditure statement. This practice is inconsistent and gave a distorted view when comparing budgetary allocations with actual expenditure. It was, however, noted that in 2003 the Ministry of Foreign Affairs took corrective action by removing the emoluments of home-based staff from the allocation.
- 518.** Excess expenditure totalling G\$0.303M was incurred under seven(7) subheads, as shown below:-

A/C CODE	DESCRIPTION	ALLOCATION G\$'000	ACTUAL G\$'000	EXCESS EXPENDITURE G\$'000
107	Temporary Employees	1,408	1,469	61
123	Office Materials & Supplies	97	140	43
124	Print & Non-Print Materials	346	355	9
142	Maintenance of Building	561	667	106
163	Postage, Telex, etc.	824	889	65
172	Electricity Charges	801	814	13
193	Refreshment and Meals.	115	121	6
TOTAL EXCESS EXPENDITURE				303

- 519.** The Accountant explained that the adverse variances were due mainly to the fluctuation in the exchange rate between the US dollar and the Euro and where necessary the Ministry of Foreign Affairs would adjust the allocation to cater for such situations. However, the revised allocation did not cover the excess expenditure.
- 520.** The Mission collects 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. The revenue collected for the year ended 31 December 2002 amounted to €5,045.02. Given the small volume of transactions, banking was not done on a daily basis, but on average once a week.
- 521.** 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 US\$4,106.39 was made on 31 January 2003, but this did not correspond to the total collections of €4,761.93 for the year 2002.
- 522.** The revenue bank account reflected a balance of €3,711,58 as to 31 July 2003. Of this amount \$3,056.04 related to collections for the period 1 January 2003 to 31 July 2003, thus resulting in a difference of €655.54. This difference resulted from the short remittance of the revenue collected during 2002. The Accountant was advised to take corrective action.

- 523.** The main stock of passports had a balance of sixty-one(61) new passports of thirty-two pages each in usable condition, in addition to three(3) passports (No. 0830206, 0830207 and 0830209) cancelled for preparation faults. There were also six cancelled passports for persons who had renounced their citizenship. The Accountant was again advised to return all cancelled passports to the Immigration Department, Georgetown. The revenue stamps in stock totalled 138 (42 @ G\$1000 and 96 @ G\$300).
- 524.** In terms of capital expenditure, the Mission received an allocation of \$797,722 equivalent to US\$4,039 for the purchase of a conference table and twelve(12) chairs. However, it was not until January 2003 that the Mission received and expended the amount. The items were verified as having been received and properly brought to account.

The Guyana Embassy, Venezuela

- 525.** The actual staff at the time of inspection was nine(9). Three(3) of these are home based staff while the remainder are locally recruited staff. The Accounts Section was staffed by two(2) persons and this has resulted in an improvement of segregation of duties. The Accountant is involved in (a) the preparation of payment vouchers (b) the writing up of the Sub Accountant's cash book, the votes ledger (c) the preparation and signing of cheques and (d) the preparation of bank reconciliation statements. These records were checked by the Sub-Accounting Officer, who was appointed in August 1999. Therefore, she is officially charged with the responsibility for the financial affairs relating to the Embassy.
- 526.** In view of the nature of transactions, this arrangement can be regarded as a satisfactory one from the point of view of ensuring that there are adequate checks and balances in the system and that there is proper segregation of duties.
- 527.** The Embassy maintained a Remittance Register. In addition, notices of remittances sent by the Ministry of Foreign Affairs were filed and were submitted for audit. The remittances totalling US\$221,451 (G\$42.463M) were traced to the cash book and the deposits verified with the bank statements for the main account.
- 528.** An examination of the Votes Ledger for the year 2002 revealed an actual expenditure of G\$40.585M, compared with a revised budgetary allocation of \$62.107M giving a net saving of G\$21.522M. However, excess expenditure totalling G\$2.226M was incurred in respect of six(6) line items, as shown below:-

A/C CODE	DESCRIPTION	ALLOCATION \$'000	ACTUAL \$'000	EXCESS EXPENDITURE \$'000
103	Other tec. & craft skilled	1,256	1,486	230
104	Clerical & off. support	4,324	4,333	9
105	Semi skilled operative	1,501	1,784	283
201	Other direct lab. cost	2,000	2,441	441
123	Office mat & supplies	219	229	10
141	Rental of building	17,323	18,576	1,253
TOTAL EXCESS EXPENDITURE				2,226

- 529.** The Accountant explained that the above situation resulted mainly from the restricted budgetary allocation under the above line items. It would appear necessary for the Mission to be provided with a more realistic allocation in order to avoid this undesirable situation.
- 530.** The total revenue collected and remitted to the Accountant General in respect of the year 2002 was G\$2.127M (US\$8,393.39). At the time of inspection visit, the Embassy did not receive any acknowledgement receipts from the Accountant General in relation to the above amount. In addition, according to the records of the Accountant General's Department revenue totalling G\$483,000 (US\$2,531.97) for the months of September to December 2002 were not brought to account in the year 2002. This revenue was brought to account in 2003. It should be noted these remittances were submitted timely to Head Office.
- 531.** A record relating to the receipts, issues and stock of passports kept by the Foreign Services Officer was introduced in July 2002. This record was checked and found to be accurate.
- 532.** In terms of capital expenditure, the amount of G\$403,000 was allocated for the purchase of one(1) computer desk, two(2) air condition units and one(1) filing cabinet, of which an amount of G\$272,444 (US\$1,375.98) was remitted on 20 January 2003. At the time of the inspection, except for one(1) air condition unit, the items were purchased at a cost of G\$179,770 (US\$907.98). The unspent balance of G\$92.674 (US\$468) was refunded to Head Office on 27 May 2003.
- 533.** In my 2000 Report, it was stated that the sums totalling US\$5,160 were received in 2000 and 2001 for the purchase of carpets, curtains and paintings for the residence and a fax machine, and at the time of reporting in April 2002, the items have not been purchased. These items were purchased in 2002 and were verified as having been received and properly brought to account.

The Guyana Embassy, Suriname

- 534.** The actual staffing at the time of reporting was eleven(11). Four(4) of these were home-based staff while the rest were locally recruited staff. The Embassy was without the services of an Accountant with effect from 1 June 2003. As a result, only a junior Accounts Clerk was in position. However, in the absence of an Accountant, the section was being supervised by the Head of Chancery. In addition, the Receptionist/Clerk also preformed some amount of accounting duties.
- 535.** The above arrangement cannot be regarded as satisfactory one from the point of view of ensuring that there are adequate checks and balances in the system. This issue was discussed with the Ambassador who agreed that there is urgent need for a replacement for the Accountant at the Embassy. With this replacement, the Head of Chancery would be relieved of some of the routine accounting duties and would be in a better position to exercise supervisory checks being the Sub-Accounting Officer. This arrangement will also relieve the Ambassador of any involvement in the financial affairs of the Embassy thereby freeing him up to his more important duties.
- 536.** The Head of Chancery in addition to being the Sub-Accounting Officer also assists the Ambassador with some his duties in addition to overseeing the work of the Consular Section as it relates to the issuing and accounting for passports. Since there is approximately 60,000 Guyanese living in Suriname, the workload of the Embassy has been relatively high, compared with the level of staffing. This situation has resulted in staff working longer hours. It would appear necessary for a review of the staffing of the Embassy to be carried out especially with the impending opening the Honorary Consulate in Nickerie.
- 537.** In addition, the Ambassador is of the view that the Embassy's operations would be rendered more effective if a local guard service could be used to replace the seven guards hired by the Embassy. This would relieve the Head of Chancery of the additional burden of having the leave his home very late at nights to provide guards with meals when a guard is absent from duty. However, it is for the Ministry to consider the matter carefully, having regard to the associated costs and the likely benefits which will accrue.
- 538.** The Embassy has been in receipt of its monthly remittances close to the end of the month. Based on discussions with the Ambassador and the Head of Chancery, this practice is adversely effecting the operations of the Embassy since payments for goods and services are normally delayed to avoid incurring overdrafts. It is recommended that Head Office institutes measures aimed at ensuring that remittances are sent to the embassy in a more timely manner.
- 539.** An examination of the statement of expenditure for the year 2002 revealed an actual expenditure of G\$22.514M when compared to the budgetary allocation of G\$49.463M, giving a net balance of G\$26.949 on the allocation. Employment costs amounted to G\$6.423M. This latter figure however, does not include the salaries of five(5) home-based staff that are paid directly by Head Office.

- 540.** According to correspondence seen, Head Office has instructed the Embassy not to include the emoluments of home-based staff in its expenditure statement, notwithstanding that such costs were included in the Embassy's allocation. This practice appears inconsistent and gives a distorted view when comparing budgetary allocation with actual expenditure. It is therefore recommended that the emoluments of home-based staff be excluded from the Embassy's expenditure statement.
- 541.** An amount of G\$159,669 was shown as having been expended for the supply of water to the residence of home-based staff. However, this amount was charged to Maintenance of Buildings. It was explained that this was done since no allocation was provided for water charges. It was, however noted that in 2003, there was an allocation of G\$1.523M to cater for this expenditure.
- 542.** Excess expenditure totalling G\$888,000 was incurred in respect of eleven(11) line items as shown below:-

DESCRIPTION	ALLOCATION \$'000	ACTUAL \$'000	EXCESS \$'000
103 Technical & craft skilled	436	498	62
105 Skilled operatives & unsk.	1,038	1,268	230
107 Temporary employees	1,537	2,021	484
201 Other direct labour cost	276	281	5
123 Office Mats. & Supplies	113	149	36
131 Fuel and lubricants	252	287	35
163 Postage & Telex	81	87	6
164 Vehicle Spares	307	311	4
182 Equipment maintenance	216	222	6
191 National events	150	154	4
241 Refunds of revenue	41	57	16
TOTAL			888

- 543.** It was explained that this was due to the late revision of the allocation by Head Office, by which time the excess expenditure had already been incurred. It would appear necessary for the Embassy to be given a more realistic allocation to avoid this undesirable situation.
- 544.** In terms of the collection and banking of revenue, these were found to be in order except that revenue received in Suriname Francs and Euros were banked weekly instead of daily. However, the remittance of revenue continues to pose a problem in view of the difficulty in exchanging Suriname Francs to US dollars for remittance to the Accountant General. At the time of the inspection, amounts totalling of SF54,242,805 for the period January to December 2002 and SF35,327,125 for the period January to June 2003 which had accumulated to SF89,569,96730 as at 31 July 2003 was on hand. However, up to the time of reporting it could not be determined what action was taken.

- 545.** It was observed that Euros totalling €10,910 equivalent to G\$2.188M for the period January to December 2002 and Euros totalling €4,435 equivalent to G\$889,528 for the period January to June 2003 were collected as revenue and were converted to SF. Since SF are not acceptable by banks in Guyana, it is recommended that the Euros be remitted, rather converting them to SF.
- 546.** Acknowledgement receipts for amounts remitted to the Accountant General were not produced for the entire period under review. It was explained that receipts were not forwarded to the office when the bank drafts were sent to the Accountant General. It is recommended that follow up action be taken to ensure the receipts are received as a proper discharge for sums remitted.
- 547.** The Embassy operates the following three(3) accounts:-
- Main bank account No. 00 19 100 (foreign currency) to facilitate remittances to the Embassy;
 - Revenue bank account No. 27 98 190 (local currency) to deposit all revenues; and
 - Imprest account No.10 31 333 (local currency) to facilitate expenditure.
- 548.** These accounts were, however not reconciled during the period under review. The main bank account, revenue bank account and imprest accounts were last reconciled to May 1999, February 1999 and March 1999 respectively. The balances of these accounts as at 31 December 2002 were as follows:-

DESCRIPTION	CASH BOOK BALANCE	BANK STATEMENT BALANCE
Main Account	US\$32,459	US\$54,645.89
Revenue Account	SF54,242,805	SF59,461,083
Imprest Account	SF3,114,953	SF3,525,722

- 549.** The failure to reconcile bank accounts can lead to irregularities not being detected. It is therefore recommended that the reconciliation be brought up to date as early as possible.
- 550.** All receipt books sent by Head Office were verified as having been received and properly accounted for. It was, however noted, that typed and photocopied forms were used as substitute for receipt books in the collection of revenue for the periods 31 January 2003 to 17 February 2003, 3 April 2003 to 29 April 2003 and 16 July 2003 to the time of the audit 6 August 2003. The Accountant explained that the Embassy had exhausted its stock of general receipts. It is recommended that a proper system be put in place to ensure that the prescribed receipts are always available at the Embassy.

- 551.** In terms of capital expenditure, an amount of G\$354,074 equivalent to US\$1,866 was allocated in 2001 for the purchase of a photocopier. This remittance was received in February 2002. The copier and a computer, inclusive of postage were purchased at a cost of US\$899.97. The difference of US\$340.07 was refunded to Head Office. At the time of reporting, no supporting documents for the purchases were produced for audit examination. Notwithstanding this, the items purchased were physically verified as having been received and properly brought to account on its inventory records.

The Guyana Embassy, Brazil

- 552.** The actual staffing at the time of the audit was nine(9). Four(4) of these were home-based, while the other five(5) were recruited locally. As part of the preliminary work done prior to the inspection visit, information was sought at the 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 compliment of staff.
- 553.** The accounting unit was only staffed by two(2) persons, resulting in a lack of proper segregation of duties. In particular, the Accountant was involved in (a) preparation of payment vouchers (b) writing up sub-accountants cash book and votes ledger (c) collection of revenue (d) effecting payments and (e) reconciling bank accounts. Also, the Accounts Clerk was required to perform duties as Translator/Bilingual Secretary, Receptionist and Typist/Clerk.
- 554.** The above observation is not meant to cast any aspersion on the Accountant, but instead to highlight unsatisfactory features, which if not remedied, could result in irregularities. It is inappropriate that the Accountant be involved in all of the aforementioned processes, which does not present adequate checks and balances, but depends heavily on the honesty and integrity of the officer involved. The system should guarantee the integrity of the processes, including generation of reports, in addition to safeguarding the persons involved.
- 555.** Should a Translator/Bilingual Secretary be appointed to the Mission, the Accounts Clerk would be able to perform more accounting duties. This would enable the Accountant to shed duties that does not lend to proper control, such as, preparation of vouchers and receipts and writing up and balancing of cash books. She would then be in a better position to carry out supervisory checks on the day-to-day operations.
- 556.** It was observed that remittances to the Mission were made close to the end of each month. It has been highlighted that the Mission was faced with the payment of interest at rates between 10 and 20% for each late payment. There was also several months delay on rental for the Ambassador' residence. In addition, the possibility of bank overdrafts and/or delays in the execution of the Missions programmes must be considered. In the circumstances, it is recommended that serious consideration should be given to ensuring more timeliness in effecting remittances to the Mission.

- 557.** In addition to sums totalling US\$10,171.63 in respect of seventeen(17) outstanding advances owed to the Mission by a former Head of Mission, advances totalling US\$2,225 were still to be cleared at the time of the inspection visit.
- 558.** As reported in my Report for the year 2000, The Ministry of Foreign Affairs had authorised the Mission in October 2000 to advance a Guyanese living in Brasilia the amount of US\$300. According to the arrangement the payee's sister was to deposit the amount with the Ministry and this was to be forwarded to the Mission through the Diplomatic Bag. Investigations revealed that to date this advance had not been cleared. It is recommended that appropriate action should be taken to have the advance cleared.
- 559.** In relation to the amount of US\$1,100, the Mission is awaiting Cabinet's decision before the advance could be cleared. It was explained that the sum of US\$825 was being accounted for through the voted provision.
- 560.** The circumstances relating to the sum of \$10,171.63 advanced to a previous Head of the Mission negates the clearing of the amount. However, investigations revealed that the Ministry of Foreign Affairs had withheld payments due to the officer as resettlement allowances. It is recommended that urgent action should be taken to refund the outstanding amount to the bank account. Failing this, arrangements should be made to have a loss report submitted to the Secretary to the Treasury for appropriate action.
- 561.** The statement of expenditure for the year 2002 was examined and was in agreement with the vote account book. Actual expenditure was G\$49.588M compared to the revised budgetary allocation of G\$79.749M, giving a net balance of G\$30.161M on the allocation. Employment costs amounted to G\$11.326M, but did not include the salaries of the home-based staff, which were prepared and disbursed by the Ministry of Foreign Affairs.
- 562.** As mentioned in my previous report, salaries were paid to the locally recruited staff without effecting the statutory deductions such as, the National Institute of Social Security(INNS) and taxes as required by the Brazilian Law. In order to make these deductions the mission should be registered as an employer.
- 563.** The laws require that the Mission register itself as an employer and in addition to the deductions from employees' it was to contribute (a) eight percent (8%) of salaries or wages to the Guarantee Fund for Length of Service(FGTS) (b) eight(8) and five(5) percent respectively, to the employee food and bus tickets and (c) twenty-one percent (21%) to the National Institute of Social Security(INNS). It was explained that the Mission could not be registered as an employer since the allocation made annually by the Ministry of Foreign Affairs did not include funds to meet the required expenditure.

- 564.** The observed breaches have caused the Mission much embarrassment to date. The Audit Office recommends that immediate corrective action be taken to provide an appropriate allocation to defray the expenditure involved in regularising the Mission's employer status. It is envisaged that the most costly aspect of this activity would be in relation to the FGTS, where it is expected that the contributions for employees would be retroactive to the dates of employment
- 565.** According to revenue records, the Accountant General had not acknowledged remittances totalling US\$11,352 for the period June 1999 to July 2003. However, the Ministry of Foreign Affairs had acknowledged these remittances. Nevertheless, efforts should be made to ensure that the Accountant General acknowledges all amounts remitted. In addition, included in the amount of US\$11,352 were amounts totalling US\$3,435 equivalent to G\$655,000 which were collected as revenue and remitted to the Accountant General's Department. However, a check at this Department revealed that the revenue was not brought to account.
- 566.** In terms of capital expenditure, amounts totalling G\$555,539 were allocated to the Embassy to purchase one dining set and chairs. The Mission received the allocation in January 2003. No purchases were made due to the funds being inadequate to make the purchases.
- 567.** The Mission is continuing in its effort to foster the national interest of Guyana in the host country and other countries of concurrent accreditation. In this regard, credentials have been presented to Bolivia, Peru, Argentina and Uruguay. In addition, active collaboration was being pursued in relation to forging transportation links between Georgetown and the State of Roraima in Brazil. It is expected that the construction of a bridge over the Takatu River would recommence shortly.

HEAD 07 & DIVISION 505

PARLIAMENT OFFICE

Capital Expenditure

Subhead 25003 - Parliament Building

- 568.** An amount of \$10M was allocated for the rehabilitation of building and purchase of office furniture and equipment. A Supplementary Provision was approved for an amount of \$3.8M for the completion of urgent rehabilitation works to the ceiling of the chambers of the National Assembly, giving a revised allocation of \$13.8M. Amounts totalling \$11.114M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Rehabilitation & renovations to ceiling & roof of Parliament Chambers	4,971
Electrical works done to main switch	3,537
Repairs to Parliament offices	1,647
Consultancy fees, airfare and expenses	959
TOTAL	11,114

- 569.** The contract for the rehabilitation and renovation works to ceiling and roof of Parliament Chambers was awarded by the Central Tender Board in the sum of \$7.953M to the highest of four(4) bidders as he satisfied the criteria set by the Evaluation Committee and was closest to the Engineer's estimate of \$8.307M. The lowest bid was \$6.654M. As at 31 December 2002, the work was still in progress and amounts totalling \$4.971M were paid to the contractor for measured works. The work was physically verified.
- 570.** The contract for electrical works to the main switch was awarded by the Central Tender Board in the sum of \$3.606M in 2002. Amounts totalling \$3.537M were paid to the contractor as at 31 December 2002. The contract for repairs and renovation to the dome of Public Buildings was awarded in the sum of \$1.647M in the year 2002. As at 31 December 31, the full amount was paid to the contractor. The works were completed and were physically verified.
- 571.** Amounts totalling \$959 represent the Consultant's fees, airfare and other expenses. These amounts were verified as having been properly incurred.

HEAD 08 & DIVISION 505

OFFICE OF THE AUDITOR GENERAL

Capital Expenditure

Subhead 12001 – Buildings

572. The sum of \$3.2M was voted for the construction of a new filing room and sealing of rooms. Amounts totalling \$2.967M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Construction & sealing of filing room	2,912
Miscellaneous	55
TOTAL	2,967

573. The contract for the construction and sealing of the filing room was awarded by the Departmental Tender Board to the lowest bidder in the sum of \$2.946M, who also satisfied the criteria set by the Evaluation Committee and was closest to the Engineer's estimate of \$3.099M. As at 31 December 2002, amounts totalling \$2.912M were paid to the contractor. The work was completed and was physically verified.

Subhead 25001 - Office Equipment & Furniture

574. The sum of \$1.725M was allocated for the purchase of air condition units, computers and accessories. Amounts totalling \$1.655M were expended on the purchase of the following:-

DESCRIPTION	AMOUNT \$000
Computers (2), monitors (2), stabiliser (1)	557
Executive chairs (3), sitting chairs (20)	300
Calculators (10)	169
Metal fans (12)	168
Boardroom tables (6), coffee table (1)	173
Fax machine (1), cellphone (1)	100
Internet Network	98
Three piece suite (1)	90
TOTAL	1,655

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

HEAD 09 & DIVISION 505

PUBLIC AND POLICE SERVICE COMMISSIONS

Capital Expenditure

Subhead 25002 - Public Service Commission

575. An amount of \$2M was provided for the purchase of telephone system, filing cabinets, desks, chairs and a refrigerator. Approval for a change in programme was granted for the purchase of one station wagon and office furniture. Amounts totalling \$1.983M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
One(1) station wagon	1,200
Ten(10) chairs	535
One(1) intercom speaker phone	105
Five(5) fans	88
One(1) filing cabinet	30
One(1) desk	25
TOTAL	1,983

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

576. An amount of \$2.2M was allocated for the purchase of office equipment, which includes a risograph, cabinets, refrigerators, desks and chairs. Amounts totalling \$2.186M were expended on the purchase of the following:-

DESCRIPTION	AMOUNT \$'000
One(1) risograph	1,050
Two(2) desktop computers	494
Six(6) steel cabinets	300
Four(4) typist chairs	98
One(1) refrigerator	85
Three(3) computer desks	83
One(1) UPS & computer accessories	76
TOTAL	2,186

The items purchased were verified as having been received but were not recorded on the inventory. The inventory was subsequently updated in April 2003.

HEAD 11

GUYANA ELECTIONS COMMISSION

Current Expenditure

Other Charges

577. The main bank account No. 3212 which reflected a balance of \$20.705M as at 31 December 2002 was reconciled for the period under review. The cash book balance of \$6.171M was refunded to the Consolidated Fund on 4 February 2003. However, an examination of the bank reconciliation statement revealed that there were one hundred and sixty-six(166) stale-dated cheques totalling \$5.402M. Action should be taken to have these cheques written back to the cash book.

- 578.** Amounts totalling \$6.707M were expended on Materials, Equipment & Supplies. The following is a breakdown by various authority limits:-

AUTHORITY LIMIT	NUMBER OF PURCHASES	AMOUNT \$
Below \$90,000	113	2,764,044
\$90,000 - \$180,000	9	972,430
\$180,000 - \$600,000	8	2,970,300
TOTAL	130	6,706,774

- 579.** A system of quotations was followed for the nine(9) items totalling \$972,430 falling between \$90,000 and \$180,000. In addition, the eight(8) purchases totalling \$2.970M 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.
- 580.** Amounts totalling \$1.371M were expended on Fuel and Lubricants. Log books presented in respect of the fourteen(14) vehicles under the control of the Commission were properly maintained.
- 581.** Amounts totalling \$1.095M were expended on the Maintenance of Infrastructure of which sums totalling \$600,000 relate to the weeding and cleaning of the Commission's compound and drains. The remaining amount of \$494,500 was deposited in the Deposit Fund on 3 February 2003, instead of being transferred to the Consolidated Fund as at 31 December 2002, resulting in the Appropriation Account being overstated by the amount of \$494,500. In February and March 2003, materials to the value of \$475,165 were purchased for the upgrading of the driveway and parking lot of the Compound. The difference of \$19,335 was refunded to the Consolidated Fund on 22 May 2003. The labour was provided by the Ministry of Public Works, to whom an amount of \$128,000 is due. Nevertheless, at the time of reporting in October 2003, the works were completed and were physically verified.
- 582.** Amounts totalling \$1.235M were expended for the Rental and Maintenance of the Commission's buildings. The works carried out were mainly painting, plumbing and carpentry. The works were physically verified.
- 583.** Amounts totalling \$2.877M were expended on Transport, Travelling & Postage of which amounts totalling \$2.699M were in respect of vehicle spares and services. Included in the amount of \$2.699M shown as vehicle spares and services, were seventy-seven(77) payments totalling \$2.575M 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.

- 584.** Amounts totalling \$2.439M were expended on Telephone Charges during the period under review. In addition, included in the figure of \$2.439M were sums totalling \$688,555 representing the cost of overseas telephone calls and \$565,013 representing the cost of cellular calls for sixteen(16) officers. 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 and cell calls were official or whether private calls were made. It is recommended that the register be written up when the overseas calls are made and be properly authorised.
- 585.** Amounts totalling \$17.199M were expended on Other Goods and Services Purchased. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Security Services	13,102
Equipment Maintenance	2,683
Cleaning & Janitorial Services	239
Other	1,175
TOTAL	17,199

- 586.** The amount of \$13.102M was expended on security services provided at the National Registration Centre by the Commissioner of Police and Federal Management Inc. at the cost \$10.432M and \$2.671M, respectively. The expenditure was verified as having been properly incurred.
- 587.** Amounts totalling \$2.683M were expended on repairs and maintenance of equipment including computers, outboard engines, photocopy machines and air condition units, while amount totalling \$238,534 were 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. Based on test checks carried out, the other expenditures were verified as having been properly incurred.
- 588.** The amounts \$1.175M were expended for the rental of metal containers, internet services, serving of office equipment, installation and cleaning of carpets. Adequate documentation existed in support of the expenditure.

589. According to the Appropriation Account amounts totalling \$6.961M were expended under Other Operating Expenses. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Refreshments	1,097
Other	5,864
TOTAL	6,961

590. The figure of \$5.864M shown as Others includes payment of legal fees vehicles insurance, rental of containers, purchase of uniforms and bank drafts for the Chairman's overseas trips. Based on test checks, the expenditures were verified as having being properly incurred.

Capital Expenditure

Subhead 25010 – Guyana Elections Commission

591. The sum of \$13M was allocated for (a) the purchase of filing cabinets, work station, desks and chairs and (b) the purchase of computer hardware and software for the information systems department. Amounts totalling \$12.764M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Purchase of computer accessories	6,361
Filing cabinets	5,830
Office furniture and equipment	573
TOTAL	12,764

592. The purchase of computer hardware/software was awarded by the Central Tender Board to the second highest of four(4) bidders in the sum of \$6.263M on the recommendation of the evaluation committee. The lowest bid was \$5.889M. In respect of the purchase of the twenty-two(22) metal cabinets, a waiver of tender procedures was granted by Central Board. The purchase of the chairs, air condition unit and work station was adjudicated by the Department Tender Board to the lowest of three(3) bidders in the sum of \$572,500. The items were verified as being received and properly brought to account.

HEAD 13 & DIVISION 527

MINISTRY OF LOCAL GOVERNMENT

Current Expenditure

- 593.** The salaries bank account No. 3074 reflected a balance of \$17.657M as at 31 December 2002 while the cash book reflected a “nil” balance as at this date. However, it was observed that this account was only reconciled to March 2002. The Accounting Officer explained that was due to staff constraints. The failure to reconcile this account can lead to errors being undetected. It is recommended that the reconciliation be brought up to date for the period under review.

Stores and Other Public Property

- 594.** An examination of the stores was carried out and it was observed that no stores records were maintained for the period under review to account for receipt and issues of stock. In addition, the stores were not maintained in a proper manner and had large amounts of unserviceable items that should be disposed of. Efforts should be made to ensure strict compliance with the Stores Regulations.

Capital Expenditure

Subhead 19003 – Urban Development Program

- 595.** The sum of \$659.5M was provided for (a) the rehabilitation of Hadfield and Bent streets – Georgetown; Smithfield and Vryheid roads - New Amsterdam; Middle street (North and South) – Rose Hall; Jackman and Juman streets – Corriverton; One Mile/Canvas City and Mora street – Linden and Mandir and Market streets – Anna Regina (b) completion of rehabilitation work at Stabroek, New Amsterdam, Rose Hall, Corriverton and Wismar markets, (c) construction of McKenzie market and rehabilitation and construction of Rose Hall market and (d) technical assistance and institutional strengthening of the six(6) municipalities, Local Government Ministry and valuation office of the Ministry of Finance. A supplementary provision of \$200M was approved giving a revised allocation of \$859.5M. According to the Appropriation Account, amounts totalling \$1.003 billion were shown as having been expended. The difference of \$143.357M was met from advances issued by the Contingencies Fund, which was cleared in April 2003.
- 596.** The Programme is funded jointly by the Government of Guyana and the Inter-American Development Bank under the Loan Agreement No. 1021-SF/GY and is subject to separate financial reporting and audit. The last set of audited accounts of the Program was for the year 2002, and an examination of these accounts revealed an expenditure of \$898.123M, giving a difference of \$104.734M. The difference was due to foreign disbursements made in 2002 which had not yet been brought to account.

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

DESCRIPTION	AMOUNT \$'000
Infrastructure Rehab. Investments	697,836
MLGRD Institutional Strengthening	113,756
Programme Execution Unit	86,531
TOTAL	898,123

598. Included in the sum of \$697.836M, in respect of Infrastructure Rehabilitation Investments, were eleven(11) contracts totalling \$1.188 billion which were awarded to eleven(11) contractors for rehabilitation works on Norton and Robb Streets, Stabroek, New Amsterdam, No. 79 Corriverton and Wismar Markets, Anna Regina Town Hall, Rose Hall Market and rehabilitation of roads. As at 31 December 2002, amounts totalling \$684.659M were paid to the contractors and all the works were completed except for New Amsterdam Market, which was still in progress. The works were physically verified.
599. Also included in the sum of \$697.836M, 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 2002, amounts totalling \$13.177M were paid to the consultants. The design, preparation and supervision aspects of all the contracts were completed except for supervision at New Amsterdam Market, which was still in progress.
600. In relation to the amount of \$113.756M for Institutional Strengthening of the Ministry of Local Government and Regional Development. One(1) contract was awarded in the sum of \$480.596M 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 2001, amounts totalling \$237.916M were paid to the consultant, while for the period under review amounts totalling \$85.934M were paid. As at 31 December 2002, amounts totalling \$323.850M were paid to twelve(12) consultants and the work was still in progress.

- 601.** The difference of \$27.822M was utilised for computer training for staff of the municipalities, purchase of CAMA software, accessories, fans, surveying tapes, payments for installation costs, consultancy fees, per diem, travelling and subsistence allowances. The expenditure was made in accordance with the Project agreement and was verified as a proper charge to the resources of the Programme.
- 602.** In relation to Programme Execution Unit, the sum of \$86.531M represents payments made to twenty-five(25) contracted employees, purchase of four(4) computers, a printer, payment of salaries, maintenance of building and vehicles. The items purchased were verified as having been received and properly brought to account.

Subhead 19004 – Infrastructure Development

- 603.** The sum of \$105M was allocated for the rehabilitation of small drainage and irrigation facilities and other minor works and payment of retention fees. Amounts totalling \$33.528M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Region 3	15,788
Region 4	10,194
Region 6	3,952
Region 2	3,594
TOTAL	33,528

- 604.** In relation to the excavation of trenches, construction of revetment and culverts, weeding and cleaning of drains in Region No. 3, thirty-six(36) contracts were awarded, of which four(4) fell within the limits of \$450,000 and \$900,000 and were awarded to the lowest bidders by the Regional Tender Board, while the other thirty-two(32) fell below \$450,000 and were awarded with due Tender Board procedures. In relation to the weeding and cleaning of drains in four(4) NDCs in Region No. 4, four(4) contracts were awarded by the Regional Tender Board to the lowest bidders. As at 31 December 2002, all the works were completed. Because of the nature of the work reliance was placed on the certificates of satisfactory completion issued by the Superintendent of Works.
- 605.** The sums of \$3.952M and \$3.594M were expended on the rehabilitation of bridges and culverts in Region No. 6 and payment of retention fees for the rehabilitation of Charity wharf in Region No.s 2, respectively. As at 31 December, the works were completed and were physically verified.

Subhead 19005 - Project Development & Assistance

- 606.** The sum of \$259M was provided for capital projects in Municipalities and Neighbourhood Democratic Councils(NDC'S) for rehabilitation and upgrading of drainage and irrigation systems, roads, bridges and environmental sanitation. Amounts totalling \$258.996M were expended as follows:-

NAME OF AGENCY	AMOUNT \$000
Sixty-five(65) NDCs	198,600
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	5,396
TOTAL	258,996

- 607.** The sum of \$198.600M was expended for the rehabilitation of roads, drains and the construction of bridges, culvert, and revetments. Below is a breakdown of the following:-

DESCRIPTION	AMOUNT \$'000
Region No. 1	6,000
Region No. 2	15,150
Region No. 3	42,700
Region No. 4	47,000
Region No. 5	30,000
Region No. 6	48,250
Region No. 7	3,000
Region No. 8	500
Region No. 9	3,000
Region No. 10	3,000
TOTAL	198,600

- 608.** In relation to Region No. 1 the amount of \$6M was expended for the purchase of a tractor, loader and a bucket. The contract was awarded by Regional Tender Board in the sum of \$2.8M to the lower of two(2) bidders and the full amount was paid. However supporting documents were not produced for audit scrutiny The remaining amount of \$3.2M was expended on the maintenance of roads, culverts, equipment, the construction of bridges and purchase of a motorcycle. The works were completed and were physically verified, while the items purchased were verified as having been received and properly brought to account.
- 609.** In relation to Region No. 2, seventy-one(71) contracts valued at \$15.150M were awarded for the upgrading of streets, desilting of trenches, construction of revetments, culverts, bridges and kokers. As at 31 December 2002, the works were completed and the full amount was expended.
- 610.** Region No. 3 expended \$42.700M for the supply of sand and burnt earth, excavation of trenches and drains, weeding of dams, maintenance of roads, construction of culverts and bridges and the purchase of PVC pipe fittings, sewing machines, sports gear, gas stove and bush cutter, through the award of sixty-five(65) contracts. The works were completed and the items purchased were verified as having been received and properly brought to account. With the exception of the D&I works, the other works were physically verified.
- 611.** Amounts totalling \$47M were allocated to fifteen(15) NDCs in Region No. 4 for the desilting and weeding of trenches, maintenance of bridges, roads and construction of culverts. Amounts totalling \$44.383M were expended and the works were completed. Financial returns were submitted to the Ministry to account for funds expended.
- 612.** In respect of Region No. 5, forty-eight(48) contracts to the value of \$30M were awarded for drainage and irrigation works, rehabilitation of roads, dams, bridges, revetments, purchase of one(1) hymax, tractor, trailer, two(2) mounted slashers and a computer. The works were completed and the items purchased were verified as having been received and properly brought to account. Except for the drainage and irrigation works, the works were physically verified. The amounts of \$48.250M were expended by Region No. 6 for the purchase of sand, burnt earth, cleaning of canal, drains and the rehabilitation of roads. The work was completed. Financial returns were submitted to account for funds expended.
- 613.** Amounts totalling \$9.500M were allocated to Region Nos. 7, 8, 9 and 10 for painting of community centre, NDC office, transporting gravel, cleaning of drains, creeks, rehabilitation of abattoir, Bartica Market, construction of wooden revetment, maintenance of roads and culvert. Except for the cleaning of drains and creeks and the work in Region No. 8, the works were physically verified.
- 614.** Financial returns were not submitted to the Ministry to account for funds transferred to the New Amsterdam Town Council and NDCs in Region Nos. 8 and 10. 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.

- 615.** Amounts totalling \$16M were transferred to the Georgetown City Council. An examination of the expenditure statement for the period under review revealed that the full amount was expended for the purchase of two(2) trucks, one(1) loader, slasher, rotary cutter and spares for the Bedford trucks. The items purchased were verified as having been received and properly brought to account.
- 616.** An examination of the records of the Linden Town Council revealed that the amount of \$9M was expended to purchased a lorry, tractor, water pump, one(1) 15-seater bus, tools and equipment for the Council. The full amount was expended for the purchase of the items. In relation to the amount of \$7M transferred to Anna Regina Town Council, the amount was used for upgrading streets, desilting of trenches, installation of pipelines, upgrading playgrounds and construction of bridges. The Town Council expended the full amount. The works were physically verified while the items purchased were verified as having been received and properly brought to account.
- 617.** The sum of \$7M was allocated to the Rose Hall Town Council. Amounts totalling \$4.783M were expended for the construction of a green heart revetment. The difference of \$2.217M should have been refunded. In relation to the Corriverton Town Council amounts totalling \$6M were allocated to the Town Council. Amounts totalling \$4.453M were expended for the purchase of one(1) tractor and trailer. The remaining balance of \$1.547M was utilised for the supply of burnt earth, clearing and digging of drains. The works were physically verified while the items purchased were verified as having been received and properly brought to account.
- 618.** The vast majority of the above entities were significantly in arrears in terms of financial reporting. At the time of reporting only twenty-one(21) audits of the NDCs were completed. Efforts should be made to have the outstanding NDCs audits brought up to date.
- 619.** The following gives the status of the municipalities at the time of reporting:-

NAME OF MUNICIPALITY	YEAR LAST AUDITED
Georgetown City Council	2000
New Amsterdam Town Council	1996
Rose Hall Town Council	1998
Corriverton Town Council	1999
Linden Town Council	1984
Anna Regina Town Council	1996

- 620.** Financial statements for the Corriverton Town Council for the year 2000 were received, and at the time of reporting, the audit was in progress. No financial statements for the years subsequent to those shown in the above table were received in respect of the Georgetown, New Amsterdam, Rose Hall, Linden Town and Anna Regina Town Councils.

Subhead 26003 - Power Generation

- 621.** The sum of \$11M was allocated for the purchase of generator sets for St. Monica – Region No. 2, St. Francis – Region No. 5 and Paruima – Region No. 7. Amounts totalling \$9.239M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Purchase of generator set for Region No. 2	4,000
Installation of generator set for Region No. 5	1,239
Purchase of generator set for Region No. 7	4,000
TOTAL	9,239

- 622.** An amount of \$4M was given to Region No. 2 to purchase one generator set for St Monica. The sum of \$3.994M was expended to purchase and install the generator. The award was made by the Regional Tender Board. The difference of \$6,000 was used for advertisement cost on RCA TV8. The amount of \$1.239M was given to Region No. 5 to install one generator set at St Francis - Region No. 5. The full amounts were expended.
- 623.** The sum of \$4M was given to the Region No. 7 to purchase a generator set. The amount of \$2.825M was expended for the purchase of one(1) lister diesel generating set for Paruima. Three(3) quotations were received and the award was given to the second lowest supplier by the Regional Tender Board on the grounds that the Region has two lister diesel generator sets, and it would be easier to maintain. An amount of \$1.160M was used for transportation costs and purchase of electrical items for the installation of the generator set. The difference of \$14,500 was refunded by the Region. The expenditure was verified as having been properly incurred and brought to account.

Subhead 35001 - Office Furniture & Equipment

- 624.** The sum of \$1.576M was allocated for the purchase of electrical typewriters, refrigerators, chairs and desks. Amounts totalling \$1.556M were expended for the purchase of two high back chairs, one executive writing desk, one living room suite, two computers, four filing cabinets and upgrading of telephone system. Except for the executive writing desk, living room suite and high back chairs to the a total value of \$431,000, the other items purchased were verified as having been received and properly brought to account

Subhead 36001 - Solid Waste Disposal

- 625.** The sum of \$5.5M was voted for (a) the provision of civil engineering consultant, (b) provision for public awareness/education consultant and (c) construction of new infrastructure to extend the life of the Mandela Avenue solid waste disposal site. No expenditure was incurred and was re-budgeted for in 2003.

HEAD 14 & DIVISION 549

PUBLIC SERVICE MINISTRY

Current Expenditure

- 626.** Amounts totalling \$49.776M were expended on Training. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Allowances for overseas and local students	22,724
Tuition Fees for " " " "	17,592
PSM Career Training Programme	4,081
Airfare and Transportation (overseas and local)	1,988
Others	3,391
TOTAL	49,776

- 627.** Included in the figure of \$22.724M shown as allowances for overseas and local students, were amounts totalling \$18.491M which, represents the payment of maintenance, book, outfit, travelling, clothing, incidental allowances, airfare and in-transit expenses for two hundred and fourteen(214) students attending various educational institutions, both overseas and locally. The difference of \$4.233M represents the payment of allowances to thirty-one(31) students attending the University of Guyana.
- 628.** Included in the figure of \$17.592M shown as Tuition Fees for overseas and local students were amounts totalling \$13.147M, which represents tuition fees for overseas students. The difference of \$4.445M represents tuition fees for thirty-one(31) students attending the University of Guyana. In addition, the sum of \$4.081M represents the payment for expenses incurred for various training courses administered by the Public Service Ministry's, Career Training Programme held locally.

- 629.** The figure of \$1.988M represents the payment of airfare for students who attended overseas courses. In addition, included in the sum of \$3.391M shown as Others, is an amount of \$2.634M which was paid for expenses incurred by the Minister of the Public Service who travelled overseas to discuss scholarships matters.
- 630.** In my 2001 Report, it was stated that fifteen(15) students had completed their studies overseas, but had not returned to fulfil their contractual obligations. One(1) has since returned in 2002. In addition, during the period under review, one(1) other student completed her studies but had not returned. This gives a total of fifteen(15) students who had not returned to fulfil their obligations. The Accounting Officer explained that the related files were submitted to the Attorney General's Chambers for possible legal action.

Capital Expenditure

Subhead 12001 – Buildings

- 631.** The sum of \$10M was allocated for extension of Vlissengen Road annex. Amounts totalling \$1M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Purchase of three(3) Ac units	499
Renovation to DPS office	268
Repairs to veranda of conference room	163
Drawing plan for PSM	70
TOTAL	1,000

- 632.** Approval was seen for a change in programme for the renovation to the Office of the Deputy Permanent Secretary, accommodation of a registry office, repairs to roof, ceiling and walls of conference room and purchase and installation of two(2) split system and one(1) air-condition unit.
- 633.** The contract for the supply of three(3) Ac units was awarded to the lowest supplier at a contract sum of \$499,200. The full amount was paid to the supplier and the items were physically verified as having been received and brought to account. The contracts for the renovation to DPS's Office and the repairs to veranda of conference room were awarded to the lowest bidders in the sums of \$268,050 and \$162,690, respectively. As at December 2002, the works were completed and the full amount was paid to the contractors. The work was physically verified.

Subhead 24001 – Land Transport

- 634.** The sum of \$1.5M was provided for the purchase of one(1) motorcar. Central Tender Board approved the purchase of one(1) Toyota Hilux for an amount of \$1.5M. The vehicle was purchased and was verified as having been received and properly brought to account.

Subhead 25001 – Office Furniture and Equipment

- 635.** The sum of \$1.5M was voted for the purchase of a photocopier and office furniture. Amounts totalling \$1.457M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Two(2) AC units	446
Office furniture	428
One(1) digital copy printer	355
One(1) fridge, vacuum and microwave	140
One(1) fax machine and printer	88
TOTAL	1,457

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

HEAD 15 & DIVISION 550

MINISTRY OF FOREIGN TRADE AND INTERNATIONAL CORPORATION

Current Expenditure

- 636.** A token sum of \$21,000 was voted for current expenditure for the year 2002. No expenditure was incurred for the period under review and the Accounting Officer explained that, expenditure was charged to Head 04 - Ministry of Foreign Affairs - Programme 3.

Capital Expenditure

Subhead 25001 – Office Furniture and Equipment

637. The sum of \$5M was voted for the purchase of furniture and equipment. The amount of \$4.216M was expended as follows:-

DESCRIPTION	AMOUNT \$'000
Four(4) Computers	916
Two(2) Water coolers	445
One(1) Photocopier	425
Eleven(11) Filing Cabinets	423
Eight Honey Oak desks & 4 Executive desks	414
Five(5) executive chairs, 6 typist & 12 arm chairs	578
Eight(8) work stations	230
Two(2) Fax machines & 2 binding machines	378
Two(2) Printers & 2 stabilisers	254
One(1) air condition unit & 6 fans	153
TOTAL	4,216

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

HEAD 16 & DIVISION 551

MINISTRY OF AMERINDIAN AFFAIRS

Current Expenditure

638. Token provisions totalling \$33,000 were made under this Head for the Ministry of Amerindian Affairs and for which, no expenditure was incurred. Instead, substantial provisions were made under Head 01- Programme 4 – Amerindian Development, Office of the President, against which expenditures were incurred. The audit findings under this Programme were included in under Head - 01 – Office of the President.

Capital Expenditure

Subhead 14015 – Amerindian Development Fund

639. The sum of \$49.583M was allocated for (a) land demarcation programme (b) purchase of equipment including radio sets, fog machines and cutlasses (c) purchase of furnishings for Amerindian hostels and (d) provision for agricultural development including planting materials and chemicals. Amounts totalling \$17.130M were expended as shown below:-

DESCRIPTION	AMOUNT \$000
Land demarcation done by Lands & Surveys Comm.	4,414
Purchase of pesticide	3,352
" " fuel	2,891
" and transporting of radio set	2,610
" of fogging machines & office equipment	1,897
Miscellaneous	1,966
TOTAL	17,130

640. In relation to the land demarcation programme, amounts totalling \$4.414M were paid to the Lands and Surveys Commission(L&S.C) in respect of survey works done by four(4) contractors and inspection and field checks carried out by the L&S.C. in Amerindian Villages in Regions 2 and 9. The expenditure has been verified as having been properly incurred.
641. The amounts of \$3.352M and \$2.891M represent payments for pesticide and fuel purchased to be used on the Acoushi Ants Project in Regions 1 and 2. These items were verified as having been received. However, they were not recorded in the stores records of the Ministry of Amerindian Affairs.
642. The amount of \$1.897M was expended on the purchase of four(4) fogging machines, chairs, desks, filing cabinets and sewing machines, while the amount of \$1.966M was expended on the purchase of barbed wire, water tanks, chain saws etc. However, with the exception of the water tanks, there was no evidence that the other items purchased were received, as they were not recorded in the stores records of the Ministry of Amerindian Affairs.

Subhead 24001 – Water Transport (Amerindian Affairs)

643. The sum of \$7M was voted for the construction of a boat for Region No. 6. However, no expenditure was incurred under this subhead and it was not re-budgeted for in 2003.

HEAD 21 & DIVISIONS 508, 509, 510 & 512

MINISTRY OF AGRICULTURE

Current Expenditure

Employment Costs

644. The staffing situation in all areas of the Ministry as reflected in the payrolls for December 2002 is shown below:-

SUBHEAD	DESCRIPTION	AUTHORISED	ACTUAL	VACANT
101	Administration	27	10	17
102	Senior technical	118	42	76
103	Other technical & craft skilled	325	176	149
104	Clerical & support	88	57	31
105	Semi skilled	177	63	114
106	Contracted Employees	-	41	-
107	Temporary Employees	-	85	-
TOTAL		735	474	387

645. The actual staffing was therefore 64.5% 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. The Accounting Officer explained that severe difficulties were being experienced in getting suitable and experienced staff. Nevertheless, 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.
646. At the time of reporting, in September 2003 the two(2) salaries bank accounts Nos. 3056 and 3057 as well as the main bank account No. 3054 were reconciled up to July 2003, May 2003 and July 2003, respectively, based on an approach recommended by the Audit Office. This is a significant improvement from previous years and is highly commendable. However, the Accounting Officer is advised to ensure that the reconciliation of the salaries bank account No. 3057 is brought up-to-date, since the failure to reconcile bank accounts in a timely manner can lead to irregularities being perpetrated without detection.
647. Amounts totalling \$15.947M were expended on Benefits & Allowances. Of this amount, sums totalling \$7.025M were expended on the payment of motor car allowances and mileage claims. Fifty-five(55) files relating to officers in receipt of motor car allowances were requested for audit examination. These files were examined and it was found that the concerned officers were using their vehicles in the performance of their duties. As such, the expenditure was deemed to be properly and satisfactorily incurred.

Other Charges

- 648.** Two hundred and seventeen(217) payment vouchers totalling \$23.854M were not presented for audit examination. Ninety-six(96) of these valued at \$19.901M 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. The Accounting Officer explained that efforts were being made to locate these vouchers and to present them for audit examination.
- 649.** 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 Ministry of Agriculture continued to make payments for the financial year ended 31 December 2002 until 22 January 2003. In this regard, a total of two hundred and twenty-three(223) cheques with a value of \$52.480M were drawn from the main bank account No. 3054 during this period and were backdated to 31 December 2002. In the circumstances, it would have been more appropriate for the amounts involved to be re-budgeted for in 2003.
- 650.** 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 previous reports. However, this was not rectified until 2003.
- 651.** The old main bank account No. 938, which became non-operational in May 1996, was overdrawn by \$6.597M as at 31 December 2002. It was recommended in my previous report that the overdraft be investigated and steps taken to close the account. The Accounting Officer explained that efforts to reconcile this account have proven futile, since relevant records cannot be located. He has since written in March 2003 to the Secretary to the Treasury for advice on how to proceed to close the account. However, to date there was no response. The Accounting Officer was advised to follow up this matter.
- 652.** 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 49 cheque orders valued at \$9.388M in respect of 2002 were not cleared within the specified time, as shown below:-

PERIOD CLEARED	NO OF CHEQUE ORDERS	AMOUNT \$'000
17 – 30 days	30	3,914
31 – 40 days	7	749
Exceeding 41 days	12	4,725
TOTAL	49	9,388

- 653.** The above situation has shown a significant improvement from previous years. Nevertheless, efforts should be made to ensure that there is strict compliance with the system as it relates to the clearing of cheque orders.
- 654.** According to the Appropriation Accounts, amounts totalling \$15.715M were expended on Materials, Equipment & Supplies. However, sums totalling \$810,795 were expended on the purchase of office and household furniture and equipment such as gas stove, bed, chairs, computer and accessories. The purchase of these items is deemed as capital purchases and should have been budgeted for, and charged to the Ministry's capital programme.
- 655.** Amounts totalling \$7.645M were expended on Fuel & Lubricants. However, of the twenty-six(26) vehicles which were in use by the Ministry for the period under review, log books were not presented for eleven(11) vehicles. In the circumstances, it could not be determined whether effective control was exercised over the use of these vehicles. Further, of the log books presented for inspection, it was found that log books for two(2) vehicles used by the Hydrometeorological Division were not properly maintained. In addition, there was no evidence that monthly returns of fuel consumption were prepared by any of the departments, as required by circular instructions. However, this exercise has commenced in January 2003.
- 656.** Amounts totalling \$29.428M were expended on Transport, Travel & Postage of which amounts totalling \$1.087M were expended on snacks and travelling allowances for working overtime. Of this amount \$844,655 relates to snacks and travelling for Head Office staff. However, there was no evidence that the Public Service Ministry had given approval for the overtime work. In addition, the amounts paid as snack allowances did not confirm with the respective rates of \$100 and \$70 for midday and after hours worked. Instead, the Ministry of Agriculture had paid \$275 for both midday and after hours.

657. Amounts totalling \$396.487M were expended on Contributions to Local Organisations. The following is a breakdown of the payments made:-

NAME OF ORGANISATION	AMOUNT \$'000
National Agricultural Research Institute	183,844
Guyana School of Agriculture	83,635
New Guyana Marketing Corporation.	38,604
National Dairy Development Programme	35,703
MMA/ADA	31,654
Pesticide and Toxic Chemicals Board	12,096
REPAHA	7,551
Others	3,400
TOTAL	396,487

658. The National Agricultural Research Institute(NARI) was last audited in respect of 2001. Financial statements for the year 2002 have been submitted for audit at the time of reporting. The amount of \$183.844M 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.
659. The Guyana School of Agriculture was last audited for the year 2000. Financial statements for the year 2001 was submitted for audit in October 2003 and the audit was to commence. The amount of \$83.635M 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.
660. In relation to the New Guyana Marketing Corporation Ltd, the last set of audited accounts was in respect of 2002. The Audit Office issued an unqualified report on these accounts. The Corporation made a net profit of \$8.824M, compared with a profit of \$1.316M for the previous year. The accumulated deficit was \$1.827M.
661. The MMA/ADA was last audited for the year 2001. Financial statements for the year 2002 were submitted for audit, and at the time of reporting the audit was in progress. The amount of \$31.654M was verified as having been received by MMA/ADA. However, in the absence of audited accounts it could not be determined whether this amount was properly expended.

- 662.** The National Dairy Development Programme(NDDP) was last audited to 1999. Financial statements for the years 2000 were submitted for audit, and at the time of reporting the audit was in progress. The amount of \$35.703M 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

- 663.** A master inventory to record all fixed assets under the control of the Ministry was not produced for audit examination. In addition, sectional inventories were not updated to reflect inter-departmental transfers. The Accounting Officer gave the assurance that action was being taken to compile the inventories. Further, all assets were not marked to readily identify them as property of the Government in compliance with the Stores Regulations. However, at the time of reporting this exercise was being carried out.

Other Matters

- 664.** 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. This matter was reported on in my 2001 report and the Accounting Officer in April 2003 indicated that a review of the composition of the balance had been completed and that appropriate action was being taken. Evidence was seen that the Accountant General was written to in connection with this matter. However, at the time of reporting no action has been taken. It is again 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

- 665.** The sum of \$91.5M was allocated for (a) design and feasibility studies for drainage and irrigation areas, (b) the re-organisation of land management and administrative systems, (c) conducting aerial and mapping surveys, and (d) conducting geodetic and cadastral surveys. Amounts totalling \$29.637M were shown as having been expended.

- 666.** 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 2002 revealed an expenditure of \$32.742M, giving a difference of \$3.106M. This difference resulted from (a) two(2) foreign disbursements totalling \$4.875M made in 2001 now brought to account, (b) two(2) foreign disbursements totalling \$2.863M made in 2002 which were reimbursed in 2003, and (c) an amount of \$5.118M representing financial cost deducted from the loan resources.
- 667.** The following gives a breakdown of the audited expenditure:-

DESCRIPTION	AMOUNT \$'000
Institutional Strengthening of D&I Board	20,676
Operating costs of Co-ordinating Unit	5,602
Financial costs	5,118
Rental and Purchasing costs	935
Miscellaneous	411
TOTAL	32,742

- 668.** The amounts of \$20.676M and \$5.602M equivalent to US\$137,314, shown as expenditure for Institutional Strengthening of D&I Board and Operating costs of Co-ordinating Unit represent payments of emoluments to consultants for strengthening of the National Drainage and Irrigation Board for consultancy services and remuneration to staff respectively. The consultancy services was based on contracts awarded in two phases, which included 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. Phase I was for a contract valued at US\$200,000, which was awarded in February 2000 and Phase II was for a contract valued at \$25.030M, which was awarded in December 2001. As at 31 December 2002, amounts totalling US\$145,499 and \$12.840M respectively were paid to the consultancy firm.
- 669.** In relation to the amount of \$5.118M shown as financial costs, this represented amounts directly deducted from the loan resources. In addition, the amount of \$935,357 equivalent to US\$4,904 shown as rental and purchasing costs represented payments to consulting firm E&A for the purchase of one toner cartridge and rental of office space.
- 670.** The amount of \$411,000 shown as Miscellaneous represented payments for telephone charges, fuel and lubricants, servicing of vehicles, payments for advertisements and other miscellaneous purchases. All of the above expenditure were verified as having been properly incurred.

Subhead 13003 - Rehabilitation of D & I Areas

671. The sum of \$410M was voted for on-going rehabilitation and new works as follows: **On-going:** installation of two(2) diesel pumps at Mibicuri, construction of new sluice at Bellamy, timber bridge at Golden Fleece, revetment at Capoey, La Union, Anna Regina and Mahaica; rehabilitation of canals at Leguan, Wakenaam, Hubu, Friendship and Mocha. **New:** installation of diesel pumps at Dawa, rehabilitation of pump at Buxton, and sluices at Golden Fleece, Somerset and Berks and Leguan; canals at Cane Grove, Friendship, Mahaica Creek, No. 66/77, No. 44, Follow-up Co-op Society and Flower and emergency drainage and irrigation works resulting from May/June rains.

672. Amounts totalling \$363.653M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Rehabilitation of main drains, canals, etc	115,680
Emergency works in Regions 2, 3, 4, 6 and 10	83,643
Supply, repairs and installation of pumps	34,007
Rehabilitation of water course	9,153
Rehabilitation of revetments/sluices	5,987
Surveys	4,714
Construction of timber stop-off	3,000
Rehabilitation of embankments	2,885
Installation of tube/koker boxes	1,655
Repairs to bridges/buildings	956
Consultancy services	112
Operating cost of D&I Board	101,861
TOTAL	363,653

673. Included in the amount of \$115.680M were (a) \$25M representing works carried out at the MMA/ADA and (b) \$90.680M representing works carried out in other areas. The following is a breakdown of the works according to authority limits:-

AUTHORITY LIMIT	NO. OF CONTRACTS	AMOUNT PAID IN 2002 \$'000
Below \$180,000	8	524
\$180,000 - \$450,000	8	1,860
\$450,000 - \$6,000,000	33	60,342
\$6,000,000 - \$9,000,000	1	8,652
Exceeding \$9M	2	44,302
TOTAL	52	115,680

- 674.** Included in the 33 contracts awarded on the authority of the Ministerial Tender Board were seventeen(17) contracts totalling \$31.995M, which were awarded on the basis of representation by farmers, residents and Neighbourhood Democratic Councils and were considered as emergency works, as such there was no form of competitive bidding for these contracts.
- 675.** The amount of \$83.643M expended on emergency works, represented inter-departmental warrants issued to Regions 2, 3, 4, 6 and 10. The Ministry received financial returns in support of the expenditure incurred.
- 676.** Amounts totalling \$18.741M were received by Region 2 by way of inter departmental warrants, of which sums totalling \$15.973M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Construction of sea sluice & excavation of outfall channel (Somerset)	5,787
Purchase of fuel and lubricants	2,992
Desilting of trenches	2,769
Construction of one regulator 30' X20'	1,885
Construction of green heart timber revetment	1,741
Construction of irrigation check	799
TOTAL	15,973

- 677.** The contract for the construction of sea sluice and excavation of outfall channel at Somerset and Berks was awarded to the sole bidder in the sum of \$5.787M against the Engineer's Estimate of \$6.271M. As at 31 December 2002 the total contract sum was paid to the contractor.

- 678.** The amount of \$2.992M was expended for the purchase of fuel in two lots of \$1.999M and \$992,680 from the Guyana Oil Company. Included in the amount of \$2.769M for the desilting of drains were (a) two(2) contracts totalling \$1.394M awarded to different contractors without the authority of the Regional Tender Board, and (b) nine(9) contracts totalling \$1.376M awarded without competitive bidding using the three-quote system.
- 679.** The contract for the construction of one regulator 30'X 20' with security hut and foot path bridge at Walton Hall was awarded to the second lowest bidder in the sum of \$1.885M against the Engineer's Estimate of \$2.576M. However, the basis of this awarded is not known. As at 31 December 2002, the total contract sum was paid to the contractor.
- 680.** Included in the amount of \$1.741M for the construction of green heart timber revetment, an amount of \$737,593 relates to one(1) contract awarded without the authority of the Regional Tender Board, and amounts totalling \$1.003M relate to four(4) contracts which were awarded without competitive bidding using the three-quote system. In addition, the amount of \$799,100 for the construction of irrigation check at Affiance was awarded without the approval of the Regional Tender Board.
- 681.** Amounts totalling \$17.121M were received by Region 3 by way of inter departmental warrants, of which sums totalling \$17.084M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Weeding and cleaning of trenches, dams, etc.	10,945
Grading and cleaning of dams (Naamryck)	5,820
Purchase of fuel and lubricants	319
TOTAL	17,084

- 682.** Included in the figure of \$10.945M for weeding and cleaning of trenches, dams, etc, were: (a) seven(7) contracts totalling \$893,780 below the limit of \$180,000; (b) Twenty-two(22) contracts totalling \$6.320M between the limits of \$180,000 and \$450,000, of which, eighteen(18) were awarded to the lowest bidders, two(2) to the second lowest bidders on the grounds that one of the lowest bidder could not complete the contract in a timely manner and the other had no reason stated for the award, and two(2) to the third lowest bidders on the grounds that the two lower bidders had on-going jobs and in the other instance the third lowest bidder was residing in the area; and (c) two(2) contracts totalling \$3.731M between the limits of \$450,000 and \$9,000,000 awarded to the lowest bidders in the sum of \$1.674M and \$2.057M for the weeding and cleaning of trenches between Parika and Naamryck, and Canal respectively. As at 31 December 2002, the full contract sums were paid.

- 683.** The contract for the grading and cleaning of dams at Naamryck was awarded to the lowest bidder at the Engineer's Estimate in the sum of \$5.820M. As at 31 December 2002, the total contract sum was paid to the contractor. In relation to the amount of \$319,000 for the purchase of fuel, the quantities were verified as having been received and properly brought to account.
- 684.** Amounts totalling \$16.324M were received by Region 4 by way of inter departmental warrants, of which sums totalling \$16.200M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Rehabilitation, excavation, clearing and desilting of trenches	6,993
Weeding and cleaning of trenches (Grove/Haslington)	4,797
Sealing of breach (Good Success)	2,590
Repairs to electrical pumps	1,480
Removal of blockage	340
TOTAL	16,200

- 685.** Included in the figure of \$6.993M were five(5) contracts awarded for rehabilitation, excavation, clearing and desilting of trenches in various D & I areas. However, only two(2) of these contracts were awarded based on approval by the Regional Tender Board. Nevertheless, they were all awarded to the lowest bidders. As at 31 December 2002, the total contract sums were paid.
- 686.** Three(3) contracts totalling \$4.797M were awarded for the weeding and cleaning of trenches at Grove/Haslington. These contracts were awarded on the recommendation of the Regional Tender Board to the NDC without competitive bidding.
- 687.** The contract for the sealing of breaches at Good Success was awarded to the lowest bidder in the sum of \$2.590M without approval from the Regional Tender Board. As at 31 December 2002, the total contract sum was paid to the contractor. In relation to the amount of \$1.480M for the repairs to electrical pumps, the contract was awarded to the sole bidder and the total contract sum was paid as at 31 December 2002. In addition, the amount of \$340,000 was paid for the removal of a blockage at the sluice door at the Garden of Eden/Friendship area.

688. Amounts totalling \$30.659M were received by Region 6 by way of inter departmental warrants, of which sums totalling \$30.386M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Purchases of dieseline and Lubricants	10,959
Excavating, cleaning and desilting of drains and channels	9,497
Construction of irrigation boxes (Crabwood Creek)	4,817
Dredging of sea-wall outfall channel	3,111
Construction of revetment and sluices	2,002
TOTAL	30,386

689. The amount of \$10.959M was expended on the purchase of dieseline and lubricants for the Black Bush Polder pumping station. However, we were unable to verify whether the amounts were received and properly brought to account because the stores ledger and bin cards were not updated.
690. Five(5) contracts totalling \$9.497M were awarded for excavating, cleaning and desilting of drains and channels. However, included in this amount was \$4.386M which relate to three(3) contracts, of which one is between the limits of \$180,000 to \$450,000 and the other two between the limits of \$450,000 to \$9,000,000, awarded to the same contractor as emergency works without any form of tendering. As at 31 December 2002, the total contract sums were paid to the contractor.
691. The contract for the construction of the irrigation boxes at Crabwood Creek was awarded to sole bidder in the sum of \$4.566M. There was an approved variation of \$251,000 giving a revised contract sum of \$4.817M. As at 31 December 2002, the total contract sum was paid to the contractor.
692. The contract for the dredging of the sea-wall outfall channel was awarded to GUYSUCO in the sum of \$3.111M as emergency works. As at 31 December 2002, the total contract sum was paid. In relation to the construction of revetment and sluice, two(2) contracts totalling \$2.002M were awarded to the lowest bidders in the sums of \$1.262M and \$739,900. As at 31 December 2002, the total contract sums were paid.

- 693.** Amounts totalling \$4M were received by Region 10 by way of inter departmental warrants, of which the entire sum was expended as follows:-

DESCRIPTION	AMOUNT \$'000
Rental of Equipment	1,547
Erosion control project	1,042
Wages	870
Purchases	541
TOTAL	4,000

- 694.** The contract for the rental of a caterpillar excavator for the period 12 August to 4 September 2002 was awarded in the sum of \$1.547M with the approval of the Regional Tender Board. As at 31 December 2002, the total contract sum was paid. In addition, the contract for the erosion control project was awarded to the lowest of eight bidders in the sum of \$1.303M against the Engineer's Estimate of \$1.348M. As at 31 December 2002, amount totalling \$1.042M were paid, of which \$130,000 represented mobilisation costs.
- 695.** The amount of \$870,000 represented payment of wages for D&I staff, while the sum of \$541,000 was for the purchase of pipes and metal flaps, of which \$26,000 represented transportation costs from Georgetown to West Watooka.
- 696.** With the exception of the weeding, cleaning and desilting of canals and drains, the other works were physically verified and the items purchased were verified as having been received and properly brought to account. In respect of the weeding, cleaning and desilting works, reliance was placed on the certificates of satisfactory completion issued by the respective Regional Superintendent of Works.
- 697.** In respect of the inter-departmental warrants issued to the Regions, it was observed that unspent amounts totalling \$3.202M were not refunded by the respective Regions. Action should be taken to have these amounts refunded to the Consolidated Fund.
- 698.** In relation to the amount of \$34.007M expended on the supply, repairs and installation of pumps, Four(4) contracts were awarded in the sum of \$32.344M. One(1) of these contracts valued at \$20.821M was for the supply of two(2) diesel engine pumps at Mibicuri. The other three(3) contracts were for the installation of a power tech. engine at Monarabisi pump station and repairs to mobile fixed pumps at regions 2, 3, 4, 5, and 6. In addition, the sum of \$1.663M was expended on the rental of a pump from the Guyana Sugar Corporation. The items purchased were verified as having been received and properly brought to account.

- 699.** In relation to the amount of \$9.153M expended on the rehabilitation of water course at Black Bush Polder and Lesbeholden, two(2) contracts were awarded as emergency works by the Ministerial Tender Board. Thus, there was no competitive bidding for the said works. As at 31 December 2002, the total contract sums were paid and documentary evidence seen revealed the works were completed.
- 700.** In relation to the amount of \$5.987M expended on the rehabilitation of revetments/sluices, a total of five(5) contracts were awarded for the various works undertaken. Included in this amount was one(1) contract awarded by the Ministerial Tender Board to the lowest of three bidders in the sum of \$4.654M. As at 31 December 2002, the total contract sums were paid and the works were completed and were physically verified.
- 701.** The sum of \$4.714M was expended on three(3) contracts for surveys carried out in Region 6 and Region 10. Included in this amount was one(1) contract awarded to the second lowest of five(5) bidders in the sum of \$3.5M on the grounds that the lowest bidders did not include transportation cost in his bid. There was an approved variation of \$725,000 giving a revised contract sum of \$4.225M. As at 31 December 2002, the total contract sums were paid. Proper documentation was seen for this expenditure.
- 702.** The contract for the construction of timber stop-off at Crabwood Creek was awarded to the Crabwood Creek/Molsen NDC in the sum of \$3M as emergency works by the Ministerial Tender Board. Thus, there was no competitive bidding for the said works. As at 31 December 2002, the total contract sum was paid and the works were completed and were physically verified.
- 703.** The contract for the construction of embankment from Pine Ground to Mahaicony Creek was awarded in December 2001 in the sum of \$2.885M by the Ministerial Tender Board. There was an approved variation of \$792,000 giving a revised contract sum of \$3.677M. As at 31 December 2002, the total contract sum was paid and the works were completed and were physically verified.
- 704.** Included in the amount of \$956,240 expended on repairs to bridges, buildings and equipment are five(5) contracts below the limit of \$180,000 for electrical works and repairs to equipment and office buildings, and one(1) contract awarded in the sum of \$627,850 as emergency works by the Ministerial Tender Board for the repairs to two(2) bridges at Cove and John. Thus, there was no competitive bidding for the said works. As at 31 December 2002, the total contract sum was paid and the works were completed and were physically verified.
- 705.** The amount of \$112,000 expended on consultancy services was for three(3) contracts below the limit of \$180,000.

706. In relation to the amount of \$101.861M expended on the operational costs of the Drainage and Irrigation Board. The following are the details:-

DESCRIPTION	AMOUNT \$'000
Emoluments to D & I staff	59,738
Fuel & lubricants	18,207
Security Services	8,653
Rental and fuel for pumps	5,834
Stationery & office supplies	3,732
Repairs & maintenance of vehicles	1,790
Electricity and telephone and Internet charges	1,511
Travelling and subsistence	1,064
Tender advertisements	549
Purchase of fixed assets	224
Miscellaneous	559
TOTAL	101,861

707. An examination of salaries and related records in relation to the amount of \$59.738M representing emoluments to D & I Staff, revealed the following observations:-

- (a) Important information such as date of appointment, salary scale, Personnel File and letter of appointment were not recorded in the salary register. In addition, seven(7) instances were observed where the salaries for officers ceased. However, no annotations were made in the salaries register for the cessation; and
- (b) An examination of copies of NIS schedules revealed that the registration numbers were not recorded for twenty-six(26) officers. In addition, the date of birth was used instead of the NIS numbers for eleven(11) of these twenty-six officers.

708. Amounts totalling \$18.207M were expended on Fuel & Lubricants for the period under review. A list of sixteen(16) vehicles for the period under review for the D & I Board was provided, of which log books were not presented for ten(10), and there were partial submissions in respect of five(5) vehicles. Of these ten vehicles for which log books were not presented, seven(7) were recorded as assigned to the Regions for use in D&I areas and two(2) were transferred to the Office of the President. However, details of transfers and change in registration were not provided for audit inspection.

- 709.** Included in the amount of \$8.653M were four(4) separate contracts valued at \$8.395M awarded to the same contractor during the period under review for the provision of security services at the East Demerara Water Conservancy(EDWC). Of these four contracts, three(3) were deemed as emergency in nature and were awarded without competitive bidding, while the fourth was awarded to the sole bidder. The provision of security services for the EDWC on four different occasions during the period under review could have been anticipated in advance, and as such is not deemed as emergency. This apparent sub-division would appear to be an attempt to avoid adjudication by the Central Tender Board.
- 710.** Included in the amount of \$5.834M was an amount of \$2.468M for the rental of one pump from Guysuco for the period 1 June 2002 to 27 July 2002 and amount totalling \$3.366M for the provision of fuel for pumps at Buxton, Annandale, Good Hope and Cane Grove.
- 711.** Included in the amount of \$1.790M for the repairs and maintenance to vehicles, was amounts totalling \$201,215 expended during the period October to December 2002 for the maintenance of vehicle PFF 1780 listed as transferred to the Office of the President.

Subhead 13004 – East Demerara Water Conservancy

- 712.** The sum of \$55.4M was allocated for the completion of rehabilitation works at the East Demerara Water Conservancy. In addition, there was a supplementary provision of \$67.146M giving a revised estimate of \$122.546M. Amounts totalling \$115.546M 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.
- 713.** The following is a breakdown of the audited expenditure:-

DESCRIPTION	AMOUNT \$'000
East Demerara Water Conservancy at Flag Staff to Maduni	27,137
East Demerara Water Conservancy at Flag Staff to Annandale	60,022
East Demerara Water Conservancy at Annandale to Nancy	28,387
TOTAL	115,546

- 714.** The contract for the rehabilitation of the conservancy from Flag Staff to Maduni was awarded in March 2000 to the fourth lowest of five bids for the sum of \$95.976M. This award was recommended on the grounds that the other bids contained no method statement or work schedule. In addition, there was an approved variation of \$24.738M giving a revised contract sum of \$120.714M. As at 31 December 2001, amounts of \$91.387M were paid on the contract. During the period under review amounts totalling \$27.1137M were paid, of which \$24.737M represented final payments and \$2.399M represented a retention sum paid, giving a total of \$118.524M paid to date.

- 715.** The contract for the rehabilitation of the conservancy from Flag Staff to Annandale was awarded in March 2000 to the fifth lowest of ten bids for \$150.888M. This award was recommended on the grounds that the other bidders did not possess the qualifications and experience required. In addition, two(2) variations of \$9.918M and \$91.387M were approved by the CTB, giving a revised contract sum of \$188.896M. As at 31 December 2001, amounts of \$128.224M were paid on the contract. During the period under review, amounts totalling \$60.022M were paid, of which \$52.477M represented final payments on the contract, and \$7.545M represented a retention sum paid, giving a total of \$188.246M paid to date.
- 716.** The contract for the rehabilitation of the conservancy from Annandale to Nancy was awarded in February 2000 for \$143.154M. The CTB file relating to this award was destroyed in a fire, in June 2000, at the Ministry of Finance, as such, the basis of the award could not be determined. As at 31 December 2001 amounts of \$114.720M were paid on the contract. During the period under review, amounts totalling \$28.387M were paid, of which \$21.229M represented a final payment and \$7.158M represented a retention sum paid, giving a total of \$143.108M paid to date.
- 717.** The Flag Staff to Annandale dam was breached in November 2001 causing extensive flooding to residential and farming areas. This breach was temporarily sealed and remedial work was ongoing at the time of inspection in 2002. During the inspection carried out in 2002, other areas with defects, which needed immediate corrective work, were identified. The contractor for this job was instructed by the Engineer of the Drainage and Irrigation Board to take the necessary corrective and remedial action, which were ongoing at the time of inspection, but which effectiveness could not have been determined at the time.
- 718.** A physical inspection of the works in 2003 revealed that the corrective and remedial action taken was effective. In addition, during the defects liability period of the above three contracts there were minor breaches to the EDWC, all of which were rectified during the said period before the retention sums were paid.

Subhead 13005 - Agriculture Sector Hybrid Programme (Access Roads)

- 719.** The sum of \$38.5M was allocated for the final payments for the construction of all-weather roads at Parika/Naamryck/Ruby, Lima/Coffee Grove, Bush Lot/Cotton Field, Windsor Forest/Coglan Dam and Hyde Park/Mora Point. Amounts totalling \$25.405M 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.
- 720.** According to the audited accounts for 2002, amounts totalling \$19.955M were expended, giving a difference of \$5.450M. This difference was due mainly to a local payment of \$7.483M and a direct foreign payment \$2.033M included in the above expenditure of \$19.955M.

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

DESCRIPTION	AMOUNT \$'000
5 miles farm access road from Windsor Forest to Coglan Dam	5,344
5 miles farm access road along Parika main drain	4,369
9.1 miles farm access road from Mora Point to Hyde Park	3,455
6 miles farm access road Essequibo Coast Phase 11	6,787
TOTAL	19,955

722. The contract for the construction of 5 miles all weather road from Windsor Forest to Coglan Dam was awarded in July 2000 for \$112.089M to the fourth lowest bidder. The reasons for this award were that the two(2) lowest tenderers did not pass the post qualification tests and the third lowest did not possess the necessary experience. As at 31 December 2001, amounts totalling \$95.582M were paid on this contract. During the period under review \$5.344M was paid, of which \$860,000 represented a final payment on the contract and \$4.484M represented a retention sum paid, giving an amount of \$100.926M, paid as at 31 December 2002. The works for this contract were physically verified during 2002 and at the time of inspection was completed.

723. The contract for the construction of 5 miles all weather road at the Parika Main Drain was awarded in March 2000 to the lowest bidder who later declined the contract. Subsequently, the contract was awarded to the second lowest bidder for \$85.914M. There was an approved variation of \$23.328M, giving a revised contract sum of \$109.242M. As at 31 December 2001, amounts totalling \$104.887M were paid on this contract. During the period under review an amount of \$4.370M representing a retention sum was paid, giving an amount of \$109.257M, paid as at 31 December 2002. The works for this contract were physically verified during 2002 and at the time of inspection was completed. The difference of \$16,000 was as a result of the different exchange rates used.

724. In relation to the construction of 9.1 miles 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 considered to be 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 2001, amounts totalling \$82.814M were paid on this contract. During the period under review an amount of \$3.455M representing a retention sum was paid, giving an amount of \$86.269M paid as at 31 December 2002, on the contract. The works for this contract were physically verified during 2002 and at the time of inspection was completed. The difference of \$12,000 was as a result of the different exchange rates used.

725. The contract for the construction of 6 miles farm access roads for Essequibo Phase II (Lima/Coffee Grove) was awarded in September 1999 to the second lowest bidder in the sum of \$134.588M. The reason was because the lowest bidder whose bid was \$123.734M did not pass the post qualification test. There was an approved variation of \$5.812M giving a revised contract sum of \$140.400M. As at 31 December 2001, amounts of \$128.782M were paid on the contract. During the period under review, an amount of \$6.787M representing a retention sum was paid, giving a total of \$135.569M paid as at 31 December 2002, on the contract. The works for this contract were physically verified during 2002 and at the time of inspection was completed.

Subhead 13006 – Purchase of Equipment

726. The sum of \$11M was allocated for the purchase machinery and equipment. However, no expenditure was incurred. The purchases were re-budgeted for in 2003.

Subhead 17004 - National Agricultural Research Institute

727. The sum of \$20M was voted for (a) the rehabilitation of Lesbeholden plant nursery (b) the construction of a mushroom house at Mon Repos (c) the rehabilitation of artesian well at Mon Repos and (d) promotion of organic agriculture, including certification. According to the Appropriation Account, amounts totalling \$8.393M were shown as having been expended.

728. The following is a breakdown of the expenditure incurred:-

DESCRIPTION	AMOUNT \$'000
Supply and installation of well	7,393
Consultancy services	1,000
TOTAL	8,393

729. As can be noted from the above, the rehabilitation of the Lesbeholden plant nursery, the construction of the mushroom house at Mon Repos and the promotion of organic agriculture, including certification were not undertaken. However, these were rebudgeted for in 2003.

730. This contract for the supply and installation of a well at Mon Repos was awarded as an emergency work by the Central Tender Board in the sum of \$7.393M. As at 31 December 2002, the full contract sum was paid and at the time of the inspection in July 2003, the well was received and installed.

Subhead 17005 - Guyana School of Agriculture

731. The sum of \$5.6M was budgeted for (a) the completion of the soil science laboratory and (b) the rehabilitation of dormitories. According to the appropriation account the full amount was expended. An examination of the GSA records revealed that amounts totalling \$5.627M were expended, giving a difference of \$27,000, which was met from the funds of the GSA.
732. The following is a breakdown of expenditure:-

DESCRIPTION	AMOUNT \$'000
Rehabilitation of dormitories	3,178
Purchases	1,284
Construction of soil science laboratory	583
Consultants fees	336
Upgrading of livestock farm	110
Miscellaneous	136
TOTAL	5,627

733. The contract for the repairs to the female dormitory was awarded in the sum of \$2.366M in August 2002. An approved variation of \$812,385 was seen, giving a revised contract sum of \$3.178M. As at 31 December 2002, the total contract sum was paid to the contractor. The works were physically verified as having been completed. The amount of \$1.284M 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.
734. 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 2001 amounts totalling \$11.696M were paid to the contractors. During the period under review, sums totalling \$583,362 were paid under phase two(2), for capital works and electrical and gas fitting. At the time of reporting the works were completed and were physically verified.
735. The amount of \$336,085 represents payment to a consultant for services rendered. 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. During 2002 an amount of \$110,170 was paid as final payment on this contract. At the time of inspection in June 2002, the works were completed and physically verified.

Subhead 17009 - National Dairy Development Programme

736. The sum of \$8M was allocated for (a) genetic improvement of cattle by artificial insemination (b) upgrading and establishment of pastures in Regions Nos. 2 - 6 and (c) purchase of milk testing equipment including lactometers, non-mercury thermometers and sampling ladles. However, no expenditure was incurred. The works were re-budgeted for in 2003.

Subhead 17019 - Extension Services

737. The sum of \$4M was allocated for the purchase of (a) three swing fog machines for Pakaraimas, North and South Rupununi (b) one(1) 40 HP outboard engine for Berbice River (c) one(1) fibre glass boat for Berbice River and (d) office equipment and furniture including one photocopier, writing desks and office chairs. However, no expenditure was incurred. The works were re-budgeted for in 2003.

Subhead 21001 – Hydrometeorology

738. The sum of \$10M was budgeted for the acquisition of radar equipment and construction of new tower. An amount of \$86,000 was expended for the period under review for surveying of the proposed radar site. The works were re-budgeted for in 2003.

Subhead 24001 – Land Transport

739. The sum of \$6M was allocated for the purchase of two(2) vehicles. However, no expenditure was incurred. The purchase of one vehicle was re-budgeted for in 2003.

Subhead 25001 - Project Evaluation & Equipment

740. The sum of \$2.1M was allocated for the purchase of air conditioning units, filing cabinets, refrigerators and office furniture. Amounts totalling \$2.079M were expended. The items purchased were verified as having been received. However, they were not inventorised.

Subhead 33005 – Intermediate Savannahs Agricultural Project

741. An amount of \$6.5M was provided for the promotion of agricultural and agro-industrial development in the intermediate savannahs. According to the appropriation account the amounts totalling \$871,000 were expended. An examination of the Intermediate Savannahs Agricultural Project records revealed that amounts totalling \$1.141M were expended, giving a difference of \$270,000 which was met from funds of the NARI Institute. The expenditure was incurred for employment costs, purchase of fuel and digital surveys and mapping. The expenditures were verified as having been properly incurred.

Subhead 33006 – New Guyana Marketing Corporation

- 742.** The sum of \$3M was allocated for the continuation of renovation of the central packaging facility and purchase of equipment for the central packaging facility. According to the appropriation account the full amount was expended. However, an examination of the New Guyana Marketing Corporation records revealed that amounts totalling \$2.371M were expended, giving a difference of \$629,051. Thus the appropriation account was overstated by this amount this difference should have been refunded to the Consolidated Fund.
- 743.** Included in this above expenditure is a contract for the repairs to the central packaging facility awarded to the second lowest of six bidder in the sum of \$1.276M against the Engineer's Estimate of \$1.422M on the grounds that the lowest bidder whose bid was \$1.128M was too low and not considered competitive. There was an approved variation of \$566,114 giving a revised contract sum of \$1.842M. As at 31 December 2002 amount totalling \$2.371M were expended resulting in an overpayment of \$529,000. There was no evidence that this amount was refunded by the contractor. It is recommended that the necessary steps be taken to recover this amount. Nevertheless, the works were completed and were physically verified.

DIVISION 509 – MINISTRY OF AGRICULTURE (RURAL SUPPORT PROJECT)

Subhead 17001 - Rural Support Project

- 744.** The sum of \$325.140M was provided for (a) the rehabilitation of drainage and irrigation infrastructure (b) upgrading of basic public support service/facilities (c) providing assistance and training for small scale farmers, (d) provision of credit facilities for farmers and (e) provision of technical training and conducting technical and socio-economic studies. According to the Appropriation Account, amounts totalling \$167.959M were expended.
- 745.** 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 2002 revealed an expenditure of \$226.581M, giving a difference of \$58.622M. This difference was due to (a) disbursements of \$79.163M made in 2001 which has now been brought to account and (b) disbursements of \$137.784M made in 2002 not yet brought to account.
- 746.** The following is a breakdown of the audited expenditure:-

DESCRIPTION	AMOUNT \$'000
Upgrading of Public Facilities	166,391
Salary and Gratuity	37,609
Administrative Expenses	22,581
TOTAL	226,581

747. The above amount of \$166,391M was expended during the year on the upgrading of public facilities, as follows:-

DESCRIPTION	AMOUNT \$'000
Rehabilitation of channels and construction of structures	65,694
10% credit to IPED	72,150
Water Users Association (2 contracts)	25,266
Engineering and Surveying Services – Region 2 & 3	3,281
TOTAL	166,391

748. 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. There was an approved variation of \$361,465 for additional works giving a revised contract sum of \$2.815M. As at 31 December 2001, amounts totalling \$2.190M were paid on this contract. During the period under review amounts totalling \$603,765 were paid, giving an amount of \$2.794M paid as at 31 December 2002. At the time of inspection in 2002 the works were completed and were physically verified.
749. In relation to the rehabilitation of the channel Fairfield/Vilvoorden, Essequibo Coast, the contract was awarded 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 on this contract. During the period under review an amount of \$327,600 was paid, giving an amount of \$3.276M paid as at 31 December 2002. At the time of inspection in 2002 the works were completed and were physically verified.
750. 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. There was an approved variation of \$130,910 for additional works, giving a revised contract sum of \$3.704M. As at 31 December 2001, amounts totalling \$3.198M were paid on this contract. During the period under review amounts totalling \$486,210 were paid, giving an amount of \$3.684M paid as at 31 December 2002. At the time of inspection in 2002 the works were completed and were physically verified.
751. The contract for the rehabilitation of channels 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. There was an approved variation of \$6.570M, giving a revised contract sum of \$24.962M. As at 31 December 2001, amounts totalling \$7.154M were paid on this contract. During the period under review amounts totalling \$11.448M were paid giving an amount of \$18.602M paid as at 31 December 2002. At the

time of the physical verification in 2002 the works were on-going. However, documentary evidence, including the Engineer's certification of works satisfactorily completed seen during the course of this audit, revealed that the works were completed.

- 752.** In relation to the rehabilitation of the channels at Parika/Ruby/Kent, East Bank Essequibo, the contract was awarded 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 on this contract. During the period under review amounts totalling \$1.987M were paid, giving an amount of \$5.124M paid as at 31 December 2002. At the time of the physical verification in 2002 the works were on-going. However, documentary evidence, including the Engineer's certification of works satisfactorily completed seen during the course of this audit revealed that the works were completed.
- 753.** 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 on this contract. During the period under review amounts totalling \$1.327M were paid, giving an amount of \$5.249M paid as at 31 December 2002. At the time of the physical verification in 2002 the works were on-going. However, documentary evidence, including the Engineer's certification of works satisfactorily completed seen during the course of this audit revealed that the works were completed.
- 754.** 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 on this contract. During the period under review an amount of \$109,960 was paid, giving an amount of \$1.100M paid as at 31 December 2002. At the time of inspection in 2002 the works were completed and were physically verified.
- 755.** 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 on this contract. During the period under review an amount of \$96,675 was paid, giving an amount of \$966,750 paid as at 31 December 2002. At the time of inspection in 2002 the works were completed and were physically verified.
- 756.** 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, amounts totalling \$2.193M were paid on this contract. During the period under review an amount of \$115,400 was paid, giving an amount of \$2.308M paid as at 31 December 2002. At the time of inspection in 2002 the works were completed and were physically verified.

- 757.** 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, amounts totalling \$2.138M were paid on this contract. During the period under review an amount of \$112,500 was paid, giving an amount of \$2.250M paid as at 31 December 2002. At the time of inspection in 2002 the works were completed and were physically verified.
- 758.** In relation to the rehabilitation of the channels SD-23 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, amounts totalling \$2.489M were paid on this contract. During the period under review an amount of \$131,000 was paid, giving an amount of \$2.620M paid as at 31 December 2002. At the time of inspection in 2002 the works were completed and were physically verified.
- 759.** The contract for the rehabilitation of channels SD-25, SD-26 and SD27 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 on this contract. During the period under review an amount of \$163,900 was paid, giving an amount of \$3.278M paid as at 31 December 2002. At the time of inspection in 2002 the works were completed and were physically verified.
- 760.** The contract for the rehabilitation and construction of structures at Vergeneogen Agricultural Water Users Association lot 3 was awarded in 2002 to the second lowest bidder in the sum of \$33.443M, against the Engineer's Estimate of \$36.921M. The basis of this award was that the contractor possessed the technical qualifications and the necessary equipment and personnel to execute the project, while the lowest bidder, whose bid was \$25.673M, did not submit a method statement, which was a requirement of the tender. As at 31 December 2002 amounts totalling \$11.706M were paid. A physical verification of the works in April 2003 revealed that the works were approximately 90% completed.
- 761.** The contract for the rehabilitation and construction of structures at Good Hope/Aurora Water Users Association lot 6 was awarded in 2002 to the third lowest bidder in the sum of \$22.281M, against the Engineer's Estimate of \$36.921M. The basis of this award was that contractor possessed the technical qualifications and the necessary equipment and personnel to execute the project, while the two lower bidders, whose bids were \$19.117M and \$18.327M, did not submit a method statement and work programmes, which were requirements of the tender. As at 31 December 2002 amounts totalling \$18.327M were paid. The works were completed and were physically verified.

- 762.** The contract for the rehabilitation and construction of structures at Parika/Ruby/Kent, East Bank Essequibo awarded in 2001 to the highest of two bidders in the sum of \$20.105M, against the Engineer's Estimate of \$21.660M, and with a 'no objection' from CDB. The basis of this award was that the lower bid of \$13.866M was considered unrealistic. No amount was paid for this contract in 2001. As at 31 December 2002 amounts totalling \$18.751M were paid. Based on documentary evidence, including the Engineer's certification of works satisfactorily completed seen during the course of this audit the works were completed.
- 763.** 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.
- 764.** The Transfer Accounts and the Revolving Accounts were opened by IPED in Regions 2 and 3. However the amount of 2% of the interest recovered to be deposited into the Transfer Account as Government Commission by IPED was not yet done for 2002. 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.
- 765.** 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 was paid on this contract. However, it should be noted that the tendered 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. During the period under review amounts totalling \$24.883M were paid, giving an amount of \$50.235M paid as at 31 December 2002. At the time of the physical verification in 2002 the works were on-going. However, documentary evidence, including the Engineer's certification of works satisfactorily completed seen during the course of this audit, revealed that the works were completed; 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. There was an approved variation of \$186,900 for additional works, giving a revised contract sum of \$3.393M. As at 31 December 2001 amounts totalling \$2.783M were paid on this contract. During the period under review

amount totalling \$383,250 were paid, giving an amount of \$3.353M paid as at 31 December 2002. At the time of inspection during 2002 the works were completed and were physically verified.

- 766.** 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 was verified as being properly incurred.
- 767.** The expenditure records of the PMU revealed that salary and contract gratuity paid to the Project's staff during the year amounted to \$37.066M. The expenditure was verified and found to be in keeping with the terms and conditions of related employment contracts.
- 768.** The amount of \$22.581M was expended on Administrative Expenses as follows:-

DESCRIPTION	AMOUNT \$000
Vehicle and office equipment maintenance and running expenses	6,099
Security services	4,766
Stationery, meals, travelling, training, etc	4,197
Repairs to PMU office buildings	378
Travelling and subsistence allowances	2,092
Miscellaneous	2,000
5% credit charge on disbursed credit	1,622
Employers contribution to National Insurance Scheme	1,427
TOTAL	22,581

- 769.** Included in the above expenditure of \$6.099M in relation to vehicle and office equipment maintenance and running expenses, is the purchase of fuel and lubricants, which amounted to \$1.790M and vehicle spares, services and insurance amounting to \$1.545M. All of the above expenditure incurred was properly authorised and supported by documentary evidence.
- 770.** The above amount of \$4.766M expended for security services includes amounts expended for services provided during the period by the security firm RK Security Services in accordance with agreements entered into in 2001. In addition, included in the above amount are amounts totalling \$1.303M which were used for the awarding of eight(8) contracts in 2002 for the provision of security services at the Anna Regina Office. These eight contracts were awarded without using the three-quotation system to ensure they were awarded at the most competitive prices. However, this situation was rectified in 2003 by re-advertising for the provision of security services.

771. The above amount of \$4.197M was spent for the purchase of stationery, cleaning materials and meals, payment for travelling for training courses held in Region 2 and 3, Project Steering Committee fees, and payment of internet, telephone and electricity charges. The expenditure incurred was properly authorised and supported by documentary evidence.
772. Seven(7) petty contracts totalling \$378,023 were awarded for the repairs of the PMU offices at Den Amstel and repairs of equipment in the Den Amstel office. These repairs were completed and the expenditure was verified as having been properly incurred.

DIVISION 510 – MINISTRY OF AGRICULTURE (MMA III)

773. The sum of \$51M was allocated for (a) the rehabilitation of the Abary conservancy dam and canals (b) realignment, land titling and cadastral surveys and (c) provision for state services. According to the Appropriation account the full amount was shown as having been expended.

Subhead 13001 –Civil Works

774. The sum of \$40M was budgeted for these works. An examination of the records of MMA revealed that amounts totalling \$40.086M were expended for this line item, giving a difference of \$86,000, which was met from funds of MMA. The amount expended was for payment to operators for services rendered, purchases of spare parts, machinery and fuel and lubricants and other miscellaneous expenses. The expenditure was verified as having been properly expended.

Subhead 17001 – Agricultural Development

775. The sum of \$5M was budgeted for this subhead. An examination of the records of MMA revealed that amounts totalling \$5.093M were expended for this line item, giving a difference of \$93,000, which was met from funds of MMA. The amount expended was for payment for services rendered, realignment and cadastral surveys, purchases of spare parts, and computer accessories and other miscellaneous expenses. The expenditure was verified as having been properly expended.

Subhead 47001 – General Administration

776. The sum of \$6M budgeted for this subhead was expended on employment cost for contracted employees and was verified as having been properly incurred.

DIVISION 512 – MIN. OF AGRICULTURE (ARTISINAL FISHERIES)

Subhead 12005 –Caribbean Fishing Resource Assessment & Management Programme

777. The sum of \$12M was allocated for (a) provision for fisheries management system and (b) resource assessment studies. According to the records of the Project, the full amount was expended as follows:-

DESCRIPTION	AMOUNT \$'000
Remittance of Capital (Accountant General)	10,000
Contribution to CFRAMP	1,155
Miscellaneous charges	845
TOTAL	12,000

778. 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, with the exception of a payment for \$203,775, which had no supporting documentation. In addition, bank statements were only produced for 3 months and the bank account was not properly reconciled.

Subhead 12006 - Aquaculture Development

779. The sum of \$5.8M was voted for the construction of ponds at Mon Repos and purchase of one(1) 4 x 4 vehicle (double cab) for the aquaculture station. According to the Appropriation Account, amounts totalling \$5.055M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Purchase of vehicle	3,100
Construction of earthen ponds	1,284
Provision of security lights	671
TOTAL	5,055

- 780.** The amount of \$3.110M was expended for the purchase of one white Mazda pick up PHH 7486. The contract for the construction of the earthen ponds at Mon Repos was awarded in the sum of \$1.383M in December 2002. As at 31 December 2002, amounts totalling \$1.284M were paid to the contractor. The amount of \$671,058 was expended on the purchase and installation of security lights in the Aquaculture compound. All items purchased were verified as having been received and properly brought to account.

HEAD 23 & DIVISIONS 529

MINISTRY OF TOURISM, COMMERCE AND INDUSTRY

Current Expenditure

- 781.** Amounts totalling \$81.199M were expended on Subsidies and Contributions to Local and International Organisations, as shown below:-

NAME OF ORGANISATION	AMOUNT \$'000
Local Organisations	
Guyana National Bureau of Standards	57,758
Consumers' Advisory Bureau	500
Guyana Consumers` Association	500
Guyana Consumer Movement	400
Guyana Tourism Authority	9,231
International Organisations	
Caribbean Tourism Organisation	11,232
World Trade Market	1,578
TOTAL	81,199

- 782.** The Guyana National Bureau of Standards(GNBS) was established by Act No. 11 of 1984. The last set of audited accounts was in respect of the year 2001. At the time of reporting, financial statements for 2002 were received and the audit was in progress. The amount of \$57.758M was verified as having been received but in the absence of audited accounts, it could not be determined whether this amount was properly expended. The amounts paid to the other Organisations were verified as having been properly incurred.

Capital Expenditure

Subhead 12001 – Building

783. The sum of \$8.5M was allocated for the rehabilitation of the Central Ministry's building and Sophia exhibition facility. Amounts totalling \$8.360M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Rehab. Works to National Exhibition Centre fence	4,583
Rehab. works to Ministry's building	1,796
Purchase of electrical items	1,028
Supplying & installing transformers at Ministry	696
Consultancy services/supervision	191
Repairs to Permanent Secretary's Office	66
TOTAL	8,360

784. The contract for the rehabilitation works to the National Exhibition Centre fence was awarded by Central Tender Board in the sum of \$4.638M to the lowest of six(6) bidders. As at 31 December 2002, amounts totalling \$4.583M were paid to the contractor. At the time of reporting the works were completed and were physically verified.
785. In relation to the rehabilitation works to the Ministry's building, the contract was awarded in August 1999 in the sum \$6.973M for the renovation of the Ministry's building. Amounts totalling \$1.544M were paid to the Contractor for the year 1999. During the year 2000 the contractor faced financial problems and the contract was terminated. A new contract in the sum of \$3.689M was awarded to a new contractor without any form of competitive bidding and without adherence to Tender Board procedures. As at December 2000, amounts totalling \$2.476M were paid to the contractor. In April 2001, there was an approved variation of \$1.8M, giving a revised contract sum of \$5.489M. During the year 2001 amounts totalling \$1.145M were paid to the contractor and the work was still in progress. During the year 2002, amounts totalling \$1.796M were paid to the contractor, giving a total of \$5.417M paid to the contractor as at 31 December 2002. The works were completed and were physically verified.
786. The sum of \$1.028M was expended for the purchase of electrical items for electrical work done to the Ministry. The award for the supply was made by Ministerial Tender Board approval to the lowest bidder. The items were verified as having being received and properly brought to account.

787. The contract for supplying and installing three(3) transformers to the Ministry was awarded in the sum of \$696,199 by the Ministerial Tender Board to the sole supplier, Guyana Power and Light Inc. As at 31 December 2002, the full amount was paid and the transformers were received and installed. Amounts totalling \$256,950 represent payments for consultancy services and repairs to the Permanent Secretary's office. The amounts were verified as having properly expended.

Subhead 25001 - Office Equipment

788. The sum of \$1.2M was provided for the purchase of desks, chairs, filing cabinets, water dispenser and other furniture. Amounts totalling \$1.193M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Four(4) AC Units	517
One(1) Lap Top Computer	363
Four(4) high back chairs & one(1) executive chair	181
One(1) television	100
Four(4) fans	32
TOTAL	1,193

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

Subhead 41001 - Tourism Development

790. The sum of \$12M was allocated for the rehabilitation and upgrading of selected tourist facilities and access roads to tourist sites. Amounts totalling \$11.201M were expended, as follows:-

DESCRIPTION	AMOUNT \$'000
Rehab. of Kaitour Guest House	2,968
Asphalt surface timber stage area at N.E.C.	2,376
Construction of timber stage at N. E. C.	1,743
Rehab. Of pavilion & water trestle in Region	1,537
Construction of benches and toilet at 63 Beach	1,108
Installation of lights and benches at Seawall	1,038
Purchase of electrical items, pipes, cement - N.E.C. & Kaitour Falls	326
Consultancy services at National Exhibition Centre	105
TOTAL	11,201

- 791.** Included in the figure of \$2.968M was a contract for the rehabilitation of Kaiteur Guest House which was awarded in the sum of \$2.951M by the Regional Tender Board(RTB) in Region No. 8 to the lowest of three(3) bidders. As at 31 December 2002, the work was completed and the full amount was paid to the contractor. The remaining balance of \$18,000 was expended on sign painting for Kaiteur Guest House. Reliance was placed on certificates of satisfactory completion issued by the Superintendent of Works.
- 792.** The contract for the asphalt surface to timber stage area at the National Exhibition Centre was awarded in the sum of \$2.640M by the Central Tender Board(CTB) through a waiver of Tender Board procedures. Amounts totalling \$2.376M were paid to the contractor at 31 December 2002. The work was completed and was physically verified.
- 793.** The contract for the construction of timber stage at National Exhibition Centre was awarded in the sum of \$1.8M by CTB. Amounts totalling \$1.743M were paid to the contractor at 31 December 2002. The work was completed and was physically verified.
- 794.** The contract for the rehabilitation of the regatta pavilion in Region 7 was awarded in the year 2002, in the sum of \$1.096M by RTB in Region 7 to the third lowest of six(6) bids on the grounds that he produced satisfactory work. The full amount was paid to the contractor and the work was completed and was physically verified. Also included in the amount of \$1.537M was an amount of \$441,000 which represented the cost of construction of a water trestle located at the Bartica regatta pavilion. The contract was awarded by RTB and the full amount was paid to the contractor. The work was completed and physically verified.
- 795.** An amount of \$1.108M was expended for the construction of four(4) benches and toilet at No. 63 Beach. Two contracts for the installation of lights and benches at the Georgetown Seawall, Vlissengen Road and Camp Road were awarded in the sum of \$948,000 and \$659,000 respectively, in the year 2001. During the year 2001 amounts totalling \$203,000 and \$385,042 were paid to the contractors. The amounts of \$562,958 and \$474,600 were paid in December 2002. The works were completed and were physically verified. The sum of \$326,179 was expended for the purchasing of electrical items, pipes and cement for National Exhibition Centre and Kaiteur Falls. The items were verified as having been received and properly brought to account.

Subhead 45001 - Industrial Development

- 796.** The sum of \$200M was provided for infrastructural work to support industrial development at various sites including New Amsterdam and Lethem and Tourism Development. Amounts totalling \$17.545M were expended as follows:-

DESCRIPTION	AMOUNT \$'000	AMOUNT \$'000
Coldigen Industrial Estate		
Resurfacing Roads - Phase 11	4,037	
Installation of Fire Hydrants	2,558	
Minor works	1,777	
Installation of street lamps	489	8,861
	<hr/>	
Eccles Industrial Estate		
Cleaning of drains and parapet	5,801	
Installation of street lamps	1,777	
Consultancy services	681	
Minor works	228	8,487
	<hr/>	
Miscellaneous		197
TOTAL		17,545

- 797.** The contract for the resurfacing of roads at Coldigen Industrial Estate, Phase II was awarded in the year 2001 for the sum of \$19.619M. Amounts totalling \$15.579M were paid to the contractor for the year 2001. For the year 2002 amounts totalling \$4.037M were paid to the contractor representing the full contract sum. The works were completed and were physically verified.
- 798.** The contract for the installation of nine(9) fire hydrants at Coldigen Industrial Estate was awarded in the sum of \$2.612M by the Central Tender Board. As at 31 December 2002, amounts totalling \$2.558M were expended and the fire hydrants were verified as having been installed.
- 799.** Two(2) contracts were awarded by Central Tender Board(CTB) in December 2001 for minor works at Coldigen Estate in the amounts of \$1.513M and \$718,872. No work was done in 2001. As at 31 December 2002, amounts \$1.362M and \$414,519 were paid to the respective contractors. The contract for the installation of street lamps at Coldigen Industrial Estate was awarded in the sum of \$488,800 by the Ministerial Tender Board. As at December 2002, the full amount was paid to the contractor. The work was completed and physically verified.

- 800.** The contract for the cleaning of drains and parapet at Eccles Industrial Estate was awarded by the CTB in the sum of \$6.150M to the lowest of five(5) bids, which was ninety-four(94) percent above the Engineer's Estimate of \$3.162M. As at 31 December 2002, the work was completed and amounts totalling \$5.801M were paid to the contractor. Reliance was placed on the certificate of satisfactory completion issued by the consultant.
- 801.** The contract for the installation of street lamps at Eccles was awarded by CTB to a sole bidder in the sum of \$1.777M. As at December 2002, the work was completed and the full amount was paid to the contractor. The work was physically verified. The contract for the construction of a guard hut and gate barrier at Eccles Industrial Estate was awarded by CTB in the year 2002 for the sum of \$633,769. As at 31 December 2002, the contractor was paid an amount of \$227,818. At the time of reporting the work was completed and physically verified.
- 802.** The amounts of \$681,322 and \$197,000 represented the cost of consultancy services and surveying of lots at Eccles Industrial Estate, respectively. The expenditure was verified as having been properly incurred.

Subhead 47003 – Guyana National Bureau of Standards

- 803.** The sum of \$20M was allocated for the construction of testing and calibration laboratory. No expenditure was incurred and the amount was re-budgeted for in the year 2003.

HEAD 31 & DIVISIONS 517, 518, 519, 520, 521 & 548

MINISTRY OF PUBLIC WORKS AND COMMUNICATIONS

Current Expenditure

Employment Costs

- 804.** At the time of reporting, the salaries' bank account No. 1011 which reflected a balance of \$8.366M was last reconciled to April 2002. However, these reconciliation statements bore no evidence of certification. Therefore, reliance could not be placed on the draft reconciliation statement. An examination of the reconciliation statement for the month of December 2002, revealed that there were thirteen(13) un-presented cheques valued at \$171,094 which had become stale-dated. Action should be taken to have these cheques written back to the cash book and transfer the amounts to the Consolidated Fund.
- 805.** 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 both positive and negative balances at the end of four(4) months, as shown below:-

MONTH	AMOUNT \$
January	900,175
February	(234)
April	(238,035)
June	134,198

- 806.** 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 could lead to irregularities. The Accounting Officer is therefore urged to ensure compliance with the laid-down procedures.
- 807.** The staffing situation in all areas of the Ministry as reflected in the payrolls for December 2002 is shown below:-

SUB HEAD	DESCRIPTION	AUTHORISED	ACTUAL	VACANT
101	Administration	35	10	25
102	Senior technical	83	12	71
103	Other technical & craft skilled	172	33	139
104	Clerical & support	121	41	80
105	Semi-skilled	116	24	92
	TOTAL	527	120	407

- 808.** According to the Estimates the actual staffing was 527, however this figure included the staff of the Cheddi Jagan International Airport Corporation and Guyana Civil Aviation Authority which became separate entities during the year, thus resulting in the reduction of the actual staff strength. Notwithstanding this, it was 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.
- 809.** An examination of the Register of Contributions to the National Insurance Scheme(NIS) for December 2002, revealed twenty-five(25) employees were without NIS numbers, indicating that they were not registered with the Scheme. However, at the time of reporting there were ten(10) employees who were not registered. 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

- 810.** The main bank account No. 929, which ceased to be operational in March 1996, was overdrawn by \$8.268M as at 31 December 2002. The Accounting Officer explained that after the account was closed in 1996, a new account No. 1010 was opened but cheques continued to be encashed by Bank of Guyana, resulting in the overdraft. He further said that this matter was being pursued with the Accountant General with a view of clearing the overdraft and closing the account.
- 811.** At the time of audit in May 2003, the main bank account was reconciled to December 2002 in draft and was not checked and certified. Therefore, reliance could not be placed on the draft reconciliation statements. It should nevertheless be emphasized 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.
- 812.** An examination of the reconciliation statement for the month of December 2002 revealed that there were forty-four(44) unpresented cheques valued at \$3.801M which had become stale-dated. These unpresented cheques should be written back to the cash book.
- 813.** 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 thousand two hundred and eighty-seven(1,287) cheque orders valued at \$269.735M out of a total of two thousand four hundred and ninety(2,490) were cleared on average thirty-nine(39) days later. The Accounting Officer explained that efforts would be made to ensure that there is compliance with the system as it relates to the clearing of cheque orders.
- 814.** Amounts totalling \$6.366M were expended on Materials, Equipment & Supplies. The following gives a breakdown of the expenditure for materials, equipment and supplies according to authority limits:-

AUTHORITY LIMIT	NUMBER OF PURCHASES	AMOUNT \$'000
Below \$90,000	169	4,132
\$90,000 - \$180,000	17	2,043
\$180,000 - \$600,000	1	191
TOTAL	187	6,366

- 815.** In relation to the purchase falling within the limits of \$180,000 - \$600,000, there was no evidence of the involvement of the Ministerial Tender Board before the purchase was effected. In addition, eight(8) payments totalling \$537,150 were made for the purchase of newspapers under line item 123 – Office Materials and Supplies, when it should have been more appropriately met from line item 124 – Print and Non print Materials. Further, two(2) payments totalling \$217,246 were made for painting of runway markings were from line item 122 – Field Materials and Supplies instead of line item 155 –Maintenance of Other Infrastructure. Nevertheless, the items purchased were verified as having been received and properly brought to account
- 816.** Amounts totalling \$6.861M were expended on Fuel & Lubricants. However, of the ten(10) pieces of equipment and twenty-two(22) vehicles in use by the Ministry for the period under review, only one(1) log book for one piece of equipment was presented for audit. There were however, partial submissions in respect of nine(9) vehicles and one(1) piece of equipment. The Accounting Officer acknowledged that there was problem with drivers to maintain log books, although the log books were given to them and despite meetings and pleadings. He nevertheless, undertook to continue his efforts.
- 817.** During the period under review, the Ministry continued to make advance payments on a monthly basis for the purchase of fuel. However, we were able to reconcile the payments made and fuel consumed with the accounts maintained by the supplier.
- 818.** Amounts totalling \$55.859M were expended on Rental of Buildings, as shown below:-

DESCRIPTION	AMOUNT \$'000
Rental of 5 buildings for CARICOM	42,911
” ” 2 buildings for Magistrates’ Courts	12,864
” ” Post Office Corp. building	84
TOTAL	55,859

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

- 819.** In relation to the Maintenance of Buildings, amounts totalling \$26.411M were expended, as follows:-

DESCRIPTION	AMOUNT \$'000
Sixteen(16) buildings at Echilibar Villas	12,007
Seven (7) building in Ministry of Works Compound	5,060
Four(4) other Government buildings	3,073
Purchases	1,760
Oranapai Towers	1,551
Terminal Building CJIA	1,316
Government Flats	835
Miscellaneous	809
TOTAL	26,411

- 820.** Twenty-four(24) contracts valued at \$12.007M were awarded for repairs to the sixteen(16) buildings at Echilibar Villas, involving mainly plumbing, painting, carpentry and electrical work. However, except for two(2) buildings which were not identified, there was no evidence that the other 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.
- 821.** Sixteen(16) contracts totalling \$5.060M were awarded for the repairs of seven(7) buildings at the Ministry of Works Compound. Included in the sixteen(16) contracts, were three(3) contracts falling between the limits of \$450,000 to \$6M valued at \$1.885M. However, there was no evidence that the works relating to these contracts 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.
- 822.** Nine(9) contracts valued at \$3.073M were awarded for the maintenance of the four(4) other government buildings and involved mainly plumbing, electrical and carpentry works. However, these contracts were awarded on the basis of selective tendering. These contracts should have been publicly advertised to facilitate a system of competitive bidding.
- 823.** Included in the amount of \$1.760M was the sum of \$915,658M, which was expended on the purchase of three(3) gas stoves and fittings, three(3) refrigerators, four(4) beds and one(1) air-conditioning unit. Since these items are of a capital nature, such expenditure should have been provided for under the capital estimates. The items were verified as having been received and properly brought to account.

- 824.** The amount of \$1.551M shown as repairs and maintenance to the Oranapai Towers related to three(3) contracts valued at \$1.551M which were awarded on the basis of selective tendering. These contracts should have been publicly advertised to facilitate a system of competitive bidding. The amount of \$1.316M was expended on the rehabilitation of the VIP Lounge at the CJIA. The works were physically verified.
- 825.** Amounts totalling \$80.673M were expended on Maintenance of Infrastructure, comprising mainly roads, sea and river defences and other infrastructure. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Maintenance of roads	27,853
" " other infrastructure	26,434
" " sea and river defences	26,386
TOTAL	80,673

- 826.** Included in the amount of \$27.853M expended on the maintenance of roads, were twenty-nine(29) contracts valued at \$14.082M relating to the maintenance of grass verges and cleaning of drains. Included in these contracts was a signed contract document No. 70/2002 dated 15 February 2002, which bore no evidence of the contract sum as well as the duration of the contract. However, a payment was made on the 15 March 2002 in the sum of \$1.621M relating to the above works.
- 827.** Also included in the amount of \$27.853M, was the sum of \$7.754M expended on the repairs to the roads, the construction of a bridge at Third Street Alexander Village and the purchase of bitumen, hot mix, and stone. However, payment voucher No. 1949 and 4458 and dated 6 May 2002 and 14 August 2002 totalling \$1.271M for road repairs and supply of bitumen respectively were not produced for audit examination. As a result, we were unable to verify the propriety of this expenditure.

828. In relation to the amount of \$26.434M expended on the Maintenance of Other Infrastructure, the following are the details:-

DESCRIPTION	AMOUNT \$'000
Maintenance of thirty-nine(39) hinterland airstrips	19,378
Maintenance of grass verges	2,909
Maintenance of street luminaries on East Coast Road	1,744
Rehabilitation of trestles, guard huts & fences	1,560
Fabrication of sign boards & sign painting	516
Purchases	327
TOTAL	26,434

829. The amount of \$19.378M was expended on the maintenance of thirty-nine(39) hinterland airstrips. The works were executed by one hundred and sixty-two(162) contracts which involved weeding, changing windsocks and repainting of signs and runway markings. Sixty-six(66) contracts valued at \$2.909M were also awarded for the maintenance of grass verges around Georgetown. 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.

830. The amount of \$1.744M was expended on the maintenance of street luminaries on the East Coast Public Road and \$1.560M on the construction and repairs to trestles, guard huts and fence. With the exception of the street luminaries, the works were physically verified. In relation to the construction and repairs to trestle, the contractor was overpaid \$39,480 when works done were compared with the bill of quantities. It was observed that columns and beams were not plastered as well as painting to inner and outer faces of the pump as were catered for in the bills of quantities. In addition, the bills of quantities for the construction of a fence at the Water Street entrance bore no quantities. All of the measured activities were priced as lump sum items. As a result, it was not possible to measure the works to determine whether or not value was received for money expended.

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

DESCRIPTION	AMOUNT \$'000
Transportation of materials & workers	13,518
Sealing of cavities, & building access dams	8,428
Purchases of polysacks and cement	2,672
Engineering surveys	1,280
Repairs to site office at Wakenaam	488
TOTAL	26,386

- 832.** One hundred and four(104) contracts valued at \$12.568M and one(1)warrant valued at \$950,000 respectively were awarded by the Ministry for the transportation of materials, workers and equipment to various sea defences work sites and to the General Manager – MMA/ADA through the Ministry of Agriculture. An examination of these contracts revealed that they all fell below the limit of \$180,000 and awarded to twenty-six(26) contractors. The Accounting Officer explained that these contracts were awarded based on fixed rates approved by the Ministries of Public Works and Agriculture. However, the approval for these rates was not seen.
- 833.** An amount of \$8.428M was expended on the sealing of cavities and building of access dams at various sites in Regions No.2, 3 and 4. Included in this figure, were sums totalling \$5.118M which represented five(5) inter departmental warrants issued to Region Nos.3 and 4 for the constructing, compacting and shaping of sea defence embankment at Friendship/Buxton/Vigilance East Coast Demerara and the payment of wages to rangers. At the time of reporting financial returns were seen for amounts totalling \$3.661M whilst the difference of \$1.457M remained outstanding.
- 834.** Sixteen(16) payments totalling \$2.672M were made on the purchases of polysacks and cement. These payments fell below the limit of \$180,000 and there was evidence that the three-quote system was used. The amount of \$1.280M represented payments made for engineering surveys carried out at Profit/Foulis, Mosquito Hall and Vreed-en-Hoop. Included in this figure, was a payment of \$795,000 which was entered in the votes ledger but there was no evidence to indicate that this payment was made. However, the Vote Account was not adjusted. As a result, the Current Appropriation Account relating to this line item was overstated by \$795,000.

- 835.** Amounts totalling \$15.369M were expended on Transport, Travel & Postage. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Vehicle spares & maintenance	7,815
Other transport	4,861
Local travel & subsistence	2,659
Postage & telex	34
TOTAL	15,369

- 836.** Included in the amount of \$7.815M spent on Vehicle Spares and Maintenance, were sums totalling \$6.939M expended in respect of twenty-four(24) contracts awarded to an individual for the repairs to twenty-two(22) vehicles. These contracts all fell below the limit of \$180,000 and there was evidence that the three-quote system was used.
- 837.** 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. Such a record was not maintained in 2002 but it was noted that it was introduced in 2003. As a result, the Audit Office analysed the maintenance cost of certain vehicles for the past three(3) years commencing from 2000. 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:-

VEHICLE NUMBER	2000 AMOUNT \$	2001 AMOUNT \$	2002 AMOUNT \$	TOTAL \$
PDD 2365	228,015	520,275	485,565	1,233,855
PDD 4890	333,495	393,126	548,925	1,275,546
PDD 6171	109,730	921,580	788,979	1,820,289
PEE 190	14,340	430,245	77,295	521,880
PDD 9552	11,600	2 86,205	751,950	1,049,755
PEE 2786	234,950	959,115	505,360	1,699,425
PDD 4896	150,555	249,815	418,575	818,945
PDD 3602	736,735	187,930	628,175	1,552,840
PDD 5236	473,825	134,455	316,450	924,730
PDD 6902	644,725	286,545	78,125	1,009,395
PDD 6086	356,305	246,655	469,725	1,072,685

- 838.** The Accounting Officer explained that most of the vehicles are over ten(10) years old and require high maintenance costs. Also requests to the Ministry of Finance for new vehicles are hardly ever granted.
- 839.** Included in the amount of \$4.861M expended on Other Transport, was the sum of \$4.837M paid to charter flights for the inspection of hinterland airstrips. Based on test-checks carried out, the expenditure was verified as having been properly incurred.
- 840.** Amounts totalling \$2.425M were expended on Telephone Charges of which sums totalling \$1.125M related to overseas charges in respect of sixteen(16) 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 although recoveries were made for private overseas calls, it could not determine whether all costs for such calls were recovered. 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. At the time of reporting, the position remained the same.
- 841.** Amounts totalling \$28.591M were expended on Other Services Purchased. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Security services	24,901
Others	1,901
Cleaning and extermination services	1,206
Equipment maintenance	583
TOTAL	28,591

- 842.** Sixteen(16) payments totalling \$7.735M were made to the Commissioner of Police for salaries and allowances for security officers attached to the Ministry. In addition, forty-seven(47) payments totalling \$17.166M were made to two(2) other private security firms for security services provided to the Ministry. These payments were supported by monthly invoices.
- 843.** The amount of \$1.901M was expended on Internet and public relation services for the year under review. Further, sums totalling \$1.206M were expended on Cleaning and Extermination Services which included payments for pest control services. These contracts all fell below the limit of \$180,000. The difference of \$583,000 was expended on the maintenance of equipment. Test checks revealed that these expenditures were properly incurred.

- 844.** Amounts totalling \$433.166M were expended on Subsidies and Contribution to Local and International Organisations. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000	AMOUNT \$'000
Local Organisations: Cheddi Jagan International Corporation Guyana Civil Aviation Authority	196,888 223,338	420,226
International Organisations: Organisation of American States Commonwealth Telecomm.Organisation International Maritime Organisation	5,880 4,560 2,500	
TOTAL		433,166

- 845.** The Cheddi Jagan International Corporation(CJIA) was established in accordance with the Public Corporations Act No. 21 of 1988 on the 17th August 2001 and the Companies Act No. 29 of 1991 and is subject to separate financial reporting and audit. The Corporation became fully self-accounting in August 2002. At the time of reporting, financial statements were submitted and an audit was in progress. Included in the amount \$196.888M are amounts totalling \$86.515M which was expended by the Ministry for CJIA, and the difference of \$110.373M was transferred to CJIA during the period August to December 2002 as subventions. The latter amount was verified as being received but in the absence of audited accounts it could not be determined whether this amount was properly accounted for in the books of CJIA.
- 846.** The Guyana Civil Aviation Authority(GCAA) was established by Act No. 10 of 2000- Civil Aviation Act 2000 of the Laws of Guyana, and is subject to separate financial reporting and audit. The Authority became fully self-accounting in August 2002. At the time of reporting, financial statements were submitted and an audit was in progress. According to the estimates the voted provision for subventions to the Authority was \$222.537M, however audit checks revealed that the amount of \$223.338 was expended for this Authority. Included in the amount \$223.338M, were amounts totalling \$91.382M which was expended by the Ministry for GCAA, and the difference of \$131.956M was transferred to GCAA during the period August to December 2002 as subventions. The latter amount was verified as being received but in the absence in audited accounts it could not be determined whether this amount was properly accounted for in the books of the Authority.

- 847.** In relation to the amount of \$5.880M contributed to the Organisation of American States, there was no provision in the National Estimates for this contribution. It was explained that this contribution was made for instead of the Caribbean Telecommunication Union (CTU) since the Ministry does not benefit from the CTU. The amount was however verified as being received by the Organisation. The amounts contributed to the Commonwealth Telecommunication Organisation and the International Maritime Organisation exceeded the amounts approved in the National Estimates by \$3.530M. However, the amounts were verified as being received by the agencies.

Revenue Accounting & Control

- 848.** During the period under review, the Ministry collected revenue totalling \$253.502M, of which sums totalling \$188.579M related mainly to aerodrome charges collected by the Guyana Civil Aviation Department. The difference of \$64.923M represented the revenue collected by the Central Accounting Unit. The amounts were verified as having been received and properly brought to account.
- 849.** The Demerara Harbour Bridge continued to retain revenue to meet its cost of operations although it was not a separate legal entity. For the period under review, amounts totalling \$211.662M 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 was however, noted that the Bridge was given statutory recognition in April 2003.
- 850.** An examination of the Register for rental of government flats revealed that twenty(20) flats were available at Echilibar Villas, of which seventeen(17) were occupied by public officers, one(1) by a private individual and two(2) were vacant. In addition, twelve(12) flats were available for rental at Main and New Market Streets, of which eight(8) were occupied by public officers and two(2) were vacant. An examination of the register, revealed that there was a tenant who was required to pay \$12,000 per month and had paid only \$990 per month during the period under review, thus resulting in a shortfall of collection of revenue totalling \$132,120. The Accounting Officer explained that action was being taken to recover the arrears from the tenant's employer, the Office of the President.
- 851.** It was also observed that there were eight(8) other premises available for rental located at various locations, of which six(6) were occupied and two(2) were vacant. Audit checks revealed that the building located at 16, Mudlot Kingston Georgetown was rented for \$40,000 per month, however, there was no evidence to indicate that the rent was collected for the period under review. The Accounting Officer explained that he had sought the assistance of the Attorney General to take appropriate legal action against the tenant.

Stores & Other Public Property

852. The Stores Regulations 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. It was however, noted that only the stores ledgers were being kept in the stores. The Accounting Officer attributed this situation to staff constraints. In addition, only sectional inventories were kept. It was noted, however, at the time of reporting, a master inventory was now being compiled.

Capital Expenditure

Division 517 – Air Transport Reform Programme

Subhead 16001 – Air Transport Reform Programme

853. The sum of \$442.450M was allocated for (a) improvements to Cheddi Jagan International Airport(CJIA) (b) resurfacing of CJIA runway and perimeter road (c) refurbishing of terminal roof and sewerage system (d) creation of the Civil Aviation Authority, corporatising of CJIA and privatisation of Ogle aerodrome and (e) provision for two(2) vehicles and equipment. According to the Appropriation Account, amounts totalling \$122.310M were expended.
854. 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. The last set of audited accounts was in respect of the year 2002. The audited financial statements for 2002 revealed an expenditure of \$95.172M, giving a difference of \$27.138M. This difference was due to (a) foreign disbursements totalling \$35.598M made in 2001 now brought to account and (b) foreign disbursements totalling \$8.460M made in 2002 not yet brought to account.
855. The following is a breakdown of the audited expenditure:-

DESCRIPTION	AMOUNT \$'000
Salaries & emoluments for the CEO and Project Coordinator	27,368
Training	25,013
Installation & commissioning of one(1) VOR for CJIA	24,220
Consultancy services	11,191
Admin. Expenses	3,175
Supply of lighting fixtures and transformers at CJIA	2,548
Rehabilitation of the lighting system	1,657
TOTAL	95,172

- 856.** The amount of \$27.368M represents the emoluments paid to the Chief Executive Officer (CEO) of CJIA Corporation and the Coordinator of the Project. 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 G\$12.318M. During the period under review, sums totalling \$17.570M were paid for salaries, gratuity and reimbursable expenses. The difference of \$9.798M represented payments made to the Project Co-ordinator for salaries and gratuity during the period under review. This contract was awarded on 31 August 2001 for a period of two(2) years at a monthly salary of G\$625,350 per month plus certain allowances. The amounts expended have been made in accordance with the terms of the contract.
- 857.** Sums totalling \$25.013M were expended on training. Included in this figure is the sum of \$16.188M, which was expended on flight operations assistance. The contract was awarded by the Central Tender Board and approved by Cabinet in 2001. On 30 April 2002, Cabinet awarded another contract valued at \$16.188M for Airworthiness Assistance. During the period under review, an advance payment of \$8.094M representing fifty(50) percent of the contract sum was paid to a consultant. The difference of \$731,880 related to the cost of airfare, accommodation and out-of-pocket allowances for two(2) officers for attendance at a FAA Technical Outreach Programme in Miami in the USA in June 2002.
- 858.** The amount of \$24.220M represented the final payment made on a contract awarded in November 2001 to a supplier for the supply, installation and commissioning of one(1) Standard Very High Frequency Omnidirectional Radio Range(VOR) for the Cheddi Jagan International Airport (CJIA). The work was physically verified.
- 859.** The amount of \$11.191M was expended on consultancy services. Included in this figure, were amounts totalling \$6.555M, which were expended on an environmental impact assessment of the Ogle Aerodrome. This contract was awarded by the Central Tender Board and approved by Cabinet in October 2000 in the sum of \$13.3M. During the period under review, the full contract sum was paid. However, only \$6.555M was met from the Project Funds. The difference of \$6.745M was met from IDB's C&D Fund, which is not repayable, by the Project. The final report was presented and accepted by the Bank.
- 860.** Also included in the figure of \$11.191M, was an amount of \$3.012M, which was expended on the recruitment of a Legislative Expert to carry out the following:-
- A thorough review of the draft Civil Aviation Act No. 10 of 2000;
 - A thorough review of the draft Civil Aviation Air Navigation Regulations work with the Guyana Civil Aviation Authority(GCAA) and the Ministry of Legal Affairs to finalise the Civil Aviation (Air Navigation) Regulations;
 - A complete analysis of the legal requirements of the Air Transport Sector and actions required to bring the Aviation Sector in Guyana in full compliance with International Civil Aviation Organisation(ICAO) Standards;

- Review all other documents necessary for the successful completion of the assignment; and
 - Submission of a final report of the findings and recommendations on what is required as a result of the analysis.
- 861.** The contract was awarded through the process of direct sourcing on 29 August 2002. During the period under review, the entire contract sum was paid and the final report was submitted and accepted by the Bank.
- 862.** Also included in sum of \$11.191M, were sums totalling \$1.541M which were expended on the Environment Impact Assessment and Preparation of the Social and Environmental Mitigation Plans at Ogle aerodrome. This contract was awarded in the sum of \$15.831M on the 30 January 2001. As at 31 December 2001, amounts totalling \$14.290M were paid on this contract and the final draft of the report was submitted on 8 October 2001. The amount of \$1.541M represented the final payment on the contract.
- 863.** Also included in the above figure of \$11.191M were sums totalling \$1.318M representing payments made for reimbursables to the Civil Aviation Authority(CAA) of the United Kingdom. This contract was related to the institutionalisation and capacity building of the Civil Aviation Authority and was valued at \$34.192M. As at 31 December 2001, amounts totalling \$24.487M were paid to the United Kingdom CAA for professional fees. As at 31 December 2002, the accumulated payments on this contract amounted to \$25.806M.
- 864.** Amounts totalling \$3.175M represented payments made for administrative expenses. However, according to the IDB/GOG budget for the Project, no allocation was made for administrative expenses. The amount of \$3.175M was utilised for the payment of salaries for a secretary, purchase of office equipment and supplies, maintenance of two(2) vehicles and other administrative expenses. It is recommended that the Project's budget be amended to provide funds to meet the administrative expenses of the Project.
- 865.** The amount of \$2.548M was expended on the supply of lighting fixtures and transformers at the CJIA. This contract was awarded on the 14 December 2001 in the sum of \$2.548M. During the period under review, the entire contract sum was expended. As at 31 December 2002, the items purchased were verified as having been received and properly utilised.
- 866.** The amount of \$1.657M was expended on the rehabilitation of the lighting system for runway 06-24 of the CJIA. This contract was awarded on the 18 December 2001 to the lowest bidder. During the period under review, the full contract sum was paid to the contractor. The works were physically verified as having been satisfactorily completed.

Subhead 16002 – Hinterland/Coastal Airstrip

- 867.** The sum of \$120M was voted for (a) the rehabilitation of airstrips at Imbaimadai and Mahdia and (b) construction of airstrip at Rose Hall. According to the Appropriation Account, amounts totalling \$245,350 were expended. A contract was awarded on the 18 December 2001 to the lowest bidder in the sum of \$342,000 for engineering and cadastral survey of (Guysuco) Rosehall, Canjie Airstrip. During the period under review, amounts totalling \$245,350 were paid. No work was done on the rehabilitation of the Imbaimadai and Mahdia airstrips. All the works were re-budgeted for in 2003.

Division 518 – Bridges

Subhead 14003 – Bridges

- 868.** The sum of \$69.049M was voted for (a) the construction and rehabilitation of bridges along the Timehri/Georgetown/Rosignol highway (b) road safety programme, (c) the Berbice River Crossing, (d) technical cooperation. According to the Appropriation Account, the full amount was expended.
- 869.** 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 2002, revealed an expenditure of \$930.770M, giving a difference of \$861.721M. This difference was due to (a) foreign disbursements totalling \$67.697M made in 2001 now brought to account and (b) foreign disbursements totalling \$520.516M made in 2002 not yet been brought to account and (c) amounts totalling \$408.902M transferred to Division 548 Subhead 12001 from April 2002.
- 870.** Please refer to Division 548 for details pertaining to this subhead.

Division 519 – Ministry of Public Works and Communications – Sea Defences

Subhead 15001 – Rehabilitation of Sea Defence - Essequibo and West Demerara

- 871.** The sum of \$323.500M was voted for (a) the preparation of tender documents for remedial sea defence works at Capoey/Columbia, Tuschen, Meten-Meer-Zorg/De Kinderen and Hague, (b) rehabilitation of 5 kilometers of sea defence at Capoey/Columbia, Tuschen, Meten-Meer-Zorg/De Kinderen and Hague, (c) design and preparation of tender documents for works, supply and supervision contracts, (d) preparation of tender documents for the institutional capacity building activities on the sea defences and establishment of shorezone management systems and (e) socio-economic study. Amounts totalling \$55.6M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Preparation of design & tender documents	53,115
Review of consultants designs & data	1,529
Advertisements	853
Other	103
TOTAL	55,600

- 872.** As can be noted from the above schedule, no rehabilitation of sea defence work was undertaken at Capoey/Columbia, Tuschen, Meten-Meer-Zorg/De Kinderen and Hague. The Accounting Officer explained that no work was done on these areas because the Initial Design Concept submitted by the consultant was not accepted by the Ministry, since the consultant had varied from the proposed standard design for sea defence rehabilitation work in Guyana and the cost of the work was considered high by the Ministry. A new contract has since been prepared by the Ministry and the European Union to enable the consultant to complete the design and tender documents for the rehabilitation works in 2003.
- 873.** Two contracts were awarded for the preparation of design and tender documents for remedial works at Capoey/Columbia, Tuschen, Meten-meer-Zorg/DeKendren and Hague in the sum of \$122.090M. The first contract was awarded in 2000 in the sum of \$40.044M. As at 31 December 2001, amounts totalling \$24.345M were paid to the consultant and during the period under review, further payments totalling \$10.971M were made taking the accumulated payments as at 31 December 2002 to \$35.315M.
- 874.** 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. During the period under review, further payments totalling \$42.144M were made taking the accumulated payments as at 31 December 2002 to \$68.134M.
- 875.** A contract for the reviewing of the consulting engineer's geographical analysis data and design for the 8th EDF Funded Sea Defence Programme was awarded in 2002 in the sum of \$1.529M. As at 31 December 2002, the entire amount was paid to the consultant. It should be noted that a change in programme was granted to accommodate this expenditure. However, it could not be determined whether tender board procedures were adhered to in awarding of the contract.
- 876.** The amount of \$853,000 was expended on advertisements for consultancy services while the sum of \$103,000 was paid for courier services. These expenditures were verified as having been properly incurred.

Subhead 15002 – Corentyne/East Coast/Essequibo Coast

- 877.** The sum of \$290M was allocated for (a) the payment of retention fees for sea defence rehabilitation works done at Reliance, Good Hope, Montrose, Mon Repos, Cornelia Ida, Hague and Stanleytown and (b) the construction of sea defence at Vergenoegen. A supplementary provision of \$12.386M was approved giving a revised allocation of \$302.386M. According to the Appropriation Account, amounts totalling \$281.328M were expended.
- 878.** 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 2002, amounts totalling \$240.589M were expended, giving a difference of \$40.739M. This difference was due to (a) disbursements totalling \$49.247M made in 2001 now brought to account (b) counterpart expenditure totalling \$1M expended on the acquisition of land at West Bank Demerara not shown on the financial statements and (c) disbursements totalling \$9.508M made in 2002 not yet brought to account.
- 879.** The following is a breakdown of the audited expenditure for the rehabilitation works:-

DESCRIPTION	AMOUNT \$'000
310 metres sea defences at Hague & Vergenoegen	168,603
200 metres sea defences at Stanleytown	49,675
290 metres sea defences at Mon Repos	3,000
600 metres of sea defences at Reliance & 220 metres sea defences at Cornelia Ida	2,841
1,100 metres at Good Hope and Lusignan	533
Supervision	15,937
TOTAL	240,589

- 880.** The contract for the construction of sea defences at Hague was awarded in July 2000 in the sum of \$179.014M. A variation of \$189M was approved in November 2001 for the rehabilitation of the sea defences at Vergenoegen giving a revised contract sum of \$368.014M. At 31 December 2001, amounts totalling \$174.119M were paid to the contractor and during the period under review further sums totalling \$168.603M were paid, giving an amount of \$342.722M, paid as at 31 December 2002. At the time of inspection, the works were completed and were physically verified.

- 881.** In relation to the construction of 200 of metres sea defence works at Stanleytown, the contract was awarded in July 2000 in the sum of \$136.080M. A variation of \$47.832M was approved by the CTB and IDB giving a revised contract sum of \$183.912M. At 31 December 2001, amounts totalling \$129.707M were paid to the contractor. During the period under review, further sums totalling \$49.675M were paid, giving an amount of \$179.382M, paid as at 31 December 2002. At the time of inspection, the works were completed and were physically verified.
- 882.** The amount of \$3M was expended on the rehabilitation of the Mon Repos sea defences and represented a retention sum due to the contractor. The contract was awarded in July 2000 in the sum of \$119.980M. As at 31 December 2001, amounts totalling \$112.806M were paid to the contractor. During the period under review, the final retention amounting to \$3M was paid taking the accumulated payments to \$115.806M. At the time of reporting, the works were completed and were physically verified.
- 883.** The contract for the reconstruction of the sea defences at Cornelia Ida was awarded in July 2000 in the sum of \$113.655M. At 31 December 2001, amounts totalling \$89.030M were paid to the contractor and during the period under review, further sums totalling \$2.841M were paid, giving an accumulated amount of \$91.871M, paid as at 31 December 2002. At the time of reporting, the works were completed and were physically verified.
- 884.** The amount of \$533,003 paid in respect of the rehabilitation of sea defences at Reliance, Good Hope and Lusignan represented retention fees paid to the contractor. This contract was awarded in 2000 in the sum of \$704.295M. The works were completed and were physically verified.
- 885.** 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 2001, amounts totalling \$51.313M were paid to these firms. During the period under review, amounts totalling \$15.937M were paid to the consultancy firms bringing the accumulated payments as at 31 December 2002 to \$67.250M.

Subhead 15004 - West Coast Berbice

- 886.** The sum of \$504M was voted for (a) the construction of 2,200m of sea defences from Bel Air to Mon Choise and (b) payment of retention fees for 3,400m earthwork at Brahan – No. 40. Supplementary Estimates of \$148.681M was approved giving the revised allocation of \$652.681M. The full amount was expended.
- 887.** This Project is funded by the Caribbean Development Bank(CDB) and the Government of Guyana under Loan Agreement No. 8/SFR-GU. According the records, amounts totalling \$690.463M were expended giving a difference of \$37.782M. This difference was due to foreign disbursement not yet brought to account.

888. The following is a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Construction of 2.1km of Sea Defences from Bel Air Mon Chosie	621,484
Construction of 3400m of earthwork & 214m Embankment at Trafalgar Pump Station	4,363
Consultancy Services	45,323
Salaries and other administrative expenses	7,637
Interest and other charges	11,656
TOTAL	690,463

889. 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. During the year, further sums totalling \$621.484M were paid taking the accumulated total to \$925.568M. The works were completed and physically verified.

890. The contract for the reconstruction of 3,400m earthen embankment between Brahan and No. 41 Village and the construction of 214m-riprap embankment at Trafalgar was awarded in 2000 in the sum of \$119.322M. As at 31 December 2001, an amount of \$106.786M was paid to the contractor. During the period under review, further sums totalling \$4.363M were paid bringing the accumulated payments to \$111.149M as at 31 December 2002. At the time of inspection, the works were completed and were physically verified.

891. In September 1994, a contract 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. During the period under review, further sums totalling \$45.323M were paid bringing the accumulated total to \$68.159M as at 31 December 2002.

892. The amount of \$7.637M expended on salaries and other expenses, represented 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 \$1.115M expended on the rental of buildings from MMA for the engineers, consultant and the inspector of works. The amount of \$11.656M represented interest and other charges incurred on the loan.

Subhead 15005 – Emergency Works

893. The sum of \$450M was allocated for the rehabilitation of sea and river defences in critical areas such as La Union, Lima, Wakenaam, Leguan, La Retraite, Belle View, Craig, Grove, Abary/Foulis, Bush Lot/Maida, Buxton/Vigilance, Sisters/Glasgow and other areas along the coast. Amounts totalling \$400.957M were expended.

894. The following is a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000	AMOUNT \$'000
<u>Rehabilitation of sea defences</u>		
Abary&Profit /Foulis	73,063	
Wakenaam	23,925	
Leguan	17,877	
Buxton/ Viligance	9,684	
Bush Lot/Maida	8,592	
La Retraite	3,580	
Belle View	737	
Other sea defences at Reg. No. 2 – 6	45,098	182,556
<u>Construction of revetment</u>		
Craig	7,298	
Grove	15,817	23,115
Weeding and cleaning	4,996	
Purchase of sea defence materials	21,182	26,178
Operating Expenses		169,108
TOTAL		400,957

- 895.** As can be noted, no work was done at La Union, Lima, and Sisters/Glasgow. The Accounting Officer explained that since sufficient funding was not provided, work on these areas could not have been carried out. It could not be determined whether these works were re-budgeted for in 2003.
- 896.** Eight(8) contracts totalling \$83.811M were awarded to rehabilitate the sea defences and to construct a greenheart revetment at Abary and Profit/ Foulis. Seven(7) of these contracts were awarded in 2002 and waivers of tendering procedures were granted for six(6) of the contracts. Tender board procedures were followed for the other two contracts. Waivers of tender procedures were sought and granted due to severe flooding in the areas. As at 31 December 2002, amounts totaling \$73.063M were paid.
- 897.** Twenty-eight(28) contracts valued at \$23.030M were awarded for works and services, while five(5) contracts valued at \$2.129M were awarded for supplies for the rehabilitation of sea defences in various parts in Wakenaam. In relation to the contract that was awarded to construct 230ft greenheart revetment at Bendorf Wakenaam in the sum of \$4.229M, an examination of the Ministerial Tender Board minutes revealed that the contract was awarded to the fourth lowest bidder since the first, second and third lowest bidders did not provide the information on personnel, track record, equipment and basic rates respectively. The lowest bidder was \$3.720M whilst the engineer estimate was \$4.528M.
- 898.** In addition, two(2) contracts were awarded to the same individual and who was the second lowest bidder in both instances in the sum of \$1.723M and \$3.758M respectively to construct revetments at Sarah Wakenaam. Based on the evaluation carried out, the second lowest bidder was awarded the most points. The lowest bidders' prices were \$1.695M and \$3.646M whilst the Engineer's Estimates were \$2.057M and \$4.713M respectively.
- 899.** Further, four(4) contracts valued at \$2.378M were awarded without any form of tendering. According to the Ministerial Tender Board minutes, selective tendering was done due to several breaches of the seacoast and flooding had occurred. Notwithstanding the reasons stated in the Minutes, a waiver of tender board procedures should have been sought from the Secretary to the Treasury. The Accounting Officer explained that this was an oversight.
- 900.** During the period under review, amounts totalling \$23.925M were paid to the various contractors for the rehabilitation of the sea defences at Wakenaam. The works were completed and were physically verified.
- 901.** Eleven(11) contracts valued at \$33.188M were awarded in 2002 to rehabilitate sea defences in various parts of Leguan. Examination of contract documents for five(5) contracts that were awarded to construct revetments, seal breaches and for emergency works, revealed that the contracts were awarded without any form of tendering and waivers of tendering procedures were not obtained. Further, covering approval was obtained from the Ministerial Tender Board after the works had been completed so as to effect the payments to the contractors. The Accounting Officer explained that the works were of an emergency nature and waivers were not obtained due to an oversight. As at 31 December 2002, amounts

totalling \$17.877M were made. Nevertheless, at the time of inspection the works were completed and physically verified.

- 902.** A contract to supply and deliver 5000 tons of boulders at Buxton/Vigilance was awarded to a supplier in the sum of \$25M by the Central Tender Board. An examination of the Central Tender Board file, revealed that this contract was not advertised, however, two(2) suppliers were asked to submit quotations and the contract was awarded to the one with the lower price. As at 31 December 2002, 1,822.22 tons of boulders were delivered and for which the supplier was paid an amount of \$9.410M. The difference of \$274,036 represented payment for supplying crusher run. The items were verified as having been received.
- 903.** The contract for the rehabilitation of the sea defences at Bush Lot/ Maida was awarded in the sum of \$8.592M. A waiver of tendering procedures was sought and obtained since the works were of an urgent nature. As at 31 December 2002, the full sum was paid and the work was physically verified.
- 904.** Two(2) contracts were awarded in the sum of \$10.978M to construct and raise river dam at La Retraite West Bank Demerara. The first contract was awarded in 2001 in the sum of \$4.480M. The contract was subsequently terminated because the contractor did not comply with the contractual obligations. No payment was made on this contract. In September 2002, the work was re-awarded to the second lowest bidder in the sum of \$5.498M. As at 31 December 2002, payments totalling \$3.580M were made. However, at the time of the inspection, the works were not completed. The Project Manager explained that this contract was also terminated since the residents in the area refused to remove their fences in order for the works to be carried out.
- 905.** Two(2) contracts valued at \$1.385M were awarded to supply greenheart sheet piles and walers at Belle View for the construction of a revetment in the area using force account. As at 31 December 2002, amounts totalling \$736,646 were paid for piles supplied. The contract was terminated in 2002 as the contractor did not complete his contractual obligations. The Accounting Officer explained that the contract was listed for re-tendering in 2003. The piles were verified as having been received.

906. The following are the details relating to the contracts awarded for the rehabilitation of sea defences in Region 2 to 6:-

DESCRIPTION	AMOUNT \$'000
Completion of ongoing sea defence works	12,522
Raising of sea dam at Borlam #19	8,349
Emergency works at Wellington Park	5,685
Emergency works at #76 Sluice Corentyne	3,449
Raising of sea dam at Waterloo to Bath	3,246
Construction of revetment at Diamond	1,333
Cont. & raise embankment Tranquility Hall-Voorzigtighad	1,275
Other sea defence works	9,239
TOTAL	45,098

907. The ongoing sea defence works mentioned above were executed by seven(7) contracts valued at \$29.488M. These sea defence works were carried out at areas such as Hyde Park, Ogle, Golden Fleece, and Corentyne. As at 31 December 2001, amounts totalling \$16.915M were paid to the contractors. During 2002, further payments totalling \$12.522M were paid. At the time of inspection, the works were completed and were physically verified.
908. A contract valued at \$8.349M was awarded by the Central Tender Board to raise the river dam from the Sea Well sluice to Borlam No.19 to the lowest tender out of the seven(7) bids received. As at 31 December 2002, the full sum was paid and the works were physically verified.
909. A waiver of tender board procedures was sought and obtained for the emergency works at Wellington Park. The contract was awarded in the sum of \$7.050M. As at 31 December 2002, amounts totaling \$5.685M were paid. At the time of reporting, the project was completed and was physically verified.
910. A contract was awarded in the sum of \$3.449M to do emergency work at No. 76 sluice Corentyne. A waiver of tender board procedures was sought and obtained. As at 31 December 2002, the full contract sum was paid. The works were completed and were physically verified.
911. A contract was awarded in the sum of \$3.246M to raise sea dam from Waterloo to Bath to the most qualified bidder. The lowest bidder's price was \$2.492M whilst the Engineer's Estimate was \$3.950M. As at 31 December 2002, the full sum was paid. The work was completed and was physically verified.

- 912.** Two(2) contracts were awarded to construct greenheart revetment at Diamond, The first contract was awarded in 2001 in the sum of \$1.335M to the second lowest bidder. Amounts totalling \$144,072 were paid as at 31 December 2001. The works were not completed and the contract was subsequently terminated due to poor performance. In 2002, the contract was re-awarded to the third lowest bidder in a reduced sum of \$1.189M. As at 31 December 2002, the full amount was paid. At the time of reporting the works were completed and were physically verified.
- 913.** A contract was awarded to the lowest bidder in the sum of \$1.275M to construct and raise earthen embankment from Tranquility Hall to Voorzigtighad. As at 31 December 2002, the work was completed and was physically verified.
- 914.** The remaining works in the above schedule were executed by eighteen(18) contracts valued at \$7.850M. In relation to six(6) contracts for emergency works at Vreed-en hoop, LeDestein, DenAmstel, Helena Nos.1 and 2 and Nos. 77 and 78 Villages, selective tendering was done. However, waivers of tendering procedures were not obtained. Further, a contract was awarded in the sum of \$1.242M to carry out survey from Borlam to Sea Well sea defence, without any form of competitive bidding. Instead, tenders were collected from three surveyors and then adjudicated by the Ministerial Tender Board. Nevertheless, at the time of inspection, the above works completed and were physically verified.
- 915.** The contract for the construction of 540 Lin ft revetment at Craig was awarded in the sum of \$11.213M by Central Tender Board to the lowest qualified bidder. As at 31 December 2002, the works were still in progress and amounts totalling \$7.298M were paid to the contractor. At the time of reporting, the work was completed and was physically verified.
- 916.** The contract for the construction of revetment at Grove was awarded by the Central Tender Board to the fourth lowest bidder in the sum of \$17.575M on the grounds that the lowest and third lowest bidders did not comply with the tender instructions. No reason was stated why the second lowest bidder was not considered. The lowest bid was \$15.302M and the Engineer's Estimate was \$16.296M. As at 31 December 2002, amounts totalling \$15.817M were paid to the contractor. At the time of reporting, the work was completed and was physically verified.
- 917.** Amounts totalling \$21.182M were expended in the purchase of sea defence materials. These materials, including gabion stone, filter fabric, greenheart sheet plies, cement, and white sand etc. were verified as having been received at the locations and at the Main Store in Kingston.

- 918.** In relation to the amount of \$169.108M expended on operational expenses of the Project Emergency Works Unit, the following are the details:-

DESCRIPTION	AMOUNT \$'000
Wages, salaries and admin expenses	135,652
Transportation	13,629
Fuel and lubricants	6,594
Other	13,233
TOTAL	169,108

- 919.** The amount of \$135.652M shown as wages and salaries and other related expenses represented mainly the emoluments of 303 persons employed on a full-time basis. Apart from the works contracted out, the sea defence unit does routine maintenance of the sea defence by force account using the employees from the various locations.
- 920.** One hundred and thirty(130) contracts valued at \$13.629M were awarded for transportation of workers, materials and equipment to various work sites in the Regions. Amounts totalling \$6.594M were expended on the purchase of fuel and lubricants for twelve(12) vehicles and for the various sea defence machinery.

Subhead 47001 - Administration & Management

- 921.** An amount of \$36M was allocated for the provision of administrative and supervisory support for the Sea Defences Programme. Amounts totalling \$34.999M were expended. Included in the above figure, is an amount of \$1.759M expended on fuel and lubricants and in the maintenance of six(6) motor vehicles. An examination of the logs books, revealed that journeys undertaken on three(3) vehicles during the period January to December, were not authorised. As a result, it could not be determined whether effective control was exercised over the use of these vehicles. The Accounting Officer explained that all journeys are now being authorised.

Division 520 – Ministry of Public Works and Communications

Subhead 11001 - Demerara Harbour Bridge

922. The sum of \$35M was voted for the replacement of hydraulic pacts, pontoons, buoys and the purchase of wire ropes. The full sum was paid over to the Demerara Harbour Bridge.
923. 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 2002. An unqualified report was issued on these accounts.
924. According to the financial statements for the year 2002, the full sum of \$35M was expended as follows:-

DESCRIPTION	AMOUNT \$'000
Construction of Pontoons Lot 1 & 2	17,693
” ” 155 Buoys	13,857
Supply of Galvanised wire ropes	3,000
Advertisements	450
TOTAL	35,000

925. Two(2) contracts were awarded by the Central Tender Board(CTB) on the same day to the same contractor for the construction of pontoons for Lot 1 and Lot 2 for a total sum of \$16.092M to the lowest bidder. Variations totalling \$1.601M were approved by the Project Manager for both contracts instead of the CTB or the Permanent Secretary of the Ministry, taking the revised contract sums to \$17.693M. As at 31 December 2002, the work was completed and the full contract sums were paid. Because of the nature of the work, reliance was placed on the certificates of satisfactory completion issued by the Mechanical Engineer.
926. Three(3) contracts valued at \$13.857M were awarded by the Ministerial Tender Board in July, August and September 2002 for the construction of 155 buoys to one(1) particular contractor. An examination of these contracts revealed the following observations:-
- The first contract was awarded to the second lowest bidder in the sum of \$4.470M on the grounds that the lowest bidder whose bid was \$3.134M did not have the required experience, plant and equipment to do the work;
 - The latter two(2) contracts totalling \$9.387M were awarded without any form of competitive bidding on the following grounds:-

- a) The company is a reputable one and has done quality work for the entity;
 - b) The company has a good track record and the required personnel;
 - c) The company was still on site and has just completed the first contract; and
 - d) The same rates for the previous contract would be used.
- In addition, there were no evidence that waiver of tender board procedures were sought and obtained; and
 - As at 31 December 2002, the work was completed and the full contract sums were paid.
- 927.** It should be noted, however, that these contracts were awarded in a way to avoid adjudication by the CTB, thus, resulting in apparent sub-division of contracts. The Accounting Officer explained that the contracts were not awarded as a whole due to the unavailability of funds. Because of the nature of the work, reliance was placed on the certificates of satisfactory completion issued by the Mechanical Engineer.
- 928.** The contract for the supply of 125 galvanised wire rope snatch blocks was awarded in the sum of \$9.875M by the CTB in November 2002 to the highest of five(5) bidders, since he was the only bidder who tendered for English made blocks as requested in the instructions to tenderers. As at 31 December 2002, an advance payment of \$3M was paid to the supplier. At the time of reporting, the blocks were received and properly brought to account.

Subhead 12001 - Government Buildings

- 929.** The sum of \$40M was voted for the (a) completion of Public Sector Commission building, (b) construction of complex at Lethem and (c) rehabilitation of Colgrain house and houses at Timehri. Amounts totalling \$20.871M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Rehabilitation of Maritime building	7,000
Rehabilitation of buildings at Timehri	5,982
Completion of PSC building	4,149
Rehabilitation of Colgrain House	1,663
Consultancy Services	1,069
Rehabilitation of two(2) other houses	839
Miscellaneous	169
TOTAL	20,871

- 930.** As can be noted, the complex at Lethem was not constructed, but was re-budgeted for in 2003. However, rehabilitation work was done on the Maritime Building and for which a change of programme was granted.
- 931.** The sum of \$7M was expended on the rehabilitation of the Maritime building. The contract was awarded by the Transport and Harbours Departmental(T&HD) Tender Board in the sum of \$8.345M through a process of selective tendering. As at 31 December 2002, the entire contract sum was paid to the contractor. However, only the sum of \$7M was charged to capital expenditure. The difference of \$1.345M was met from the resources of the T&HD.
- 932.** The sum of \$5.982M was expended on the rehabilitation of buildings Nos. 324 and 345 at Timehri. The contract for the rehabilitation of building No. 324 was awarded in the sum of \$3.367M to the third lowest bidder on the grounds that he had done work for the Ministry before and was very fast and efficient. The lowest bidder was not considered since he had never done work for the Ministry before while the second lowest bidder had a project that was in progress and would not have been able to complete both projects on time. The Engineer's Estimate was \$3.476M and the lowest bid was \$2.934M. As at 31 December 2002, amounts totalling \$3.358M were paid to the contractor. In relation to the rehabilitation of building No. 345, the contract was awarded to the lowest of four bidders in the sum of \$2.624M. As at 31 December 2002, the full sum was paid to the contractor.
- 933.** In respect of the rehabilitation works on the Public Service Commission(PSC) building, the contract was awarded in the sum of \$5.930M in 2001. As at 31 December 2001, only a mobilisation advance of \$1.779M was paid to the contractor. During the period under review, amounts totalling \$4.149M were paid bringing the accumulated payments on this contract to \$5.928M.
- 934.** Two contracts were awarded to rehabilitate Colgrain House. The first contract was awarded in the sum of \$1.003M through a process of selective tendering. According to the Tender Board Minutes, four(4) contractors were given tender documents, however, at the time of closing only one had responded. As at 31 December 2002, a mobilisation advance of \$700,000 was paid to the contractor. The second contract was also awarded through a selective tendering process to the highest of the three(3) bidders in the sum of \$1.286M. The lowest bidder's price was \$988,500 whilst the Engineer estimate was \$1.749M. As at 31 December 2002, the work was completed for an amount of \$1.025M, however, the contractor was only paid \$963,030, the difference representing retention to be paid in 2003.
- 935.** Included in the amount of \$839,170, was a contract for the rehabilitation of Fairlie House which was awarded in 2001 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. Further sums of \$517,676 were paid in 2002 bringing the accumulated payments as at 31 December 2002 to \$3.552M. The work was completed and physically verified. Also included in the sum of \$839,170, was a contract for the rehabilitation of the CEO's quarters at Timehri which was awarded in 2001 in the sum of

\$5.942M. As at 31 December 2001, amounts totalling \$5.252M were paid to the contractor. During the period under review, the sum of \$321,494 was paid bringing the accumulated payments to \$5.573M.

- 936.** With the exception of the rehabilitation of Fairlie House and CEO’s quarters at Timehri, physical inspection of the above works were not done because the responsible Ministry’s personnel was not available. As a result, reliance was placed on the certificates of satisfactory completion issued by the Consultants.
- 937.** The amount of \$1.069M shown as consultancy services, represented payments made to the two(2) consultancy firms for the preparation, design and supervision of the buildings at Timehri, PSC Building and Colgrain House.

Subhead 12002 – Infrastructural Development

- 938.** The sum of \$170M was allocated for the construction of markets at Parika and Georgetown. Amounts totalling \$20.274M were expended as follows:-

DESCRIPTION	AMOUNT \$’000
Construction of new Vendors Mall Georgetown	19,915
Advertising	268
Cadastral Surveys	91
TOTAL	20,274

- 939.** A contract for the construction of the new Vendors Mall in Georgetown was awarded in the sum of \$26.604M to the lowest bidder by the Central Tender Board and approved by Cabinet. As at 31 December 2002, amounts totalling \$19.915M were paid to the contractor. At the time of reporting, the structure was not completed since the Attorney General had requested that the works be suspended. However, a copy of the request was not submitted for audit. The Accounting Officer explained that instructions were given verbally by the Attorney General. Physical inspection of the works were not done because the responsible Ministry’s personnel was not available.
- 940.** The amount of \$268,400 was expended on advertisements for the construction of the New Vendors Mall and the Parika Market and the amount of \$90,760 was expended on cadastral surveys done at the Parika Market. It was noted only the market at Georgetown was re-budgeted for in 2003.

Subhead 12008 - Regional Airport Project

941. The sum of \$30M was allocated for the purchase and installation of solar powered non-directional beacon. The contract was awarded by the Central Tender Board and approved by Cabinet on the 7 June 2001 in the sum of \$35.683M for the supply and installation of a solar powered non-directional beacon to the lower bidder. It should be noted that the contract was awarded in 2001, whilst work commenced in November 2002. No payment was made in 2001. The Accounting Officer explained that the contractor only mobilised his work force in 2002 hence the late start. As at 31 December 2002, amounts totalling \$21.410M, which represented sixty percent of the contract sum, was paid to the contractor. At the time of reporting, the beacon was installed and put into use.

Subhead 14001 - Mabura/Lethem Road

942. The sum of \$20M was voted for the rehabilitation of the critical sections of the road including Kurupukari to Lethem and Mabura to Kurupukari. Amounts totalling \$528,250 were expended on survey costs associated with the Takutu Bridge. Included in this figure, was an amount of \$477,000 which was paid to a contractor who was the lowest bidder for the cadastral and engineering topographic survey of the access road and trans-boundary facilities leading to the Takutu Bridge. The difference of \$51,250 related to airfare and accommodation for the Ministry's consultant.
943. As can be noted, the rehabilitation of the critical sections of the Kurupukari to Lethem and Mabura to Kurupukari roads were not done. The Accounting Officer explained that permission was granted by the Government to a private company to construct and rehabilitate the said roadway and to operate the Kurupukari ferry crossing. Cabinet approved of this arrangement on the 28 February 2002.

Subhead 14004 - Black Bush Polder Road

944. The sum of \$22M was allocated for the rehabilitation of critical sections of the Black Bush Polder Road and provision for payment of liability. Amounts totalling \$18.211M were expended mainly on the rehabilitation of the Black Bush Road where two(2) contracts were awarded. The first contract was awarded in the sum of \$13.265M for the rehabilitation of the Black Bush Polder roads by the Central Tender Board to the contractor with the highest technical ratings. The lowest bidder's price was \$12.852M whilst the Engineer's Estimate was \$13.240M. As at 31 December 2002, the full contract sum was paid to the contractor. Another contract was awarded in August 2002 by the Ministerial Tender Board in the sum of \$5.159M to the lowest of six(6) bidders. As at 31 December 2002, amounts totalling \$4.901M were paid to the contractor. The works were completed and were physically verified.

Subhead 14005 - Bartica/Issano/Mahdia Road

945. The sum of \$12M was provided for the rehabilitation of critical sections including Bartica to Potaro, Mahdia to Potaro and Issano Roads. Amounts totalling \$10.989M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Rehabilitation of Bartica/Issano/ Madhia road	6,296
Ongoing works from previous year	2,975
Consultancy Services	1,673
Miscellaneous	45
TOTAL	10,989

946. A contract valued at \$8.676M was awarded for the rehabilitation of the Bartica/Issano/Mahdia road by the Central Tender Board in July 2002, to the lowest of four(4) bidders. As at 31 December 2002, amounts totalling \$8.242M were paid to the contractor. However, only \$6.296M was paid from this subhead. The difference of \$1.946M was met from subhead 14007 – Miscellaneous Roads. This is a misallocation and is a breach of the Financial Regulations.
947. Three contracts valued at \$12.569M were awarded in the 2001 for the rehabilitation of sections of the Bartica/ Issana roads. As at 31 December 2001, amounts totalling \$8.942M were paid. During the year under review, the works were completed and the balance of \$2.975M was paid. 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.
948. In relation to the consultancy fees, two(2) contracts were awarded in the sums of \$1.626M and \$47,500 respectively for the supervision of the rehabilitation of Bartica/Issano/ Madhia Road. Included in the two(2) contracts, are amounts totalling \$892,276 representing reimbursable and which consisted of printing of documents valued at \$13,776, six(6) trips to various locations costing \$660,000 incurred by the engineers, and the Technician's allowance for 111 days amounting to \$218,500. However, supporting documents to substantiate these payments totalling \$892,276 were not produced by the consultant. As at 31 December 2002, the full contract sums totalling \$1.673M were paid.

Subhead 14006 – Bridges

- 949.** The sum of \$50.5M was voted for the (a) completion of Dunkeld, Walton Hall, Dartmouth and Greenfield bridges and (b) construction of Riverstown bridge. A supplementary provision of \$13.480M was approved, giving a revised allocation of \$63.980M. Amounts totalling \$62.424M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
<u>Rehabilitation of Bridges:</u>	
Westbury, Dunkeld & Walton Hall	33,885
Riverstown	7,328
Cullen	3,963
Greenfield & 3 ongoing contracts	4,056
<u>Other Works:</u>	
Drainage structures at BelAir/Armadale	11,856
Miscellaneous	1,336
TOTAL	62,424

- 950.** The contract for the rehabilitation of three(3) Bridges at Westburg, Dunkeld and Walton Hall was awarded by the Central Tender Board and approved by Cabinet in December 2001 in the sum of \$31.825M. There was an approved variation of \$2.060M giving a revised contract sum of \$33.885M. As at 31 December 2002, the entire revised contract sum was paid to the contractor. The works were completed and were physically verified.
- 951.** The contract for the rehabilitation of the Riverstown Bridge was awarded by the Central Tender Board and approved by Cabinet to the lowest bidder in October 2002 in the sum of \$18.331M. As at 31 December 2002, amounts totalling \$7.328M were paid to the contractor. At the time of reporting the work was still in progress.
- 952.** In relation to the bridge at Cullen, the contract was awarded in the sum of \$5.177M to the lowest bidder. As at 31 December 2002, the works were still in progress and amounts totalling \$3.963M were paid to the contractor. However, at the time of reporting, the work was completed.
- 953.** Included in the sum of \$4.056M are amounts totalling \$3.019M, which were expended on the rehabilitation of a bridge at Greenfield South Access. This contract was awarded in 2001 in the sum of \$5.040M. There was an approved variation of \$354,180 giving a revised contract sum of \$5.394M and at 31 December 2001, amounts totalling \$2.255M were paid. The total accumulated payments as at 31 December 2002 totalled \$5.274M. At the time of reporting, the bridge was completed and was physically verified. In addition, amounts totalling \$342,720 were paid to a consulting firm for the designs, preparation of contract documents and supervision for the bridge. The difference of \$693,832 related to

final payments made for works carried out on the Culvert at Crabwood Creek and the bridges at East La-Penitence and Tucville. These projects commenced in 2001 and were completed during the period under review.

- 954.** Amounts totalling \$11.856M were expended on the rehabilitation of drainage structures at BelAir/Armadale. A waiver of tender board procedures was sought and obtained since the drainage structures had collapsed and emergency works were required. The contract was awarded in the sum of \$13.480M. Because of the nature of the work, reliance was placed on the certificates of satisfactory completion issued by the Consultant.
- 955.** Included in the figure \$1.336M were amounts totalling \$709,670, which were expended on the purchase of building materials. The items purchased were verified as having been received and properly brought to account. The difference of \$625,700 represented amounts paid mainly for advertisements and to the inspector of works for the rehabilitation of the bridges at Walton Hall, Westbury and Dunkeld.

Subhead 14007 - Miscellaneous Roads

- 956.** An amount of \$400M was allocated for (a) the completion of roads at Enmore, Sisters village, Unity, Section C Enterprise, La Retraite, Section B Sophia, New Forest, Mon Repos and other areas, (b) rehabilitation and construction of selected roads in various communities and (c) provision for payment of liabilities. Amounts totalling \$172.635M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
<u>Rehabilitation Of Roads:</u>	
Completion of on-going roads	77,522
Mara	12,221
Courtland/Fyrish	6,508
Belvedere	5,665
New Forest	4,346
Anna Catherina	4,065
No. 47 Village	3,966
Vergenogen	3,026
Buxton	2,434
No. 51 Village	2,297
Helena No. 2	2,222
Two(2) other roads	658
Sub-Total	124,930
<u>Other:</u>	
Warrants issued	26,788
Purchase of road building materials	8,200
Consultancy Services	7,444
Maintenance of Issano Road	1,946
Other road maintenance costs	3,327
TOTAL	172,635

- 957.** Amounts totalling \$77.522M were expended to complete the roads at Enmore, Sisters village, Unity, Section C Enterprise, La Retraite, Section B Sophia, New Forest and forty two(42) other roads in Regions 3-6. Forty nine(49) contracts valued at \$286.102M were awarded in 2001. As at 31 December 2001, amounts totalling \$198.425M were paid to the contractors, taking the accumulated payments as at 31 December 2002 to \$275.947M.
- 958.** The contract for the rehabilitation of Mara Road was awarded in the sum of \$12.964M by the Central Tender Board to the lowest bidder. As at 31 December 2002, amounts totalling \$12.221M were paid to the contractor. In relation to the rehabilitation of the Courtland Road at Fyrish, the contract was awarded in the sum of \$6.558M by the Central Tender Board in September 2002 to the higher of two bidders. However, the basis of award to the higher bidder was not stated. The lower bid was \$6.288 and the Engineer's Estimate was \$6.925M. As at 31 December 2002, amounts totalling \$6.508M were paid to the contractor.

- 959.** The contract for the rehabilitation of Cross Street, Belvedere was awarded by Ministerial Tender Board in the sum of \$5.877M to the lowest bidder. As at 31 December 2002, amounts totalling \$5.665M were paid to the contractor. In relation to the rehabilitation of the New Forest Road, this contract was awarded to the lone bidder in the sum of \$4.401M. As at 31 December 2002, amounts totalling \$4.346M were paid to the contractor.
- 960.** The contract for the rehabilitation of Third Street, Anna Catherina was awarded in the sum of \$4.581M to the lowest of eight(8) bidders by the Ministerial Tender Board. As at 31 December 2002, amounts totalling \$4.065M were paid to the contractor. In relation to the rehabilitation of First Street, No. 47 Village, the contract was awarded in the sum of \$4.419M by the Ministerial Tender Board to the lowest of nine(9) bidders. As at 31 December 2002, amounts totalling \$3.966M were paid to the contractor. At the time of reporting, the work was completed and physical verification revealed an apparent overpayment of \$1.170M as shown below:-

Description of Work	Unit	Bill of Quantities	Amount verified	Difference	Rate \$	Over-payment \$
Clearing & grubbing	sq yd	4,933	3,540	1,393	20	27,860
Reef sand – A	cu yd	1,352	489	863	1,100	949,300
Reef sand – B	cu yd	90	33	57	1,100	62,700
Burnt earth	cu yd	541	489	52	2,500	130,000
TOTAL						1,169,860

The Accounting Officer explained that he would have to refer this matter with the Consultant.

- 961.** The contract for the rehabilitation of Salvation Army School Street, Vergenoegen, was awarded in the sum of \$3.283M to the lowest of eight(8) bidders by Ministerial Tender Board. As at 31 December 2002, amounts totalling \$3.026M were paid to the contractor. In respect of the rehabilitation of the all weather road and bridge at Buxton, the contract was awarded to the lower of two(2) bidders in the sum of \$2.470M by the Ministerial Tender Board. There was an approved variation of \$174,030 giving a revised contract sum of \$2.644M. As at 31 December 2002, amounts totalling \$2.434M were paid on the contract.
- 962.** The contract for the rehabilitation of Daly Street, No. 51 Village was awarded to the second lowest bidder whose tendered sum was \$2.565M but was negotiated to the sum of \$2.461M. The lowest bidder was not considered because (a) his price of \$2.156M was 20.4% below the Engineer's Estimate, (b) he already had prior commitment and (c) he was a new contractor to the Ministry. As at 31 December 2002, amounts totalling \$2.297M were paid to the contractor. Physical verification revealed that there was an apparent overpayment of \$173,200 as shown below:-

Description of Work	Unit	Bill of Quantities	Amount verified	Difference	Rate \$	Over-payment \$
Scarifying	sq yd	1,900	1,690	210	50	10,500
Reef sand – A	cu yd	317	282	35	1,000	35,000
Reef sand – B	cu yd	53	47	6	1,200	7,200
Burnt earth	cu yd	317	282	35	3,300	115,500
General Excavation	sum	20,000	15,000	5,000	-	5,000
TOTAL						173,200

- 963.** In relation to the rehabilitation of Concrete Koker road and First Street, Helena No. 2, the contract was awarded in the sum of \$2.365M to the lowest bidder. As at 31 December 2002, amounts totalling \$2.222M were paid to the contractor. Further, two(2) contracts valued at \$6.578M were awarded to rehabilitate Hague Back dam road and roads at Cane Grove. Both contracts were awarded to the lowest bidders and as at 31 December 2002, only the mobilisation advances totalling \$658,000 were paid.
- 964.** Four(4) inter- departmental warrants totalling \$26.803M were issued to Region Nos 2,3 and 6 to pay retention fees, rehabilitation of roads at Wakenaam, Leguan and East Canje Berbice. Financial returns for the amounts totalling \$26.788M were received from the three Regions. Amounts totalling \$8.2M were expended on the purchase of asphaltic concrete loam for the rehabilitation of roads at Cane Grove, Bel-Air Springs and State House compound. However, except for the materials used for State House compound there was no documentary evidence attesting to the receipt and utilisation of the materials used on the other roads. In the circumstances, it could not be determined whether the items were actually received and properly accounted for.
- 965.** Eleven(11) contracts were awarded to six(6) firms for consultancy services. Of these, six(6) contracts valued at \$18.697M were awarded in 2001, and five(5) valued at \$3.686M were awarded in 2002. As at 31 December 2001, amounts totalling \$11.888M were paid. During the year, amounts totalling \$7.443M were paid, bringing the accumulated payments to \$19.331M as at 31 December 2002.
- 966.** The amount of \$1.946M was expended on the maintenance of the Issano Road. This expenditure was an apparent misallocation of funds since it could have been more appropriately met from Subhead 14005 – Bartica/Issano/Mahdia. However, there was no savings under this subhead. It is evident that the charging of \$1.946M to this subhead was to avoid the overrunning of the voted provision under Subhead 14005.

967. At the time of reporting, with the exception of roads at No. 47 Village and No.51 Village, the roads could not be physically verified since the Ministry's personnel was not available to identify the specific roads.

Subhead 14008 - Urban Roads/Drainage

968. The sum of \$30M was allocated for the rehabilitation of selected main access roads and desilting of canals and outfalls. Amounts totalling \$29.894M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Purchase of building materials	11,062
Emoluments to employees	6,916
Rehabilitation of Critchlow Avenue	4,865
Dredging of outfalls of Laing Avenue & Riverview Canals	3,392
Other expenditure	3,659
TOTAL	29,894

969. The amount of \$11.062M was expended on the purchase of road building materials such as crusher run, asphaltic concrete fuel etc. for the rehabilitation of roads at Stevedore Housing Scheme, Laing Avenue and Akawini Street. The items were verified as having been received and properly utilised.
970. Amounts totalling \$6.916M were expended on the payment of emoluments for twenty-three(23) employees in the Force Account Section of the Roads Division. However, an examination of the time sheets revealed that the areas where the employees worked were not stated. Alternative checks revealed that registers were maintained to reflect the details of areas that the employees worked. Notwithstanding this, the details should have been recorded on the time sheets and the Examination Section of the Ministry should have ensured that this was done before payment was effected.
971. A contract was awarded in the sum of \$4.876M for the rehabilitation of Critchlow Avenue, South Ruimveldt to the lower bidder. As at 31 December 2002, amounts totalling \$4.865M were paid to the contractor. A contract was awarded for the dredging of the outfall at Laing Avenue and Riverview canals by the Demerara Harbour Bridge Management and Monitoring Unit in the sum of \$3.392M. As at 31 December 2002, the full contract sum was paid. Thirty-one(31) contracts valued at \$3.659M were expended on the weeding and cleaning of the Ministry's Compound, transporting materials and workers to build roads, rental of equipment and other miscellaneous works. The expenditure was verified as having been properly incurred.

Subhead 14010 – Dredging

- 972.** The sum of \$95M was allocated for (a) the dredging of main ship channels in Demerara, Essequibo and Berbice Rivers, (b) the rehabilitation of ML Allan Young and (c) docking Dredge Steve ‘N’. The full amount was paid over to the Transport and Harbours Department for that Department to undertake the works. An examination of the records of the T&HD revealed the amount was expended as follows:-

DESCRIPTION	AMOUNT \$'000
Rehabilitation of Split Barge	53,450
Rehabilitation of SEA MANG	34,159
Rehabilitation of dredge STEVE ‘N’	7,391
TOTAL	95,000

- 973.** 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 and the rehabilitation of ML Allan Young. These were re-budgeted for in 2003. In addition, the works done on the Split Barge and Sea Mang were not catered for in the National Estimates. A change in programme was not obtained to facilitate these payments. The Accounting Officer explained that this was an oversight.
- 974.** A waiver of tendering procedures was sought and obtained for the docking and repairs to the Split Barge, Sea Mang and Dredge Steve N. Two(2) contracts for the rehabilitation of the Split Barge were awarded in the sums of \$47.655M and \$5.785M. The first contract was for the docking and repairs while the second contract related to the supply and installation of a Monometer and Panel Indicators. As at 31 December 2002, the entire contract sum was paid to the contractor.
- 975.** In relation to the rehabilitation of the Sea Mang, the contract was awarded in the sum of \$34.159M. As at 31 December 2002, the entire contract sum was paid. Further, two(2) contracts were awarded in the sums of \$6.180M and \$1.211M for repairs to the Dredge Steve N. As at 31 December 2002, the entire contract sums were paid to the contractor.

Subhead 16002 - Equipment (Civil Aviation)

- 976.** The sum of \$10M was provided for the purchase and installation of x-ray machine, walk-through detector and a hand-held metal detector. The full amount was paid over to the Cheddi Jagan International Airport Corporation(CJIAC). However, an examination of the Corporations' records revealed that an amount of \$9.122M was expended. The difference of \$877,589 was still in the Corporation's bank account instead of being refunded to the Ministry. This resulted in the Appropriation Account being overstated and the said amount being outstanding to the Consolidated Fund. The following is a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$
One(1) X-ray screening system	5,335
Two(2) Walk-through Metal Detectors	1,979
One(1) 1.5m long Stainless steel rail	359
One(1) UPS	262
Five(5) Hand held detectors	134
One(1) Voltage Stabilizer	88
Other Expenses	965
TOTAL	9,122

- 977.** Three quotations were received from overseas suppliers, and the items were purchased from the supplier with the lowest quotation. The items were verified as having been received and properly brought to account. The amount of \$964,711, representing other expenses included payments for shipping and freight charges and set up and installation charges.

Subhead 16003 – Stellings

- 978.** The sum of \$50M was voted for the rehabilitation of Leguan stelling and Kingston stelling/wharf. The amount of \$25M was paid over to the T&HD. An examination of the records of the T&HD revealed that amounts totalling \$20M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Rehabilitation of Wakenaam Stelling	12,908
Purchase of building materials	7,092
TOTAL	20,000

- 979.** As can be noted \$25M was transferred to the T&HD. However, expenditure totalling \$20M was incurred. It was explained that the difference of \$5M was inadvertently utilised under subhead 27001- Reconditioning of ships. This is a misallocation of expenditure. In addition, the rehabilitation of Wakenaam Stelling was not budgeted for, however, a change in programme was obtained to cater for this expenditure.
- 980.** Three contracts were awarded for the rehabilitation of Wakenaam Stelling for sums totalling \$22.520M. The first contract was awarded in 2001 in the sum of \$10.680M. As at 31 December 2001, amounts totalling \$9.612M were paid to the contractor. The difference of \$1.068M was paid from the voted provisions of 2002. The second contract was awarded in the sum of \$9.101M in March 2002 through the process of selective tendering. There was an approved variation of \$1.686M giving a revised contract sum of \$10.787M. As at 31 December 2002, the full amount was paid to the contractor. The third contract was awarded in August 2002 in the sum \$1.053M through the process of selective tendering. As at 31 December 2002, the entire contract sum was paid to the contractor.
- 981.** The amount of \$7.092M was expended on the purchase of building materials for the rehabilitation of the Wakenaam, Parika, Leguan and Adventure Stelling. However, there was no evidence of adherence to the tender board procedures before purchases were effected. Notwithstanding, test checks revealed that items were received and properly brought to account.

Subhead 17001 - Minor Works

- 982.** An amount of \$5M was provided for the implementation of minor programmes and projects. Amounts totalling \$4.993M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Repairs to the Prime Minister's Office	2,291
Repairs to the Prime Minister' Residence	2,150
Completion of a Bee-keeping Project	200
Miscellaneous	352
TOTAL	4,993

- 983.** Forty-one(41) minor contracts valued at \$2.291M were awarded for the repairs to the Prime Minister's Office whilst nine(9) valued at \$2.150M were awarded for the repairs to the Prime Minister's Residence. As at 31 December 2002, the entire contract sums were paid to the contractors.

- 984.** In relation to the completion of the Bee-keeping Project, a contract was awarded in 2001 in the sum of \$1.063M. As at 31 December 2001, amounts totalling \$863,000 were paid to the contractor. The difference of \$200,000 was met from the voted provisions of 2002 bringing this contract to an end.

Subhead 24001 – Land Transport

- 985.** The sum of \$8.5M was allocated for the purchase of two(2) vehicles. Amounts totalling \$8.453.M were expended on the purchase of three(3) vehicles as listed below:-

DESCRIPTION	AMOUNT \$'000
TOYOTA Camry	5,011
Honda CRV Wagon Van	2,048
IRZ TOTOYA Mini Bus	1,394
TOTAL	8,453

- 986.** In relation to the acquisition of the Toyota Camry, a waiver of Tender Board procedure was sought and granted. The vehicle was purchased in the sum of \$5.011M. The vehicle was verified as having been received and is being utilised by the Prime Minister.
- 987.** A waiver of Tender Board procedures was also sought and granted for the purchase of a Honda CRV wagon van in the sum of \$2.048M. The vehicle was verified as being received and is utilised by the Permanent Secretary. In relation to the purchase of the Toyota RZ Mini-bus, approval was granted for its purchase to the lowest from four suppliers in the sum \$1.394M. The vehicle was verified as having been received and is being utilised by the Ministry. It should be noted that the purchase of this vehicle was not provided for in the National Estimates. However, an extension of programme was sought and granted by the Chief Planning Officer.
- 988.** Physical verification of the vehicles with the exception of the Toyota RZ Mini-bus revealed that the vehicles were not marked to readily identify them as being property of the government contrary to PSM Circular No. 1/2003 – PS:16/01 dated 20 February 2003.

Subhead 25001 - Office Equipment

- 989.** The sum of \$1.250M was allocated for the purchase of photocopiers and air condition unit. The full amount was expended on the purchase of a photocopier, one(1) air conditioning unit and computer accessories. These items were verified as having been received and properly brought to account.

Subhead 26001 - Navigational Aids

- 990.** An amount of \$20M was voted for the rehabilitation and repairs of buoys and beacons. The full amount was paid over to the Transport and Harbours Department. An examination of the T&HD records, revealed that the full amount was expended mainly on the purchase of materials and equipment and other accessories for the rehabilitation of buoys and beacons. It should be noted that a waiver of tender procedures was approved for overseas purchases. However, it was observed that most of the purchases were from local suppliers. Nevertheless, the items purchased were verified as having been received and properly brought to account.

Subhead 26003 – Electrification Programme

- 991.** The sum of \$100M was voted for (a) provision for feasibility study, (b) extension of distribution in underserved and unserved areas, (c) development of regulations and (d) provision for institutional strengthening. Amounts totalling \$36.748M were expended.
- 992.** The Project is funded by the Government of Guyana and the Inter-American Development Bank under Loan agreement No. 1083/SF-GY and is subject to separate financial reporting and audit. According to the audited accounts for 2002, amounts totalling \$45.45M were expended, giving a difference of \$8.702M. This difference was due to (a) disbursements totalling \$6.802M for 2001 and 2002 not yet brought to account and (b) Government of Guyana contribution totalling \$1.9M, which was provided by the Office of the Prime Minister and was not shown in the Appropriation Account of the Ministry of Public Works and Communication. The following is a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$ '000
Advisory fees	43,550
Operational expenses	1,900
TOTAL	45,450

- 993.** The sum of \$43.550M represented payment made to Power Planning Associates for professional advisory services provided. In addition, the amount of \$1.9M representing Operational expenses was expended on payments for office rental, utilities, hire of taxis etc. All the expenditure were supported with the relevant documentation.

Subhead 27001 - Reconditioning / Construction of Ships

994. The sum of \$65M was allocated for the docking and repairs to MB Bonasika and MB Baramanni and acquisition of spares. The full amount was paid over to the Transport and Harbours Department. However, an examination of the records of the T&HD revealed that expenditure totalling \$70M was incurred resulting in an excess expenditure of \$5M under this subhead. It was explained that the amount of \$5M was utilised from subhead 16003-Stellings. The following is a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Repairs to MB Baramanni	42,181
Repairs to MB Bonasika	27,819
TOTAL	70,000

995. Waiver of tendering procedures was sought and obtained for the repairs of MB Baramanni and MB Bonasika. The contract for the repairs to the MB Baramanni was awarded in April 2002 in the sum of \$42.181M. As at 31 December 2002, the full amounts were paid to the contractor.
996. Two(2) contracts valued at \$41.938M were awarded for the repairs to the MB Bonasika. The first contract was awarded in the sum of \$18.337M for the supply of materials whilst the second contract was awarded in the sum of \$23.601M for labour. During the period under review, amounts totalling \$27.819M were paid to the contractor on the two contracts.

Subhead 27003 - Reconditioning of Ferry Vessels

997. An amount of \$65M was allocated for the docking and repairs to vessels MV Malali and MV Makouria and the acquisition of spares, materials and machinery. 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 \$'000
Repairs to MV Malali	40,987
Repairs to MV Makouria	21,034
Purchase of spares	2,979
TOTAL	65,000

- 998.** Waiver of tendering procedures was sought and obtained for the rehabilitation of MV Malali, MV Makouria and the purchase of spares for the repairs to MV Torani.
- 999.** The contract for the repairs to MV Malali was awarded in the sum of \$40.987M in June 2002. At 31 December 2002, the entire contract sum was paid to the contractor. In relation to the contract for repairs to MV Makouria, it was awarded in the sum of \$38.685M in September 2002. As at 31 December 2002, the entire contract sum was paid to the contractor. However, only \$21.034M was paid from capital expenditure. The difference of \$17.651M was met from the revenue of the T&HD.
- 1000.** The spares were acquired from overseas suppliers at a total value of \$2.979M and were utilised for the rehabilitation of the MV Malali, Makouria and Torani. Based on test checks carried out, the items purchased were verified as having been received and properly brought to account.

Subhead 27005 - Ferry Services

- 1001.** An amount of \$20M was allocated for the provision of water supply and electricity at Moleson Creek Ferry Terminal. Amounts totalling \$19.757M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Const. of Pure Water Supply System at Moleson Creek	15,802
Electrical Works at Moleson Creek Complex	2,583
Others	1,372
TOTAL	19,757

- 1002.** The Central Tender Board awarded the contract for the construction of the Pure Water Supply System at Moleson Creek in the sum of \$17.110M in December 2001 to the second lowest bidder. Based on the evaluation carried out, the second lowest bidder was awarded the most points and was selected as the highest ranked bidder. The lowest bid was \$13.545M whilst the Engineer's Estimate was \$18.875M. As at 31 December 2002, amounts totalling \$15.802M were paid to the contractor.

- 1003.** In relation to the electrical works at the Moleson Creek Complex, the contract was awarded in the sum of \$5.951M by the Ministerial Tender Board to the higher bidder since the lower bidder did not comply with all the requirements of the tender documents. The higher bidder's price of \$6.05M was negotiated to \$5.951M. The lower bid was \$4.512M whilst the Engineer's Estimate was \$5.146M. As at 31 December 2002, the project was completed and the entire contract sum was paid to the contractor. However, only \$2.583M was paid from this subhead, the difference of \$3.368M was met from the revenue of the Canawaina Ferry Inc.
- 1004.** Included in the sum of \$1.372M are amounts totalling \$830,082 and \$542,519 representing payments made for consultancy services and miscellaneous payments respectively.

Division 521

Ministry of Public Works

Subhead 14001 - Essequibo Coast Road

- 1005.** The sum of \$20M was allocated for the (a) provision for retention payments, (b) legal fees for Technodomi and (c) cadastral survey. According to the Appropriation Account, amounts totalling \$4.561M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Security cost	2,213
Cadastral surveys	1,848
Rehabilitation of roads – Region 2	500
TOTAL	4,561

- 1006.** The sum of \$2.213M was utilised for securing equipment that the Government of Guyana took possession from Technodomi. The contract between the Government of Guyana and Technodomi was terminated and the matter is now engaging the attention of the court. It should be noted that the security cost and the amount paid to the Regional Democratic Council, Region No.2 was not included in the Capital Projects' Profile. However, approval was granted for the change in programme to accommodate these expenditures.

- 1007.** The amount of \$1.848M represents the payment of wages and salaries and cost for fuel and lubricants for the cadastral surveys of the Essequibo Coast Road. The amount of \$500,000 was paid over to the Regional Democratic Council, Region No. 2 to assist in the rehabilitation of sections of the Essequibo Coast Road leading up to bridges at Somerset and Berks, Maria's Delight, and Plantation Opposite. The expenditure was verified as having been properly incurred.
- 1008.** The rehabilitation of the Essequibo Coast Road was funded by the International Development Association and the Government of Guyana. However, the agreement was cancelled in May 1999 and the Government of Guyana assumed responsibility for the completion of the Project. Although the loan was cancelled, there were two Riggs bank accounts with balances totalling G\$4.307M. In my report for the year 2001, it was recommended that this amount be transferred to revenue. However, as at 31 December 2002 these accounts were not closed and the balances transferred to revenue.

Subhead 14002 - Georgetown/Soesdyke/Rosignol Road

- 1009.** The sum of \$73M was voted for (a) the payment of retention fees, (b) final payment and (c) legal fees. According to the Appropriation Account, amounts totalling \$68.224M were expended.
- 1010.** The Project, which was financed by the Government of Guyana and the Inter American Development Bank under the Loan Agreement No. 890/SF-GY, came to an end in September 2002. The last set of audited accounts was in respect of the period 1 January to 30 September 2002. According to the audited accounts for this period, amounts totalling \$73.276M were expended giving a difference of \$5.052M. This difference was due to (a) foreign disbursements totalling \$9.987M made in 2002 not yet brought to account and (b) counterpart expenditure in the sum of \$4.935M not reflected in the financial statements. The following is a breakdown of the audited expenditure:-

DESCRIPTION	AMOUNT \$'000
Rehabilitation of the Georgetown to Mahaica roadway	63,289
Salaries to the Technical Adviser	6,159
Administrative costs	3,828
TOTAL	73,276

- 1011.** 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. The amount of \$63.289M shown above represented expenditure for final certified works and retention paid to the contractor. The construction works were completed and physically verified.

1012. The amount of \$6.159M was expended on the payment of salaries to the Technical Advisor. This officer was appointed on the 3 May 2001 to carry out Technical Advisory services to the Minister of Transport &Hydraulics. The duration of the contract was from the 3 May 2001 to the 2 February 2002.The amount of \$3.828M was expended on the payment for salaries and other administrative costs of the Project Executing Unit.

Subhead 14003 - Soesdyke/Linden Highway

1013. The sum of \$28.815M was voted for the payment of retention fees. According to the Appropriation Account, amounts totalling \$25.833M were expended.

1014. The Project was 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 \$16.682M. The difference of \$9.151M was due to (a) disbursements totalling \$2.428M made in 2001 now brought to account and (b) excess specific funds totalling \$6.723M by the Ministry of Finance.

1015. 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. There was a further extension of the completion date to 27 June 2001. As at 31 December 2001, amounts totalling \$1.330 billion were paid to the contractor. During the period under review, an amount of \$16.682M representing the final retention was paid to the contractor. The works were completed and physically verified.

Subhead 14010 - Administration & Supervision

1016. The sum of \$9M was allocated for the provision of operational expense. The entire amount was expended on the payment of wages and salaries, other administrative and supervision costs for other road projects undertaken by the Work Services Group(WSG). The expenditure was verified as having been properly incurred.

Division 548

Ministry of Public Works

Subhead 12001 - Bridges

1017. The sum of \$479.051M was voted for (a) the construction and rehabilitation of bridges along the Timehri/Georgetown/Rosignol highway (b) road safety programme, (c) the Berbice River Crossing and (d) technical cooperation. According to the Appropriation Account, amounts totalling \$408.902M were expended.

1018. 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 2002, revealed an expenditure of \$930.770M giving a difference of \$521.868M. This difference was due to (a) foreign disbursements totalling \$67.697M made in 2001 now brought to account (b) foreign disbursements totalling \$520.516M made in 2002 not yet brought to account and (c) amounts totalling \$69.049M expended under Division 518 prior to April 2002.

1019. The following is a breakdown of the audited expenditure:-

DESCRIPTION	AMOUNT \$'000
Construction of bridges and structures	654,006
Engineering Studies and Assessments	103,546
Supervision of Construction Work	75,859
Emoluments to road safety consultant	47,066
Compensation	25,485
Construction of Amerindian Hostel	9,662
Administrative Cost	8,935
Pilot Project	6,111
Others	100
TOTAL	930,770

1020. The contract for the construction of twenty-five(25) bridges and thirty-four(34) culverts was awarded to an international contracting firm from Germany by the Central Tender Board and approved by Cabinet on the 17 July 2002 in the sum of US\$22,738,153 equivalent G\$4.371B.

1021. The amount of G\$654.006M shown above represented an advance payment made in December 2002. Included in the advance payment made to the contractor, was an overpayment of US\$154,498 equivalent to G\$29.633M. The overpayment was due to the advance payment being computed as 15% of the Contract Sum of US\$22,738,153 instead of the Contract Price of US\$21,708,153. It was explained that the advance payment was made on the basis of the Letter of Award. It was recommended that the overpayment of G\$29.633M be recovered in full from the first valuation certificate, in addition to one-third of the advanced payment as per the terms of the contract. The following is a breakdown of the construction works to be undertaken.

DESCRIPTION	AMOUNT	
	BRIDGES	CULVERTS
Timehri to Georgetown	8	11
Georgetown to Mahaica	14	16
Mahaica to Rosignol	3	7
TOTAL	25	34

1022. The amount \$103.546M represented payments made for the following:-

DESCRIPTION	AMOUNT \$'000
Consultancy Services	88,098
Redesign of Mahaica & Mahaicony Bridges	10,891
Retention Fees	4,557
TOTAL	103,546

- (a) In March 2002, a contract was awarded in the sum of US\$770,000 equivalent to G\$146.831M to the lowest bidder for consultancy services for the replacing, rebuilding or rehabilitating of existing bridges, drainage facilities and their approach roads on the Timehri /Georgetown/Rosignol roads. The duration of this contract was for nine(9) months. However, at the end of the nine(9) months, the works were not completed. An extension was granted for an additional six(6) weeks as a result of five(5) structures having to be redesigned upon the request of the Project. As at 31 December 2002, amounts totalling US\$462,000 equivalent to G\$88.098M were paid on this contract with eighty-five percent(85%) of the work being completed;
- (b) In September 2001, a contract was awarded in the sum of US\$115,960 equivalent to G\$22.094M for the modification of the design to Mahaica and Mahaicony River bridges. The redesign of the Mahaica and Mahaicony River bridges was included in the first contract that was awarded in 2000. 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;

- (c) 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 US\$58,800 equivalent to G\$11.203M. During the period under review, further sums totalling US\$57,160 equivalent to \$10.889M were paid to the consultant after submission of the final approach road drawings; construction costs estimates and bidding documents;
 - (d) Amounts totalling US\$24,303 equivalent to G\$4.557M were expended on the payment of retention fees for two(2) contracts. The first contract was awarded in May 2001 in the sum of US\$97,475 equivalent to G\$18.572M to conduct 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 US\$87,725 equivalent to G\$16.714M were paid to the consultant who had fulfilled his obligations under this contract. During the year under review, the remaining amount of US\$9,723 equivalent to G\$1.849M was paid on this contract; and
 - (e) The second contract was awarded in July 2001 in the sum of US\$145,795 equivalent to G\$27.778M to carry out assessment, designs and the production of quantities for the drainage structure along the Mahaica/Rosignol Road. As at 31 December 2001, amounts totalling US\$131,215 equivalent to G\$25M were paid to the consultant who had fulfilled his obligations under this contract. During the year under review, the balance of US\$14,580 equivalent to G\$2.778M was paid to the consultant.
- 1023.** The amount of G\$75,859M represented an advance payment on a contract awarded in March 2002 in the sum of US\$1.990M equivalent to G\$379.294M to the first ranked of five(5) bidders for the provision of consultancy services for the supervision of construction of the bridges and culverts. However, at 31 December 2002, the construction works had not yet commenced. The advanced payment made was in accordance with the terms of the contract.
- 1024.** The amount of G\$47.066M was paid to the Road Safety Consultant for the development and execution of the road safety programme. The contract was awarded in June 2001 in the sum of US\$330,600 for the duration period of one(1) year. As at 31 December 2001, amounts totalling US\$176,033 equivalent to G\$33.050M were paid on this contract. This contract was extended for another year with the approval of the IDB and Cabinet. Therefore, the contract sum was increased to US\$598,700. During the year under review, amounts totalling G\$47.067M were paid to the consultant. At the 31 December 2002, the accumulated payments on this contract amounted to US\$422,837 equivalent to G\$80.177M. It was explained that Consultant had to collect data rather than using data that should have been made available to him by the Guyana Police Force.

- 1025.** The amount of G\$25.485M shown as compensation represented the cost to relocate fourteen(14) persons whose properties were acquired by the Government of Guyana. These properties were located on the right of way of the new Mahaica and Mahaicony bridge bypass. Cabinet approved the compensation package and the money was paid over to the State Solicitor's Office.
- 1026.** A contract for the construction of the Amerindian Hostel was awarded in the sum of G\$9.916M to the lowest bidder by the Central Tender Board and approved by Cabinet. Cabinet further approved a variation of \$6M for the back filling and foundation works giving a revised contract sum of G\$15.916M. At 31 December 2002, amounts totalling \$9.421M were paid to the contractor. At the time of reporting, the construction work was estimated at 75% completion.
- 1027.** The difference of G\$241,000 represented surveying expenses relating to the construction of the Amerindian Hostel. This expenditure was verified as having been properly incurred.
- 1028.** The sum of \$8.935M represented Administrative Cost of running the Project, which included the payment of salaries, purchase of office equipment and supplies and training. The amount expended was verified and the equipment physically verified.
- 1029.** Included in the amount of G\$6.111M, was a contract that was awarded in September 2001 in the sum of G\$98,000 for the development and execution of a maintenance pilot project of 100km of public roads from the Demerara Harbour Bridge(DHB) to Linden. As at 31 December 2001, sums totalling US\$60,260 equivalent to G\$11.449M were paid to the consultant. During the year under review, further sums totalling US\$28,355 equivalent to G\$5.388M were paid on this contract. The works were completed, however, the final report is yet to be submitted.
- 1030.** In addition, a contract was awarded in the sum of G\$695,000 to the lowest bidder for the surveying of intersections in Georgetown. There was an approved variation of G\$27,500 giving a revised contract sum of G\$722,500. As at 31 December 2002, the entire contract sum was paid to the contractor. The works were completed and the reports were submitted.
- 1031.** The amount of G\$100,000 represented the cost of meals and accommodation for officers who carried out a twenty-four(24) hours traffic count. This expenditure was verified as having been properly incurred.

Subhead 12002 – Road Rehabilitation / Studies

- 1032.** The sum of \$140M was allocated for (a) the rehabilitation of the Mahaica Rosignol road, (b) road maintenance, (c) feasibility study for southern carriage way, Georgetown/Timehri, (d) design of East Berbice/Corentyne highway and (e) institutional strengthening.

- 1033.** This programme is funded by the GOG and the IDB under a new Loan Agreement No. 1094/SF-GY and is subject to separate financial reporting and audit. The first set of audited accounts was in respect of the year 2002.
- 1034.** According to the Appropriation Account, amounts totalling \$16.446M were expended. However, this amount was transferred to the Road Maintenance bank account No. 3078 for the rehabilitation of roads. It was explained by the Finance Controller that the amount was used to fund the road maintenance bank account and out of which expenditures were met to repair roads. As at December 2002, the bank account reflected a balance of \$3.111M. It is recommended that action be taken to close this account and transfer the balance to the Consolidated Fund. Any expenditures to be met should be provided for under the appropriate sub-head.

Subhead 12003 – Road Rehabilitation / Construction

- 1035.** The sum of \$105M was voted for (a) feasibility studies, (b) design of farm to access road - St. Lawrence/Parika, West Demerara road and four lane highway – East Bank Demerara, (c) construction and rehabilitation of roads and (d) institutional strengthening. Amounts totalling \$81.604M were expended.
- 1036.** This programme is funded by the Caribbean Development Bank(CDB) and the Government of Guyana(GOG) under Loan Agreement No. 14/SFR-GUY. An examination of the records revealed that the amount was used to pay a consultancy firm for the preparation of a feasibility study and the subsequent final designs and tender documents for the rehabilitation of the West Coast Demerara road and upgrading of the East Bank Demerara road from the Demerara Harbour Bridge to Ruimveldt.
- 1037.** The contract was awarded to the first ranked bidder in the sum of US\$805,378 equivalent to G\$153.020M on the 26 February 2002. During the period under review, the consultancy firm received US\$429,494 equivalent to G\$81.604M. Included in the above figure was an advance payment of US\$161,076 equivalent to G\$30.604M representing 20% of the contract sum. At the time of reporting, the final designs and the preparation of the tender documents were submitted to the Bank.

Subhead 12010 – Administration and Management

- 1038.** The sum of \$166.7M was allocated for the provision of resources for the administration and management of the following projects:- (a) the rehabilitation/studies for Mahaica/Rosignol road, design of Corentyne highway and feasibility study for southern carriage way, (b) design of four lane highway – East Bank Demerara, farm to market road, Parika – St. Lawrence and West Demerara road and (c) rehabilitation of bridges along Timehri/Georgetown/Rosignol highway. Amounts totalling \$122.4M were expended.

1039. This programme is funded by the GOG and the IDB under Loan Agreement No. 1094/SF-GY and is subject to separate financial reporting and audit. The first set of audited accounts was in respect of the year 2002. An examination of the audited accounts revealed an expenditure of \$122.4M. The following is a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Employment costs	97,021
Office equipment and furniture	4,298
Office supplies and expenses	3,691
Reimbursement of expenses to a/c No. 975	3,533
Vehicle spares and services	3,462
Fuel and lubricants	2,861
Security services	2,407
Maintenance of generator and equipment	1,949
Maintenance of buildings	1,523
Miscellaneous	1,655
TOTAL	122,400

1040. Included in the amount of \$97.021M were sums totalling \$74.040M which represented the payment of salaries to fifty-eight(58) employees of the Works Services Group(WSG). The organisational structure along with the salary scales were approved by a Cabinet Decision on 13 February 2001. The difference of \$22.981M related to the payment of gratuity, leave passage and travelling allowances. The expenditure was verified as having been properly incurred.

1041. Amounts totalling \$4.298M were expended on thirty-nine(39) purchases of office equipment and furniture including computers and related accessories, air condition units, office desks and chairs and filing cabinets. These purchases were made in accordance with the requirements of the tender board procedures. The items were verified as having been received and properly brought to account. However, the assets were not permanently marked to identify them as the property of the Ministry. Assurance was given that the assets would be properly marked.

1042. The sum of \$3.691M was expended on the purchase of office materials and supplies and photocopying services. The items purchased were verified as having been received and properly brought to account and the payments verified with the related vouchers and other supporting documents.

- 1043.** Included in the figure of \$3.533M reimbursed to bank account No. 975 was an amount of \$2.5M being a payment made to the Maritime Administrative Department to assist in the rehabilitation of the main support structure of the WSG building. The difference of \$1.033M related to the payment of wages and salaries and other day-to-day expenses. Amounts totalling \$3.462M were expended on the purchase of spares and the servicing of thirteen(13) vehicles. The amounts were verified with the related payment vouchers and other supporting documents and was properly incurred.
- 1044.** The sum of \$2.861M was utilised in the purchase of fuel and lubricants for the vehicles used by the Project. However, logbooks were only maintained properly with effect from July 2002. As a result, it could not be determined whether there was effective control over the utilisation of the Project's vehicles. It was explained that the Project only acquired the services of an Administrative Officer in July 2002, and it was then action was taken to enforce the maintenance of log books.
- 1045.** Amounts totalling \$2.407M relate to the payment for security services to a security firm. However, a contract was not entered into for the period under review. It was explained that the security firm was employed by the former PEU for a number of years and that the Unit was satisfied with its service. It is recommended that a contract be executed for the security services.
- 1046.** The sum of \$1.949M was expended on the maintenance of generator and office equipment including computers and photocopiers. The expenditure was verified as having been properly incurred.
- 1047.** Amounts totalling \$1.523M were utilised on the maintenance of the WSG buildings. Included in the above figure are three(3) contracts totalling \$891,055 for the construction of a shed, repairs and carpeting of the ground floor of the Oranapai Towers building. These works were physically verified and the payment vouchers and supporting documents were seen attesting to the expenditure.
- 1048.** Included in the sum of \$1.655M is an amount of \$300,000 paid as compensation to an accident victim on behalf of one of the WSG's drivers in July 2002. The driver entered into an agreement with the Unit to repay the money and as at 31 December 2002, he had repaid \$79,434 leaving an outstanding balance of \$220,566. The Minister of Public Works & Communication had approved the expenditure.

HEAD 41 & DIVISIONS 542, 543, 544 & 547

MINISTRY OF EDUCATION

Current Expenditure

Employment Costs

- 1049.** 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.
- 1050.** A test check of a percentage of the payroll refunds revealed that the late notification of pay changes had resulted in 477 instances where net salaries totalling \$15.855M 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 all pertinent information, such as, the names of the officers concerned. Thus, the process of computing the overpayments 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 relates 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.
- 1051.** In a related matter, the late notification of pay changes resulted in amounts totalling \$1.541M being overpaid to twenty-two(22) officers, who had their services terminated during the year 2002. 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. The Ministry is yet to recover \$2.747M overpaid in the year 2001.

- 1052.** Of the total sum overpaid in 2002, the Ministry was able to recover \$0.906M leaving an outstanding balance of \$0.635M. It was noted that of the amounts overpaid, there were two(2) instances where officers had withdrawn from their accounts amounts totalling \$96,515, while in one(1) case the bank had requested the payees' authorisations to effect repayments of amounts totalling \$142,074. Also, in every case where refunds were made the Ministry had to absorb the bank charges, which were deducted from over paid amounts.
- 1053.** As a result of late notifications, the Ministry failed to make deductions in respect of twenty-nine(29) officers, who proceeded on maternity leave during the period. This resulted in salaries totalling \$2.020M being overpaid to the persons concerned. Late notifications of maternity confinement were on average three(3) months later than required. This situation has also resulted in an undetermined amount of NIS contributions being erroneously deducted from the salaries of the officers concerned, while the voted provisions were overstated with employer's contribution overpaid to the Scheme.
- 1054.** 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 of confinement, 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 exempted from NIS deductions.
- 1055.** 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.
- 1056.** 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 and to facilitate rechecks into 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.

- 1057.** Further, it was noted that an option was exercised 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 an average of 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. Although 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 and this resulted in an overstatement of the Appropriation Account.
- 1058.** 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 the 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.
- 1059.** 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 eighty-three(83) officers receiving travelling allowances, the files of fourteen(14) 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.

- 1060.** 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 seven(7) 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 a similar number of instances.
- 1061.** Included in the Employment Costs were amounts totalling \$0.133M 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 \$6.572M under similar circumstances from the following subheads:-

DESCRIPTION	AMOUNT \$'000
Education, Subvention & Training	6,242
Other Operating Expenses	330
TOTAL	6,572

- 1062.** 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 reflected balances throughout the period, culminating with a balance of \$108,243 as at 31 December 2002. This failure to record a 'nil' balance meant that an important control mechanism was lost.
- 1063.** The account was also overdrawn on 225 occasions during the period and the related bank reconciliation was only completed to August 2001. The Accounting Officer is therefore urged to take corrective action, while ensuring compliance with the laid-down procedures.
- 1064.** 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.

- 1065.** A comparison of the authorised staff as shown in the 2002 Estimates of Expenditure with the actual staff employed by the Ministry in December 2002, revealed that the authorised staff was exceeded by 3,714, as shown below:-

DESCRIPTION	AUTHORISED	ACTUAL	EXCESS
Administration	53	273	220
Senior Technical	95	1,422	1,327
Other Technical & Craft Skilled	138	802	664
Clerical & Office Support	320	325	5
Semi-skilled Operatives	243	516	273
Contracted Employees	0	32	32
Temporary Employees	0	1,193	1,193
TOTAL	849	4,563	3,714

- 1066.** The Accounting Officer explained that this state of affairs was due to the omission from the National Estimates of 3,369 teachers, under the following categories:-

SUB-HEAD	DESCRIPTION	ACTUAL
101	Administration	272
102	Senior Technical	1,422
103	Other Technical & Craft Skilled	802
104	Clerical & Office Support	325
105	Semi-skilled Operatives	516
106	Contracted Employees	32
	TOTAL	3,369

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.

- 1067.** According to the National Insurance Scheme Act, all deductions are required to be paid over to the Scheme no 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 twelve(12) occasions payments were made on average two(2) weeks later than required. As a result, as at 31 December 2002, the Ministry was indebted to the Scheme in the sum of \$18.647M as penalties and related

interest for late payment of deductions. Of this amount, \$564,170 was in respect of 2002. As at 31 May 2003, the liability had increased to \$18.690M.

- 1068.** Evidence was seen where an agreement was reached with the National Insurance Scheme to apportion the outstanding indebtedness between the Ministry and the Teaching Service Commission in respective percentages of 55 and 45. However, it was discerned that the agreement did not have the consensus of the Teaching Service Commission.

Other Charges

- 1069.** Up to the time of reporting, three(3) payment vouchers valued at \$1.636M were not presented for audit examination, despite repeated requests. These payments related mainly to expenditure under Other Charges. While the considerable improvement in the accounting for vouchers was noted, a proper examination of the expenditure related to those missing could not have been carried out in order to determine whether value was received for the monies spent. It is recommended that efforts be made to locate these vouchers and supporting documents and present them for audit examination. In relation to the year 2001, 90 payment vouchers totalling \$19.234M were not presented for audit. However, 60 of these vouchers valued at \$4.320M were subsequently submitted for examination.
- 1070.** The Ministry did not maintain a record of the cheque orders in the format required by circularised instructions. Hence, in order to validate the current position with these financial instruments, an examination of several records kept by the Ministry had to be carried out. The failure to maintain the record in the manner stipulated needs to be admonished. It was also noted that the cheque order system was utilised for purposes other than for the payment of wages, salaries and travelling expenses, without the required approval of the Accountant General.
- 1071.** 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 registers maintained revealed that cheque orders were being cleared on average two and one-half(2½) months later. In addition, at the time of reporting, ninety-four(94) cheque orders valued at \$9.232M were still to be cleared. A similar observation was made in my 2001 report where it was stated that thirty-eight(38) cheque orders valued at \$2.266M 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.
- 1072.** The old main bank account No. 926, which ceased to be operational in May 1996, was overdrawn by \$78.115M as at 31 December 2002. It is again recommended that the overdraft be investigated, before steps are taken to close the account. The Accounting Officer, however, explained that the Secretary to the Treasury was written for advice on the course of action to be taken.

- 1073.** The present main bank account No. 3061 reflected a large positive balance of \$239.091M as at 31 December 2002. At the time of the audit in August 2003, the Ministry had fully reconciled the account to January 2000, in addition to partial reconciliation to October 2002. The following unsatisfactory features were observed during an examination of the January 2000 reconciliation statement:-
- (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. However, while it was noted that these cheques were written back into the books in April 2003, action was not taken to pay the amounts over to revenue; and
 - (c) The cash book was not balanced since July 1999, resulting in a failure to accurately determine the balances on the bank account for the months reconciled. Notwithstanding this, as at 31 January 2000 the reconciliation statements reflected a computed bank balance of \$132.730M, while the cash book reported a balance of \$157.577M.
- 1074.** 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.
- 1075.** The cash book for the main bank account No. 3061 was kept open until 17 January 2003 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, 568 cheques valued at \$726.101M were drawn to that date.
- 1076.** In relation to the paying over of the unspent balance on the main account 3061 as at 31 December 2002, the Ministry repaid to the Consolidated Fund \$31.144M in respect of two of its capital expenditure heads, namely, the Primary Education Improvement Programme and the Secondary Schools Reform Project. However, according to the Appropriation Accounts for the five(5) current programmes and the other two(2) capital heads of expenditure a net amount of \$164.035M was due to the Consolidated Fund. This amount was not repaid to the Fund.
- 1077.** The laid down procedures require advances to be granted from an imprest bank account. Because of the Ministry's failure to properly account for the previous imprest granted to it by the Ministry of Finance in the early 1990's, another was not allocated for the current period. It was noted that discussions were initiated with the Accountant General with a view to resolving outstanding issues and to set the basis for a new allocation. However, at the time of reporting this matter was still to be finalised. As a result, advances continued

to be granted from the main bank account, without authority and in contravention of the financial regulations.

- 1078.** An examination of the related records revealed that 61 advances granted in 2002 and valued at \$8.931M remained outstanding at the time of reporting. Further examination revealed that for the years 1997 to 2001, there were also 448 advances totalling \$45.569M, 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.
- 1079.** 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 to 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.
- 1080.** 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 un-cleared, the Appropriation Accounts were overstated by the respective amounts.
- 1081.** During the period reviewed, the Ministry operated a BCM account No. 487-965-6 at the National Bank of Industry and Commerce(NBIC). It was noted that the Secretary to the Treasury had in February 2001 authorised the use of the BCM account “to facilitate letters of credit for the procurement of Goods and Services” from foreign agencies. In this regard, the Ministry had operated similar BCM Accounts, namely, account numbers 483-052-7, 483-108-7 and 483-107-9, at the said commercial bank. These bank accounts were closed by an order of the Secretary to the Treasury in July 2000, as a result of the Auditor General’s findings on the accounts for that year. The details of the reasons given that resulted in the Secretary to the Treasury overruling himself was not produced for examination, but it was clear that this process lacked the consultation and consensus that formed the basis of the original decision.
- 1082.** It should also be noted that a thorough examination of the operations of the BCM account could not be carried out on the accounts, since a cash book and other supporting documentation were not presented to support receipts and payments to the account. Additionally, the quantum of interest earned during the period was not determined, but it was clear from an examination of the Ministry’s accounts that such interest was not paid over to the Consolidated Fund as required.
- 1083.** In relation to the operation of the old BCM accounts in the year 2000, a similar situation had occurred. This was compounded by the issuance of advances to staff from the account and a lack of supervisory checks. The deficient records resulted in a failure to determine whether all advances issued were cleared and/or properly accounted for prior to the closing of the accounts.

- 1084.** In relation to the awards of contracts, the minutes of the Tender Board were deficient in its reporting. 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 the awarding of contracts or rejection of bids. It was, however, noted that corrective action was taken in 2003.
- 1085.** Amounts totalling \$222.385M were expended on Materials, Equipment & Supplies. The following is a breakdown of the purchases made:-

DESCRIPTION	AMOUNT \$'000
Purchase of exercise books	95,630
Stationery	38,531
Grants to schools	20,573
Office equipment & Materials	17,082
Purchase of text books	11,378
Project Materials for Schools	10,773
Building Tools & Materials	7,453
Pupils register and record cards	6,174
Purchase of newspapers & advertisement	5,216
Teacher's registers and journals	2,550
Medical supplies	1,606
Printing & Binding	1,547
Repairs to furniture	1,117
Protective Garments	796
Miscellaneous expenditure	1,959
TOTAL	222,385

1086. An analysis of the above expenditure by authority limits is shown below:-

AUTHORITY LIMITS	NO. OF PURCHASES	AMOUNT \$'000
Below \$90,000	2,493	87,608
\$90,000 - \$180,000	119	15,366
\$180,000 - \$600,000	49	18,606
\$600,000 - \$6M	7	11,975
Over \$6M	5	88,830
TOTAL	2,673	222,385

1087. The amount of \$95.630M shown as expended on the purchase of exercise books was as a result of the following:-

- (a) In the year 2002, the Ministry entered into a contract with a local firm for the supply of 2.5M exercise books at a total cost of \$70.075M. The award of this contract did not have the recommendation of the Central Tender Board or the approval of Cabinet. It was, however, noted that the firm involved was an autonomous Government agency. The goods were fully supplied and amount paid over to the contractor.
- (b) Another contract was also entered into with the approval of the Ministry Tender Board. The award of this contract, for the supply of 21,818 exercise books at a cost of \$0.600M, was not based on a system of competitive bidding, but rather individual selection. It was explained that there was an urgent need for the books and the venture was to determine whether dealing with the firm could be economical. While it was noted that the books were delivered three(3) months after being ordered, an examination of the stock of exercise books at 31 December 2002 revealed a balance of 119,339 books.
- (c) The balance of \$24.955M was advanced to the original firm to satisfy stock requirements for the year 2003.

1088. In November 2001, the Central Tender Board approved a contract for the delivery of stationery valued at \$10.305M to the fourth lowest of five(5) bids. The lower bids were disqualified for failing to submit all required tender documents. However, in February 2002 based on that approval the Ministry entered into an agreement for the supply of the stationery. An examination of the related payment vouchers revealed that payments totalling \$16.290M were made to the supplier, exceeding the value of the approved contract ceiling by \$5.985M. Notwithstanding this, it was also observed that there were purchases totalling \$1.905M in relation to items not within the scope of the contract and which did not have the approval of the Tender Board. All purchases of stationery were, nevertheless, subjected to stores accounting procedures and accounted for in the books.

- 1089.** Amounts totalling \$20.573M 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 \$10.773M in relation to materials for school projects, such as, cookery, sewing and hairdressing also represents an incorrect allocation of expenditure to the subhead.
- 1090.** Included in amount of \$17.082M expended on office equipment and materials were amounts totalling \$6.070M, which were expended on the purchase of office equipment, such as, computers, 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 26004. However, only \$3.2M was allocated under this subhead, \$3.198M of which was expended during the period. It is evident that the charging of the amount of \$6.070M to current expenditure was done to avoid overrunning the voted provision under Subhead 26004.
- 1091.** In relation to the purchase of textbooks, an amount of \$6.785M was expended on the purchases from two overseas suppliers, while \$4.593M was expended for local purchases. It was noted that the funds were deposited into BCM Account No 487-965-6, which was created to facilitate the issuing of letter of credit. The textbooks were, nevertheless, verified as having been received by the Ministry and accounted for in the books.
- 1092.** During the year the Ministry expended \$6.174M for the acquisition of "pupils registers and record cards" while expending amounts totalling \$2.550M on "teachers' registers and journals". A scrutiny of the relevant stock records revealed that, up to the time of reporting in July 2003, there were outstanding balances valued at \$1.036M and \$0.658M in relation to the respective amounts, which were yet to be delivered to the Ministry.
- 1093.** Notwithstanding the fact that the expenditure \$1.547M shown as printing and binding was incorrectly charged to "Materials, Equipment & Supplies" instead of the "Other Services Purchased" subhead, it was noted that an amount of \$0.493M spent on the binding of monthly payroll based on an agreement between the Ministry and one of its employees, namely, an expediter. 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. Also, on the matter of misallocation of expenditure, the sum of \$1.117M expended for repairs to furniture was also incorrectly charged to the subhead.

1094. Since my 2001 report, the following matters remained unsettled:-

- (a) It was stated that materials, equipment and supplies valued at \$3.135M, in respect of payments to four(4) suppliers were still outstanding. Also that 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.
- (b) 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. To the time of writing this matter was still to be favourably concluded.
- (c) In the year 2000, 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.

1095. Amounts totalling \$9.353M were expended on Fuel & Lubricants. However, of the forty(40) vehicles in use by the Ministry, log books for fourteen(14) vehicles were not presented for audit. Of the log books presented, only five(5) sets represented the entire period under review, while the other twelve(12) 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. The Accounting Officer explained that log books were kept at various locations. He was advised to have all log books stored at a central location at the end of the year to facilitate audit examination.

1096. 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. Further, the Ministry was in breach of the financial regulations and/or circularised instructions, which do not provide for purchases to be made on credit.

- 1097.** 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 2002, GUYOIL owed the Ministry fuel balances valued at \$9.250M. This situation resulted in the Appropriation Account being overstated by the amount.
- 1098.** Amounts totalling \$137.424M were expended on the Rental & Maintenance of Buildings, as follows:-

DESCRIPTION	AMOUNT \$'000
Rental of buildings	14,744
Maintenance of buildings	107,624
Janitorial & cleaning services	15,056
TOTAL	137,424

- 1099.** A total of thirty-nine(39) buildings were rented for the period under review. A comparison of the amount of \$14.744M, shown on the Appropriation Account, with the total expenditure of \$12.117M, recorded in the rental register, revealed a difference of \$2.627M. 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, and rental for offices in the Administrative Regions were never included in the rental register. Action was, however, taken to have this aspect recorded in the records.
- 1100.** The expenditure of \$107.624M in relation to Maintenance of Buildings was in respect of six hundred and ninety-three(693) contracts for works on one hundred and twenty-five(125) buildings during the period reviewed. Physical verification exercises were carried out in respect of fifty-five(55) of these buildings, and most of the works undertaken conformed generally to the respective bills of quantities. Nonetheless, the following discrepancies were observed:-

- (a) The following overpayments were noted during physical verification exercises:-

DESCRIPTION	CONTRACT SUM \$'000	AMOUNT OVERPAID \$	AREA
Kingston Nursery School	1,250	142,000	Tile works
St. George's Nursery	3,919	114,300	Tiling & painting
Special Projects Unit	1,424	51,000	Concrete works
Central High School	1,064	104,625	1"x6" Floorboards
UNESCO Building	2,724	49,000	Panel doors & locks
Houston Community High	2,379	198,425	Concrete works, etc.
Redeemer Primary	513	146,450	Steel works
Kingston CHS	437	58,850	Casement Windows

- (b) A contract valued at \$138,600 was issued for the servicing of the entire roof of the F. E. Pollard Primary School, among other things. However, at the time of the inspection, the reported leaks, which had given rise to contracted works valued at \$123,600, had not been remedied. Discussions with the Head Mistress revealed that there was no necessity to service the entire roof, since the Primary Education Improvement Programme (PEIP) had recently rehabilitated the school. Instead the leaks above and around the library area should have been undertaken.
- (c) The Ministry conducted temporary works at the under-mentioned schools to facilitate the "National Inter-School Athletic Championships". These works entailed the building of temporary bathroom facilities, complete with water pumps and the installation of security and other lighting systems. At the end of the Championships the bathroom facilities, water pumps and plumbing fittings were dismantled. However, according to officials of the Ministry of Education's Buildings Division, the contractors retained the water pumps and other related materials.

DESCRIPTION	CONTRACT SUM \$	MATERIALS REMOVED \$
St. Joseph's High School	446,960	143,970
North Georgetown Secondary School	444,870	444,870
Kingston Community High School	441,990	441,990
St. John's College	430,000	228,400
St. John's College	166,700	32,500
TOTAL	1,930,520	1,291,730

- (d) Included in the contracted works at the St. John's College, which cost \$430,000, was an amount of \$66,000 for the grilling of drains. At the time of the physical verification exercise, it was observed that in every case the fabrication of the grills was unsatisfactory, resulting in all the related components becoming detached;
- (e) The electrical repairs to the North Georgetown Primary were awarded to a local contractor in the sum of \$422,735. The documentary evidence in support of the payments indicated that based on the satisfactory completion of the job the contractor had been paid the full contract sum. However, a physical verification of the works revealed discrepancies totalling \$288,265 in relation to quantities shown in the schedule of works;
- (f) The electrical works valued at \$233,460, which based on records were carried out at the St. Mary's High School, could not be verified since at the time of the inspection the school was completely vandalized. It should be noted that this school is provided with out of session security for a period of 16 hours daily, which cost approximately \$1.109M during 2002. Works valued at \$265,240 in respect of the Winfer Gardens Primary School were also not verified, because these were dismantled prior to the physical verification exercise; and
- (g) During the period reviewed, two(2) contracts were issued to separate contractors for the fabrication grilling of all fourteen(14) toilet tanks at the St. Angela's Primary School. The first contract, in July 2002, targeted twelve(12) tanks at a cost of \$54,000. In September 2002 another contractor was paid \$70,000 to undertake similar works in respect of all 14 tanks. This was seen as an inflation of the bills of quantities, which resulted in overpayments totalling \$60,000;

Action should be taken to recover the above overpayments.

- 1101.** In November 2001, the Central Tender Board approved the award of a contract for the supply of janitorial and cleaning supplies valued at \$8.848M and this resulted in an agreement being signed in February 2002 between a local firm and the Ministry. An examination of the payment vouchers revealed that although the agreement was in place advances were issued to facilitate purchases from other suppliers. Nevertheless, the purchases were received and subjected to stores accounting procedures.

1102. Amounts totalling \$38.655M were expended on Maintenance of Infrastructure, as follows:-

DESCRIPTION	AMOUNT \$'000
Weeding & cleaning of schools & Ministry's compounds	26,624
Rehabilitation works (Carpentry, plumbing & painting)	4,409
Landscaping and land filling	6,786
Miscellaneous purchases	836
TOTAL	38,655

1103. The above works were undertaken by 897 contracts valued at \$37.819M. 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. In relation to the purchases, the related items were received and accounted for in the books.

1104. Amounts totalling \$52.135M were expended on Transport, Travel & Postage, as follows:-

DESCRIPTION	AMOUNT \$'000
Travelling & subsistence	22,587
Hire of vehicles	13,917
Purchase of vehicle spares	5,797
Repairs to vehicle	8,185
Postage	1,493
Overseas travel	156
TOTAL	52,135

1105. In relation to the expenditure of \$22.587M for travelling and subsistence and the amount of \$13.917M expended on the hire of vehicles for the distribution of text and exercise books to the various schools countrywide, test-checks revealed that generally there was adequate documentation for the related expenditure. However, in relation to the amount of \$5.797M expended on the acquisition of vehicle spares, the vehicle numbers were not stated on 52% of the related payment vouchers, resulting in a failure to determine whether the spares purchased in these cases were used exclusively on the Ministry's vehicles.

- 1106.** 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	993,145	PDD 7927	455,845
GDD 5572	695,300	GDD 1909	360,875
GEE 3829	580,760	PDD 7932	337,960
PDD 7931	541,695	PDD 1173	314,448
PCC 9871	462,379	PDD 5707	306,390

The Accounting Officer explained that an exercise was undertaken to put these records in place.

- 1107.** Amounts totalling \$126.723M were expended on Utility Charges, as follows:-

DESCRIPTION	AMOUNT \$'000
Electricity Charges	95,476
Water Charges	21,249
Telephone Charges	9,998
TOTAL	126,723

- 1108.** The amount of \$95.476M expended on electricity charges was in respect of 114 meters under the control of the Ministry. Although an electricity register was kept to record all charges, this record reflected a balance of \$90.876M, giving a difference of \$4.600M. A similar observation was made in respect of water charges where a difference of \$0.394M existed between the related register and the Appropriation Accounts. It is recommended that periodic reconciliation of the Votes Ledger with these records be carried out.
- 1109.** 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 forty-seven(47) meter accounts with credit balances totalling \$8.003M as at 31 December 2002. Information on the account balances for water rates were not obtained.

- 1110.** Included in the amount of \$9.998M shown as telephone charges, were sums totalling \$526,979 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 \$0.580M between the amount shown in the Appropriation Accounts and that reflected in the Telephone Register. The latter showed expenditure of \$9.418M. It was recommended that the Ministry undertake periodic reconciliation of the Telephone Register with the vote account book.
- 1111.** The amount of \$9.998M shown as telephone charges also included an amount of \$1.021M, which represented telephone grants paid to one hundred and seven(107) schools. Notwithstanding the fact that the payment of such grants should have been charged to subhead 211 – Education Subventions and Grants, it was noted that a system was put in place to monitor the use of these funds. As such, adequate documentation existed to support the related expenditure.
- 1112.** Amounts totalling \$183.056M were expended on Other Goods & Services Purchased. The following gives a breakdown of the payments made:-

DESCRIPTION	AMOUNT \$'000	AMOUNT \$'000
Security grants to schools:		
32 Secondary	32,102	
33 Primary	30,791	
21 Nursery	14,624	
5 Practical Instruction Centre	4,394	
3 Special	3,234	
		85,145
Security services		56,976
Repairs & maintenance of equipment		14,411
Cleaning & extermination services		12,363
Purchases of computer accessories, etc.		5,716
Repairs to office furniture		614
Other:		
Broadcasting to schools	1,260	
Invigilation & Marking exam papers	910	
Internet services	2,274	
Contribution to organisations	239	
Miscellaneous	3,148	7,831
TOTAL		183,056

- 1113.** In relation to the amount of \$85.145M expended on security grants to schools, a proper system was not put in place to monitor the use of the funds. It was noted that, in accordance with previous recommendations, schools were required to submit periodic returns to the Ministry to account for the use of the grants. However, important information, such as, Tender Board procedures used in the award of related contracts, the number of shifts and guards assigned, pay rates and hours worked, was not stated in the returns submitted to the Ministry.
- 1114.** The amount of \$56.976M expended on security services relates mainly to contracts entered into approximately ten(10) years ago with six(6) security firms. The Ministry was therefore advised to consider advertising publicly for these services on a more regular basis since there may be cost savings in so doing. However, while the advice given was documented in a number of these reports, the Ministry is yet to revise its methodology in this regard.
- 1115.** The expenditure for Other Goods and Services Purchased, included sums totalling \$5.716M, 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. As previously indicated, 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 inventorised.
- 1116.** In the year 2001, the Ministry obtained a Wireless Internet & Wide Area Network Interconnected System through the Primary Education Improvement Programme(PEIP). This system was acquired at a cost of US\$90,110.35, with an equivalent value of G\$16,949,827. The acquisition of the system resulted in an annual commitment of fees to the Internet Service Provider amounting to US\$21,300.00 for Internet support, including the monitoring and maintenance of the system. This amount, which had an approximate value of G\$4.239M was to be met from the annual appropriations of the Ministry. The expenditure of \$2.274M shown as Internet services represents payments in relation to the commitment from funds provided under the subhead. The Ministry also improperly paid Internet charges amounting to \$0.902M from the Other Operating Expenses subhead.

1117. Amounts totalling \$185.195M were expended on Other Operating Expenses. The following is a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Manufacturing of school feeding supplies	109,252
Meals supplied to CPCE	39,235
National and other events	19,389
Refreshment & Meals	7,506
Beams workshops	3,675
Christmas Party	1,156
Hot Meal Programme	900
Miscellaneous	4,082
TOTAL	185,195

1118. The expenditure of \$109.252M 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.

1119. Notwithstanding this, an examination of related payment vouchers, for the year ended 31 December 2002, revealed overpayments to a local firm of amounts totalling \$177,225 for the supply of biscuits. In a related matter, another local firm was overpaid a sum of \$151,060 in relation to the supply of milk. The Project Manager explained that adjustments for these overpayments would be made during the year 2003. Nevertheless, the Appropriation Accounts were overstated by the amounts overpaid.

1120. In relation to the meals supplied to the Cyril Potter College of Education(CPCE), the expenditure of \$39.235M was in respect of feeding approximately 225 students residing at the CPCE dormitories at a daily cost of \$630 per student. The supply of meals was based on a long-standing contract between the Ministry and a local caterer, which if revisited may yield significant economic advantages. The Accounting Officer was advised to pursue this course of action. Also, it was discerned that the CPCE did not maintain records of the daily supply of meals in order to provide a basis for recheck and certification of payments. This resulted in payments being based solely on the quantities claimed by the catering firm. The Principal was advised to ensure that such record keeping is put into place, together with appropriate supervisory controls.

- 1121.** The amount of \$19.389M was expended mainly on Mashramani celebrations and National Athletic Championships, while the expenditure of \$7.506M was in respect of refreshment and meals served at meetings held. Test checks carried out revealed that the expenditure was properly incurred and were proper charges against public funds. Nonetheless, there were eleven(11) instances where amounts totalling \$1.798M were not supported by evidence of adherence to established Tender Board procedures. The amounts represented payments to a caterer for refreshment and meals supplied during the period.
- 1122.** In relation to the amount of \$3.675M, which was shown as expenditure on the regional workshops of the Basic Education Access Management Systems(BEAMS), it was noted that the Ministry issued eight(8) Inter/Intra Departmental Allocation Warrants(IDAW) for expenditure totalling \$1.606M. In this regard, financial returns giving details of the related expenditure was only received for \$1.076M. In the circumstances the completeness and accuracy of expenditure totalling \$0.530M could not be determined.
- 1123.** The charge to public funds of \$1.156M 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 censored. In relation to the Hot Meal Programme the expenditure of \$0.900M was in respect of five(5) schools, namely St. Sidwell's, Bel Air, Thomas Moore and Ketley Primary schools, and the Sophia Special School.
- 1124.** Adequate documentation existed to support the miscellaneous expenditure of \$4.082M, which included an inappropriate charge to the subhead of \$0.902M relating to the internet services and honorarium to staff amounting to \$330,000, which did not have the required approval of the Permanent Secretary, PSM.

1125. Amounts totalling \$987.756M were expended on Education, Subvention & Training. The following gives a breakdown of the payments made:-

DESCRIPTION	AMOUNT \$'000
University of Guyana	356,059
President's College	135,561
Government Technical Institute	105,022
Workshops, conference and training expenses	81,849
Queen's College	76,785
Examination costs	63,451
Linden Technical Institute	60,591
Critchlow Labour College	30,176
Grants to schools	29,560
Supplies/Works/Services for PIC's and Schools	17,303
Kuru Kuru Cooperative College	16,989
Adult Education Association	11,170
Others	3,240
TOTAL	987,756

1126. 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 2002, but for the ensuing period the audit was in progress. The amount of \$356.059M was nevertheless verified as having been received by the University and properly brought to account.

1127. 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. Up to the time of reporting audits were in progress on financial statements for the years 2000 to 2002. The amount of \$135.561M was, nevertheless, verified as having been received by the College, but in the absence of audited accounts for 2002, 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.

1128. The amounts of \$105.022M and \$60.591M expended on the Government Technical Institute and the Linden Technical Institute respectively represent salaries and other operating expenses of these institutions. Similarly, the amount of \$29.560M 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.

- 1129.** In relation to the amount of \$81.849M expended on workshops, training courses etc., two hundred and fifty-three(253) workshops and training courses were held for the period under review. An examination of related vouchers revealed that a large percentage of the transactions were done through the use of advances from the main account, a practice that not only minimised the accounting controls, but was also without authority and outside the scope of existing financial regulations. It was also discerned that officers accounting for payments from advances, did not maintain adequate records of transactions as they occurred and this resulted in much information being lost to the accounting process. The Accounting Officer was advised to re-examine the current system in operation, with a view to reinforcing internal accounting and supervisory controls.
- 1130.** 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 the year 2000. Financial statements for the years 2001 and 2002 were not yet received. It was, however, noted that the College received \$40.205M as a subvention, while the Ministry paid employment costs and security expenses amounting to \$36.580M. The subvention of \$40.205M was verified as having been received by the College, but in the absence of audited accounts for 2002, it could not be determined whether it was properly expended. Nevertheless, an examination of documentation in support of the employment costs and security expenses revealed that these were properly incurred.
- 1131.** 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 \$16.989M 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 \$30.176M.

1132. Amounts totalling \$208.144M were expended on subsidies and contributions to local and international organisations. The following gives a breakdown of the payments made:-

DESCRIPTION	AMOUNT \$'000	AMOUNT \$'000
Local Organisations:		
National Library	106,659	
Young Women Christian Association	1,000	
Guyana Forum for Life Long Learning	670	
Roadside Baptist Church	500	
Brickdam Presbyterian	300	
Guyana Book Foundation	250	
Garland	250	109,629
International Organisations:		
Caribbean Examinations Council	96,180	
Commonwealth Institute of Learning	1,850	
International Council of Adult Education	325	
Caribbean Regional Council for Adult Education	160	98,515
TOTAL		208,144

1133. 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 1998. Financial statements for 1999 and 2000 were submitted, and at the time of reporting, the audits were in progress. The amount of \$106.659M was verified as having been received by the Library, but in the absence of audited accounts for 2002, it could not be determined whether the amount granted as subvention was properly expended.

1134. 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 local organisation UNESCO/CARNIED should have received a contribution of \$0.500M, but this amount was not paid. Similar circumstances were suffered by the international organizations UNESCO/GRULAC Latin America/Caribbean, UNICEF Group with UNESCO and the International Document Centre for Vocational Training, which respectively should have received \$0.224M, \$0.310M and \$0.220M.

1135. Excess expenditure totalling \$38.993M 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

1136. 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; National Centre for Resource Development(NCERD), Kingston; Department of Education, 68 Brickdam and the Cyril Potter College of Education(CPCE) and one(1) at the Essequibo Technical Institute. The following observations were made:-

- (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 centralized manner, but based on sectional needs. Issues should reflect the quantities actually collected by sections, from time to time. This situation was reported in my previous report, but no corrective action was taken to date;
- (b) At the time of the inspection, on 13 May 2003, the NCERD store was not packed in a manner to permit proper verification. Nevertheless, tests carried out revealed the following differences between the stock ledgers and balances on hand:-

DESCRIPTION	STOCK LEDGER BALANCE	PHYSICAL COUNT	+ (-)
Envelopes (12"x15")	155	75	(80)
Legal Pads	582	666	84
Bright Bowl Toilet cleaner (bottles)	354	31	(323)
TDK VCR Cassettes	15	47	32
Floor Polish	251	41	(210)
Air Freshener	226	69	(157)
Toilet Soap	275	170	(105)
Hygenol	175	96	(79)
Desk Trays	25	12	(13)

- (c) During the period under review, the Ministry undertook to relocate the Buildings Division to the area that housed the Department of Education store at 68 Brickdam. However, a decision was not taken on a new location for the store. This resulted in items of stock being located in various parts of building, a situation that could not be described as secure. The storekeeper, nonetheless, were required to maintain normal

control over the stock, in addition to writing up related records. These records were not up to date and their accuracy were questionable. Hence, a comparison with the stock on hand could not be undertaken.

- (d) Discrepancies of the nature at (b) above were unearthed at an inspection carried out at the CPCE store on 28 April 2003, as summarized below:-

DESCRIPTION	STOCK LEDGER BALANCE	PHYSICAL COUNT	+ (-)
12 items of electrical spares	375	289	(86)
15 items of motor vehicle spares	125	83	(42)
16 items of stationery & office supplies	324	380	56
7 items of hardware & tools	70	126	56

Capital Expenditure

Division 542

Subhead 12002 - Primary Education Improvement Programme

- 1137.** The sum of \$902.435M 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 \$96.242M was also received and this increased the provision to \$998.677M. According to the Appropriation Account, amounts totalling \$951.217M were expended.
- 1138.** The Project was financed jointly by the Inter American Development Bank(IDB) and the Government of Guyana(GOG) under Loan Agreement No. 827/SF-GY and was subject to separate financial reporting and audit. The project officially ended with the last disbursement, which was received from the IDB in April 2002, and the submission of audited accounts to the IDB for the period 1 January 2002 to 30 April 2002. The government of Guyana, however, continued to finance the project separately until November 2002.
- 1139.** An examination of the audited accounts and the other spending by the GOG under the project revealed an expenditure of \$529.109M, resulting in a difference of \$422.108M. The difference was due to (a) disbursements totalling \$145.919M made in 2001 brought to account in 2002 and (b) expenditure totalling \$276.189M made in other previous years, which was only now justified and brought to account in the books.

1140. The following is a breakdown of the audited expenditure:-

DESCRIPTION	AMOUNT \$'000	AMOUNT \$'000
Development of Human Resources		
Staffing training	770	
Consultancy	<u>87,161</u>	87,931
Curriculum Development etc.		
Purchase of equipment & furniture	81,569	
Purchase of teaching material	<u>-</u>	81,569
Improvement of Physical Infrastructure		
Rehabilitation of schools	60,397	
Construction of new schools	200,900	
Design and supervision	<u>56,423</u>	317,720
Other		
Administration expenses	41,889	
Interest	-	41,889
TOTAL		529,109

- 1141.** The amount of \$0.770M 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 \$87.161M 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.
- 1142.** The amount of \$81.569M was expended on the purchase of the laboratory equipment and furniture for primary and secondary schools. The receipt and distribution of these items were verified.
- 1143.** Amounts totalling \$261.297M were expended on the rehabilitation and construction of twenty-eight(28) schools, all of which commenced prior to 2002. At the time of reporting, the schools were completed, and rehabilitation works were physically verified.
- 1144.** The amount of \$56.423M 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 verification of works and carrying out post evaluation of the completed works. The expenditure was verified as having been properly incurred.

1145. In relation to the amount of \$41.889M expended on the administrative costs, this represents payments of emoluments and other operating expenses of the Project Implementation Unit. Based on test-checks carried out, the expenditure formed a proper charge to the subhead and adequate documentation supporting the related payments existed.

Division 543

Subhead 12001 - Nursery, Primary & Secondary Schools

1146. The sum of \$150M was voted for (a) the continuation of rehabilitation work to Queen’s College, North Ruimveldt Multilateral and Tutorial high schools (b) the completion and payment of retention fees for Headstart nursery (c) the rehabilitation of St. Gabriel’s and the construction of a new building for Kingston nursery (d) the rehabilitation of Winfer Gardens and St. Sidwell’s primary schools (e) the rehabilitation of St. Stanislaus College and Lodge Community High. Amounts totalling \$82.100M were expended on the following construction and rehabilitation works as shown below:-

DESCRIPTION	AMOUNT \$'000
Queen’s College	30,542
Tutorial High School	13,094
St. Stanislaus College (Electrical system)	10,426
Winfer Garden Primary School	5,389
Uitvlugt Primary School	4,693
St. Gabriel’s Primary & Nursery Schools	3,086
Agricola Nursery School (sanitary block & fence)	3,013
St. Sidwell’s Primary	2,551
Stella Marris Primary	1,663
St. Barnabas Special School	1,653
Five(5) other schools	990
Administrative Costs	2,185
Consultants’ fees	2,513
Advertisement	302
TOTAL	82,100

1147. While approval was granted for a change in programme to include the construction of toilet facilities at Tutorial high school, similar approvals for the construction of sanitary block at Agricola Nursery and the rehabilitation of St. Barnabas Special School, Stella Maris and Uitvlugt Primary Schools were not provided for audit scrutiny and it could not be determined whether these were obtained. Approvals were also not seen for the payment of retention fees for Cummings Lodge Secondary, St. Roses and Bishops’ High Schools.

- 1148.** The rehabilitation work to Queen's College was awarded in December 2000 in the sum of \$74.943M to the lowest bidder. At that time the works were correctly billed as the reconstruction of a section of Queens College. However, for the purposes of this report the description was based on that given within the "Estimates of the Public Sector – Capital Projects Profiles" for the year 2002. 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 2002, the contractor was paid \$68.478M, of which the Ministry's contribution was \$47.182M. A physical examination of the works, which was carried out in June 2003, revealed that the works were approximately ninety (90) percent completed.
- 1149.** In relation to the construction of a new wing at Tutorial High School, the contract was awarded in 2001 to the second lowest bidder in the sum of \$18.184M. Approval was given in 2002 for the extension of the contract to include the construction of toilet facilities and a fence, which was to cost \$4.634M, in addition to a variation of \$644,000 for other works. These additions to the works revised the contract sum to \$23.462M. As at 31 December 2002, the contractor was paid amounts totalling \$24.217M, resulting in payments of \$0.755M in excess of the contract and approved additions. It was, however, noted that the supervising consultant had reflected a variation of \$1.048M in relation to the construction of the new wing, but details of the related variation were also not provided for audit scrutiny. The works were, however, completed. Based on available documentation a physical verification exercise revealed that there were overpayments totalling \$176,480 on the related works. Action should be taken to recover the overpayments from the contractor and to properly account for the variation included in the works.
- 1150.** In relation to the rehabilitation of the electrical system at the St. Stanislaus College, the award to the lowest bidder was made in the sum of \$10.975M, during the year 2001. However, the works were undertaken during 2002. As at 31 December 2002, the works were completed and contractor was paid amounts totalling \$10.426M. The completed works were physically verified.
- 1151.** The rehabilitation of the Winfer Gardens Primary was awarded to the lowest bidder in the sum of \$26.943M. The project involved the demolition of the existing timber structure and the construction of a new building of concrete and wood, with dimensions measuring 96 feet by 46 feet. During the period the contractor was paid \$5.389M as a mobilisation advance and the works were rescheduled and budgeted for in 2003. It was noted that, in the year 2000, the Ministry had also undertaken the rehabilitation of the school at a cost of \$0.681M. Nevertheless, as of May 2003, the contractor had completed approximately 25% of the works and these were physically verified.
- 1152.** Against the backdrop of an Engineer's Estimate of \$24.448M, Cabinet approved the award of the rehabilitation of Uitvlugt Primary School to be made to the third lowest of thirteen bids in the sum of \$23.465M. In the prequalification and assessment of the bids, the evaluation committee of the Central Tender Board rejected the lowest bid of

\$17.791M, since this was considered to be too low, but recommended that the job be awarded to the second lowest bidder at the bid price of \$20.385M. The Central Tender Board, however, disregarded the recommendation and without stating reasons, recommended to Cabinet that the award be made to the third lowest bidder. The project entailed the construction of a two-storey concrete and wooden building, complete with sanitary block, with the dimension 120 feet by 26 feet. As at 31 December 2002, only the mobilisation advance of \$4.693M was paid to the contractor. A physical verification exercise carried out in April 2003, revealed that the works were proceeding at a reasonable rate and was approximately 60 percent completed.

- 1153.** The rehabilitation of the St. Gabriel's Nursery School entailed the construction of a 50-foot by 12-foot extension, with reinforced concrete columns and beams, together with walls of hollow concrete blocks. The award for the related works was made to the lowest bidder in the sum of \$4.390M, against the backdrop of the Engineer's estimate of \$6.089M. It was noted that the school was also rehabilitated in the year 2001 at a cost of \$1.522M, from the Ministry's current provision. As at 31 December 2002, amounts totalling \$2.622M were paid to the contractor. A physical verification exercise conducted in April 2003 revealed that the contractor had fully completed the works. The additional amount of \$0.464M was expended for retention fees in respect of the St. Gabriel's Primary School, which was completed in 2001.
- 1154.** The Central Tender Board awarded the construction of the Agricola Nursery School sanitary block and chain link fence to the lowest bidder in the sum of \$3.349M. The Engineer's Estimate was \$4.038M. As at 31 December 2002, amounts totalling \$3.013M were paid to the contractor. A physical verification exercise revealed that the works were completed in accordance with the specifications of the bill of quantities.
- 1155.** The rehabilitation of St. Sidwell's Primary School was awarded to the lowest bidder in the sum of \$4.040M. As at 31 December 2002, an amount of \$2.551M was paid to the contractor. A physical verification of the works revealed that there were overpayments totalling \$243,360 in relation to the revetment works.
- 1156.** The rehabilitation of Stella Maris Primary School was awarded to the third lowest bidder in the sum of \$2.463M, against the backdrop of an Engineer's Estimate of \$2.555M. According to the minutes of the Central Tender Board that adjudicated over the award, the lower bids were not preferred, because they had already been awarded jobs. This reason was not supported by evidence to indicate that the lower bidders did not have the capacity to undertake more than one job simultaneously. Nonetheless, as at 31 December 2002, the contractor was paid amounts totalling \$1.663M. A physical verification of the completed works revealed that there was a structural defect in the roof works, which resulted in the downward bending of ridge. This problem poses a serious threat to the future security of the building's occupants, should the roof collapse. At the time of reporting the contract sum was fully expended, but this defect was not remedied.

- 1157.** The Central Tender Board awarded the construction of St. Barnabas Special School to the second lowest bidder in the sum of \$3.428M. The Engineer's Estimate was \$4.032M. Here again, without any evidence of a lack of capacity to undertake more than one job simultaneously, the lowest bidder was over looked because of being recommended for another job. The project, which involved the rehabilitation of the existing school building and the construction of a new sanitary block, was nevertheless completed. It was, however, noted that \$2.401M paid to the contractor, \$748,000 of which was met from current provisions, in order to avoid over expending the voted provision.
- 1158.** The sum of \$0.990M shown as payments in respect of five other schools represented retention fees for rehabilitation works on Headstart Nursery - \$0.285M; Cummings Lodge Secondary - \$0.241M; North Ruimveldt Multilateral - \$0.203M; St Roses High - \$0.165M; and Bishop's High - \$0.096M. The rehabilitation works were all completed and physically verified.
- 1159.** The administrative cost of \$2.185M represented the salaries, gratuity and travelling allowances paid to an employee on contract. Also, an approval was not obtained to change the programme to include such charges, which as was observed, had been provided for under line item 107 of the current provision.
- 1160.** The Consultants' fees of \$2.513M was in respect of payments to consultants for supervision of works, etc. on seven(7) schools, while the amount of \$0.302M was the cost of advertisement for the works. The expenditure was properly incurred and was verified.
- 1161.** In a matter related to the year 2001, the Central Tender Board awarded the rehabilitative works on the North Ruimveldt Multilateral School in the sum of \$8.103M. The works, which entailed the construction of a combination reservoir and trestle and three(3) septic tanks, were incomplete when reported on in that year. A follow up examination of the works revealed that these were still incomplete resulting in the facilities being unused. It was noted that the contractor was fully paid in relation to the works.

Subhead 12002 - President's College

- 1162.** The sum of \$10.500M was allocated for the completion of the dormitories, rehabilitation of the dining hall and construction of playground facility. Amounts totalling \$7.205M were expended.
- 1163.** The Central Tender Board awarded the contract for the rehabilitation works and the construction of a pavilion at President's College to the lowest bidder in the sum of \$7.136M. As at 31 December 2002, amounts totalling \$6.612M were paid to the contractor, while consultants' services accounted for \$475,000. The difference of \$118,000 was expended on the removal of timber shingle from the roof, at a cost of \$80,000 and advertisement fees amounting to \$38,000. In every case, the expenditure was properly incurred and accounted for in the books. In respect of the works, these involved the construction of a new pavilion and the rehabilitation of a dining hall and three

dormitories. During a physical verification exercise it was discerned that the pavilion works were eighty(80) percent completed, but no evidence was seen of due diligence to effect completion. However, the rehabilitation works were in progress and was seventy(70) percent complete.

Subhead 12007 - Buildings (National Library)

- 1164.** The sum of \$12M was allocated for the provision of library facilities in rural areas. As can be noted, no action was taken in this regard. The explanation given indicated that the Project was removed by the Planning Division of the Ministry of Finance. However, documentary evidence to support this was not provided.

Subhead 12009 - Critchlow Labour College

- 1165.** The sum of \$2M was voted for the upgrading of the facility at Critchlow Labour College. Again, no action was taken in relation to the program and an explanation was not given for the failure to undertake related works. The work was not re-budgeted for in 2003.

Subhead 12010 – Kuru Kuru College

- 1166.** The sum of \$2M was voted for the construction of a concrete fence. However, an amount of \$2.4M was released, exceeding the provision by \$0.400M. According to the appropriation account, amounts totalling \$2.328M were expended. Investigations revealed that the expenditure included the additional amount released, which was repaid to the Accountant General. The treatment of the amount in the vote account resulted in the inflation of the expenditure reported for the period. Hence, the actual expenditure for the period was \$1.928M.

- 1167.** The Central Tender Board awarded the construction of the concrete fence to the lowest bidder in the sum of \$1.252M. There was, however, a variation of \$0.613M, which increased the contract sum to \$1.865M. As at 31 December 2002, the works were completed and the entire contract sum expended. A physical verification of the works revealed that there were overpayments of \$87,000 as a result of errors in measurements affecting form and concrete works. The consultant's fees of \$63,000, incurred in respect of the project was properly incurred and recorded in the books.

Subhead 12011 – Teacher's Training Complex

- 1168.** The sum of \$14M was allocated for the construction of the fence. It was noted that no action was taken in this regard. The Accounting Officer explained that the failure to undertake works resulted from the fact that the Ministry of Finance did not release funds for the project. However, the Project was re-budgeted for in 2003.

Subhead 12012 - University of Guyana (Turkeyen)

- 1169.** The sum of \$174M was voted for (a) the construction of the information technology building (b) purchase of equipment for the biodiversity centre, information technology centre and science laboratories and (c) extension of the biodiversity centre. Amounts totalling \$103.469M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Construction of information technology centre	92,902
Extension of Biodiversity centre	2,580
Consultancy services	7,954
Advertisement	33
TOTAL	103,469

- 1170.** The contract for the construction of the information technology centre at Turkeyen was awarded to the second lowest bidder in the sum of \$95.976M, against the backdrop of an Engineer's Estimate of \$105.757M. The lowest bid of \$86.549M was not preferred since it was considered too far below the Engineer's Estimate. As at 31 December 2002, the sum of \$92.202M was paid to the contractor. A physical verification exercise carried out in August 2003, revealed that the works were completed and that the quantities compared favourably with the related bills.
- 1171.** The extension of the biodiversity centre entailed the construction of a new two-storied building, which was to be connected to the existing structure. The works were awarded to the lowest bidder in the sum of \$12.900M. During the period, amounts totalling \$2.580M were expended under the contract. A physical verification of the related works, which was carried out in June 2003, revealed that the project was approximately seventy(70) percent completed.
- 1172.** The advertisement and consultant's costs were properly incurred and recorded in the books. It should be noted that the Central Tender Board's approval was obtained for the pre-contract consultancy services provided by a local firm for the construction of the information technology centre and the biodiversity centre. In this regard, amounts totalling \$7.954M were paid to the contractor, of which \$2.152M related to the information technology centre and the difference of \$5.802M was associated with the Biodiversity Centre.

Subhead 12013 – University of Guyana (Berbice)

- 1173.** The sum of \$90M was allocated for the construction of a laboratory and the completion of classrooms. A subsequent approval was granted for a change in program to include the purchase of equipment. Amounts totalling \$63.339M were expended, as shown below:-

DESCRIPTION	AMOUNT \$'000
Construction of buildings - Phase II	18,729
Construction of laboratory - Phase I	17,670
Purchase of science equipment	15,775
Consultant's fees	11,018
Advertisement	147
TOTAL	63,339

- 1174.** In 2001, 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. Additional works valued at \$2.497M were, however, undertaken and this increased the contract sum to \$84.475M. During the period under review, amounts totalling \$18.729M were paid to the contractor, resulting in the contract sum being completely expended. A physical verification exercise revealed that the works were in accordance with the bills of quantities.
- 1175.** The Central Tender Board recommended that the construction of a science laboratory building be awarded to the lowest bidder in the sum of \$88.716M, and Cabinet approved this. The project entailed the construction of a composite two-storied building measuring 120 feet by 26 feet. As at 31 December 2002, the sum of \$17.670M was paid to the contractor. At the time of the inspection in June 2003, the works were approximately twenty(20) percent completed. The consultant's fees in relation to the Berbice Campus projects amounted to \$11.018M for the period reviewed.
- 1176.** The Central Tender Board awarded the supply and delivery of laboratory equipment to the lowest responsive bid in the sum of \$15.775M. The award was made in two(2) lots, with lot 1 requiring the supply of equipment valued at \$13.690M, while lot 2 required \$2.085M in equipment. As at 31 December 2002, the sums under both lots were entirely expended, as a result of the amounts being paid to the Ministry's BCM account at the National Bank of Industry and Commerce. According to the contract the equipment was to be delivered within ninety(90) days. However, up to the time of reporting, 31 July 2003, the equipment was not received.

Subhead 12014 – Basic Education Access Management System

- 1177.** The sum of \$195M was allocated for (a) curriculum development and technology improvement in primary and secondary schools, (b) teacher's training, (c) institutional strengthening and (d) improvement of the physical infrastructure of secondary and multilateral schools. This project replaced the Primary Education Improvement Programme(PEIP), which officially ended with the last disbursement received from the IDB in April 2002. The Inter American Development Bank(IDB) and the Government of Guyana(GOG) under Loan Agreement No.1107/SF-GY were to finance the project jointly and, therefore, subjecting it to separate financial reporting and audit. Amounts totalling \$104.436M were expended as at 31 December 2002. The related amounts were accounted for in the books of the Project Implementation Unit(PIU).

Subhead 24001 – Land Transport

- 1178.** The sum of \$9M was voted for the acquisition of three(3) vehicles. Approval for the waiver of Central Tender Board procedures were granted to the Ministry to enable it to acquire the vehicles from a local firm. In one case, where the vehicle was to be acquired for use by the Minister of Education, the Secretary to the Treasury also granted approval to trade in a "Prado" PFF6738 with a trade-in value of \$3.371M, for a Land Cruiser. This vehicle was to cost an additional \$4.373M. The other two(2) purchases, which comprised Toyota Pick-ups, were to cost \$4.627M. The entire sum was expended on the purchase of the three vehicles. These vehicles were verified as having been received and properly brought to account.

Subhead 26002 - Guyana Basic Education Training

- 1179.** The sum of \$80M was allocated for teacher training at all levels, and institutional strengthening. According to the appropriation account, the full was expended during the period. 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

- 1180.** The sum of \$8.1M was voted for the completion of the laboratory, with a view to improving related training facilities. According to the appropriation account amounts totalling \$8.078M were expended.

1181. In 2001, the Central Tender Board awarded the contract for the construction of the laboratory to the lowest bidder in the sum of \$11.127M and during that year \$3.055M was advanced to the contractor. During the reporting period, ended 31 December 2002, amounts totalling \$8.077M were paid to the contractor, increasing payments in this regard to \$11.132M. However, a physical verification of the works revealed overpayments totalling \$417,634 in relation to plumbing, floor and window works. In the case of the plumbing, the bid price of \$20,000 for these works was varied to include a recalculated price of \$140,454. This situation was viewed as a gross irregularity, since the bid price formed an integral part of the contract price.

Subhead 26004 - Other Equipment

1182. The sum of \$3.2M was voted for the purchase of furniture and equipment for Departments within the Ministry. The amount of \$3.198M was expended, as follows:-

DESCRIPTION	QUANTITY	AMOUNT \$
Photocopier	1	680,000
Laptop & desktop computers & stabilisers	2	570,480
Refrigerators	10	485,999
Executive, secretarial and office chairs	26	449,000
Cabinets	5	280,100
Workstation	3	215,999
Executive, secretarial and office chairs	9	146,500
Kitchenette	2	133,000
Air conditioning unit	1	105,000
DVD player	1	69,900
Fans	12	62,340
TOTAL		3,198,318

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

Subhead 26005 - Government Technical Institute

1183. The sum of \$125M was voted for (a) the rehabilitation of the Government Technical Institute, Georgetown (b) construction of a technical institute at Corentyne and (c) the rehabilitation of the workshop wing at Essequibo Technical Institute. Amounts totalling \$15.246M were expended, as follows:-

DESCRIPTION	AMOUNT \$'000	AMOUNT \$'000
Government Technical Institute – G/town		
Rehabilitation of electrical system	7,416	
Rehabilitation of quadrangular building (retention)	363	
Consultancy fees	595	
Advertisement	139	
		8,513
Essequibo Technical Institute		
Purchase of equipment		3,733
Upper Corentyne Technical Institute		
Design fees		3,000
TOTAL		15,246

- 1184.** As can be noted, no work was carried out on the workshop wing at Essequibo Technical Institute and while design fees of \$3.000M were paid in relation to the Technical Institute at Corentyne, construction works were not undertaken. The total design fees paid, as at 31 December 2002 was \$6.301M. Explanations were not obtained for the failure to undertake the works. The works were re-budgeted for in 2003.
- 1185.** The Central Tender Board awarded the contract for the rehabilitation of the electrical system at the Government Technical Institute to the lowest bidder in the sum of \$7.931M. As at 31 December 2002, amounts totalling \$7.416M were paid to the contractor, while the related consultant's services and advertisement costs had respectively cost \$595,000 and \$139,000. A physical verification exercise revealed that the works were completed. However, an examination of the payments revealed that details were not provided for disbursements from a sum of \$716,468, which was provided in the contract for contingencies.
- 1186.** In relation to the acquisition of equipment for the Essequibo Technical Institute, an approval for a change in programme was not obtained for the inclusion of the expenditure under the subhead. Nevertheless, the Central Tender Board approved the award for the supply and delivery of equipment to the second lowest bidder in the sum of \$5.093M on the basis that the supplier had the best technical and managerial experience with the equipment. The lowest bid was \$4.440M. The Ministry, nonetheless, entered into an agreement for the supply of equipment valued at \$3.733M, and as at 31 December 2002, the entire contract sum was expended. The equipment was received and brought to account in the books.

Subhead 26007 - Guyana Industrial Training Centre

- 1187.** The sum of \$5M was voted for the completion of the information technology laboratory and purchase of tools. Approval was granted for a change of programme to include the purchase of equipment. Amounts totalling \$4.910M were expended as shown below:-

DESCRIPTION	AMOUNT \$'000
Extension of laboratory building	3,402
Purchase of equipment	1,410
Purchase of tools	98
TOTAL	4,910

- 1188.** In 2001, the Central Tender Board awarded the extension of the information technology laboratory to the lowest bidder in the sum \$4.935M and at the end of that year amounts totalling \$1.533M were expended. The project involved the construction of a two-storied concrete extension to the existing building measuring 23 feet by 26 feet. During the current reporting period, the works were completed and the contractor paid amounts totalling \$3.402M in full discharge of the contract price. A physical verification of the works revealed that \$17,000 was overpaid to the contractor, as a result of the installation of six(6) 220v – 40W double lamps on the top floor, instead of the required eight(8).
- 1189.** The Central Tender Board approved the award for the supply and delivery of equipment to be made to a local supplier in the sum of \$2.100M. However, the Ministry entered into an agreement with the supplier for equipment valued at \$1.410M. As at 31 December 2002, the entire contract sum was expended. The items purchased, which included five(5) computer systems, one(1) printer, one(1) 1400VA-1000 watts UPS and one(1) 1200VA-1000 watts line conditioner, were received and properly brought to account. A quantity of tools valued at \$0.098M were also received and accounted for in the books.
- 1190.** In a matter related to an award in December 2000 for the supply of 399 pieces of refrigeration tools in the sum of US\$16,057 equivalent to G\$2.970M, two hundred and thirty-seven(237) pieces of tools valued at \$1.216M or US\$6,536 was delivered on 24 July 2002. The remaining 162 pieces were never delivered, although the supplier was fully paid. According to the Accounting Officer, the matter is still engaging the attention of the Director of Public Prosecution.

Subhead 26008 - Carnegie School of Home Economics

- 1191.** The sum of \$4M was voted for the completion of the rehabilitation work to the annex. According to the appropriation account, amounts totalling \$3.930M were expended.
- 1192.** In 2001, the Central Tender Board awarded the rehabilitation of the Carnegie School annex to the lowest bidder in the sum of \$3.596M, and at the end of that year amounts totalling \$1.552M were paid to the contractor. A variation of \$1.893M was subsequently approved, thus giving a revised contract sum of \$5.489M. During the current financial period, the contractor was paid amounts totalling \$3.930M to fully discharge the contract sum. A physical verification exercise revealed that the works were completed. However, in relation to concrete and window works an overpayment of \$164,600 was noted. This amount was further increased by a calculated overpayment of \$235,556 on the cupboard works, which accordingly was observed to be of very poor quality.

Subhead 26009 - School Furniture & Equipment

- 1193.** The sum of \$20M was allocated for the purchase of furniture and equipment for schools. According to the appropriation account, the full amount was expended, as follows:-

DESCRIPTION	QUANTITY	AMOUNT \$'000
<u>Supplied on current year contracts:</u>		
Equipment		8,930
Type "A" desk & bench	1,000	5,800
Chalk board screens	100	1,150
Teacher's chairs & tables	110	1,070
Large cupboards	70	1,049
Nursery sets	20	250
Small cupboards	20	240
Advertisement		150
<u>Supplied on previous year contracts:</u>		
Teacher's chairs & tables	100	850
Type "C" desks & benches	71	381
Combination chairs & benches	8	80
Type "A" desk & bench	10	50
TOTAL		20,000

1194. The furniture purchased, which was valued at \$10.920M, was received and subjected to stores accounting procedures. The acquisition was based on nine(9) contracts, each of which was awarded to the lowest bidder. The Central Tender Board adjudicated over the award of seven(7) 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, action should have been taken to seek the approval of the Central Tender Board in each case. The equipment acquisitions valued at \$8.930M were also verified as having been received and properly brought to account.

Subhead 26010 - Resource Development Centre

1195. The sum of \$7M was voted for the purchase of air condition units, office chairs, photocopier, fans, cabinets and one(1) vehicle. Approval was granted for a change in programme to include the completion of the toilet facilities in the information technology building. Amounts totalling \$6.993M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Minibus	3,714
Other equipment	2,392
Construction of septic tank and driveway	887
TOTAL	6,993

1196. The purchase of the mini-bus was made from a local supplier at a cost of \$3.714M, in keeping with a decision of the Central Tender Board. The other purchases, which included one(1) photocopier, nine(9) executive chairs, six(6) fans, five(5) air conditioning units, one(1) refrigerator, five(5) line conditioners, four(4) filing cabinets and a powered mixer, were made in accordance with Tender Board requirements. Additionally, all items purchased were received and subjected to stores accounting procedures. The Ministerial Tender Board awarded the construction of a septic tank and driveway at the Information Technology Building to the lowest bidder in the sum of \$887,000. As at 31 December 2002, the full contract sum was expended. A physical verification revealed that the works were completed. However, it was noted that an overpayment of \$34,000 occurred as a result of a double payment for the same materials.

Subhead 26011 - Development of Text Books

- 1197.** The sum of \$14M was allocated for printing of Science and Mathematics text books - level III. As at 31 December 2002, amounts totalling \$11.792M were expended.
- 1198.** In keeping with Cabinet's approval, to contract a foreign firm to print the mathematics and science text books, the Ministry entered into two(2) agreements with this firm to print a total of 34,665 books, 16,940 being mathematics and 17,725 integrated science. The contract sums, which amounted to \$11.792M, were deposited into the Ministry's BCM account at the NBIC to facilitate the payments. At the time of reporting, all integrated science books were received, but the full stock of mathematics texts were still outstanding. The supplier was still to be paid for those books.

Subhead 45003 - Linden Technical Institute

- 1199.** The sum of \$25M was voted for the completion of the extension wing and the upgrading of the facilities. According to the appropriation account, amounts totalling \$3.277M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Purchase of carpentry and joinery equipment, etc	2,377
Extension of carpentry and joinery workshops	789
Advertisement	111
TOTAL	3,277

- 1200.** In relation to the acquisition of the carpentry and joinery equipment, etc., Cabinet had, in the year 2001, approved purchases of equipment valued at \$6.964M. However, at that time, the Ministry opted to enter into an agreement with the chosen firm in the amount of \$2.325M. In May 2002, without seeking approval for a continuance under the approval given by Cabinet, the Ministry entered into another agreement with the supplier for equipment valued at \$2.047M. This action was not explained. Nevertheless, all other purchases had satisfied the Tender Board requirements. In every case the items purchased were received and brought to account in the books.
- 1201.** In the year 2001, the Central Tender Board awarded the extension of the carpentry and joinery workshops to the lowest bidder in the sum of \$8.080M. As at 31 December of that year amounts totalling \$7.291M were paid to the contractor. In relation to those payments, a physical verification exercise determined that the contractor was overpaid amounts totalling \$1.681M. The overpayment was never recovered. Nonetheless, during the current financial period, the contractor was paid amounts totalling \$0.789M, effectively expending the entire contract sum.

Subhead 45004 - Adult Education Association

- 1202.** The sum of \$600,000 was provided for the purchase of chairs, cabinets and fire extinguishers. According to the appropriation account, the full amount was expended with purchases of the programmed items, with the exception of the fire extinguishers. The failure to acquire the fire extinguishers was explained to result from an insufficiency of funds. Nevertheless, 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

- 1203.** The sum of \$645.750M was voted for (a) school quality improvement (b) Regional and National institutional strengthening and (c) rehabilitation of multilateral, secondary and community high schools. According to the Appropriation Account, amounts totalling \$280.203M were expended.
- 1204.** 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 2002 revealed an expenditure of \$346.472M. The difference of \$66.269M was mainly due to (a) disbursements totalling \$37.235M made in 2001 now brought to account, and (b) disbursements totalling \$103.504M made in 2002 not yet brought to account.
- 1205.** The following is a breakdown of the audited expenditure:-

DESCRIPTION	AMOUNT \$000
Work on schools	103,854
Procurement of goods	116,345
Payments to consultants	93,865
Training of teachers, etc.	9,498
Operating expenses of PEU	22,910
TOTAL	346,472

- 1206.** The amount of \$103.854M was expended in the rehabilitation of six(6) 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.

- 1207.** In relation to the procurement of goods valued at \$116.345M, this represented the purchase of computer equipment, 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.
- 1208.** The payments to consultants amounting to \$93.865M, represented (a) the hiring of consultants and (b) the emoluments of senior staff of the Project. The consultants were involved in the supervision of the removal of asbestos at three(3) multilateral schools, rehabilitation of the six(6) emergency repair 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.
- 1209.** The sum of \$9.498M was expended on (a) improving teachers' skills and knowledge in the areas of content and methodology, curriculum development and CXC core subjects (b) 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.

Division 547

Subhead 26001 – Guyana Education Access Project

- 1210.** The sum of \$490M was provided for the (a) the completion of Skeldon Line Path Secondary, Skeldon High, Tagore Memorial High, Linden Foundation and New Silver City (b) construction of new schools in Linden and Corriverton and (c) provision for institutional support. According to the Appropriation Account, amounts totalling \$326.688M were expended.
- 1211.** 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 the recording of such specific expenditure.
- 1212.** A scrutiny of the financial statements revealed that actual expenditure for the year was \$871.560M. This resulted in an understatement of the appropriation account by the difference of \$544.872M.

- 1213.** During the period reviewed, the Government of Guyana through the Ministry of Finance released the full provision of \$490M to the Ministry of Education to enable the recording of the amount expended on the project to be recorded in the Country's accounts. The transaction required the Ministry of Education to requisition and uplift an amount equivalent to sums expended on the project and to repay the full amount to the Finance Ministry. Notwithstanding the fact that the entire voted provision was requisitioned and uplifted, the unexpended portion of \$163.312M was inappropriately retained.
- 1214.** In relation to the projects undertaken or in progress during the period reviewed, the following was discerned:-
- (a) The construction of the Linden Foundation Secondary School at Amelia's Ward, Linden to house 1,050 students was completed and handed over on 15 April 2003. Amounts totalling \$261.763M were expended as at 31 December 2002, from a total contract sum of \$287.032M;
 - (b) The rehabilitation and extension works at the Skeldon Line Path Secondary at Corriverton, Berbice were in its final stages and was due to be completed in June 2003. As at 31 December 2002, amounts totalling \$109.639M were expended on the contract, which totalled \$131.766M;
 - (c) The rehabilitation and extension of the Skeldon High at Corriverton, Berbice had cost \$135.396M as at 31 December 2002. The contract price was \$151.813M. The completion date for the project was estimated to be 15 August 2003;
 - (d) The rehabilitation of the Tagore Memorial High at No. 63 Village, Berbice was proceeding on schedule. This project had cost \$74.357M as at 31 December 2002 and was to be completed by 30 June 2003. The value of the contracted works was \$101.865M;
 - (e) The rehabilitation and extension of the New Silver City Secondary School in Region 10 – Upper Demerara/Berbice had cost \$147.250M as at 31 December 2002. The project, which based on the agreement was to cost \$220.645M, was due to be completed by 30 September 2003;
 - (f) In relation to the rehabilitation of the Christianburg Wismar Multilateral School in Region 10 – Upper Demerara/Berbice, the contract was awarded in the sum of \$54.808M. However, a new contract, in the sum of \$45.001M, for the removal of asbestos had had to be undertaken. This aspect of the works was completed and as at 31 December 2002, amounts totalling \$43.946M were paid to the contractor. In respect of the rehabilitation works the contractor was paid \$64.490M as at 31 December 2002. It was noted that this amount exceeded the contract price by \$9.682M, as a result of approved variations on the works;

- (g) With respect to the proposed construction of new schools, a mapping exercise carried out in Corriverton revealed that the student numbers did not justify a new school in the area. This resulted in a decision by DFID not to undertake works in this regard. However, plans were in train to undertake works in the “New West Bank Secondary” in Linden, Region 10 – Upper Demerara/Berbice. It was noted that this project was still in its design stage;
- (h) In December 2002, the Ministry of Education and local companies signed two(2) contracts for the manufacture of \$48M in school furniture for the above schools. The furniture includes, student desks and chairs of a wood and metal combination, specialist laboratory furniture and teacher requirements;
- (i) During the period GEAP also provided institutional support in the areas of school mapping, Universal Secondary Education Audit and Design of an Implementation Strategy, School Based Continuing Professional Development, School Improvement Planning and School Information Technology. In these areas consultancies were undertaken and a series of workshops and training programmes conducted. The workshops and training programmes included a “Reading Partnership Scheme”, where parents support reading activities in the classroom, “School Improvement Planning and Regional Office Development Planning” and the training of teachers in Region 6 – East Berbice/Corentyne.

HEAD 44 & DIVISION 541

MINISTRY OF CULTURE, YOUTH AND SPORTS

Current Expenditure

1215. 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 cashbook reflected significant positive and negative balances as shown below:-

MONTH	AMOUNT \$	MONTH	AMOUNT \$
January	101,897	July	(2,059)
February	48,471	August	24,512
March	68,475	September	(28,574)
April	60,581	October	12,439
May	116,947	December	27,758

- 1216.** This state of affairs was explained to be as a result of salaries remaining unpaid or unclaimed during the period. However, while an unclaimed salary register was maintained in support of unpaid amounts, action should have been taken to refund all unpaid amounts in keeping with established financial regulations. A similar observation was made in my report for the year 2001. The Accounting Officer undertook to comply with the regulations.
- 1217.** A comparison of the authorised staff as shown in the Estimates of Expenditure for the year 2002 with the actual staff employed by the Ministry in December 2002 as shown below:-

DESCRIPTION	AUTHORISED	ACTUAL	VACANT
Administrative	32	11	21
Senior Technical	65	13	52
Other Technical & Craft Skilled	118	49	69
Clerical & Office Support	477	465	12
Semi-Skilled Operatives	74	36	38
Contracted Employees	0	36	(36)
TOTAL	766	610	156

- 1218.** The actual staff was therefore 79% 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 36 persons were employed with the approval of the Head of the Presidential Secretariat.

Other Charges

- 1219.** At the time of reporting, 28 payment vouchers valued at \$3.243M in respect of 2002 were not presented for audit examination, despite repeated requests. 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.

1220. Amounts totalling \$10.340M were expended on Materials, Equipment and Supplies, as follows:-

DESCRIPTION	AMOUNT \$'000
Drugs and medical supplies	583
Field materials & supplies	731
Office material and supplies	5,163
Print and non print	3,863
TOTAL	10,340

1221. The expenditure examined conformed generally to the regulations and tender board procedures were followed. The items purchased were verified as having been received and properly brought to account.

1222. Amounts totalling \$7.880M were expended on Fuel & Lubricants. Included in this amount was the sum of \$6.852M for which fuel were 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.

1223. Amounts totalling \$19.422M were expended on Rental & Maintenance of Buildings, of which \$260,000 relates to rental of a building for the VSOs. The difference of \$19.162M was expended for the rehabilitation of ten(10) buildings and purchase of materials as shown below:-

DESCRIPTION	AMOUNT \$000
Rehabilitation of ten(10) buildings	6,355
Purchase of construction materials	10,892
Purchase of janitorial and cleaning supplies	1,915
TOTAL	19,162

1224. The works included buildings, such as, National Cultural Centre, Walter Roth Museum, Head Office, National Museum, National Archives and the Burrow School of Arts, which were provided for under the Ministry's capital appropriation. The works on these buildings were executed by fifty-one(51) contracts valued at \$6.355M, while amounts totalling \$10.892M were expended on the purchase of building materials for the rehabilitation works. These works were completed and were physically verified, while the materials purchased were verified as having been received and properly brought to account.

1225. In relation to the Maintenance of Infrastructure, amounts totalling \$3.8M were expended, as follows:-

DESCRIPTION	AMOUNT \$000
Purchase of building materials	1,668
Weeding and cleaning	1,572
Drainage and irrigation	600
TOTAL	3,840

1226. The sum of \$1.668M was expended on the purchase of building materials, which were verified as having been received and properly brought to account. The weeding and cleaning works were undertaken by eighty-three(83) contracts valued at \$1.572M. In relation to the Drainage and Irrigation works, two contracts valued at \$600,400 were awarded to two(2) contractors. As at 31 December 2002, the works were completed and the full amounts were paid to the contractors. Because of the nature of some of the works, physical verification could not have been carried out. However, reliance were placed on certificates attesting to the satisfactory completion of the works.

1227. Amounts totalling \$15.030M were expended on Local Travelling and Subsistence, as follows:-

DESCRIPTION	AMOUNT \$'000
Vehicle Spares and Services	8,147
Travelling and Subsistence and Meal Allowances	4,195
Transportation	2,622
Stamps	66
TOTAL	15,030

1228. During the period under review, amounts totalling \$8.147M were expended for vehicle spares and service. 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. The Accounting Officer explained that these records were being maintained. However, up the time of reporting, they were not produced for audit.

1229. An examination of transactions that comprised travelling and subsistence and meal allowances revealed payments exceeding forty(40) percent of the total of \$4.195M was 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.

1230. Amounts totalling \$19.9M were expended on Utility Charges, as follows:-

DESCRIPTION	AMOUNT \$'000
Electricity Charges	14,809
Telephone Charges	4,090
Water Charges	1,055
TOTAL	19,954

1231. The amount of \$14.809M expended on electricity charges was in respect of the twenty-nine(29) meters under the control of the Ministry. Although an electricity register was kept to record all charges, this record reflected a balance of \$2.489M. It is recommended that periodic reconciliation of the Votes Ledger with these records be carried out.

1232. Amounts totalling \$49.426M were expended on Other Goods and Services Purchased, as follows:-

DESCRIPTION	AMOUNT \$'000
Security Services	32,259
Maintenance of furniture and transportation works	7,997
Equipment Maintenance	5,587
Cleaning and Extermination Services	3,563
Others	20
TOTAL	49,426

- 1233.** The security services expenditure of \$32.259M 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. The sum of \$5.587M was expended for equipment maintenance. All contracts were awarded with a system of quotations. The works were satisfactory executed.
- 1234.** Amounts totalling \$81.119M were expended under Subsidies and Contributions to Local and International Organisations, as follows:-

DESCRIPTION	AMOUNT \$'000	TOTAL \$'000
Local Organisations:		
National Sports Commission	62,964	
National Trust	14,231	
Others	1,361	78,556
International Organisations:		
Commonwealth Youth Program	2,500	
President's Award	63	2,563
TOTAL		81,119

- 1235.** According to the estimates of current expenditure, as passed by the National Assembly, the voted provision of \$81.766M was to make specified contributions totalling \$81.766M to twelve(12) local organisations and \$2.987M to six(6) international organisations. An analysis of the payments made revealed only payments amounting to \$78.556M to eleven(11) local organisations, while two(2) international organisation was paid \$2.563M.
- 1236.** The National Sports Commission is subject to separate financial reporting and audit. The last set of audited accounts was in respect of 2001. Financial statements for 2002 were not presented for audit. The amount of \$62.964M 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.

Other Matters

- 1237.** 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.

- 1238.** Amounts totalling \$19.779M were received from the Guyana Lotteries Commission during 2002 and during the period the account also received funds totalling \$29.734M from other sources, such as, “Ministry of Finance,” Banks DIH, UNICEF, Ministry of Education, Membership Fees for Swimming, etc.
- 1239.** 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. As at 31 December 2002, the account reflected a balance of \$35.677M. The balance of this account at the beginning of 2002 was \$68.163M. It therefore meant that sums totalling \$81.999M were expended, but were not recorded as expenditure in the Appropriation Accounts.
- 1240.** In relation to the operation of the special projects’ account, the following discrepancies were noted:-
- (a) While the bank account was reconciled to December 2002, the reconciliation statements 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 and recorded transactions in the cashbook;
 - (c) Receipt numbers were not always quoted in the cashbook; and
 - (d) There were twenty-five(25) payment vouchers valued at \$2.016M, 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.
- 1241.** 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 2002 was \$716,117. During the year, amounts totalling \$26.041M were deposited into this account. As at 31 December 2002, the account reflected a balance of \$0.535M indicating that \$26.222M was expended. It should be noted that in accordance with the FAA Act, the net proceeds should have been paid over to the Consolidated Fund.

Capital Expenditure

Subhead 12001 – Buildings (Cultural Centre)

- 1242.** The sum of \$9.5M was provided for (a) repairs to roof, (b) construction of the catwalk and (c) painting of the building. Amounts totalling \$9.498M were expended on the following:-

DESCRIPTION	AMOUNT \$000
Repairs to roof	4,759
Construction of catwalk	3,170
Painting of building	1,569
TOTAL	9,498

- 1243.** The repairs to roof at the National Cultural Centre were executed by three(3) contracts totalling \$8.939M were awarded to three(3) contractors. The first contract was awarded in November 2001 by the Central Tender Board to the lowest bidder in the sum of \$7.241M. As at 31 December 2001, the amount \$5.927M was paid to the contractor. The balance of \$1.314M was paid during the current year. The other two(2) contracts were awarded in the sum of \$1.785M by the Ministerial Tender Board in 2002. As at 31 December 2002, the full amounts were paid to the contractors. In addition, amounts totalling \$1.660M were expended on the purchase of materials and other miscellaneous costs. The works were all completed and physically verified while the purchases were verified as having been received and properly brought to account.
- 1244.** The construction of the catwalk at the National Cultural Centre was executed by three(3) contracts valued at \$950,840. As at 31 December 2002, the works were completed and the full contract sums were paid to the contractors. Also included in the amount of \$3.170M was the sum of \$2.219M, which was expended on the purchase of building materials. The works were physically verified while the materials purchased were verified as having been received and properly brought to account.
- 1245.** In relation to the painting of the building, two(2) contracts were awarded to the value of \$1.102M. As at 31 December 2002, the works were completed and the full amounts were paid to the contractor. Also included in the sum of \$1.569M was the amount of \$467,000 which was expended on the purchase of materials. The works were physically verified while the materials purchased was verified as having been received and properly brought to account.

Subhead 12002 – Buildings

1246. An amount of \$2M was allocated for the extension of the stores and rewiring of the building. Amounts totalling \$1.987M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Rewiring of building	1,633
Extension of stores	354
TOTAL	1,987

1247. In relation to the rewiring of the building, two(2) contracts valued at \$878,100 were awarded to one(1) contractor, while amounts totalling \$754,900 were expended on the purchase of building materials. The amount of \$353,840 was expended on the purchase of building materials for the extension of the stores. The Ministry utilised its own work force to carry out the work. The works were completed and physically verified while the materials purchased were verified as having been received and properly brought to account.

Subhead 18001 – Youth

1248. The sum of \$3M was provided for (a) rehabilitation of youth campsite at Madewini and Den-Amstel, and (b) painting and rehabilitation of Brickdam Office. Amounts totalling \$2.994M were expended on the following:-

DESCRIPTION	AMOUNT \$000
Rehabilitation of Youth Campsite	1,882
Painting and rehabilitation	1,112
TOTAL	2,994

As can be noted, no work was carried out at Den-Amstel but it was rebudgeted for in 2003.

1249. The rehabilitation of youth campsite at Madawini was executed by one(1) contract valued at \$106,720 while amounts totalling \$1.775M were expended on the purchase of materials. In relation to the painting and rehabilitation of the Brickdam Office, the contract was awarded in the sum of \$436,486, while amounts totalling \$675,410 were expended on the purchase of materials. The works were completed and were physically verified while the items purchased were verified as having been received and properly brought to account.

Subhead 24001 – Land Transport

- 1250.** The sum of \$4.613M was provided for the purchase of one vehicle to improve operational efficiency. The full amount was expended on the purchase of one Nissan 4X4 Pathfinder for the Ministry of Culture Youth and Sports. The vehicle was verified as having been received and properly brought to account

Subhead 25001 - Museum Development

- 1251.** The sum of \$5M was provided for the completion of Walter Roth Museum, rehabilitation of the roof of the National Museum and for the purchase of visual equipment and display cases for the National Museum. According to the appropriation account, amount totalling \$4.996M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Completion of Walter Roth Museum	4,907
Purchase of visual equipment and display cases for National Museum	89
TOTAL	4,996

- 1252.** As can be noted, no work was carried out on the rehabilitation of the roof of the National Museum but it was re-budgeted for in 2003. The completion of Walter Roth Museum was executed by four(4) contracts totalling \$1.616M while amounts totalling \$3.291M were expended on the purchase of materials and equipment. The works were completed and physically verified while the items purchased were verified as having been received and properly brought to account

Subhead 26001 - Entrepreneurial Skills Training

- 1253.** The sum of \$10.5M was voted for the purchase of audio and visual equipment, training and library materials and the purchase of a bus, tractor and freezing facility. Amounts totalling \$10.478M were expended in the purchase of the said items. The items purchased were verified as having received and properly brought to account.

Subhead 44001 - Burrows School of Art

- 1254.** The sum of \$3M was voted for the rehabilitation of the eastern walls and the installation of a kiln. Amounts totalling \$2.995M were expended. The works on the building were executed by eight(8) contracts valued at \$1.624M, while amounts totalling \$1.371M were expended on the purchase of building materials. The items purchased were verified as having received and properly brought to account while the works were completed and physically verified.

Subhead 45001 - National Trust

- 1255.** A provision of \$6M was made for the rehabilitation of Fort Nassau and Fort Kyk-Over-Al. The full amount was expended as follows:-

DESCRIPTIONS	AMOUNT \$ '000
Works at Fort Island	2,481
Rehabilitation works at Fort Nassau	2,233
Rehabilitation works at Fort Kyk-Over-Al	1,075
Others	211
TOTAL	6,000

- 1256.** In my 2001 it was mentioned that a provision of \$5.5M was made for the construction of works at Fort Island 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.
- 1257.** In July 2002, the National Trust transferred \$3M, by way of cheque, to the Regional Administration, Region No. 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. At the time of reporting, the unspent amount of \$2.5M was still not transferred to the Consolidated Fund.
- 1258.** The transfer of funds by way of cheque to the Regional Administration was also viewed as a breach of the establishment 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 matterd.

- 1259.** In addition, on 24 December 2002, the Ministry of Culture, Youth and Sports issued a cheque to the value of \$2.481M to Region 3 to under take the construction of a footpath at Fort Island. The contract was awarded to the lowest bidder in the sum of \$2.489M. The work was to be completed between the period 17/06/03 to 20/08/03. However, at the time of reporting physical verification revealed that the work was about 80% completed and the contractor was paid \$2.154M, resulting in the Appropriation Accounts being overstated by \$326,555.
- 1260.** As it relates to the rehabilitation works at Fort Nassau, three(3) contracts valued at \$1.428M were awarded to three(3) contractors while amounts totalling \$804,703 were expended on the purchase of building materials. As at 31 December 2002 the full amounts were paid to the contractors. Due to the remoteness of the area, the works could not have been verified. However, reliance was placed on the certificate of satisfactory completion issued by the Senior Superintendent of Works. The materials purchased were verified as having been received and properly brought to account.
- 1261.** In relation to the works at Fort Kyk-Over-Al, the sum of \$1.034M was requested by National Trust for the construction of a jetty and cat walk. Also, included in the amount of \$1.075M was the sum of \$40,895, which was issued to Region 7, through an inter-departmental warrant, to construct a sign board at Fort Kyk-Over- Al. As at 31 December 2002, this work was also not completed. As a result the Appropriation Account under this sub-head was overstated by \$1.075M.

Subhead 45002 – National Archives

- 1262.** A provision of \$1.5M was made for the purchase of office equipment and furniture and the construction of washroom facilities at the National Archives. Amount totalling \$1.498M was expended, as follows:-

DESCRIPTION	AMOUNT \$'000
Construction of washroom facilities including materials	1,420
Purchase of office equipment and furniture	78
TOTAL	1,498

- 1263.** The construction of the washroom facilities was executed by two(2) contracts valued at \$245,165, while amounts totalling \$1.175M and \$78,000 were expended on the purchase of building materials and furniture, respectively. The full contract sum was paid to the contractor and the works were completed and physically verified. The materials and furniture purchased were verified as having being received and properly brought to account.

Subhead 45003 - National Sports Commission

- 1264.** The sum of \$10M was allocated for (a) extension of the basketball floor, purchase of furniture and refurbishing of the lighting system at Cliff Anderson Sports Hall (b) provision for the covering of the floor with wood, toilet facilities, internal painting and fixing of the lighting system at the National Gymnasium and (c) purchase of sports gear and equipment. According to the Appropriation Account amounts totalling \$9.999M were expended, as follows:-

DESCRIPTION	AMOUNT \$'000
Rehabilitation of Cliff Anderson Sports Hall	7,032
Rehabilitation of National Gymnasium	2,239
Purchase of Sports Gears and Equipment	664
Transportation	64
TOTAL	9,999

- 1265.** In relation to the rehabilitation of Cliff Anderson Sports Hall, eight(8) contracts were awarded in the sum of \$5.354M, while amounting totalling \$1.778M was expended on the purchases of materials.
- 1266.** The first contract was awarded by the Central Tender Board in 2001 for the rehabilitation of Cliff Anderson Sports Hall in the sum of \$4.471M. As at 31 December 2001, the contractor was paid \$2.537M. During the period under review, amounts totalling \$1.804M was paid to the contractor. The other seven(7) contracts to the value of \$3.450M were awarded to the other contractors. As at 31 December 2002, the contractors were paid the full contract sums and the works were completed and physically verified. The materials purchased were verified as having been received and properly brought to account.
- 1267.** In my 2001 Report, it was stated that, the Central Tender Board awarded the contract for the rehabilitation of the National Gymnasium to the 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. At the time of reporting, the overpayment was not recovered. During the period under review amounts totalling \$970,606 was paid to the contractor for works done in 2002 and which was physically verified.

- 1268.** Two(2) other contracts were awarded to two(2) contractors for carpentry and electrical works at the National Gymnasium to the lowest bidders in the sum of \$865,000 and \$440,000, respectively. As at 31 December 2002, the works were completed and physically verified. The full amounts were paid to the contractors.
- 1269.** In relation to the purchase of sports gears and equipment, two(2) purchases were made totalling \$664,000. The items purchased were verified as having received and properly brought to account.

HEAD 45 & DIVISIONS 523, 524, 525 & 530

MINISTRY OF HOUSING & WATER

Current Expenditure

- 1270.** Amounts totalling \$618.606M were expended on Subsidies & Contributions to Local Organisations. The following is a breakdown of the payments made:-

NAME OF ORGANISATION	AMOUNT \$'000
Guyana Water Authority	391,500
Guyana Water Inc.	24,000
Central Housing & Planning Authority	53,106
Guyana Power & Light (electricity charges)	150,000
TOTAL	618,606

- 1271.** 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 1 January to 29 May 2002, and an examination of these accounts revealed that amounts totalling \$213M were received as subvention from Central Government. 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 the year 2001 have not been laid. The entity ceased to exist with effect from 30 May 2002 and is now the Guyana Water Inc.(GWI)
- 1272.** The difference of \$178.500M representing Government Contribution for the period June to December 2002 was verified as being received and brought to account. At the time of reporting financial statements for the period 30 May to 31 December 2002 were received and the audit was in progress. However, in the absence of audited accounts for the period, it could not be determined whether this amount was properly expended.

1273. The Audit Office issued an unqualified opinion on the accounts of GUYWA for the period January to May 2002. However, the following matters remains outstanding:-

- In the Management Letter for the year 2001 audit, mention was made that title to land value at \$292.500M was not vested in the Authority. It was noted that also for the period under review title to the land has still not been vested in the Authority's name. As a result, ownership of the land could not be determined. It was explained that action was being taken to have the ownership of the land vested with GWI;
- Fixed assets that were decommissioned were no longer used in the Authority's operations were written down to zero. However, these assets still remain on the Authority's register. Action should be taken to have these assets disposed of;
- During our audit it was discovered that several contracts for the rehabilitation of the water system were in progress. At the time of the audit, our efforts to obtain copies of the contract documents from GUYWA were futile. In view of the foregoing comments, the completeness, accuracy and validity of the amounts shown as work in progress could not be satisfactorily determined.

1274. A physical count of the closing stocks at 29 May 2002 was done and the following observations were made:-

- Whenever stocks were returned from a project or division it was not brought to account in the stock ledger.
- Stocks were not packed in order to facilitate easy access. Hence, it was difficult for the auditors to physically inspect some of the stocks.
- Items were found in the stores but not on the bin cards or the store ledger.

In the aforementioned circumstances, the completeness, accuracy and validity of the amount stated, as stocks could not be satisfactorily determined. It was explained that action was taken to regularise these shortcomings.

1275. A list of trade debtors for the amount of \$49.928M and a schedule in the amount of \$6.520M representing loans and advances given to employees were not presented for audit scrutiny. As a result of the above-mentioned comments, the completeness, accuracy and reliability of the amount stated, as debtors could not be satisfactorily determined.

1276. It was noted that accounting entries to the value of \$86.274M to equate the general ledger balance to the billing report was done. However, these adjustments were done without a reconciliation of the balances so that the reasons for the differences could have been assorted. As a result, we were unable to verify the completeness, accuracy and validity stated as debtors.

1277. During the audit, receipts for division 3A (Peters Hall) and division 3C (Bachelors Adventure and deposits books for division 4 (Chesney) and division 2 (Pouderoyen) were not presented for audit scrutiny. As a result, we were unable to verify the completeness, accuracy and validity of the amount stated as income.

1278. The following is a breakdown of revenues and expenditure of GUYWA for the period January to May 2002, compared with the previous year:-

PARTICULARS	Jan-May 2002 \$'000	2001 \$'000
INCOME		
Tariffs: non-metered customers	176,214	340,932
Tariffs: metered customers	44,451	167,631
Total Income from Water Rates	220,665	508,563
Government subsidy	213,000	539,300
Gain from sale of service connections	27,134	49,809
Gain from sale of motor vehicles	0	5,862
Other income	77,095	42,740
	537,894	1,146,273
EXPENDITURE		
Payroll and benefits	119,564	295,242
Travelling	17,898	18,607
Outside services	44,683	65,018
Office supplies	3,732	7,485
Electricity	356,698	588,697
Fuel	4,644	18,316
Chemicals	9,463	8,092
Repairs and maintenance	32,942	74,472
Depreciation	644,008	107,525
Stock adjustments	114,331	14,570
Bad Debts	304,556	31,457
Other administrative	12,389	24,293
	1,664,908	1,253,775
Net Surplus/(Deficit) for the year	(1,127,014)	(107,501)

1279. As can be noted, the Authority incurred a net deficit of \$1.127B for January to May 2002, compared with a net deficit of \$107.501M in 2001. This was due mainly to increases in electricity charges and provisions for bad debts, depreciation and stock adjustments. The accumulated deficit of GUYWA as at May 2002 was \$2.107B.

- 1280.** The Georgetown Sewerage and Water Commission was established by Chapter 30:01 of the Laws of Guyana and is subject to separate financial reporting and audit. However, this entity ceased to exist with effect from 30 May 2002 and is now part of the Guyana Water Inc. During the period of operation 1 January to 29 May 2002, the GS&WC did not receive any subvention from Central Government. The last set of audited accounts was in respect of the period 1 January to 29 May 2002. The Audit Office issued an unqualified opinion on the accounts for the said period.
- 1281.** The GS&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.
- 1282.** The following is a breakdown of the audited income and expenditure of GS&WC for the period under review, compared with the previous year:-

PARTICULARS	Jan-May 2002 \$'000	2001 \$'000
OPERATING INCOME		
Government subvention	0	30,126
Unmetered	82,468	230,921
Metered customers	156,121	182,042
Sewerage	16,031	39,907
Other income	6,402	26,318
	261,022	509,314
EXPENDITURE		
Employment costs	89,224	176,888
Electricity and other power	138,661	272,133
Supplies and services	123,197	72,268
Chemicals	17,514	29,588
Administrative	7,483	25,038
Transport costs	3,278	8,852
Depreciation	56,110	95,308
Uncollectible accounts	438,475	76,007
TOTAL	873,942	756,081
Net Surplus/(Deficit) for the year	(612,920)	(246,767)
Prior Year Adjustments	0	0
Net Operating Surplus (Deficit)	(612,920)	(246,767)

- 1283.** As can be noted, the GS&WC incurred a net deficit of \$612.920M for the period January to May 2002, compared with a net deficit of \$246.767M in 2001. This was due mainly to GS&WC being able to collect revenues resulting in the provision for uncollectible accounts to be increased to seventy(70) percent of the gross water supply debtors had to be made. The accumulated deficit of GS&WC as at 29 May was \$979.389M.
- 1284.** The subvention of \$24M was verified as having been received by the GWI in July and October 2002. However, in the absence of audited accounts, it could not be determined whether this amount was properly expended.
- 1285.** 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 statement for the years 1999 to 2002 were not submitted for audit. The subvention of \$53.106M was verified as having been received by the Authority. However, in the absence of audited accounts for 2002, it could not be determined whether this amount was properly expended.
- 1286.** The amount of \$150M was paid to Guyana Power and Light for electricity charges in respect of Guyana Water Authority and Georgetown Sewerage and Water Commission. The expenditure was verified as having been properly incurred.

Capital Expenditure

Division 523

Subhead 12001 – Buildings

- 1287.** The sum of \$1.5M was voted for the rehabilitation of the roof and walls of the main building. Amounts totalling \$1.497M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Repairs to Bureau of Statistics building	554
Painting external walls and roof	475
Lacquering and painting P.S.'s Office	345
Dismantling, transporting & reassembling guard hut	123
TOTAL	1,497

- 1288.** The contract for the repairs to building was awarded by Ministerial Tender Board in the sum of \$554,000 to the lowest of three(3) bidders. In respect of the painting of walls and roof, lacquering and painting PS's Office and dismantling, transporting and reassembling guard hut, five(5) contracts totalling \$942,800 were awarded by the Ministerial Tender Board. The works were completed and were physically verified.

Subhead 24002 – Land Transport

- 1289.** The sum of \$1.8M was allocated for the purchase of one(1) vehicle. The full amount was expended on the purchase of one(1) vehicle (PHH 6138). The vehicle was verified as having been received and properly brought to account.

Subhead 25002 – Equipment

- 1290.** The sum of \$500,000 was allocated for the purchase of office equipment, including chairs, desks and typewriters. Amounts totalling \$0.498M were expended on the purchase of one(1) typewriter, two(2) air condition units and office furniture. The items were verified as having been received and properly brought to account.

Division 524

Subhead 28001 - Water Supply Technical Assistance/Rehabilitation

- 1291.** The sum of \$1.014 billion was voted for (a) the rehabilitation of four(4) major water supply systems at LBI, Eccles, Bartica, and Rose Hall (b) rehabilitation of minor water systems including Yakusari, Williamsburg, Joanna and Lesbeholden. and (c) provision for management assistance, financial review, design and supervision and operational support. According to the appropriation account the full amount was expended.
- 1292.** 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 for the year 2002 revealed an expenditure of \$352.149M, giving a difference of \$661.851M. This difference was due mainly to (a) EU expenditure totalling \$367.230M which was not reflected in the Project's financial reporting (b) foreign disbursements totalling \$248.155M made in 2001 now brought to account (c) foreign disbursements totalling \$114.764M made in 2002 that has not yet being brought to account and (d) CDB expenditure totalling \$428.042M not reflected in the Financial Statements.
- 1293.** The following is a breakdown of the audited expenditure for the year to 31 December 2002:-

DESCRIPTION	AMOUNT \$'000
Civil works	305,055
Consultancy services	46,989
Goods	105
TOTAL	352,149

- 1294.** In relation to the amount of \$305.055M representing civil works were eight(8) contracts valued at \$1.041 billion which were awarded for the rehabilitation of Water Supply Treatment Plant and rehabilitation of Water Supply Distribution system in Bartica and Eccles and the installation of twenty-two(22) water network systems in Regions 3 – 6 and 10. Four(4) of these contracts valued at \$138.988M were awarded prior to 2002. For the year 2002 amounts totalling \$305.055M were paid to the contractors. At the time of reporting, the Water Supply Treatment Plant and rehabilitation of Water Supply Distribution system in Bartica and Eccles were still in progress. In addition, twenty-two(22) other network systems were completed.
- 1295.** The amount of \$46.989M shown as consultancy services represents the payment of salaries to senior management staff contracted by the Project, audit fees and other related services.
- 1296.** The amount of \$105,000 expended under Goods represents the purchase of electrical spares. At the time of reporting, the items purchased were verified as having been received and properly brought to account.

Subhead 28002 - Rural Water Supply (Hinterland)

- 1297.** The sum of \$16M was provided for the purchase and installation of solar systems and distribution networks in Regions 1, 7, 8 and 9 including Waramadong, Kamarang and Kato. No amount was expended. The project was re-budgeted for in 2003.

Subhead 28005- Coastal Water Supply

- 1298.** The sum of \$200M was voted for laying of pipelines at Adventure, Johanna, Henrietta, Lima, Cullen, Stewartville, Farm, Vergenoegen, Canal No. 2, La Grange and other locations in Divisions 3A, 3b and 3C.
- 1299.** The sum of \$120.017M was transferred to GWI for that entity to undertake the works. The amount was verified as having been received by the Authority. However, in the absence of audited accounts for the period June to December 2002, it could not be determined whether this amount was properly expended.

Subhead 28007 – Linmine

- 1300.** The sum of \$95M was provided for the rehabilitation of Linden water supply system. The amount of \$43.291M was verified as having been received by GWI. However, in the absence of audited accounts for the period June to December 2002, it could not be determined whether this amount was properly expended.

Division 525

Subhead 28001 – Georgetown Remedial & Sewerage Project – Phase I

- 1301.** An amount of \$60.710M was allocated for (a) installation of water meters in Kitty and (b) institutional strengthening. A supplementary provision of \$4.961M was approved, given a revised allocation of \$65.671M. According to the Appropriation Account, the full amount was expended.
- 1302.** 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 Project came to an end on 31 May 2002. The last set of audited accounts was in respect of period 1 January to 31 May 2002, and an examination of these accounts revealed an expenditure of \$65.671M.
- 1303.** The following gives a breakdown of the audited expenditure of \$65.671M:-

DESCRIPTION	AMOUNT \$'000
Direct Costs	
Vehicles & office equipment	30,738
Water meters	27,544
Pipes & accessories	6,980
Equipment & spares	409
TOTAL	65,671

- 1304.** The amount of US\$161,349 equivalent to G\$30.738M was expended on purchase of vehicles and office equipment as follows:-

DESCRIPTION	AMOUNT \$'000
Computer software & training	11,412
Purchase of three(3) vehicles	10,073
Accessories for billing system	6,985
Purchase of a photocopier & stabiliser	2,268
TOTAL	30,738

- 1305.** The amount of US\$59,899 equivalent to G\$11.412M relates to purchases of computer software, five(5) think pads, and training. The items purchased were verified as having been received and properly brought to account and were subsequently transferred to the Guyana Water Incorporated.
- 1306.** Amounts totalling US\$52,908 equivalent to G\$10.073M were utilised on the purchase of three(3) vehicles on the basis of tendering to which the IDB granted a “no objection” for the purchases. The vehicles were verified as having been received and properly brought to account and were subsequently transferred to the Guyana Water Incorporated.
- 1307.** Amounts totalling US\$36,667 equivalent to G\$6.985M were utilised on the purchase of computer hardware and software for the billing system during the period April and May 2002. These purchases were made from four(4) suppliers on the basis of selective tendering to which the IDB granted a “no objection”. These items were verified as having been received and properly brought to account and were subsequently transferred to Guyana Water Incorporated.
- 1308.** The amount of US\$11,908 equivalent to G\$2.268M was expended on the purchase of a photocopier and a stabiliser on the 15 January 2002 on the basis of selective tendering to which the IDB granted a “no objection”. The items were physically verified and properly brought to account and were subsequently transferred to the Guyana Water Incorporated.
- 1309.** Included in the amount of US\$144,586 equivalent to G\$27.544M expended on water meters in respect of the supply and installation of water meters and water testing equipment (Lot A) was a contract valued at US\$419,888 equivalent to G\$71.732M which was awarded on 16 September 1999. During the year an amount of US\$9,360 equivalent to G\$1.783M was paid bringing the total payments on this contract to US\$374,738 equivalent to G\$64.371M as at 29 May 2002. Also included in the sum of G\$27.544M was a contract for the supply and installation of water meters and service connections (Lot B) which was awarded in September 1999 in the sum of US\$237,158 equivalent to G\$49.185M. During 2002 payments totalling US\$9,375 equivalent to G\$1.786M were made bringing the total payments on this contract to G\$44.371M as at 29 May 2002.
- 1310.** Also included in the amount of G\$27.544M was another contract for the supply and installation of water meters in Kitty which was awarded in 2001 in the sum of US\$134,093 equivalent to G\$25.310M. However, the contract documents was not produced for audit examination. No payment was made in 2001. During the year 2002, four(4) payments totalling G\$23.969M equivalent to US\$125,850 were paid to the contractor.
- 1311.** The amount of US\$36,642 equivalent to G\$6.980M was expended on pipes and accessories for the installation of water supply trunk main at Sophia. The works were undertaken through the award of a contract valued at US\$1.155M equivalent to G\$139.608M during the year 1996. As at 29 May 2002, amounts totalling US\$831,717 equivalent to G\$128.959M were paid on the contract. At the time of reporting, the trunk main at Sophia was installed and the supply of pipes and fittings were received.

- 1312.** The amount of US\$2,349 equivalent to G\$409,000 was expended under IDB financing for equipment and spares. This figure represents retention fees on a contract awarded in April 1999. In addition, the GOG paid US\$100 due to insufficient funds being available under the Bank's Financing.

Subhead 28002 – Georgetown Remedial & Sewerage Project – Phase II

- 1313.** An amount of \$58.4M was allocated for further upgrading of Georgetown Water and Sewerage System – Phase II. According to the appropriation account amounts totalling \$20M were expended. The Project is funded by the Government of Guyana and the Inter American Development Bank under Loan Agreement No. 1047/SF-GY and is subject to separate financial reporting and audit. An audit is due 90 days after the final disbursement which is expected on 14 June 2005. The amount was verified as having been received in the month of October 2002. However, in the absence of audited accounts for the period June to December 2002, it could not be determined whether this amount was properly expended.

Division 530

Subhead 19002 – Low Income Settlement Programme

- 1314.** An amount of \$547.827M was allocated for (a) upgrading of squatting communities in areas such as Tuschen, Hampshire, Diamond, Golden Grove and Amelia'a Ward (b) institutional strengthening Central Housing and Planning Authority and (c) development of new sites. Amounts totalling \$518.076M were expended.
- 1315.** The programme is funded jointly by the Government of Guyana and the Inter American Development Bank under Loan Agreement No. 1044/SF-GY and is subject to separate financial reporting and audit. The last set of audited accounts was in respect of the year 2002. An examination of these accounts revealed an expenditure of \$610.748M, giving a difference of \$92.672M. This difference resulted from disbursements made in 2002 not brought to account. The following are the details:-

DESCRIPTION	AMOUNT \$'000
Land Divestiture	447,164
Design & Supervision	75,527
Program Execution	44,225
Institutional Strengthening CH&PA	42,715
Policy Reform	1,117
TOTAL	610,748

- 1316.** Amounts totalling \$447.164M represents, land divestiture for ten (10) contracts valued \$1.319 billion. The contracts were awarded in the years 2001 and 2002 for the construction of roads, drains, bridges, culverts, drainage system, pure water supply system and purchase of equipment for a well in Tuschen East and West, Block X Diamond, Block Y Golden Grove, Block B Best and Vergeneogen. At the time of reporting four(4) contracts for Tuschen East and West, Block X Diamond and Block Y Golden Grove were completed while the remaining contracts were still in progress.
- 1317.** The amount of \$75.527M represents payments for the design and supervision of seven(7) contracts awarded for the sum of \$106.985M. The contracts were awarded in the years 2001 and 2002 for designing and supervision of housing schemes at Block X Diamond, Anna Regina, Pomona, Hope, Waterloo, Tract A good Hope, Amelia's Ward Phase 1, Charity, South of Railway, Block 8 Tuschen, Block 12 Non Pariel, Block Y Golden Grove, Block B Plantation Best, Block X Diamond and Block Y Golden Grove. At the time of reporting three(3) of the contracts were completed and the remaining contracts were still in progress.
- 1318.** The sum of \$44.225M was expended on the payment of salaries and allowances for an Executive Assistant, Confidential Secretary, eight(8) data entry clerks, four(4) data collectors, consultancy services, purchase of vehicle, computers, office equipment and administrative cost. The payments were made in accordance with the contractual agreements and the items purchased were verified as having been received and were properly brought to account.
- 1319.** The amount of \$42.715M represents emoluments paid to the Programme Cordinator, Institutional Strengthening Experts, two(2) supervisory engineers, Monitoring and Evaluation consultant and purchase of training equipment. The payments were made in accordance with the contract document and were supported by adequate documentation and the items purchased were verified as having been received and properly brought to account.
- 1320.** The amount of \$1.117M represents consultancy fees paid to two(2) consultants. The payments were made in accordance with their contract agreements and were supported by adequate documentation.

Subhead 19003 – Infrastructure Development and Buildings

- 1321.** The sum of \$500M was voted for (a) completion of projects in new and existing housing schemes such as Cornelia Ida, Parfait/Harmony, Diamond, Mon Repos and Fortland/Ordance and (b) establishment of a revolving fund for the construction of low income housing. Amounts totalling \$234.429M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Construction of roads/drains in Regions 3-6	171,051
Establishment of revolving fund	50,000
Installation of water distribution system	13,378
TOTAL	234,429

- 1322.** The amount of \$171.051M represents the construction of roads and drains in the above-mentioned housing schemes. Ten(10) contracts valued at \$519.176M were awarded in the years 2000 and 2001. As at 31 December 2001 amounts totalling \$314.426M were paid to the contractors, resulting in total payments of \$485.477M as at 31 December 2002. With the exception of the works at Mon Repos, Diamond and Cornelia Ida – Phase II, the works were completed and were physically verified.
- 1323.** The amount of \$50M was deposited in December 2002 into the Revolving Fund Bank Account No. 119000348 kept at the Citizen Bank for the construction of Low Income Houses. In relation to the installation of water distribution system at Parfaite/ Harmonie, the contract was awarded in the sum of \$14.052M in the year 2001. No payment was made in 2001. As at 31 December 2002 amounts totalling \$13.378M were paid to the contractor. At the time of reporting the work was still in progress.
- 1324.** 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 for the year 2000. At the time of reporting, an amount of \$48.518M was refunded to the Consolidated Fund. The difference of \$29.489M was utilised for capital works. The expenditure was verified as having been properly incurred.

Subhead 19004 – Development of Housing Areas

- 1325.** The sum of \$32.5M was provided for (a) the development of new housing areas and upgrading of existing ones (b) provision for the regularising of squatting areas (c) provision for community services and (d) provision for technical assistance. No expenditure was incurred, but was re-budgeted for in 2003.

HEAD 46

GEORGETOWN PUBLIC HOSPITAL CORPORATION

Current Expenditure

Employment Costs

- 1326.** The salaries bank account No. 3181 reflected a balance of \$33.901M as at 31 December 2002, while the cash book reflected a 'nil' balance as at that date. The account was reconciled to February 2003. The reason for the large balance in the bank account was due to unpresented cheques totalling \$39.230M. Included in the latter figure were six(6) stale-dated cheques totalling \$168,407. At the time of reporting, although these cheques were written back to the cash book. Action should be taken to transfer this amount to the Consolidated Fund. In addition, the bank account was credited with an amount of \$1.582M, in error by the Bank of Guyana in March 2001. The Accounting Officer explained that Bank of Guyana was written to and they are in the process of adjusting their records.
- 1327.** 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 September, 2002 the cash book reflected large positive and negative balances as shown below:-

MONTH	AMOUNT \$	MONTH	AMOUNT \$
January	1,934,684	June	775,161
February	2,225,683	July	(451,621)
March	767,016	August	(2,795,553)
April	473,011	September	(1,170,354)
May	722,266		

- 1328.** 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. However, the system has since been regularized from October 2002.
- 1329.** 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 five(5) months later. During the period under review, amounts totalling \$31.494M were reflected as refund of unclaimed salaries in the votes ledger. However,

the unclaimed salaries register only reflected amounts totalling \$17.082M. The difference of \$14.412M was due to the register not being properly written up to reflect all unclaimed salaries. In addition the receipts for these refunds were entered into two(2) Collectors Cash Books (Salaries Refund and Miscellaneous CCBS). The latter two(2) records bore no evidence of supervisory checks. Nevertheless, the above-mentioned was verified as being deposited into the main bank account.

- 1330.** A comparison of the authorised staff as shown in the 2002 Estimates of Expenditure with the actual staff employed by the Corporation in December 2002 revealed an actual staffing of 56% as shown below:-

DESCRIPTION	AUTHORISED	ACTUAL	VACANT
Administrative	20	18	2
Senior technical	400	76	324
Other technical & craft skills	583	278	305
Clerical & office support	149	93	56
Semi-skilled operatives etc.	842	546	296
Contracted employees	0	98	(98)
Temporary employees	0	4	4
TOTAL	1,994	1,113	881

- 1331.** 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 to ensure that adequate numbers exists.
- 1332.** As can be seen from the above schedule, no provision was made for contracted employees. However, a total of ninety-eight(98) persons were employed on a contractual basis in 2003. This figure has increased by eighty-eight(88) percent over the 2001 contracted employees numbered fifty-two(52). It is again recommended that this matter be regularised.
- 1333.** The schedules for National Insurance Scheme(NIS) contributions for the period October to December 2002 were not produced for audit examination. A check on the schedule for the month of January 2003 revealed that two hundred and seventy seven(277) employees were without NIS numbers, indicating that they were not registered with the Scheme. However, at the time of reporting, the amount had reduced to twenty-two(22) employees. Since registration with the NIS has implications for social security and other benefits, it is recommended that efforts should be made to have prompt registration of employees.

Other Charges

- 1334.** At the time of reporting three hundred and twenty-nine(329) payment vouchers totalling \$74.523M were not presented for audit examination. This is considered a very unsatisfactory situation. As a result, a proper examination of the related expenditure could not have been carried out to determine whether value was received. The Accounting Officer explained that he was in the process of locating these payment vouchers.
- 1335.** In respect of the main account No. 3182, three hundred and fifteen(315) cheques totalling \$67.038M were drawn after 31 December 2002, and were back-dated to 31 December 2002. This was apparently done for the purpose of utilizing available funds. It was explained that permission was granted for the cash book to remain open for eleven(11) days into the new year. However, the evidence was not produced. In addition, included in the amount of \$67.038M were three(3) payments totalling \$9.765M which were made to three(3) suppliers without any goods being received in 2002. These cheques were paid to the suppliers on 6, 10 and 15 January 2003, respectively. However, at the time of reporting, supplies to the value of \$7.972M were received. It was also noted that these three(3) payments relates to three(3) awards which were made by the GPHC tender board. No contractual agreements for these supplies were produced for audit examination.
- 1336.** A computerized cash book system was maintained for the main bank account. However, these records bore no evidence of supervisory checks. It is recommended that the cash book be checked and certified by a supervising officer on a daily basis. At the time of reporting the cash books were checked and certified.
- 1337.** In respect of the main bank account No. 3182, draft reconciliation statements were prepared for the entire period under review. However, these were not checked and certified by a senior officer. Therefore, reliance could not be placed on the draft reconciliation statements. It must be emphasized that the failure to reconcile bank accounts in a timely manner can lead to irregularities being perpetrated without detection. At the time of reporting the statements were checked and certified.
- 1338.** An examination of the draft reconciliation statement for the month of December 2002 revealed that:-
- (a) Seventy two(72) cheques totalling \$18.884M had become stale-dated between the period August 2000 and December 2002. These stale-dated cheques were written back to the cash book in 2003 but should have been transferred to the Consolidated Fund; and
 - (b) Two(2) deposits totalling \$170,250 which were reflected on the bank statement were also included in the total sum of the unrepresented cheques, resulting in the total unrepresented cheques being overstated by this amount;

1339. Amounts totalling \$363.570M were expended on Materials, Equipment & Supplies. The following is a break down of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Drugs and medical supplies	329,672
Field materials and supplies	11,958
Office materials and supplies	15,854
Print and non-print materials	6,086
TOTAL	363,570

1340. Included in the amount of \$329.672M expended on drugs and medical supplies, were sums totalling \$139.172M relating to purchases from overseas suppliers. Cabinet had given approval via CP(97) 5:1:N dated 15 May 1997 to Ministry of Health for the selective tendering to purchase drugs and medical supplies from specialized agencies overseas with the assurance that the following be supplied to the Central Tender Board:-

- (a) Good Manufacturing Practice Certificate(GMPC) Drugs.
- (b) Certificate of Analysis(CA) Drugs
- (c) Shelf Life Certificate(SLC)
- (d) Fred Sale Certificate(FLC)
- (e) Copy of Bill of Laden as per Shipment(BL)

1341. The Georgetown Public Hospital Corporation(GHPC) which is now a separate entity from the Ministry of Health continued to use the above-mentioned Cabinet approval. However, in view of GPHC being a separate entity, cabinet should be approached for a new approval for the purchase of overseas drugs and medical supplies.

1342. An examination of the system in place for the procurement of drugs and medical supplies from the International Dispensary Association(IDA) disclosed the following:-

- (a) The GPHC established an account No. 106098 with the IDA in August 2001. The terms of payment for IDA is that payments must be made into this account at least four to six months in advance before the supplies of drugs are shipped. However, at the time of the audit the document to verify this term of payment was not produced.
- (b) There was no evidence that the terms set out above by the Cabinet decision were adhered to by the GPHC. The Accounting Officer explained that this would be complied with for the 2004 orders.

- (c) The IDA has not been shipping the drugs and medical supplies on a timely basis resulting in shortages of drugs and medical supplies at the Hospital. As a result, the GPHC had to increase the purchase of drugs and medical supplies from local suppliers to the value of \$190.499M during the year 2002. This represents an increase of twenty-eight(28) percent over the local purchase for the year 2001. This is considered a very unsatisfactory situation, and can result in the overstocking and a shorter life span of these drugs when the actual shipment arrives from the overseas supplier.
- (d) In relation to the IDA account, no reconciliation statement was prepared to determine whether all the drugs and medical supplies paid for were received by the GPHC. It is important for this reconciliation to be carried out since medical supplies ordered and not supplied fully within the financial year is rolled over to the following year. At the time of reporting, systems were being put in place to have reconciliations done.

1343. A reconciliation was done by the Audit Office to determine the payments made to the IDA since the account was established from September 2001 to December 2002 and the value of drugs and medical supplies received during this period. According to our reconciliation sums totalling US\$1.612M were paid to the IDA account on Performa invoices during this period. Of this amount drugs and medical supplies to the value of US\$1.115M were supplied during the said period. Therefore, at 31 December 2002, drugs and medical supplies valued at US\$497,006 remained outstanding.

1344. During the course of the reconciliation, the following were also observed:-

- (a) Sums totalling US\$228,042 were paid to IDA in August 2001. At the time of reporting, there was no evidence that any drugs and medical supplies were supplied on these payments;
- (b) Two(2) further sums totalling US\$755,952 were also paid on this account during the year 2001. However, drugs and medical supplies valued at US\$462,069 were received on these payments. At the time of reporting the sum of US\$293,882 remained outstanding.
- (c) Six(6) and four(4) invoices for drugs totalling US\$ 29,374 and US\$58,369 were recorded as debit on the IDA statements during 2001 and 2002 respectively. However, there was no documentation to show that any orders were made for these drugs. At the time of reporting these drugs were not received. Efforts should be made to obtain the necessary information pertaining to these invoices.
- (d) The sum of US\$457,683 was paid to this account during 2002 for drugs and medical supplies. However, this amount did not include insurance and shipping charges. At the time of reporting, drugs and medical supplies totalling US\$477,321 on this order inclusive of insurance and shipping charges were received.

- (f) A physical count of GPHC drugs, which are kept at the Government Pharmacy Bond, could not be done. This was because the drugs were not stored separately from the Ministry of Health's stock. In addition, proper records were not maintained for the receipt and issues of the drugs during 2002. It is recommended that since GPHC is now a separate entity from the Ministry of Health, efforts should be made to do a physical count with the view of separating the drugs.
- 1345.** Requisitions 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 purchases are made. However, test checks revealed that about 50% of the RTP's were approved by the CEO after goods were received. Further there were six(6) instances where goods were supplied before the award was made by the GPHC tender board. This is considered a very serious matter as it defeats the purpose of the tender procedures. It is recommended that this unsatisfactory practice be discontinued.
- 1346.** Two(2) payment vouchers dated 2 November and 31 December 2001 totalling \$1.213M were paid in the year 2002. However, an approval from the Secretary to the Treasury was not seen for these payments. It is recommended that approval must be sought from the Secretary to the Treasury before payments are made for previous year's expenditure.
- 1347.** Included in the sum of \$11.958M expended on Field Materials and Supplies were payments totalling \$4.7M relating to maintenance of buildings and should have been made more appropriately charged under line item 142-Maintenance of Buildings. However, it was observed that the voted provision under line item 142 had been exhausted. It would have been more appropriate to seek approval for virement of funds. In addition further sums totalling \$5.831M were also expended on desks, chairs, benches, beds, bedside cupboards, and hand-held radios. These items are of a capital nature and should have been provided for under the capital estimates. Notwithstanding this, the items were verified as having been received and properly brought to account.
- 1348.** Included in the amount of \$15.584M expended on Office Materials and Supplies were sums totalling \$8.932M expended on stationery. The difference of \$6.652M was spent on computer and accessories, filing cabinets, desks, cupboards, fax machines, telephones, fans, calculators and water coolers. It should be noted that these items are of a capital nature and should have been provided for under the capital estimates. However, these items were verified as having been received and properly brought to account.
- 1349.** Amounts totalling \$28.031M 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. In addition, of the three(3) vehicles and two(2) motor-cycles used by the hospital, the log books for these vehicles were not properly maintained. In the circumstances, it could not be determined whether effective control was exercised over the use of these vehicles. However, these records were

introduced in 2003. At the time of reporting, systems were being put in place to have log books and flow meters in place.

- 1350.** Amounts totalling \$67.334M were expended on Rental and Maintenance of Buildings. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Rental of buildings	10,809
Rehabilitation of Male and Female Surgical Wards	3,876
Modification to Skylight Roofs at ACDC Buildings	4,193
Rehabilitation of Ablution Block	5,506
Construction of Burn Care Unit	2,586
Fabrication & Supply of Steel Gates	1,134
Other payments	5,593
Cleaning and janitorial supplies	19,738
Purchase of building materials	13,094
Miscellaneous	805
TOTAL	67,334

- 1351.** The sum of \$10.809M was expended on rental of nine(9) buildings which were used mainly by Cuban and Chinese doctors. In relation to the rehabilitation of the Male and Female Surgical Wards, the contract was awarded in the sum of \$3.727M on 5 June 2002 on the basis of selective tendering. Three(3) contractors were selected and only one responded. The Georgetown Public Hospital Tender Board(GPHTB) then gave approval for a waiver of Tender Board procedures. In addition, there was variation of \$380,700 giving a revised contract sum to \$4.107M. However, no approval was seen for the variation. At 31 December 2002, the work was still in progress and amounts totalling \$4.563M were to paid to the contractor as at that date. As can be noted above only amounts totalling \$3.876M were reflected in the Appropriation Account. In addition, the work was completed in March 2003, and an additional amount of \$102,696 was paid to the contractor in 2003, resulting in an overpayment of \$555,068. The Appropriation Account was also understated by \$688,551. Action should be taken to recover the overpayment from the contractor. Nevertheless, works to the value of \$4.107M were physically verified.
- 1352.** The contract for modification works to skylight roofs at the ACDC building was awarded in the sum of \$5.990M on 7 May 2002 by the GPHC tender board to the lone bidder. As at 31 December 2002, the work was still in progress and amounts totalling \$4.193M were paid on this contract as at that date. The work was completed in 2003 and the amount of \$289,808 was paid in 2003 for completed works. These works were physically verified.

- 1353.** The contract for rehabilitation of Ablution Block was awarded in the sum of \$5.796M by the Central Tender Board to the lowest bidder. As at 31 December 2002, the work was still in progress and amounts totalling \$5.506M were paid to the contractor as that date. At the time of reporting the work was completed and was physically verified.
- 1354.** In relation to the construction of Burn Care Unit, this contract was awarded in the sum of \$4.380M in 2001 by the Central Tender Board. As at 31 December 2002, the work was completed and amounts totalling \$3.594M were paid the contractor. However, only, \$2.586M were recorded in the votes ledger resulting in the Appropriation Accounts being understated by \$1.008M. However, at the time of reporting, the work was completed and physically verified.
- 1355.** The contract for fabrication of and supply of steel gates was awarded in the sum of \$1.131M in 2001 by the Central Tender Board. As at 31 December 2002, the contract was paid in full. At the time of reporting, the work was completed and physically verified.
- 1356.** The amounts of \$13.094M and \$19.738M were expended on the purchase of building materials for the rehabilitation works and janitorial and cleaning supplies, respectively, and were verified as having been received and properly brought to account.
- 1357.** The sum of \$151.396M was expended on Other Goods and Services Purchased. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Equipment maintenance	55,565
Security services	28,029
Cleaning and extermination services	19,921
Other	47,881
TOTAL	151,396

- 1358.** The amount of \$55.565M 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. Reliance was placed on certificates of satisfactory completion issued by the supervisory officers of the various departments.
- 1359.** The amount of \$28.029M expended on Security Services was paid to four(4) firms. The contracts for two(2) of the security firms were taken over from the Ministry of Health. However, one(1) of those contracts were not renewed since 1998. Audit evidence showed that efforts were made to have this particular contract renewed.

- 1360.** Included in the sum of \$19.921M expended on cleaning and extermination services, were four(4) contracts valued at \$18.941M which were awarded by the Central Tender Board. Reliance was placed on certificates of satisfactory completion issued by the supervisory officers of the various departments.
- 1361.** The amount of \$47.881M was expended on CT scans, lab test, transportation of patients, purchasing of airline tickets for overseas doctors, freight charges and advertisement. Based on checks carried out, the expenditure was verified as having been properly incurred.
- 1362.** Amounts totalling \$40.969M were expended on Other Operating Expenses. The following is a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Dietary	39,140
Refreshment and meals	1,705
National and other events	124
TOTAL	40,969

- 1363.** The sum of \$39.140M was expended on dietary items. Tender procedures were followed in respect of the contracts awarded which were on yearly basis. Test checks carried out revealed that the items purchased were verified as having been received and properly brought to account.

Stores and Other Public Properties

- 1364.** 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, a stores ledger was not maintained by the GPHC. Further, a random checks on a sample of the bin cards revealed that there were discrepancies on about 90% of these cards. For example, there were excesses, shortages and incorrect balances. In addition a master inventory was introduced but not maintained to reflect the acquisitions and disposals of assets for the period under review. Sectional inventories were also not maintained. In view of the numerous assets under the control of the Corporation, it is important that adequate inventory records be maintained.

1365. The Accounting Officer explained that a stores ledger existed up to February 2002 when the Director of Finance who is not computer literate refused to have the computerised system fixed. Unfortunately, we did not have a parallel manual system nor did we implement one during the period of his tenure. However, we have introduced the manual stock ledger for the last quarter of 2003. A fixed assets register was in place since October 2002 but it became dysfunctional in March 2003. This register will be implemented in the last quarter of 2003.

Revenue Accounting and Control

1366. Amounts totalling \$10.704M were collected as revenue for the period under review. However, these 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. Further, approval was granted by the Minister of Finance based on a request by the GPHC to utilize the revenue for the procurement of an ambulance, a radiograph, eight(8)air conditioning units, and an oxygen pipe line to the value of \$8.975M. These items were verified as having been received and properly brought to account. It should be mentioned that the Corporation was advised by the Budget Advisor in a letter dated October 21 2002 which states that in view of the hospital being incorporated under the Public Corporations Act(PCA), the hospital will not be required to remit to the Consolidated Fund any revenue that it collects.

Other Matters

1367. During the course of the audit the following unsatisfactory features were observed:-

- (a) The contract register was not maintained in a satisfactory manner. For instance, some contracts and payments were not recorded. 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 in 2001. It is again recommended that corrective action be taken to improve the system.
- (b) The votes ledgers were not properly maintained. For example the various columns such as the Total Expenditure and Outstanding Liabilities, Accumulated Releases and Balance of Releases were not written up and remained blank. In addition, the votes ledgers were kept in an untidy state. It is recommended that efforts be made to maintain these records in the appropriate manner. The Accounting Officer explained that the supervisor was negligent in maintaining the votes ledger. However, there are no outstanding liabilities.

HEADS 47 & DIVISION 516

MINISTRY OF HEALTH

Current Expenditure

Employment Costs

- 1368.** 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 \$5.456M were reflected as unclaimed salaries, resulting mainly from this problem. Included in this amount was the sum of \$2.084M, representing salaries for persons who were no longer on the job but were not removed from the payroll because no Government Order was received to do so. 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 explained that Heads of Departments will be reminded by the Personnel Department to submit a monthly staff list to facilitate changes to the payroll and refunds appearing more than once will be withheld from the payroll after consultation from the Personnel Department.
- 1369.** 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. At the time of reporting the National Insurance Scheme(NIS) was conducting reconciliation with the Ministry's records to verify the amount of deductions that are due to this Ministry. The Commissioner of Internal Revenue Department has since requested additional information for the deduction but to date no refunds have been made to the Ministry.
- 1370.** It is a requirement for the salaries cash book to reflect a 'nil' balance at the end of each month. However, the cash book for the account No. 3083 reflected significant balances at the end of the following months:-

MONTH	BALANCE PER RECONCILIATION STATEMENT \$	ACTUAL CASH BOOK \$
April	170,378	170,378
May	1,699,987	1,699,987
June	1,600,647	1,600,647
July	637,474	637,474
October	234,455	234,455
November	944,494	944,494

- 1371.** The Accounting Officer explained that the large positive balances were due mainly to late payments of deductions to the National Insurance Scheme. Every effort should be made, therefore to ensure that the net salaries and related deductions transactions are processed before the end of the month so that the cash book can reflect a 'nil' balance.
- 1372.** 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) 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 on the bank statements. This matter was drawn to your attention in my Report for the year 2001. 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.
 - (b) Significant amounts were reflected as stale-dated cheques. In particular, an examination of the list of unrepresented cheques in the December 2002 reconciliation statement revealed that thirty-one(31) cheques valued at \$128.901M had become stale-dated and dated as far back as January 2001. However, at the time of reporting stale-dated cheques were written back to the cash book and transferred to the main account.
- 1373.** A comparison of the authorised staffing as shown in the 2002 Estimates of Expenditure with actual staff employed by the Ministry as at December 2002 revealed a shortage of staff in the following areas:-

SUBHEAD	DESCRIPTION	AUTHORISED	ACTUAL	VACANT
101	Administration	43	31	12
102	Senior technical	250	144	106
103	Other technical & craft skilled	215	121	94
104	Clerical & support	139	110	29
105	Semi skilled	560	481	79
106	Contracted Employees	46	77	-
107	Temporary Employees	-	6	-
TOTAL		1,253	970	283

1374. The actual staffing was therefore seventy-seven percent(77%) of the authorised staff strength. It is obvious that the actual level of staffing would have had a negative impact on the operations of the Ministry. 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 that enormous volumes of work in the medical field are undertaken. However, at the time of reporting the Ministry was employing staff within certain categories on a contractual basis to alleviate this problem.

1375. During the period under review, the Ministry employed 970 persons as stated above. However, examination of the National Insurance Scheme(NIS) contribution schedule revealed that fourteen(14) 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. It was explained by the Accounting Officer that registration of employees is on going and this was verified.

Other Charges

1376. 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 was again advised to investigate the reason(s) for this large overdraft. The Accounting Officer explained that the Secretary to the Treasury was written to requesting a closure of the account.

1377. The active main bank account No. 3079 reflected a large positive balance of \$392.100M as at 31 December 2002. At the time of reporting this account was reconciled to December 2002. Reconciliation of the account revealed the following unsatisfactory features:-

- 688 cheques valued at \$84.843M were unrepresented, twenty-seven(27) of which valued at \$729,499 were drawn during the period under review and have now become stale dated. It is recommended that these stale dated cheques be written back in the cash book; and
- Amounts totalling \$9.27M were reflected in the cash book but were not reflected on the bank statement for the period under review. The Accounting Officer is required to give an explanation for this shortcoming. The Accounting Officer is also advised to ensure that the reconciliation is carried out with due diligence and in a timely manner.

1378. Amounts totalling \$701.629M were expended on Materials, Equipment & Supplies. Included in this figure were sums totalling \$629.763M relating to the purchase of drugs and medical supplies. Of the latter amount, \$534.205M relates to purchase of drugs and medical supplies from overseas suppliers.

1379. The following is a breakdown of overseas purchases valued at \$534.205M:-

AUTHORITY LIMITS	NO. OF PURCHASES	AMOUNT \$'000
Below \$90,000	18	1,094
\$90,000 - \$180,000	5	644
\$180,000 - \$600,000	12	4,381
\$600,000 - \$6M	23	67,749
Over - \$6M	15	460,337
TOTAL	73	534,205

1380. With the exception of a few, the items purchased from the overseas market were acquired from specialised agencies as approved by Cabinet in 1997. However, invoices to the value of \$148.067M were not submitted for audit examination. This value included \$30M worth of dental equipment which was approved by Cabinet but were not supplied to the Ministry up to the time of reporting. The Accounting Officer explained that the money was deposited in a bank by Letter of Credit and would have been released to the supplier when the goods were delivered. The Ministry was advised therefore, to close the Letter of Credit and have the sum of \$30M refunded to the Ministry's bank account. At the time of reporting the sum of \$30M was refunded to the Consolidated Fund. Nevertheless, the Appropriation Account has been overstated by \$30M.

- 1381.** With regards to the supply of the remaining drugs purchased both overseas and locally and valued at \$24.4M, it could not be determined whether good valued at this amount was received and taken in stock since the relevant supporting documents were not provided for audit verification. Test checks also revealed that, generally, the packages received were not opened and the items physically inspected to ensure that the correct description and amount of items were received. The Accounting Officer explained that action was being taken to correct these shortcomings.
- 1382.** The following is a breakdown of the remainder of the items purchased locally and valued at \$71.866M:-

AUTHORITY LIMITS	NO OF PURCHASES	AMOUNT \$'000
Below \$90,000	1,161	24,340
\$90,000 - \$180,000	111	14,354
\$180,000 - \$600,000	47	13,953
\$600,000 - \$6M	13	19,219
TOTAL	1,332	71,866

- 1383.** With respect to purchases done locally, there were 1161 miscellaneous payments totalling \$24.340M and falling below \$90,000. There was also adherence to Central Tender Board procedures in respect of thirteen(13) payments totalling \$19.219M and falling within the limit of \$600,000 and \$6M. Evidence of the system of quotations in respect of one hundred and eleven(111) payments totalling \$14.345M and falling within the limits of \$90,000 and \$180,000 was also seen. Further, Ministerial Tender Board had adjudicated on forty-seven(47) purchases valued at \$13.953M and falling within the limit of \$180,000 and \$600,000. The items purchased were verified as having been received and brought to account.
- 1384.** Copies of requisitions to purchase(RTPs), goods received notes(GRN) and a quantity of suppliers' invoices were not affixed to payment vouchers to substantiate that the payments made were valid. However, copies of invoices and GRNs were kept at the Pharmacy Bond. In addition, a stores ledger was maintained at the Central Accounting Unit during the period January to December 2002, to provide for an independent check on the accuracy of the bin card and Combined Requisition and Issue Vouchers(CRIVs) entries. However, these ledgers were not maintained in a satisfactory manner. At the time of reporting, action was being taken to correct this situation.
- 1385.** Amounts totalling \$15.507M were expended on Fuel & Lubricants for forty-two(42) vehicles and sixteen(16) 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. At the time of reporting action was being taken to correct this situation.

- 1386.** Amounts totalling \$56.919M were expended on Rental & Maintenance of Buildings. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Purchase of Cleaning and Janitorial Supplies	12,382
Rental of Buildings	8,301
Repairs to Liliendaal Complex	6,392
" " Head Office Buildings	6,278
" " Vector Control Building	2,321
" " Central Supplies Unit	2,202
" " Charles Roza School	1,678
" " Doctor's Flat	1,059
Consultancy Services	1,015
Miscellaneous repairs (\$450,000 - \$600,000)	2,551
Miscellaneous repairs (\$180,000 - \$450,000)	787
Miscellaneous repairs (\$90,000 - \$180,000)	295
Miscellaneous repairs (below - \$90,000)	11,658
TOTAL	56,919

- 1387.** A total of thirteen(13) buildings were rented at a total cost of \$8.301M during the period under review. Based on test checks carried out, the expenditure was properly incurred.

- 1388.** Included in the amount of \$6.392M was a contract for the rehabilitation of the Liliendaal Complex, which was awarded for a contract sum of \$4.585M. There was an approved variation of \$176,090 giving a revised contract sum of \$4.761M. As at 31 December 2002 the full amount of \$4.761M was paid to the contractor. The difference of \$1.631M was in relation to a contract awarded in 2000 for renovation to the Liliendaal Complex. The project site was visited and the work verified was done and generally confirmed to specifications of the contract.

- 1389.** Included in the amount of \$6.278M expended on the repairs to Head Office buildings, were seven(7) contracts awarded and valued at \$2.817M. As at 31 December 2002, amounts totalling \$2.228M were paid to the contractors. The difference of \$4.050M relates to a contract for the extension of the Entomology Department (Head Office) which was awarded in 2001. The contract for the renovation to the Vector Control Unit was awarded to the lowest of three(3) bids in the sum of \$2.589M as against the

Engineer's Estimate of \$3.141M. As at 31 December 2002, the amount of \$2.321M was paid to the contractor. The works were completed and physically verified.

- 1390.** The contract for the renovation to the Central Supplies Unit was awarded to the lowest of fourteen(14) bids in the sum of \$2.008M by the Central Tender Board. There were two(2) variations of \$154,504 and \$40,016 giving a revised contract sum of \$2.202M. At 31 December 2002, the full amount of \$2.202M was paid to the contractor.
- 1391.** The defects liability period ended in July of 2002. However, no documentation/information was presented to us to enable us to form an opinion the following:-
- (a) Contract time overrun;
 - (b) Application of Liquidated damage charges;
 - (c) Actual starting date; and
 - (d) Correspondence on decisions taken between contractor/consultant

The project site was visited and the work verified generally confirmed to specifications of the contract.

- 1392.** Included in the amount of \$1.678M were two(2) contracts for the repairs to Charles Roza School of Nursing, which were awarded in April 2002. The first contract for the rehabilitation works was awarded to the lowest of four(4) bids in the sum of \$797,505 as against the Engineer's Estimate \$850,000. As at 31 December 2002, the entire contract sum was paid to the contractor. The Ministerial Tender Board also awarded the second contract for the rehabilitation work done to the roof of the Charles Roza Nursing School in the sum of \$880,010. There was no evidence that these works were advertised which indicates that there was an absence of competitive bidding. As at 31 December 2002, the full contract sum was paid to the contractor. The Accounting Officer explained that the contract was awarded on site, since it was discovered that the roof was leaking, hence the roof had to be completed before the floor. The works were completed and were physically verified.
- 1393.** The contract for repairs to the doctor's flat was awarded to the lowest bidder in the sum of \$1.059M. As at 31 December 2002 the entire sum was paid to the contractor. In relation to the amount of \$11.658M expended on miscellaneous works falling below the limit of \$90,000, two hundred and forty(240) petty contracts were issued. Documentary evidence provided indicated that the works were satisfactorily completed. Three(3) contracts valued at \$2.551M and falling within the limits of \$450,000 and \$600,000 were awarded by Central Tender Board to the lowest bidders for repairs to the Multipurpose Building and Nurses Training School at New Amsterdam and the Charlestown Dispensary. Miscellaneous works valued at \$787,000 were executed by two(2) contracts for painting and carpentry works on the Pharmacy Bond and AIDS Secretariat respectively. Physical inspection of the jobs revealed that the works were satisfactorily completed.

1394. Amounts totalling \$4.085M 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.

1395. Amounts totalling \$65.903M were expended on Transport, Travel & Postage. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Travelling & subsistence	36,461
Repairs to vehicles and purchase of spares	14,507
Postage & telex	460
Others	14,475
TOTAL	65,903

1396. An examination of the expenditure relating to the repairs to vehicles revealed that two hundred and forty-nine(249) contracts valued at \$8.961M were awarded for the said repairs while sums totalling \$4.550M 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:-

DESCRIPTION	2000 \$	2001 \$	2002 \$	AMOUNT \$
PCC 8495	288,115	572,475	358,904	1,219,494
PCC 3613	243,660	405,257	541,600	1,190,517
PDD 3533	162,490	466,639	125,600	754,729
PPF 8786	38,837	489,047	26,862	754,746
GFF 3157	84,100	500,345	333,280	917,725

1397. The Accounting Officer explained that the vehicles were used by several Departments such as G.A.H.E.F, the Dental School and Head Office. These vehicles also travelled to various Regions 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. The Accounting Officer explained that at the time of reporting an analysis was done and it was recommended that vehicles over eleven(11) years were to be disposed of by the Ministry.

1398. Amounts totalling \$36.641M were expended on Utility Charges as follows:-

DESCRIPTION	AMOUNT \$'000
Electricity	22,590
Telephone	8,295
Water	5,756
TOTAL	36,641

1399. Amounts totalling \$22.590M expended on electricity charges were in respect of forty-seven(47) meters which were under the control of the Ministry. Although an electricity register was kept to record the electricity charges, this record reflected a balance of \$22.837M instead of \$22.590M giving a difference of \$247,000. The Accounting Officer explained that periodic reconciliation of the Votes ledger with these records would be carried out.

1400. Included in the amount of \$8.295M shown as telephone charges, were sums totalling \$2.217M representing the cost of overseas telephone calls. Further, there was a difference of \$231,000 between the amount shown in the Appropriation Accounts and that reflected in the telephone register. The latter showed expenditure of \$8.064M. The Accounting Officer explained the Ministry would undertake periodic reconciliation of the telephone register with the votes ledger.

1401. Amounts totalling \$5.756M were expended on water charges. The Ministry did not keep a register to record the amounts which were expended for this utility during the period under review. However, at the time of reporting a register was introduced.

1402. The sum of \$99.145M was expended on Other Services Purchased. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Security services	55,637
Maintenance of equipment	17,858
Cleaning and extermination services	5,697
Others	19,953
TOTAL	99,145

- 1403.** Amounts totalling \$55.631M were paid to five(5) security firms to perform security services for the Ministry of Health. However, the contracts of two(2) security firms, that is, the Commissioner of Police Special Constabulary and the United Associates had not been renewed for the year 2002. The Accounting Officer explained that these two(2) security firms had previously been given covering approval by Cabinet to perform such services. Notwithstanding the explanation, it is recommended that the services be advertised before contracts are awarded. This could result in cost savings. Similar comments were made in my previous reports.
- 1404.** The amount of \$17.858M represents expenditure incurred on maintenance of equipment, which includes repairs to computers, photocopiers, X-ray units, air condition units and regular ancillary and sanitary services. Test checks carried out revealed that the expenditure was properly incurred.
- 1405.** In relation to the amount of \$19.953M 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.
- 1406.** The sum of \$74.551M was expended on Other Operating Expenses. Included in this figure is 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 twenty-four(124) persons received medical treatment in 2002 from this allocation, of which ninety-five(95) persons were sent overseas for medical treatment. The other twenty-nine(29) persons received medical treatment locally at the cost of \$2.713M.
- 1407.** Amounts totalling \$63.377M 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, anti-malaria resistance, HIV/AIDS, micro-biological and chemical testing, disease control and prevention and laboratory techniques. Based on test-checks carried out, the expenditure was verified as having been properly incurred.

1408. The sum of \$278.851M was expended on Subsidies and Contributions to Local & International Organisations. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Wismar/Mc Kenzie Hospital	200,739
Ptolemy Reid Rehabilitation Centre	16,000
Fort Canje Mental Hospital	15,982
Kwakwani Hospital	10,000
Cancer Board	7,000
Guyana Responsible Parenthood Association	6,186
AIDS Secretariat	5,632
Mahaica Chesire Home for Spastic Children	4,000
Red Cross Convalescent Home	3,700
Medical Termination of Pregnancy Board	2,786
National Commission on Disability	2,100
Guyana Cancer Society	2,000
Others	2,726
TOTAL	278,851

1409. The amount of \$200.739M was transferred to a special bank account operated by the Wismar/McKenzie Hospital. According to the records of the hospital, expenditure totalling \$197,157 was incurred from the funds provided:-

DESCRIPTION	AMOUNT \$'000
Employment costs	146,310
Drugs and medical supplies	7,414
Security services	7,336
Dietary items	6,663
Equipment maintenance	3,806
Fuel and lubricants	3,524
Janitorial and cleaning supplies	3,496
Maintenance of building	2,554
Utility charges	1,342
Office materials & Supplies	1,337
Vehicle spares and maintenance	1,335
Field materials and supplies	829
Cleaning and extermination services	695
Others	7,265
Miscellaneous	3,251
TOTAL	197,157

- 1410.** 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.
- 1411.** A subvention of \$19M was voted for the Fort Canje Mental Hospital in the year 2002. An intra-departmental warrant was issued to Regional Executive Officer, Region No. 6. According to the Appropriation Accounts the amount \$15.982M was expended during the year. In addition, the last set of audited accounts was in respect of 1999. At the time of reporting draft financial statements were received for the year 2000.
- 1412.** The Ptolemy Reid Rehabilitation Centre has been functioning as a non-governmental organisation since December 1992 as a result of a Cabinet Decision. 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. The amount of \$16M was nevertheless verified as having been received by the Centre.

Stores and Other Public Property

- 1413.** The Ministry was in receipt of large quantities of gifts. At the time of the audit in June 2003, there was no evidence of a gift register. All invoices for the gifts were placed in two(2) short file folders. 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. However, at the time of reporting corrective action has since been taken to reintroduce a gift register and to inform the Ministry of Finance of those gifts on hand.
- 1414.** Audit inspection carried out at the Pharmacy Bond revealed the following:-
- (a) The general condition and layout of the Pharmacy Bond had improved significantly during the year reviewed as compared to the past three years. This was due to rehabilitation work done to the roof and other sections of the bond. However, physical inspection of the bond in July 2003 revealed that whenever there was a heavy downpour of rain, water seeped in onto the ground floor of the bond. Preventative measures should be taken to remedy this situation.
 - (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) In the majority of cases, the Government Analyst Department sent drugs for testing in Jamaica. However, the results were never-the-less received one year later and by that time most of the drugs on hand would have been distributed. The Accounting Officer explained that a high performance liquid chromatograph was installed and was fully commissioned to carry out test. A specialist is currently employed also to carry out some of these tests. However, additional staff needs to be trained to be proficient in the use of the equipment to satisfy this criteria.

- (d) A list of the expired drugs was 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. However, she indicated that forms were distributed to the five(5) bonds to record the drugs that would be expired in one year and which examined by the Chief Pharmacist. Notwithstanding the explanation, this is a very unsatisfactory situation and every effort should be made to take corrective action.
- (e) The goods received books were not maintained in a satisfactory manner, since information such as date of receipt of item, invoice number, stores received numbers and the quantity of items received were not recorded therein. In addition, the goods received book was last written up to 24 June 2002. Action should be taken to bring this record up-to-date.
- (f) Stock ledgers for the Pharmacy Bond were not updated. Test checks carried out revealed that tablets and injections received were at varying stages of the recording process. Based on sample checks carried out, several excesses and shortages were discovered. It is recommended that the excesses be taken on charge in the stock ledgers; but the shortages would require explanations.

The Accounting Officer explained that repairs to the floor will be budgeted for in 2004. Packages are weighted and the amounts are checked with the net content on the package. She also advised that action will also be taken to update the stock records.

- 1415.** The master inventory was not updated to reflect acquisitions and disposal of items for the period under review. In addition, 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. At the time of reporting, the master inventory was updated. Sectional inventories were to be posted to the relevant sections.

Capital Expenditure

Subhead 12014 - Buildings (Health)

- 1416.** The sum of \$42M was allocated for (a) the completion of health centre at Enmore, (b) rehabilitation of lunchroom, sanitary block, roof and installation of cold-chain unit at the pharmacy bond, (c) rehabilitation of roof, ceiling and floor of the Linden hospital complex and the accident and emergency unit and (d) rehabilitation of residences for Regional malaria supervisors at Matthew's Ridge, Port Kaituma, Kurupung and Mahdia. Amounts totalling \$31.496M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Construction of health centre at Enmore	15,614
Renovation to Pharmacy Bond	8,122
Rehabilitation to Linden Hospital	6,058
Construction of dental hut Region No. 1	1,600
Consultancy	102
TOTAL	31,496

- 1417.** As can be noted, no rehabilitation works were carried out on the residences for Regional malaria supervisors at Matthew's Ridge, Port Kaituma, Kurupung, and Madhia. The Accounting Officer explained that this project was HIPIC re-imbursable; but no funds were released to carry out the works. The works were not re-budgeted for in 2003.
- 1418.** In my 2001 Report, it was stated that the contract for the construction of the health centre at Enmore was awarded in the sum of \$24.443M to the lowest bidder. The Engineer's Estimate was \$27.610M. There was an approved variation of \$4.994M for additional works, giving a revised contract sum of \$29.437M. As at 31 December 2001, the amount of \$11.580M was paid to the contractor. As at 31 December 2002, an additional sum of \$15.614M was paid to the contractor resulting in a total contract payment of \$27.194M. At the time of audit in February 2003, the construction of the clinic was satisfactorily completed and handed over to the officials of the Ministry of Health.
- 1419.** The contract for the renovation of the Pharmacy Bond was awarded by the Central Tender Board in the sum of \$7.414M to the second lowest bidder from among thirteen(13) on the grounds that the lowest bid of \$5.607M was substantially below the Engineer's Estimate of \$8.750M. There was an approved variation of \$707,881 for additional works thus giving a revised contract sum of \$8.122M. As at 31 December 2002, amounts totalling \$8.122M were paid to the contractor. Physical inspection of the Bond revealed that the building was satisfactorily completed according to the specifications of the contract.
- 1420.** In relation to the rehabilitation of Linden Hospital, Region No.10, the contract was awarded by Central Tender Board in the sum of \$6.305M to the lowest bidder as against the Engineer's Estimate of \$6.058M. As at 31 December 2002, amounts totalling \$6.058M were paid to the contractor. The works were completed and were physically verified.

- 1421.** The contract for the construction of a dental hut in Region No.1 was awarded by the Regional Tender Board in that Region to a sole bidder in the sum of \$1.6M. No Engineer's Estimate was submitted for audit examination. In addition, there was no evidence that the job was publicly advertised, which indicates that there was absence of competitive bidding. At 31 December 2002, the full amount of \$1.6M was paid to the contractor. Physical inspection of the job was not carried out due to several constraints.

Subhead 24001 - Land and Water Transport

- 1422.** The sum of \$12M was allocated for the purchase of three(3) vehicles for the malaria and tuberculosis programmes and administration. However, two(2) Nissan 4X4 pick-up vehicles instead of three(3) were purchased at a cost of \$6.884M for the malaria and tuberculosis division at the Georgetown Public Hospital. The Accounting Officer explained that a request for a change in programme was made to the Chief Planning Officer for the Ministry to forego the purchase of the bus in order to complete building projects of Government Pharmacy Bond and Linden Hospital Complex, which falls under sub-head 12014-Buildings (Health). However, this request was not granted but the building works were re-budgeted for in 2003. At the time of the audit in August 2003 the two(2) vehicles were physically verified as having been received, marked and identified as the property of the state.

Subhead 25001 - Office Furniture and Equipment

- 1423.** The sum of \$2.5M was allocated for the purchase of (a) industrial washing machine for the Linden Hospital complex and (b) industrial fans and chairs. Amounts totalling \$2.194M were expended to purchase the industrial washing machine, two(2) industrial fans and one(1) lap-top computer. A change in programme was obtained for the purchase of the lap-top. The items purchased was verified as having been received and properly brought to account.

Subhead 25002 - Equipment (Medical)

- 1424.** The sum of \$55M was voted for the purchase of (a) dental chairs for Mabaruma, Suddie, Georgetown, Port Mourant, Skeldon, Bartica, Lethem and Linden; (b) Autoclaves for Georgetown, New Amsterdam and Suddie hospitals; (c) Ultrasonic cleaners for Skeldon, Port Mourant and Wismar hospitals; (d) water baths, centrifuge, spectrophotometer and bulbs for Region Nos. 1 – 10; and (e) equipment for Enmore, Enterprise and Lusignan health centres. Amounts totalling \$35.516M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Medical and general equipment	20,684
Dental equipment	11,215
Office equipment and supplies	3,650
Miscellaneous	57
TOTAL	35,516

- 1425.** Included in the amount of \$20.684M is the sum of \$19.095M, which was expended for the purchase of medical and general equipment for the Enmore, Enterprise and Lusignan Health Centres. The contract was awarded by Central Tender Board in the sum of \$19.095M. At the time of reporting in August 2003, the supplier had not complied with the contractual agreement to supply the equipment within three(3) months from the date of the contract, despite reminders. Every effort should be made by the Ministry to close the Letter of Credit with the Bank and have the sum of \$19.095M recovered. However, as at December 2002, the medical and general equipment valued at \$1.589M were verified as having been received and brought to account. At the time of reporting, the sum of \$19.095M was refunded and deposited into the Consolidated Fund. The Appropriation Account was overstated by the latter amount.
- 1426.** Amounts totalling \$11.215M were expended on the purchase of dental equipment for the Cheddi Jagan Dental Centre and hospitals in Regions 1,2,5,6,7,9 and 10. The equipment purchased were verified as having been received and distributed to the centre and hospitals throughout the Regions.
- 1427.** Amounts totalling \$3.650M were expended to purchase office equipment and supplies for Enmore, Enterprise and Lusignan health centres. The items purchased were verified as having been received and brought to account.
- 1428.** In my previous reports, mention was made of the payment of \$1.678M in 1977 for the purchase of microbiological 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 and the Auditor General had recommended that a losses Report be put to the Secretary to the Treasury with a view of writing off this amount. However, to date no response has been received from the Secretary to the Treasury.

Subhead 25003 - Equipment

- 1429.** The amount of \$3.5M was allocated for the purchase of a stand-by generator and radio sets. The Central Tender Board awarded the contract to the lowest of six(6) bids. However, no expenditure was incurred under this subhead for the year audited. The Accounting Officer explained that the cost of the generator was more than that voted under this sub-head and they will be budgeted for in 2004.

Subhead 44001 - Technical Assistance

- 1430.** An amount of \$82M was allocated for (a) development of an integrated health service delivery; (b) development of human resources and management capacity; and (c) institutional strengthening of the Georgetown Hospital. According to the Appropriation Account, amounts totalling \$76.705M were expended.
- 1431.** 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 2002. An unqualified opinion was issued for this Project. An examination of these audited accounts revealed an expenditure of \$59.890M giving a difference of \$16.815M, which was due to timing differences relating to bringing to account of foreign disbursements.
- 1432.** The following gives a breakdown of the audited expenditure:-

DESCRIPTION	AMOUNT \$'000
Consultancy services	39,956
Emoluments of Project Co-ordinator	11,825
General support	6,700
Salaries for local staff	1,409
TOTAL	59,890

- 1433.** In relation to the amount of \$39.956M, the Project Management Unit(PMU) had contracted the services of two(2) consultants to carry out the primary health services and literary reviews of the Project. The two(2) contractors were responsible for performing mid-term reviews of the system and providing technical assistance to the Project Co-ordinator. As at 31 December 2002, the sum of \$39.956M was paid to the consultants.

- 1434.** The amount of G\$11.825M was in respect of emoluments of the Project Co-ordinator. In respect of the amount of G\$6.700M 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\$1.409M was also expended on the payment of honoraria to persons involved in research and counterpart activities relating to the Project.

Subhead 44002 – HIV /AIDS

- 1435.** An amount of \$30M was allocated for (a) expanding and strengthening the management of curable sexually transmitted infections; (b) improving the national tuberculosis prevention and control programme; and (c) strengthening the health information system. According to the Appropriation Account, amounts totalling \$7.554M were expended.
- 1436.** The Project commenced during the year under review and was funded solely by the Canadian International Development Agency(CIDA) for a value of CD\$4.750M. The terms of the contract specifies a four(4) years period from year 2002 to 2006 and is subject to separate financial reporting. As at December 2002, the sum of \$7.554M was expended for the design phase of the project for which the services were provided by a Canadian consultancy firm.

Subhead 45001 – Public Hospital Corporation

- 1437.** The sum of \$57.5M was voted for (a) the construction of an in-patient building (Phase I); (b) purchase of one(1) ultra-sound machine with eco-capacity; and (c) purchase of one (1) ambulance. The Accounting Officer explained that the funds under this sub-head was HIPIC reimburseable. However, no funds were released under this sub-head. As a result, no expenditure was incurred. It was noted that only the ultra-sound machine with eco-capacity was rebudgeted for in 2003.

HEAD 48 DIVISIONS 545 & 546

MINISTRY OF LABOUR, HUMAN SERVICES AND SOCIAL SECURITY

Current Expenditure

- 1438.** The salaries bank account No. 3166 reflected a balance of \$11.918M as at 31 December 2002 and was only reconciled to September 2002. Failure to reconcile bank accounts can lead to irregularities and as such every effort should be made to ensure that the bank account is reconciled up to date.

1439. 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 payments of wages and salaries. However, the cash book reflected both positive and negative balances for the respective months during the period under review as shown below:-

MONTH	AMOUNT \$'000	MONTH	AMOUNT \$'000
January	(44)	July	3,800,249
February	(18,643)	August	3,328,207
March	(14,667)	September	(1,165,230)
April	404 014	October	2,915,839
May	207,092	November	(885,046)
June	5,782,048	December	-

It was also noted that the cash book was not balanced for the month of December. The Accounting Officer undertook to investigate the reasons for the above balances.

1440. Amounts totalling \$74.064M were expended on Subsidies & Contributions to Local and International Organisations. The following is a breakdown of the payments made:-

DESCRIPTION	AMOUNT \$'000
Night Shelter	27,300
Board of International Training	9,000
Women's Leadership Institute	7,008
Guyana Relief Council	4,000
Guyana Trade Union Congress	4,000
Documentation Centre	2,899
Family Counselling Centre	1,600
Genesis Home	1,427
International association of Social Security	1,336
Guyana National Co-operation Union Ltd	1,248
National Commission for Women	1,000
Dharma Shala	1,000
Sixty-six (66) charitable and needy organisations	12,246
TOTAL	74,064

These amounts were verified as having been received by the respective agencies and were in conformity with the allocations approved by the National Assembly.

- 1441.** Amounts totalling \$950.682M were expended on old age pensions and public assistance. This figure, however, does not include payments totalling \$7.968M 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 granted to discharge this liability in 2003.
- 1442.** 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 2002. 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, the officer contracted by the Ministry had completed the assignment and a report was prepared by the Field Auditor for the process of sorting out the damaged coupons, which were paid by the Post Office on behalf of the Ministry. All damaged coupons and sheets were put together and kept for the perusal and valuation by the Accountant General's Department. The total value for vouchers prepared amounted to \$43.887M. The Accounting Officer should seek approval from the Secretary to the Treasury to have the amounts cleared.
- 1443.** In my 2001 report, mention was made of the old age pension and public assistance imprest bank account No. 3039, with an allocation of \$130M. This account 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 2002. 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.
- 1444.** The present old age pension and public assistance imprest bank account No. 3191 had an initial allocation of \$140M. During the year 2001, amounts totalling \$30.500M representing recoupage 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 reconciled to December 2002 and the account reflected a balance of \$9.961M as at 31 December 2002. At the time of reporting in August 2003, the sum of \$160M was retired to the Accountant General. However, the difference of \$30.5M was still to be retired.
- 1445.** The contract for the printing of forty thousand(40,000) 2002 old age pension coupons books was awarded in the sum of \$1.2M through a waiver by Central Tender Board. As at 31 December 2002, the full amount was paid to the supplier.
- 1446.** The serial numbers of the 40,000 booklets printed were from 00001 to 40,000. These books were delivered to the Ministry in five(5) batches over a period of one month as follows:-

DATE	QUANTITY
11 January	9,000
18 "	6,000
29 "	12,000
4 February	6,000
10 February	7,000
TOTAL	40,000

- 1447.** The Field Auditor and the Director of Social Services were responsible for receiving the books. The supplier delivered the books in sealed boxes with the quantity contained written on each box. Each box was opened and checked by the Field Auditor in the presence of the supplier. However, the books were only checked for quantity and no discrepancies were found. Subsequently, checks revealed that there were errors in the binding of the books. Some books had the pages of the other book's serial numbers. These were subsequently returned and the supplier re-printed the books.
- 1448.** The books were uplifted from the stores and distributed to the Social Security Officers upon request. The officers were required to sign for the books in a register kept by the Director of Social Services, who authorised the issues. However, the books were not issued in sequential order nor were the serial numbers of the books issued recorded against their names.
- 1449.** The system provides for a controlled forms register to be maintained to record all books received. The Director of Social Services explained, that this record was not maintained. However, a foolscap book was used instead. As a result, it could not be determined whether there were proper controls for the receipt and issues of the books to the pensioners. It is recommended that a Control Form Register and Internal Stores Requisition(ISR) should be used for the receipt and issue of the booklets to the Social workers. Also, all books should be issued in sequential order to the pensioners.
- 1450.** During the course of the audit, interviews were carried out with twenty-three(23) employees from fifteen(15) Post Offices, who were interdicted from duty. The investigation carried out at the various Post Offices revealed that:-
- Coupons were printed through illegal source by persons unknown;
 - The forged coupons were sent to various Post Offices; and
 - At the various Post Offices, the forged coupons were exchanged for cash and entered on the payment schedule.
- 1451.** In summary, the examination revealed that eight thousand and seventy-eight(8,078) coupons valued at \$13.959M for the period May to October 2002 were discovered to be forged. Details are as follows:-

MONTH	NO. OF COUPONS	AMOUNT \$'000
May	635	1,097
June	486	840
July	1,386	2,395
August	2,471	4,270
September	2,374	4,102
October	726	1,255
TOTAL	8,078	13,959

- 1452.** Some of the postal officers involved in the forged coupons made restitution of \$3.239M and the amount was paid into the Ministry's Revenue & Deposit Fund Receipt account No. 0981 on 09 September 2003. This amount should be transferred to the Consolidated Fund. At the time of reporting, further investigations were being carried out by the Police as regards to the outstanding amount of \$10.720M.
- 1453.** 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 \$296,335 as at 31 December 2002. Mention was made in my 2001 report that the full imprest balance should be accounted for so that transfers can be made to the Consolidated Fund.
- 1454.** An examination of the present ordinary imprest account No. 3167, which reflected a balance of \$183,199 as at 31 December 2002, was carried out. It was observed that the daily cash composition book was not written up to date and there were differences between the cash book and the actual vouchers on hand and outstanding advances amounting to \$740 and \$227,315, respectively. A similar situation was observed with the poverty evaluation programme imprest account No. 3211, which had a difference of \$2,166 in vouchers on hand and \$4,688 in outstanding advances. The bank accounts were reconciled to December 2002 but were not checked and certified. Account No.3211 reflected a balance of \$173,673 as at 31 December 2002.

Capital Expenditure

Division 545

Subhead 12001 - Buildings

- 1455.** An amount of \$15M was allocated for (a) the rehabilitation of Mahaica hospital and Palms (b) provision for outstanding payment and (c) rehabilitation of Head Office building. Amounts totalling \$3.483M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Rehabilitation of Head Office building	2,537
" " Stores roof at Palms	699
Consultancy services	247
TOTAL	3,483

1456. Two(2) contracts were awarded in the sum of \$3.729M for rehabilitation works at Head Office building and the stores roof at Palms in the year 2002. The contract for the rehabilitation of Head Office building was awarded in the sum of \$3.030M by the Central Tender Board while the contract for rehabilitation of the stores roof at the Palms was awarded by Ministerial Tender Board in the sum of \$698,600 to the lowest bidders. As at 31 December 2002, amounts of \$2.537M and \$698,600 were paid to the respective contractors. The works were completed were physically verified.

Subhead 24001 – Land Transport

1457. An amount of \$4M was provided for the purchase of two(2) motor cars. The sum of \$3.757M was expended. The purchase was approved by the Central Tender Board for the award of for the purchase of two(2) vehicles in the sum of \$3.667M. As at 31 December 2002, the full amount was paid to the supplier. The difference of \$89,500 was expended for the purchase of a back windscreen. The vehicles were verified as having been received and properly brought to account.

Subhead 25001 – Office Equipment

1458. An amount of \$6.2M was provided for the purchase of desks, chairs, tables, cabinets, refrigerators, fans, bookshelves and photocopiers. Amounts totalling \$6.131M were expended for the purchase of a fax machine, two(2) photocopiers, three(3) computers and accessories, two(2) printers, seven(7) refrigerators, one(1) shredder, fans, two(2) microwaves and office furniture. The items purchased were verified as having been received and properly brought to account.

Subhead 25002 – Equipment

1459. An amount of \$4M was provided for the purchase of mattresses and washing machines for the Palms hospital, tables and double-bunk beds for Drop-in centre at Brickdam. Amounts totalling \$3.985M were expended on the purchase of one hundred and twelve(112) mattresses, two(2) washing machines, four(4) air condition units one(1) clothes dryer one(1) gas stove, one(1) microwave and one(1) Xerox copier. The items purchased were verified as having been received and properly brought to account.

Division 546 – SIMAP

Subhead 19001 - SIMAP (PHASE II)

- 1460.** The sum of \$516.190M was allocated for (a) rehabilitation of the economic and social infrastructure works (b) community projects in Amerindian and depressed areas (c) emergency infrastructural works and (d) technical and vocational training and nutritional programmes. Amounts totalling \$467.779M were shown as having been expended.
- 1461.** 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 January to August 2002 and an examination of these accounts revealed an expenditure of \$366.277M, giving a difference of \$101.502M. This difference was due mainly to foreign disbursements made in January to August 2002, which had not yet been brought to account. The following is a breakdown of the audited expenditure:-

DESCRIPTION	AMOUNT \$'000
Health & Nutrition	163,324
Community Development & ERP	110,785
Education	66,516
Administration & Supervision	15,757
Equipment	5,024
Water & Sanitation	3,982
Drainage & Irrigation	889
TOTAL	366,277

- 1462.** The amount of \$163.324M expended on Health and Nutrition represents payments for the rehabilitation and construction of health facilities, food and medical supplies to various health facilities in the country. One(1) contract value at \$6.265M was awarded for construction of a health centre and medex quarters at Sand Hills. As at 31 August 2002, amounts totalling \$4.406M were paid to the contractor. Reliance was placed on the certificate of satisfactory completion issued by SIMAP Engineers. The difference of \$158.918M represents payments on three(3) contracts valued at \$21.717M awarded prior to 2002 and the supply of food and medical supplies to the various health centres.
- 1463.** The figure \$110.785M represents payments made towards various contracts awarded in and prior to 2002, which relates to social and other productive infrastructure works under taken throughout the various Regions. These include the construction and rehabilitation of bridges, pavilions, community centres, shelters etc. Eleven(11) contracts valued at \$45.523M were awarded in 2002 and works to the value of \$30.546M were completed

and payments made accordingly. The difference of \$80.239M represents payments on twenty-eight(28) contracts valued at \$242.831M that were awarded prior to 2002. At the time of reporting the works were completed and physically verified.

- 1464.** The amount of \$66.516M shown as expenditure for Education represents payments made towards various contracts awarded in and prior to 2002 in relation to the rehabilitation and construction of Nursery, Primary and Secondary schools in various regions in the country. Three(3) contracts valued at \$22.045M were awarded in 2002 and works to the value of \$18.206M were completed and payments made accordingly based on certificates of satisfactory completion issued by SIMAP Engineers. The difference of \$48.310M represents payments made for thirty(30) contracts valued at \$256.906M that were awarded prior to 2002. The various works were physically verified with the exception of schools at Kato, Santa Rosa and Maruranau. This was due to the remoteness of the area. However, reliance was placed on the certificate of satisfactory completion issued by SIMAP Engineers.
- 1465.** The amount of \$15.757M represents foreign and counterpart funding towards the payment of emoluments of staff attached to SIMAP. Test checks were carried out on the payroll and related documents to vouch the accuracy of the expenditure and this were generally satisfactory.
- 1466.** The amount of \$5.024M was spent towards the acquisition of eleven(11) computers and related accessories, three(3) printers and two(2) cameras for the use on the project. The items purchased were verified as having been received and properly brought to account.
- 1467.** The figure of \$3.982M represents the payment on contracts awarded in and prior 2002 for the installation and rehabilitation of water supply system in the various regions. During the period under review, one(1) contract valued at \$2.824M was awarded for the construction of the Abram's Creek, sanitary block. As at 31 August 2002 amounts totalling \$1.603M were paid to the contractor the works were not physically verified and reliance was placed on the certificate of satisfactory completion issued by SIMAP Engineers. The difference of \$2.379M relates to payments on three(3) contracts valued at \$6.077M that were awarded prior to 2002.
- 1468.** The amount of \$889,000 was expended for the rehabilitation of Cumberland residential drains. The contract was awarded in the sum of \$7.978M and amounts paid to the contractor prior to 2002 totalled \$6.488M. At the time of reporting the works were completed and physically verified.

Subhead 19002 - SIMAP (PHASE III)

- 1469.** The sum of \$345M was voted for (a) upgrading of social and physical infrastructure in areas including nursery, primary and secondary schools, health posts and centres, day care centres, shelter for elderly, disabled battered women and the homeless, Farm to Market roads, bridges and markets, rural water supply and sanitation (b) provision for projects in Amerindian communities (c) provision for community development projects and (d) curriculum development. Amounts totalling \$43.313M were shown as having been expended.
- 1470.** The project is funded by the Government of Guyana and the Inter-American Development Bank under the Loan Agreement No. 1085/SF-GY. The last set of audited accounts was in respect of 2002 and an examination of these accounts revealed an expenditure of \$72.881M giving a difference of \$29.568M. This difference was mainly foreign disbursements totalling \$29.568M made in 2002, which had not yet been brought to account. The following is a breakdown of the audited expenditure:-

DESCRIPTION	AMOUNT \$'000
Administration Executing Agency	58,760
Project Financing Regular Projects	12,639
Technical Assistance Institutional Strengthening	1,482
TOTAL	72,881

- 1471.** The figure \$58.760M represents amounts expended towards the payment of emoluments to staff attached to the project and other administrative expenses. The payments were made in accordance with the respective contractual agreements and were properly charged to the resources of the project.

1472. During the period under review, amounts totalling \$12.639M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Upgrading of East Canjie Residential Road	3,782
Construction of Watooka Nursery School	2,900
” ” 1 mile Nursery School	2,339
” ” Hampton Court Nursery School	1,939
Rehab. and extension of La Harmonie Primary School	1,492
Consultancy Services	187
TOTAL	12,639

1473. In respect of the above works, five(5) contracts totalling \$83.008M were awarded in 2002. No work was done in 2002, but five(5) mobilisation advances totalling \$12.452M were paid to the respective contractors. The amount of \$187,000 expended on consultancy services were in respect of Watooka and Hampton Court Nursery Schools and the East Canji Residential Road.

1474. Included in the amount of US\$7,761 equivalent to G\$1.482M expended on institutional strengthening. The contract was awarded in the sum of US\$20,500 and amounts totalling US\$5,220 equivalent to G\$996,784 were expended on the refinement of the community capacity training module. Also included in the sum of US\$7,761 was an amount of US\$2,541 equivalent to expended to G\$485.216 which represents payments for development systems for the monitoring of projects. The contract was awarded in the sum of US\$25,410 and the amount due to the contractor was converted to G\$ using IDB exchange rate at the date of the transaction.

HEAD 51 & DIVISION 507

**MINISTRY OF HOME AFFAIRS
(EXCLUDING POLICE)**

Current Expenditure

Employment Costs

- 1475.** The salaries bank account No. 3022 reflected a balance of \$61.755M as at 31 December 2002. At the time of reporting the account was only reconciled up to December 2002. However, audit checks revealed that the reconciliation was not properly done and was returned for adjustments. The Accounting Officer explained that the Ministry was in the process of making the relevant corrections on the reconciliation statements.
- 1476.** Amounts totalling \$6.437M were refunded to the main bank account as unclaimed salaries for the period under review. However, test checks made revealed that refunds were traced to the unclaimed salaries register, votes ledger and other related records. This was an improvement over the previous years.
- 1477.** Amounts totalling \$127.891M were expended on Benefits & Allowances. Included in this figure were purchases totalling \$18.785M shown below according to the various authority limits:-

AUTHORITY LIMIT	NUMBER OF PURCHASES	AMOUNT \$'000
Below \$90,000	89	4,753
\$90,000 – \$180,000	10	1,416
\$180,000 – \$600,000	28	10,786
\$600,000 – \$6M	2	1,830
TOTAL	129	18,785

- 1478.** The following unsatisfactorily features were, however, observed in relation to these purchases:-
- (a) Eight(8) instances totalling \$1.723M were observed of apparent sub-division of purchases to avoid the application of three-quote system; and

- (b) Three(3) instances totalling \$927,795 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 three(3) instances totalling \$4.324M, which would have required adjudication by the Central Tender Board. The items purchased were verified as having been received and properly brought to account.

Other Charges

- 1479.** The main bank account No.3020 reflected a large balance of \$157.505M as at 31 December 2002. At the time of reporting the account was only reconciled up to December 2002. However, audit checks revealed that the reconciliation was not properly done and was returned for adjustments. The Accounting Officer explained that the Ministry was in the process of making the relevant corrections on the reconciliation statements.
- 1480.** In my Reports for the years 2000 and 2001, it was drawn to attention that unspent balances were not being refunded to the Consolidated Fund. It was, however noted, that unspent amounts totalling \$44.903M for the years 2000 to 2002 were refunded to the Consolidated Fund in 2002 and 2003.
- 1481.** 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, 517 cheque orders valued at \$235.345M were not cleared within the specified time-frame but on average seventy-three(73) days after they were issued. In addition, as at 31 December 2002 there were forty-eight(48) cheque orders totalling \$8.651M which were outstanding. However, at the time of reporting, they were cleared. The Accounting Officer explained that efforts would be made to ensure that there is strict compliance with the system as it relates to the clearing of cheque orders.
- 1482.** Amounts totalling \$40.829M were expended on Materials, Equipment & Supplies. The following is a breakdown by various authority limits:-

AUTHORITY LIMIT	NUMBER OF PURCHASES	AMOUNT \$'000
Below \$90,000	752	24,647
\$90,000 - \$180,000	23	3,230
\$180,000 - \$600,000	7	6,070
TOTAL	782	33,947

AUTHORITY LIMIT	NUMBER OF SERVICES	AMOUNT \$'000
Below \$180,000	9	555
\$180,000 - \$450,000	8	2,678
\$450,000 - \$900,000	5	2,649
Above \$900,000	1	1,000
TOTAL	23	6,882

1483. In relation to twelve(12) purchases totalling \$1.077M falling within the limits of \$90,000 and \$180,000 there was evidence that the three-quote system was not applied. In addition, there were eight(8) instances totalling \$3.247M where purchases were apparently sub-divided to avoid adjudication by the Central Tender Board. Nevertheless, based on test checks carried out, the items purchased were verified as having been received and properly brought to account.

1484. Amounts totalling \$23.090M were expended on Fuel & Lubricants. The Ministry has under its control fifty-four(54) vehicles and equipment for which log books were required to be maintained. However, examination of these log books revealed that they were not properly maintained, for example, instances were observed where journeys were not authorised, mileage not stated, reasons for journeys not stated. As a result it could not be determined whether journeys undertaken were properly authorised and whether effective control was exercised over the use of the Ministry's vehicles.

1485. Amounts totalling \$32.950M were expended for the Rental & Maintenance of Buildings. The following is a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Purchases of janitorial/cleaning supplies	14,864
Repairs to N/A & G'town prisons	9,775
" " Timehri, N/A & G'Town Fire Service buildings	3,060
" " Home Affairs building	1,000
Rental of building	4,200
General Registrar Office	51
TOTAL	32,950

- 1486.** In respect of the purchase of janitorial and cleaning supplies, nine(9) instances were observed where purchases totalling \$2.670M were sub-divided to avoid adjudication by Central Tender Board. A similar observation was made where four(4) payments totalling \$308,920 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.
- 1487.** The amount of \$9.775M 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. 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. In relation to the repairs to the Ministry of Home Affairs, miscellaneous works such as repairs to fencing, revetment of drains, painting and plumbing were carried out. These works were physically verified. In respect of the rental of building, the amount of \$4.2M represents payment to the Guyana Post Office Corporation for the area occupied by the General Registrar's Office.
- 1488.** Amounts totalling \$26.323M expended on Transport, Travel & Postage. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Vehicle spares and service	19,734
Local travel and subsistence	5,810
Other transport, travel and postage	692
Postage, telex and cablegrams	87
TOTAL	26,323

- 1489.** Included in the amount of \$19.734M expended on vehicle spares and maintenance were 487 payments totalling \$18.868M 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. Also included, in the amount of \$19.734M were two(2) instances of purchases totalling \$208,000 for which there was no evidence of adherence to the three-quote system. The Accounting Officer explained that the items purchased were for the TATA buses and could only be obtained from this sole distributor. Based on test checks carried out there was documentary evidence that the expenditure was properly incurred.

1490. Amounts totalling \$30.163M were expended on Utility Charges as follows:-

DESCRIPTION	AMOUNT \$'000
Electricity charges	18,370
Telephone charges	9,212
Water charges	2,581
TOTAL	30,163

1491. The amount of \$18.370M expended on Electricity Charges was in respect of twenty-two(22) meters for five(5) Departments under the control of the Ministry. Electricity registers to monitor the consumption and payment of electricity charges were maintained for all departments.

1492. Included in the amount of \$9.212M shown as telephone charges, were sums totalling \$853,728 representing the cost of overseas telephone calls. All departments maintained telephone registers. However, although telephone registers were maintained in all departments, details of overseas calls were not entered in the registers at the time the calls were made. Audit checks revealed that there was evidence of recoveries in respect of private overseas calls.

1493. Amounts totalling \$8.785M were expended on Other Goods and Services Purchased. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Equipment maintenance	2,643
Cleaning and extermination services	2,047
Others	4,095
TOTAL	8,785

1494. Amounts totalling \$2.643M were expended on repairs and maintenance of equipment such as computers, typewriters, A/C units, photocopier and fax machines etc., while amounts totalling \$2.047M 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.

1495. Amounts totalling \$100.598M were expended on Other Operating Expenses. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Dietary items	86,657
Refreshment and meals	3,928
National Events	1,344
Others	8,669
TOTAL	100,598

1496. In relation to the dietary items, there were six(6) purchases totalling \$2.444M falling within the limits of \$180,000 and \$600,000 which were made without adjudication by the Ministerial Tender Board. A similar observation was made in respect of four(4) purchases totalling \$559,540 falling within the limits of \$90,000 and \$180,000 which were made without the application of three-quote system. Nevertheless, based on test-checks carried out, the items purchased were verified received and properly brought to account.

1497. Also, in respect of dietary items purchased, there were seventeen(17) instances totalling \$4.892M which were sub-divided to avoid the adjudication by the Ministerial Tender Board. A similar observation was made in respect of ten(10) purchases totalling \$10.080M which were sub-divided to avoid adjudication by the Central Tender Board. The Accounting Officer explained that the Ministry advertised for dietary supplies for the Prisons but the Central Tender Board made no award. Further, there were seven(7) purchases totalling \$1.202M which falling within the limits of \$90,000 and \$180,000 which were made without applying the three-quote system. The Accounting Officer explained that advertisements were placed in 2002, but the Central Tender Board made no award. Nevertheless, based on test-checks carried out, the items purchased were verified received and properly brought to account.

Capital Expenditure

Subhead 12001 - Buildings (Prisons)

- 1498.** The sum of \$35M was voted for the rehabilitation of prison buildings at Mazaruni and Brickdam and the construction of trade shop at the Lusignan prison. The full amount was expended, as follows:-

DESCRIPTION	AMOUNT \$'000
Rehabilitation of Mazaruni Prison	19,880
Timehri – Officer’s Quarters	8,764
Mazaruni Prisons – Officers Quarters	5,345
Electrical Installation at Georgetown Prison	693
Consultancy – Timehri	318
TOTAL	35,000

- 1499.** As can be noted no work was done on the construction of the trade shop at Lusignan. Instead rehabilitation works were carried out on the Officer’s Quarter’s at Timehri, and for which approval for a change of programme was seen.
- 1500.** In my 2001 Report, attention was drawn to the fact that \$4M was paid into Deposits Fund as at 31 December 2001, instead of being refunded to the Consolidated Fund. It was, however, noted that this amount was paid to the contractor in 2002 for works done at Mazaruni Prison in 2001.
- 1501.** The contract for the rehabilitation of the Mazaruni Prison was awarded in year 2000 by Cabinet in the sum of \$27.645M to the lowest of three(3) bidders. To date variations totalled \$20.077M were approved giving a revised contract sum of \$47.722M. Amounts totalling \$12.445M, \$15.398M, \$19.88M were paid in the years 2000, 2001and 2002 respectively. Thus the total amount paid as at 31 December on the contract was \$47.723M. As at 31 December 2002, the work was still in progress.
- 1502.** The contracts for the supply of building materials to Officers’ Quarters at Timehri and Mazaruni were awarded by Central Tender Board in the sums of \$8.892M and \$5.345M, respectively, to the higher of the two bidders in both instances on the grounds that the lower bidders failed to supply compliance certificates. Payment of \$8.764M and \$5.345M were made to the suppliers for materials supplied, which were verified as having been received and properly brought to account. Works were carried out using

prison labour.

- 1503.** Payment of \$693,000 for electrical works carried out at the Georgetown Prison was made as the final payment on the basis of a contract valued at \$5.157M entered into on the 18 January 1999. This contract had a variation of \$564,366 giving a revised contract sum of \$5.722M. As at 31 December 2002, the full contract sum was paid to the contractor.

Subhead 12002 - Police Stations & Buildings

- 1504.** Sum of \$93M was provided for (a) the completion of western barrack, Brickdam, (b) rehabilitation of police stations at Monkey Mountain, female barrack – F.A.P.C. and building at Lethem and (c) painting and fencing of police stations. Amounts totalling \$74.960M were expended on the of the following:-

DESCRIPTION	AMOUNT \$'000
Fencing twelve(12) police stations	23,730
Rehabilitation of Bartica Police Station	10,650
" " Western Barracks- Brickdam	7,287
" " Female Barracks F.A.P.C.	5,964
Repairs to Reliance Police Station	5,341
" " T.S.U. Barracks	4,437
Const. of Outpost at Wisrock	4,303
Repairs to Rose Hall/Georgetown Police Station	4,351
" " Sisters Police Station	4,261
" " Ruimveldt Police Station	1,040
Consultancy	2,322
Miscellaneous	1,274
TOTAL	74,960

- 1505.** As can be noted, from the above schedule no work was done at the Monkey Mountain Police Station and building at Lethem and were not re-budgeted for in 2003.

- 1506.** In my 2001 Report, attention was drawn to the fact that \$4.080M was paid into Deposits Fund as at 31 December 2001, instead of being refunded to the Consolidated Fund. It was, however, noted the payments totalling \$8.260M were made from this Deposit Account as follows:-

DESCRIPTION	AMOUNT \$'000
Western Barracks, Brickdam	2,798
Aishalton Police Station	1,813
TSU Northern Wall	1,602
Mahaica	1,208
F.A.P.C.	839
TOTAL	8,260

- 1507.** An excess of \$4.180M was paid from the Deposits fund. The Accounting Officer explained that this amount should have been charged to the Capital Vote Account for 2002. Nevertheless, the amounts were paid to contractors as final payments for works awarded in 2001 but completed in 2002.
- 1508.** Included in the amount of \$23.730M was a contract for the fencing of the No. 51 Police Station which was awarded by the Central Tender Board to the second lowest of twelve(12) bidders in the sum of \$2.730M on the grounds that the award was on a “spread out” basis. The lowest bidder was \$2.656M and the Engineer’s estimate was \$3.776M. The works were physically verified.
- 1509.** The contracts for the fencing of the remaining eleven(11) police stations were awarded by the Central Tender Board to the lowest bidders to a total value of \$19.909M. In addition, there were three(3) variations totalling \$1.970M, giving total revised contract sums totalling \$21.879M. However, approval was only seen for variations totalling \$933,975. As at 31 December 2002, the works were completed and amounts totalling \$21M were paid to the contractors. The works were physically verified.
- 1510.** The contract for the rehabilitation of Bartica Police Station was approved by Cabinet in the sum of \$16.804M to the lowest of fourteen(14) bidders. The Engineer’s estimate was \$20.293M. As at December 2002 amounts totalling \$10.650M were paid to the contractor. Included in this figure is a cheque drawn for the sum of \$2.1M and kept on hold for further payment. As a result, the Appropriation Account was overstated by this amount. As at 31 December 2002, the work was still in progress.
- 1511.** Central Tender Board awarded the contract for the repairs to the roof of Western Barracks, Brickdam to the second lowest of nine(9) bidders in the sum of \$7.288M on the grounds that the contractor had ongoing works there. The lowest bidder was \$4.549M and the Engineer’s estimate was \$6.649M. As at December 2002, the work was completed and amounts totalling \$7.287M were paid to the contractor. The works were physically verified.

- 1512.** The contract for the rehabilitation of F.A.P.C barracks was awarded by the Central Tender Board in the sum of \$5.680M to the lowest of thirteen(13) bidders, against the Engineers' Estimate of \$7.293M. A variation of \$284,000 was approved giving a revised contract sum of \$5.964M. As at December 2002, the work was completed and the full amount was paid to the contractor. The work was physically verified.
- 1513.** The contract for the repairs of Reliance Police Station adjudicated by Central Tender Board in the sum of \$4.689M to the highest of eleven(11) bidders. The lowest bid of \$4.390M was not considered since specifications of the security bond were not met. No reasons were stated why the other nine(9) lower bidders were not considered. The Engineer's estimate was \$6.020M. There was an approved variation for additional work of \$651,996, thus giving a revised contract sum of \$5.341M. Included in the revised contract sum of \$5.341M was a cheque for \$1.263M written and kept on hold for payment to the contractor. As a result, the Appropriation Account was overstated by this amount. The work was completed and was physically verified.
- 1514.** With respect to the repairs to the T.S.U Barracks, the contract was awarded by Central Tender Board in the sum of \$3.437M to the third lowest of nine(9) bidders, against the Engineer's estimate of \$4.386M. The basis of this award could not be determined since the contractor did not submit security bond as against the remaining lower bidders. There was an approved variation of \$1.624M in May 2003 for additional works giving a revised contract sum of \$5.061M. At 31 December 2002, the sum of \$4.437M was shown as paid to the contractor. However, included in the amount of \$4.437M was a cheque written for \$1M and kept on hold for payment to the contractor. As a result, the Appropriation Account was overstated by \$1M. The works were completed and were physically verified.
- 1515.** The contract for the construction of the Out Post at Wisrock was awarded by Central Tender Board in the sum of \$4.303M to the lowest of six(6) bidders, against Engineer's estimate of \$6.059M. Included in the contract sum of \$4.303M, was a cheque for \$120,000 written and kept on hold for payment to the Contractor. As a result, the Appropriation Account was overstated by this amount. Nevertheless, the work was completed and was physically verified
- 1516.** The contract for the repairs of Rose Hall Police Station was awarded by the Central Tender Board in the sum of \$4.351M to the lowest of thirteen(13) bidders, against the Engineer's estimate of \$5.908M. At 31 December 2002, the full amount was paid to the contractor. However, included in the figure of \$4.351M was a cheque for \$222,854 written and kept on hold for payment to the contractor. As a result, the Appropriation Account was overstated by this amount. Nevertheless, the work was completed and was physically verified

- 1517.** Central Tender Board approved contract for the repairs to Sisters Police Station in the sum of \$4.261M to the lowest of seven(7) bidders, against the Engineer's estimate of \$7.708M. As at 31 December 2002, the full contract sum was paid to the contractor. The retention cost which represented 2.5% of the contract sum was paid to the contractor although the retention period is three(3) months after completion of works. The Accounting Officer explained that this was an oversight. As at 31 December 2002 the work was still in progress.
- 1518.** The contract for the repairs of Ruimveldt Police Station was approved by Central Tender Board to the lowest of seven(7) bidders in the sum of \$0.946M, against the Engineer's estimate of \$0.946M. In addition, there was a variation of \$93,364 giving a revised contract sum of \$1.039M. As at 31 December 2002 amounts totalling \$1.039M were paid to the contractor. Nevertheless, the work was completed and was physically verified

Subhead 12003 - Fire Ambulances and Stations

- 1519.** The sum of \$27M was allocated for the construction of fire station and bridge at Anna Regina. Amounts totalling \$26.863M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Construction Anna Regina Fire Station	23,112
Construction of bridge – Anna Regina Fire Station	2,929
Miscellaneous	822
TOTAL	26,863

- 1520.** In my 2001 Report, attention was drawn to the fact that \$4.7M was paid into Deposits Fund as at 31 December 2001, instead of being refunded to the Consolidated Fund. It was, however, noted that amounts totalling \$3.518M were paid for the completion of works at Alberttown Police Station as well as the completion of the prison launch. The difference was paid into revenue in year 2003.
- 1521.** The contract for the construction of Anna Regina Fire Station was awarded in the sum of \$24.519M to the lowest of fourteen(14) bidders, against the Engineer's estimate of \$27.119M. As at 31 December 2002 amounts totalling \$23.112M were paid to the contractor. At the time of reporting, the work was completed and was physically verified.
- 1522.** In relation to the construction of the bridge the sum of \$2.929M was sent to the Regional Executive Officer Region No. 2 by means of an Inter Departmental Warrant for which a

return of expenditure was received. The full amount was expended on the construction of the Bridge. Physical verification revealed that the work was completed.

Subhead 12004 – Buildings (Home Affairs)

- 1523.** An amount of \$5M was provided for the extension of the eastern section of the Ministry’s head office building. Amounts totalling \$4.985M were expended as follows:-

DESCRIPTION	AMOUNT \$000
Extension of the Ministry’s Head Office	4,647
Miscellaneous	338
TOTAL	4,985

- 1524.** Extension works were carried out to the Southern side of the Ministry through a contract, which was awarded in the sum \$4.680M by the Central Tender Board to the lowest of five(5) bidders. As at 31 December 2002 the sum of \$4.647M representing 99% of the contract sum was paid to the contractor. There was an approved variation in the sum of \$1.056M in 2003, giving a revised contract sum of \$5.736M. The Accounting Officer explained that in 1998 the project was originally estimated to cost \$12.590M but due to financial constraints the work had to be done in phases.

Subhead 17001 - General Registrar’s Office

- 1525.** The sum of \$5M was allocated for (a) the preservation and binding of records (b) purchase of chairs, fans, filing cabinets, water cooler, refrigerator, binding machine, writing desks and photocopier. The sum of \$4.881M was expended as follows:-

DESCRIPTION	AMOUNT \$’000
Preservation	3,204
Office Equipment	995
Binding of records	682
TOTAL	4,881

- 1526.** Amounts expended under preservation represent salaries paid to preservation clerks for the period under review. In relation to the purchase of office equipment approval was seen for a change of programme for the purchase of two(2) seals instead of refrigerator,

writing desk and photocopier also approval was seen by the Central Tender Board for this purchase. All items purchased were verified as having been received and properly brought to account.

Subhead 24001 - Land and Water Transport (Police)

- 1527.** An amount of \$200M was provided for the purchase of motor vehicles and outboard engines. Amounts totalling \$208.500M were expended. The excess expenditure was covered by an advance from the Contingencies Fund, which was cleared in April 2003. The following is a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Twenty-eight(28) 4x4 Pick ups	54,631
Twenty-eight(28) Motor Cycles	30,678
Ten(10) Trucks	24,180
Four(4) Station Wagons/ Land Rovers	23,068
Nine(9) Carry Vans	18,544
Nineteen(19) Motor Cars	16,904
Eight(8) Mini & Maxi Buses	16,176
Twenty(20) Out- Board Engines	15,951
One(1) Ambulance	4,825
Twenty(20) Flash Lights	2,316
One(1) Balahoo	81
Fabrication of three(3) Prison Vans	1,146
TOTAL	208,500

- 1528.** Tender Board procedures were adhered to for the purchase of the motor vehicles and other items. The awards were made on the basis of the lowest tender except in cases where standardisation was the priority of the Department. The items purchased were verified as having been received and properly brought to account.

Subhead 24003 – Land and Water (Fire)

- 1529.** In my 2001 Report attention was drawn to the fact that \$131.074M were expended on the acquisition of the two(2) fire tenders, but were not received as at 31 December 2001. It was noted that they were received late in 2002 and were verified and properly brought to account.

Subhead 24005 - Land and Water Transport (Prisons)

- 1530.** The sum of \$5M was provided for the purchase of one(1) fibre-glass boat, motor cycles and one(1) truck. Amounts totalling \$4.972M were expended on the completion of the

prison launch in the sum of \$4.573M and the purchase of one(1) motor cycle valued \$0.399M. The contract for the purchase of the motorcycle was awarded to the lower of three(3) tenders since the lowest did not meet the required specifications.

- 1531.** The contract for the building of Prison launch was awarded in 2000 at a cost of \$12.155M. During the year 2002 Cabinet approved variations and a change of programme, giving a revised contract sum of \$22.906M. However, total amount paid on this contract in respect of the years 2000, 2001 and 2002 were \$16.113M, \$2.220M and \$4.565M, respectively. The launch was completed and handed over in 2001. Amounts paid in 2002, were due to contractors at the time of completion.

Subhead 25001 - Equipment and Furniture (Police)

- 1532.** An amount of \$9.5M was voted for the purchase of beds, chairs, desks and filing cabinets. Amounts totalling \$9.496M were expended on the following purchases:-

DESCRIPTION	AMOUNT \$'000
Three(3) photocopiers	3,765
Sixty-eight(68) desks & five(5) Tables	1,636
One hundred and fifty-six(156) Chairs	1,092
Three(3) refrigerator & freezers	870
Thirty-eight(38) beds with mattresses	713
Two(2) AC Units	641
Six(6) Filing Cabinets & Bookcase	233
Five(5) Wardrobe and Vanities	175
Two(2) Television Set	118
Miscellaneous purchases	253
TOTAL	9,496

The above items were verified as being received and properly brought to account.

Subhead 26001 - Equipment (Police)

- 1533.** The sum of \$31M was provided for the purchase of traffic, laboratory, communication and other equipment and arms and ammunitions. A supplementary provision of \$116.474M was approved giving a revised allocation of \$147.474M. Amounts totalling \$177.974M were expended resulting in an excess expenditure of \$30.5M. The excess expenditure was met by an advance from the Contingency Funds, which was cleared in April 2003. The following is a breakdown of the equipment acquired:-

DESCRIPTION	AMOUNT \$'000
Arms & ammunitions	157,797
Communication & telephone equipment	7,466
Traffic equipment	4,883
Office equipment	4,880
Surveillance and Photographic equipment	1,606
Computer and accessories	1,342
TOTAL	177,974

1534. In relation to the purchase of arms and ammunition, communication equipment, surveillance and photographic equipment and office equipment, items valued \$2.060M, \$9,395, \$190,000 and \$2.109M respectively, were not verified as having been received up to the time of reporting in September 2003.

1535. In respect of the purchase of communication, surveillance and photographic equipment there was evidence of apparent sub-division of purchases to avoid adjudication by the Ministerial Tender Board. The following are examples of purchases made from the same suppliers on the same date:-

DATE	DESCRIPTION	AMOUNT \$
06.09.02	Purchase of Shoulder holsters	75,000
"	" " Revolver waist holsters	175,000
TOTAL		250,000
02.10.02	Purchase of transmitter	175,000
"	" " Lens & Camera body	175,000
TOTAL		350,000

Nevertheless, the items were verified as being received and properly brought to account.

Subhead 26002 - Communication Equipment (Fire)

1536. The sum of \$3.5M was voted for the purchase of VHF mobile radio sets, VHF hand held radio sets, whip antennas, chargeable portable radio, portable radio batteries, long-range radio network and VHF spare antennas. The full amount was expended on the purchases of mobile and portable radios and antennas. The items were verified as being received and properly brought to account

Subhead 26003 - Tools and Equipment (Fire)

1537. An amount of \$5.5M was voted for the purchase of delivery hoses, suction hoses, ejector pumps, portable pumps, metal strainers, hydrant adapters, suction wrenches, bolt croppers and life jackets. Although the full amount was expended items to the value of \$4.756M were not verified as received. The Accounting Officer explained that the items were purchased overseas and are expected to arrive by the end of November 2003.

Subhead 26004 - Other Equipment (Prisons)

1538. The sum of \$4M was provided for the purchase of photocopier, freezers, video and stilt cameras, filing cabinets, typewriters, chairs, refrigerators, fax machines, welder generator, stick welder, binding machine, generator, guillotine, air condition unit, monitoring cameras and portable radios. Amounts totalling \$3.985M were expended on the purchase of these items. Tender Board Procedures were adhered to for all purchases and the items were verified as being received and properly brought to account.

Subhead 26005 - Agriculture Equipment (Prisons)

1539. The sum of \$1.2M was voted for the purchase of brush cutters, power saws, water pumps, agricultural forks and spades. Amounts totalling \$1.187M were expended on the above items except for the purchases of brush cutters. The items were verified as being received and properly brought to account.

Subhead 26007 - Office Equipment and Furniture (Fire)

1540. The sum of \$1.2M was provided for the purchase of chairs, suites, refrigerator, writing desks, typewriters, filing cabinets and fans of which amounts totalling \$1.180M were as expended. The items were verified as being received and properly brought to account.

Subhead 26008 - Office Equipment and Furniture (Home Affairs)

1541. The sum of \$1.7M was provided for the purchase of photocopier and air condition units. Amounts totalling \$1.683M were expended on the above items together with four(4) fans. The items were verified as being received and properly brought to account.

Subhead 26009 - Police Complaints Authority

- 1542.** The sum of \$275,000 was provided for the purchase of filing cabinets, air condition unit, fan and refrigerator. Amounts totalling \$272,500 were expended for the above items. The items were verified as being received and properly brought to account.

HEAD 51

MINISTRY OF HOME AFFAIRS

PROGRAMME 2 – GUYANA POLICE FORCE

Current Expenditure

- 1543.** The salaries bank account No. 3032 reflected a balance of \$52.915M as at 31 December 2002. At the time of reporting this account was reconciled to December 2002.
- 1544.** Amounts totalling \$724.997M were expended on Benefits and Allowances. Included in this figure were amounts totalling \$185.081M representing purchases of uniforms for members of the Force, shown under the various authority limits below:-

AUTHORITY LIMIT	NUMBER OF PURCHASES	AMOUNT \$'000
Below \$90,000	588	14,829
\$90,000 - \$180,000	59	7,168
\$180,000 - \$600,000	262	128,426
\$600,000 - \$6M	5	16,042
Over \$6M	2	18,616
TOTAL	916	185,081

- 1545.** Purchases exceeding \$600,000 in value require adjudication by the Central Tender Board (CTB). However, twenty-four(24) instances were noted where purchases falling within the limits of \$180,000 and \$600,000 were apparently subdivided 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:-

DATE	PV NO.	DESCRIPTION	AMOUNT \$
12.09.02	8944	Purchases 855 yds viscose shirting	594,225
"	8945	" 855 " khaki drill	594,225
"	8946	" 857 " viscose suiting	595,615
"	8947	" 855 " black gaberdine	596,225
TOTAL			2,380,290

DATE	PV NO.	DESCRIPTION	AMOUNT \$
24.10.02	10577	Purchase 855 yds viscose suiting	594,225
"	10578	" 859 " " suiting	594,920
"	10579	" 856 " " shirting	595,615
"	10580	" 858 " black gaberdine	596,310
TOTAL			2,381,070

- 1546.** The Accounting Officer explained that efforts were now being made to utilise the Central Tender Board to make purchases above \$600,000. Nevertheless, the items purchased were verified as having been received and properly brought to account.
- 1547.** An examination of the Register of Contributors to the National Insurance Scheme(NIS)) revealed that twenty-eight(28) employees were without NIS numbers. The Accounting Officer explained these relate to ranks who are stationed in remote areas and efforts are still being made 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.
- 1548.** The main bank account No. 3034 reflected a balance of \$224.419M while the cash book balance was \$79.668M as at 31 December 2002. At the time of reporting this account was reconciled up to December 2002. The Accounting Officer explained that reconciliation statements were prepared up to June 2003. However, subsequent checks revealed that these statements were prepared in draft and were not certified.

- 1549.** Amounts totalling \$108.274M were expended on Materials, Equipment and Supplies. An analysis of the purchases under the various authority limits is given below:-

AUTHORITY LIMIT	NUMBER OF PURCHASES	AMOUNT \$'000
Below \$90,000	1,348	32,277
\$90,000 - \$180,000	138	16,900
\$180,000 - \$600,000	86	22,711
\$600,000 - \$6M	-	-
Over \$6M	2	36,386
TOTAL	1,574	108,274

Based on sample checks carried out, there was evidence to indicate that the relevant Tender Board procedures were adhered to and items purchased were verified as having been received and properly brought to account.

- 1550.** Amounts totalling \$56.977M were expended on Fuel and Lubricants. Although all the log books for vehicles in use by the Force at Headquarters were presented for audit, they were not properly maintained, for example, the hand writing was not legible, all journeys were not authorised and the books were kept in a deplorable condition. 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.
- 1551.** The sum of \$49.586M was expended on Rental and Maintenance of Buildings. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Repairs and rehab. to Springlands Police Station	6,383
Repairs to JOC/FAPC	5,253
Repairs & rehab to No.194 & 196 No.51 Police Station	3,409
Repairs & renovation to Leonora Police Lock-up	1,374
Repairs & rehab. to fence - Brickdam Police Station	1,161
Repairs to CID. HQ Fence	1,101
Rental of buildings	860
Repairs & rehabilitation to Cove & John Police Station	814
Purchase of building material	22,421
363	

Janitorial and cleaning

6,810

TOTAL

49,586

- 1552.** In respect of the above works, seven(7) contracts to the value of \$24.975M were awarded by the Central Tender Board to the lowest bidders. As at 31 December 2002, amounts totalling \$19.495M were paid to the contractors. At the time of reporting, the works were completed and were physically verified
- 1553.** In respect of the rental of buildings, the amounts of \$860,000 represent payments in respect of buildings in Georgetown, Berbice and Bartica for officers of the Guyana Police Force. Test checks revealed that the expenditure was properly incurred.
- 1554.** In relation to building materials purchased, there were six hundred and ninety-nine(699) miscellaneous payments totalling \$17.688M falling below \$90,000. There was adherence to a system of quotations in respect of twenty(20) payments totalling \$2.324M falling within the limits of \$90,000 and \$180,000. There was also evidence that Departmental Tender Board adjudicated ten(10) purchases totalling \$2.409M falling within the limits of \$180,000 and \$600,000. Based on test checks carried out, the items purchased were verified as having been received and properly brought to account.
- 1555.** The amount of \$6.810M shown as janitorial and cleaning represent payments made for the purchase of items and cleaning of Guyana Police Force buildings. Test checks revealed that the expenditure was properly incurred and items purchases were received and properly brought to account.
- 1556.** Amounts totalling \$150.035M were expended on Transport, Travel and Postage. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Local, travel and subsistence	100,574
Vehicle spares and services	47,916
Postage, telex and cablegrams	56
Other freight	1,489
TOTAL	150,035

Test checks revealed that the above expenditures were properly incurred.

- 1557.** Amounts totalling \$36.435M were expended on Telephone Charges, of which sums totalling \$1.767M 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 the 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 made 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 that all calls made were official and in the public interest.

- 1558.** Amounts totalling \$46.674M were expended on Other Goods and Services Purchased. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Cleaning and extermination services	5,072
Equipment maintenance	5,988
Other	35,614
TOTAL	46,674

- 1559.** Included in the amount of \$5.072M expended on cleaning and extermination services were sums totalling \$4.087M, which were paid for the cleaning of police buildings at the various locations. The amount of \$5.998M shown as equipment maintenance represent payments made for repairs to photocopying machine, computers, typewriters etc. for the improved communication capabilities of the Force. The figure of \$35.614M, shown as others represent payments for miscellaneous services such as internet fee, rental of truck radio, photocopying etc. Test check revealed that the above expenditures were properly incurred.

- 1560.** Amounts totalling \$27.812M were expended on other operating expenses. The following is a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Funeral Expenses	14,224
Dietary	6,875
Refreshment and meals	5,543
National and other events	1,170
TOTAL	27,812

- 1561.** The expenditure of \$14.224M on funeral relates to burial of the destitute and other ranks who died in the execution of their duties. The sum of \$6.875M represents payment made for food for prisoners held at the various lock-ups for the period under review. In relation to the

refreshment and meals, the amount of \$5.543M 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 above expenditures.

- 1562.** The sum of \$8.186M expended on Training (including scholarships) represents payment made in sending forty-four(44) 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.

HEAD 52 & DIVISION 514

MINISTRY OF LEGAL AFFAIRS

Current Expenditure

Employment Costs

- 1563.** The salaries Bank Account No. 3120 reflected a balance of \$5.705M as at 31 December 2002, was reconciled up June 2003. However, there were unreconciled differences for each month during the period under review. These balances should be investigated and cleared.
- 1564.** Excess expenditure totalling \$87,000 was incurred in respect of three(3) line items under two(2) programmes. Since there were saving in other line items, it would have been more appropriate for virement of funds to be sought.
- 1565.** An examination of the Register of Contributors to the National Insurance Scheme revealed that NIS number for nineteen(19) 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 officers is urged to ensure the prompt registration of all employees. The Accounting Officer explained that action was being taken to have all employees registered with the Scheme.

Stores and Other Public Property

- 1566.** A stores survey was carried out on 15 March 2003. A physical count was made on seventy-five(75) items of stock and these were compared with the stock ledgers. This exercise revealed shortages of seven(7) items and excess of five(5) items. The shortages should be investigated and cleared and the excesses brought on charge.

Other Matters

- 1567.** The Public Trustee's bank account No. 270 reflected a balance of \$23.528M as at 31 December 2002 was reconciled for the period under review. However, an examination of the reconciliation statements revealed that there were unreconciled balances for each month during the period under review. These differences should be investigated and cleared.

- 1568.** Cheques written for material amounts were not crossed “Account Payee Only” nor were cheques received crossed on receipt. The examination of payment vouchers revealed that fifty(50) vouchers totalling \$25.517M had no evidence of authority for payment. In addition, unused receipts and cheque books were kept under the control of the officer who also prepares and issue receipts and cheques. For control purposes, there should be segregation of duties over the control and issues of receipts and cheques.
- 1569.** A total of 3,684 applications were received by the Deeds Registry for the period under review in respect of the registration of business names. However, 1,015 application were not produced for audit examination. As a result, the fees payable on these applications could not be properly verified. Further, it was observed for eleven(11) instances certificate numbers were issued twice for different businesses.
- 1570.** A total of 137 applications were received for registration of companies. However, nine(9) files were not produced for examination. In addition, an examination of the companies files revealed that Annual Returns and minutes of meetings were not seen in fifty percent (50%) of the files examined. Further, in about 25% of the transactions, the company register was not properly written up to indicate duty and fees paid.
- 1571.** In relation to trade marks, a total of 495 applications were received for the period under review, four(4) 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 previous reports. 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.
- 1572.** A sample of thirty(30) transports were examined. However, two(2) transport were observed to be short taxed, as detailed below:-

DATE	TRANSPORT NO.	TAXABLE AMOUNT		AMOUNT PAID		DIFFERENCE \$
		DUTY \$	FEES \$	DUTY \$	FEES \$	
02.03.05	799	300,000	75,000	300,000	70,000	5,000
02.03.06	623	516,000	129,000	412,000	103,000	130,000
TOTAL						135,000

- 1573.** In addition, there was no evidence that taxes calculated on mortgages, transports and leases were verified by supervisors and also supervisory checks were not evident in the Transport

Register.

Revenue and Accounting Control

- 1574.** A revenue control account was not maintained by the State Solicitor's Department and the Deeds Registry, respectively. In addition, an examination of receipts books revealed that duplicate receipts were not always issued to the payee instead they were retained in the books. Further, the register of control forms was not properly written up, for example new receipt books were not recorded at the time when they are received, but at the time they are put into use. At the time of the audit in January 2003, twenty-two(22) receipt books were not recorded in the register.

Capital Expenditure

Subhead 12001 – Buildings (Legal Affairs)

- 1575.** The sum of \$2.5M was allocated for the rehabilitation of the Ministry of Legal Affairs building. Amounts totalling \$2.097M were expended as follows:-

DESCRIPTION	AMOUNT \$000
Painting of building	1,089
Repairs to washroom	129
Repairs to outer wing	183
Servicing of roof	67
Repairs to gutters	167
Purchase of air conditioning unit	462
TOTAL	2,097

- 1576.** In respect of the above works twelve(12) contracts totalling \$1.635M were awarded in accordance with the Tender Board procedures. As at 31 December 2002, the works were completed and the full amounts were paid to the contractors. In respect of the purchase of the air conditioning unit, the contract was awarded in the sum of \$462,460 to the lowest bidder by the Ministerial Tender Board. The works were physically verified while the unit was verified as having been received and installed.

Subhead 12002 – Supreme/Magistrate Court

- 1577.** The sum of \$25M was allocated for the rehabilitation and upgrading of Magistrate/Supreme Courts and Judge’s quarters at various locations including New Amsterdam, Suddie, Charity and Sisters. Amounts totalling \$2.820M were expended as follows:-

DESCRIPTION	AMOUNT \$000
Extension and renovation of Supreme Court Suddie	1,380
Refurbishing of State Solicitor’s Office	777
Renovation of Judicial Section, Supreme Court	663
TOTAL	2,820

- 1578.** As can be noted no work was done at the Judges Quarters’ at New Amsterdam, Suddie, Charity and Sisters and were not re-budgeted for in 2003.
- 1579.** The contract for the extension and renovation of the Supreme Court at Suddie was awarded by the Central Tender Board in the sum of \$8.292M to the lowest bidder. As at 31 December 2002, the sum of \$1.380M was paid as a mobilisation advance to the contractor. The works were re-budgeted for in 2003.
- 1580.** In relation to the refurbishing of the State Solicitor’s Office the contract was awarded by the Ministerial Tender Board in the sum of \$776,920 to the second lowest bidder on the grounds that he had previously done work of the exceptionally high quality. The lowest bid was \$775,990 and the Engineer’s estimate was \$746,280. The work was completed and physically verified.
- 1581.** The contract for the renovation of mezzanine floor in the Judicial Section, Supreme Court was awarded in the sum of \$833,785 to the lowest of three(3) bids by the Ministerial Tender Board. As at 31 December 2002, the work was completed and amounts totalling \$662,430 were paid for measured work. The work was physically verified.

Subhead 12003 - Buildings (Deeds Registry)

1582. The sum of \$1.8M was voted for the construction of bookshelves and payment for completion of vault. Amounts totalling \$1.397 M were expended as shown below:-

DESCRIPTION	AMOUNT \$000
Construction of book shelves	638
Construction of vault	725
Consultancy fees	34
TOTAL	1,397

1583. The contract for the construction of book shelves was awarded by the Ministerial Tender Board to the sole bidder in the sum of \$739,200. As at 31 December 2003, the work was completed and the amount of \$638,400 was paid for measured works. The amount of \$725,342 represents final payment in relation to the construction of the vault at the Sub-Registry New Amsterdam on a contract, which was awarded in 2001 in the sum of \$4.855M. As at 31 December 2001, amounts totalling \$4.130M was paid to the contractor. The works undertaken were physically verified.

Subhead 12004 – Building (State Solicitor)

1584. The sum of \$550,000 was voted for (a) construction of shelves in Public Trustee's Department and (b) renovation of washrooms. Amount totalling \$408,270 were expended on the repairs to State Solicitor's Office, for which a change of programme was approved. The works were physically verified as having been completed.

Subhead 15002 – Strengthening of the Deeds Registry

1585. The sum of \$19M was provided 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. A supplementary provision for the sum of \$25M was approved towards meeting expenses of the project giving a revised allocation of \$44M. According to the appropriation account the sum of \$38.667M was expended.

1586. The Project is financed by the Government and the Inter-American Development Bank (IDB) and is subjected to separate financial reporting and audit. The Project Agreement was signed

on the 24 January 2000 with a completion date of 27 July 2004. Audited financial statement is not due until ninety(90) days after last disbursements. The following is a breakdown of the expenditure as at 31 December 2002.

DESCRIPTION	AMOUNT \$'000
Legal Framework	23,990
Strengthening of Deeds Registry	7,784
Purchase of Vehicle	3,739
Project Management	2,483
Miscellaneous	671
TOTAL	38,667

- 1587.** The contract for Legal Framework was awarded in the sum of US\$150,600 equivalent to G\$28.765M for reviewing five(5) legislations for the purpose of developing an action plan for the legislative reform for secured transaction in movable and immovable property. The amount of US\$125,600 equivalent to G\$23.990M were expended during the period under review. At the time of reporting in September 2003, the final payment of US\$25,000 was made on the contract.
- 1588.** The contract for the Strengthening of the Deeds Registry was awarded for the sum of US\$934,400 equivalent to \$178.470M for conducting activities to strengthen and improve the services provided by Deeds Registry Offices in Georgetown and New Amsterdam. The amount of \$7.784M was payments made for the period under review. Included in this amount was \$2.284M for the purchasing of a photocopier. However, this contract was terminated in February 2003 and efforts were being made to recruit a new consultant.
- 1589.** The amount of \$3.739M was utilised for the purchasing of a vehicle for the Project. The contract for Project Management was awarded in the sum of US\$20,000 equivalent to G\$3.820M. As at 31 December 2002, amounts totalling US\$13,000 equivalent to G\$2.483M were expended on a baseline survey for the Deeds Registry users. The amount of \$671,000 represents administrative costs, such as salaries for support staff, purchase of stationery and telephone expenses. In the absence of the audited accounts of the Project, it could not be determined whether the above expenditures were properly incurred.

Subhead 24001 – Land and Water Transport

- 1590.** The sum of \$2M was allocated for the purchase of one(1) vehicle for the Ministry of Legal Affairs. Amounts totalling \$1.470M were expended as follows:-

DESCRIPTION	AMOUNT \$000
1 Toyota Carina Car	1,164
5 Tyres and mirrors	127
Spray painting work	179
TOTAL	1,470

- 1591.** A change in programme was approved for the purchase of tires and mirrors and spray painting work to another vehicle. The items were verified as having been received and properly brought to account.

Subhead 25002 - Equipment (Supreme/Magistrate's Court)

- 1592.** The sum of \$1.5M was voted for the purchase of a photocopier, desk and chairs. Amounts totalling \$1.497M were expended on the purchase of a photocopier, desk and chairs, a surveillance camera, three(3) air condition units and four(4) water pumps. A change of programme was obtained for the surveillance camera. However, approval was not obtained for the purchase of the air conditioning unit and water pumps to the value \$552,900. Nevertheless, the items were verified as having been received and properly brought to account.

Subhead 25003 - Equipment (Deeds Registry)

- 1593.** The sum of \$200,000 was voted for the purchase of two(2) fax machines for Deed Registry in Georgetown and Sub-Registry in New Amsterdam. The full amount was expended on the purchase of one(1) fax machine, workstation and a printer. A change of programme was obtained for the purchasing of the printer and computer work station, instead of one(1) fax machine. These items were verified as having been received and properly brought to account.

Subhead 25004 – Furniture & Equipment (Legal Affairs)

- 1594.** The sum of \$500,000 was voted for the purchase of a photocopy machine. Amounts totalling

\$459,900 was expended on the purchase of one(1) photocopier and two(2) fax machines. Approval was seen for a change in programme to purchase the fax machines. The items were verified as having been received and properly brought to account.

Subhead 25005 - Equipment (State Solicitor)

- 1595.** The sum of \$200,000 was allocated for the purchase of equipment including computer desks, chairs and refrigerator. Amounts totalling \$129,550 was expended on the purchase of work station, chair and fax machine. A change of programme was obtained for the purchase of fax machine The items purchased were verified as having been received and properly brought to account

HEAD 53

GUYANA DEFENCE FORCE

Current Expenditure

Employment Costs

- 1596.** The salaries bank account No. 212005891 held at the Guyana National Co-operative Bank reflected a balance of \$41.396M as at 31 December 2002. This account was reconciled to 31 March 2003. An examination of the reconciliation statement for December 2002 revealed that, included in the total of \$37.792M representing un-presented cheques was six(6) stale-dated cheques amounting to \$635,053 dated prior to July 2002. It was, however, noted that these stale-dated cheques were written back to the cash book in September 2003, but is still to be transferred to the main account. In addition, 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 they are still in the process of identifying the differences.
- 1597.** It is a requirement for the salaries cash book to reflect 'nil' balances at the end of each month as a control mechanism for the payment of wages and salaries. However, the cash book reflected significant balances at the end of each month, as shown below:-

MONTH	AMOUNT \$'000	MONTH	AMOUNT \$'000
January	1,433	July	12,742
February	2,123	August	9,627
March	1,636	September	9,611
April	9,564	October	8,303
May	13,175	November	8,639
June	13,286	December	3,673

- 1598.** 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.
- 1599.** The unpaid salaries bank account No. 436 kept at Bank of Guyana reflected a balance of \$16.961M as at 31 December 2002, resulting mainly from the accumulation of unclaimed salaries over the years. This account was reconciled to December 2002. The cash book balance at this date was \$15.2M. 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. The Accounting Officer's explanation that the balance represented soldiers' salaries who are stationed in the interior on three(3) month's tour of duty was not considered satisfactory.
- 1600.** An examination of the bank reconciliation statement for unpaid salaries as at 31 December 2002 revealed the following:-
- (a) Thirteen(13) transactions totalling \$167,814 representing adjustments were recorded in the December 2002 bank reconciliation statement. However, since the dates of these transactions were unknown and the related documents were not presented for the audit, the reasons for the adjustments could not be ascertained;
 - (b) There was an unreconciled difference of \$27,400; and
 - (c) Significant amounts were reflected as stale-dated cheques. In particular an examination of the list of unrepresented cheques in the December 2002 reconciliation statement revealed that fifty-four(54) cheques totalling \$342,751 had become stale-dated and dated back as far as March 1997. It was, however, noted that these cheques were written back to the cash book in September 2003.
- 1601.** In my 1995 Report, mention was made of an unpaid liability of \$14.690M at the end of 1995 to the unpaid salaries bank account, resulting from the irregular use of this account to meet other appropriation account expenses. However, up to the time of reporting, there was no evidence of any action taken to settle this matter.

Other Charges

1602. Amounts totalling \$59.299M were expended on Materials, Equipment & Supplies. An analysis of the purchases totalling \$57.525M made under the various authority limits is shown below:-

AUTHORITY LIMIT	NUMBER OF PURCHASES	AMOUNT \$'000
Below \$90,000	1,022	17,418
\$90,000 - \$180,000	34	4,304
\$180,000 - \$600,000	53	17,072
\$600,000 - \$6M	5	9,956
Above \$6M	1	8,775
TOTAL	1,115	57,525

1603. In relation to the purchases falling within the limits of \$180,000 and \$600,000, there were fifty-three(53) purchases totalling \$17.072M, however, only forty-two(42) purchases totalling \$13.458M were awarded by Departmental Tender Board. Eleven(11) purchases totalling \$3.614M were made without the approval by Departmental Tender Board. There was no evidence of competitive bidding. A similar breach was observed in my 1999, 2000 and 2001 Reports. The Accounting Officer is of the view that these purchases were covered by a blanket approval granted in the year 2000. Notwithstanding these observations, based on test-checks carried out, the items purchased were verified as having been received and properly brought to account.

1604. In relation to the purchases falling within the limits of \$600,000 and \$6M, there were four(4) purchases totalling \$9.356M, being made without the approval by the Central Tender Board. In respect of the purchases exceeding \$6M, there was one(1) payment amounting to \$8.775M for 180,000 rounds of 7.62 – 39 blank ammunition for which there was no approval by Cabinet. The Accounting Officer explained that it was never the practice of the army to request approval for the purchase of ammunition.

1605. Included in the amount of \$59.299M were sums totalling \$1.774M which were expended for works and services. The following is a breakdown under the various authority limits:-

AUTHORITY LIMITS	NUMBER OF CONTRACTS	AMOUNT \$'000
Below 180,000	7	332
180,000 – 450,000	3	879
450,000 – 900,000	1	563
TOTAL	11	1,774

1606. In respect of the contract falling within the limit of \$450,000 and \$900,000, there no evidence of competitive bidding. Nevertheless, test checks revealed that proper documentation exists for the satisfactory completion of the works and services.

1607. Amounts totalling \$120.647M were expended on Fuel & Lubricants. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Gasolene and dieselene	54,612
Aviation gas for aircraft	42,164
Cooking and welding gas	20,620
Lubricants	1,899
Kerosene	1,352
TOTAL	120,647

1608. 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 Secretary to the Treasury was written to this effect.

- 1609.** As of 31 December 2002 the Guyana Defence Force owned and controlled forty-seven(47) vehicles, of which five(5) vehicles were unserviceable. Inclusive of one(1) Carodie motor car PGG 7026 which was removed from the vehicle's inventory. Two(2) vehicles were used exclusively by the Chief of Staff and were not required to present log books for the audit. Of the forty(40) vehicles owned by the force as at 31 December 2002 which were required to keep log books only twenty-seven(27) 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.
- 1610.** Bin cards were not maintained for the receipt and issue of fuel and lubricants by the Force, as is required by the Stores Regulations. The Accounting Officer explained that bin cards will be introduced in 2003. A physical check on the stock of fuel and lubricants on hand was conducted on 31 July 2003 revealed an excess of 152gls. However, the difference has since been brought on charge in the stock ledger.
- 1611.** Amounts totalling \$34.949M were expended on the Maintenance of Buildings. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Purchase of building materials	10,483
Janitorial & cleaning services	8,450
Repairs to 12 building and 2 toilet facilities	5,038
Repairs to front line band room BC(A)	2,413
" " military intelligence BC(A)	2,171
Construction of generator hut/walkway BC(A)	1,266
Repairs of administration building BC(A)	1,218
" " building A7	978
" " guard room building	898
Renovation of Pred building BC(A)	858
Construction trestle at OR kitchen BC(A)	749
Miscellaneous works/services (below \$180,000)	427
TOTAL	34,949

- 1612.** In relation to building materials purchased, there were 210 miscellaneous payments totalling \$4.428M falling below the limits of \$90,000. There was adherence to a system of quotations in respect of fifteen(15) payments totalling \$1.721M falling within the limit of \$90,000 and \$180,000. There was also evidence that the Departmental Tender Board adjudicated thirteen(13) purchases totalling \$3.753M 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.

Nevertheless, based on test checks carried out, the items purchased were verified as having been received and properly brought to account.

- 1613.** A similar observation was made in relation to the purchase of janitorial and cleaning materials in that there were ninety-two(92) miscellaneous payments totalling \$3.337M falling below \$90,000. In addition, four(4) purchases totalling \$1.093M falling within the limits of \$180,000 and \$600,000 were not approved by the Departmental Tender Board. Nevertheless, test checks revealed that the items purchased were verified as having been received and properly brought to account.
- 1614.** In relation to the repairs of the nineteen(19) buildings, there was no evidence that a system of quotations was followed in respect of sixteen(16) contracts totalling \$4.764M falling within the limits of \$180,000 and \$450,000. Twelve(12) of these contracts were awarded based on the three-quotation system and four(4) were awarded by the Departmental Tender Board, without any evidence of competitive bidding. The works were physically verified.
- 1615.** Also included in the repairs to the nineteen(19) buildings were nine(9) contracts totalling \$6.138M falling within the limit of \$450,000 and \$900,000. However, there was no approval by the Departmental Tender Board for four(4) contracts totalling \$2.185M for rehabilitation works. Also, 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. Audit checks revealed that out of a total of thirty-one(31) contracts, twenty-five(25) contracts were awarded to one contractor. Except for two(2) contracts nos. 194/02 and 180/02, which revealed overpayments totalling \$97,000, the other works were nevertheless physically verified.
- 1616.** There were two(2) instances where contracts for works and services were apparently subdivided to avoid adjudication by the Central Tender Board. The following are the details:-

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT \$
05/12/02	165/2002	Construction of generator hut & walkway	367,680
03/11/02	168/2002	” ” ” ” ” ” ”	898,310
TOTAL			1,265,990

		378	
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DATE	CONTRACT NO.	DESCRIPTION	AMOUNT \$
05/03/02	57/2002	Repairs to building A7 barrack room	550,400
02/04/02	60/2002	” ” ” ” ” ”	427,610
TOTAL			978,010

1617. Amounts totalling \$37.323M were expended on Maintenance of Infrastructure. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Construction of revetment – Coast Guard	11,453
Purchase of building materials	8,728
Weeding of compound	6,834
Resurfacing of roadway at Air Corps Hangar	3,800
Purchase of electrical items	2,979
Miscellaneous works/purchases	2,402
Drainage and irrigation	1,127
TOTAL	37,323

1618. Included in the amount of \$37.323M were eighty-three(83) payments totalling \$5.316M falling below \$180,000 and fourteen(14) payments totalling \$597,525 falling below \$90,000 for miscellaneous works and purchases, respectively. In respect of payments for purchases falling within the limits of \$180,000 and \$600,000, there were twenty(20) payments totalling \$7.407M, ten(10) of which totalling \$3.773M were not awarded by the Departmental Tender Board. 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.

1619. In relation to the construction of the revetment - Coast Guard, Ruimveldt, and the resurfing of roadway at Air Corps Hangar, two(2) contracts were awarded by the Central Tender Board in the sums of \$11.453 and \$3.8M, respectively. It is to be noted that the construction of the revetment at Coast Guard, Ruimveldt is of a capital nature and should have been provided under the capital estimates. In addition, there were two(2) payments totalling \$1.794M for the purchase of galvanised pipes and steel rods, without the approval of the Central Tender Board. Physical inspection of the works carried out on the construction of the revetment at Coast Guard and the resurfing of roadway at Air Corps revealed overpayments of \$563,000 and \$286,944, respectively. In respect of the overpayment of \$563,000, it was explained that other works to this value were done, but no documentary evidence was seen for the variation. Because of the nature of the other

works, physical verification could not be carried out and reliance had to be placed on certificates attesting to the satisfactory completion of the works. The items purchased have also been received and properly brought to account.

- 1620.** Amounts totalling \$174.974M were expended on Transport, Travel & Postage. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Hire of vehicles	137,213
Overseas conferences	17,974
Vehicle spares and services	17,348
Travelling and subsistence	1,941
Postage and telex	498
TOTAL	174,974

- 1621.** As can be noted, sums totalling \$137.213M were expended on the hire of vehicles, compared with \$57.334M and \$95.953M expended in 2000 and 2001 respectively. While it is accepted that a certain amount 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 through the acquisition of new vehicles. This matter was drawn to attention in my previous reports. It was, however noted that the Guyana Defence Force received several vehicles as gifts in 2003. As such, it is expected that the cost for the hire of vehicles will reduce significantly.
- 1622.** Included in the figure of \$137.213M were one hundred and ninety-nine(199) payments totalling \$58.072M falling within the limits of \$180,000 to \$450,000 for which a system of quotation was not followed. In addition, fifty-three(53) payments totalling \$29.487M falling within the limits of \$450,000 to \$900,000 were not subject to adjudication by the Departmental Tender Board. In respect of two(2) payments totalling \$1.8M falling within the limits of \$900,000 to \$9M there were no evidence that these payments were approved by the Central Tender Board.
- 1623.** In relation to overseas conferences and visits, a total of \$17.974M was expended on the purchase of airline tickets, foreign exchange for out-of-pocket allowance and warm-clothing allowance. Based on test checks carried out there was documentary evidence that the expenditure was properly incurred.

- 1624.** Included in the figure of \$17.348M in respect of vehicle spares and services were the amounts of \$10.362M representing purchases of vehicle spares and \$6.986M for the payment of servicing of vehicles. In relation to the sum of \$10.362M expended on vehicle spares, amounts totalling \$2.659M were spent from the revenue derived from the sales of vehicles. This amount was subsequently refunded from the Appropriation Account. Revenue should not be used for expenditure but should have been transferred to the Consolidated Fund. Also included in the amount of \$10.362M were six(6) purchases totalling \$1.548M falling within the limits of \$180,000 to \$600,000 of which three(3) purchases totalling \$571,575 were not approved by the Departmental Tender Board. In addition, there was one(1) purchase totalling \$607,000 falling within the limits of \$600,000 and \$6M, which was not subject to adjudication by the Central Tender Board.
- 1625.** Included in the figure of \$6.986M expended on vehicle service were eight(8) contracts totalling \$2.047M falling within the limit of \$180,000 to \$450,000 for which a system of quotation was not followed. In addition, one(1) contract totalling \$520,000 falling within the limits of \$450,000 and \$900,000 was not subject to the adjudication by the Departmental Tender Board.
- 1626.** Amounts totalling \$1.941M 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.
- 1627.** Included in the amount of \$36.309M shown as Telephone Charges were sums totalling \$4.524M 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.
- 1628.** Amounts totalling \$13M expended on Electricity Charges were in respect of seven(7) meters under the control of the Force. However, the electricity charges register reflected total payments of \$15.554M, resulting in a difference of \$2.554M. It is recommended that a reconciliation of the votes ledger and electricity charges register be done.
- 1629.** In relation to the amount of \$54.562M expended on Other Services Purchased, the following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Maintenance of equipment	41,767
Cleaning & extermination services	6,144
Miscellaneous services	6,651
381	

TOTAL

54,562

- 1630.** Included in the amount of \$41.767M were sums totalling \$11.183M were expended for works and services such as to effect repairs and servicing of equipment such as generators, computers, GDFS Essequibo, pumps, aircraft spares, 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 three(3) contracts totalling \$834,000. In addition, there were three(3) contracts between the limits of \$450,000 to \$900,000 totalling \$1.893M which was adjudicated by the Departmental Tender Board. However, there was no system of competitive bidding.
- 1631.** Included in the amount of \$41.767M expended, were sums totalling \$30.584M for the purchases of spares and equipment. In respect of these purchases there were seventeen(17) payments falling within the limits of \$180,000 and \$600,000 totalling \$5.796M which was adjudicated by the Ministerial Tender Board. However, there was no evidence of competitive bidding. Additionally, there were eleven(11) contracts falling between the limits of \$600,000 and \$6M totalling \$19.567M of which ten(10) contracts were purchased from sole suppliers via Bank of Guyana and National Bank for Industry and Commerce, while one(1) contract was for the purchase of one(1) water pump with accessories totalling \$2.559M. None of these contracts were adjudicated by the Central Tender Board.
- 1632.** Additionally, inclusive in the amount of \$30.584M representing purchases were four(4) payments totalling \$1.3M falling within the limit of \$180,000 and \$600,000 made to one(1) supplier for the purchase of accessories for the fuel pump at Coast Guard. These purchases were sub-divided to avoid the adjudication by the Central Tender Board. Details are as follows:-

DATE	P.V. NO.	DESCRIPTION	AMOUNT \$
05/06/02	3731	6 power head gas kit etc.	423,606
05/06/02	3732	6 ignition coil assembly etc.	244,535
05/06/02	3733	Part No. BG5-8554-12	394,322
05/06/02	3734	Part No. BG5-8554-12	237,355
TOTAL			1,299,818

1633. Included in the amount of \$6.144M expended on cleaning and exterminating services were purchases amounting to \$1.819M and services for the total amount of \$4.325M. Inclusive in the amount of \$1.819M expended on purchases were four(4) contracts amounting to \$1.536M adjudicated by the Departmental Tender Board. However, there was no system of competitive bidding. In addition, there was evidence that the purchases were sub-divided to avoid adjudication by the Central Tender Board. Details are as follows:-

DATE	P.V. NO.	DESCRIPTION	AMOUNT \$
31/12/02	10771	5 drums kill rat pellets etc.	425,000
31/12/02	10772	50 cases (10 x 0.33 ozs.) cynoff wsb	425,000
31/12/02	10776	10 (25 kg) drums kill rat pellets	465,000
TOTAL			1,315,000

1634. The amount of \$6.651M represents 208 payments totalling \$5.339M for miscellaneous services such as termites eradication, rental of photocopier, disposal of refuse etc. falling below \$180,000. There was one(1) contract falling within the limits of \$450,000 to \$900,00 totalling \$592,500 which was paid without the approval of the Departmental Tender Board.

1635. Amounts totalling \$457.590M were expended for Other Operating Expenses. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Dietary supplies	266,319
Clothing and equipment	108,029
Accommodation	33,817
Agriculture farm Supplies	31,528
Entertainment and sports	8,471
Medical expenses	4,455
Hire of vehicles for security services	2,740
Funeral expenses	1,233
Maintenance of music band corps	998
TOTAL	457,590

1636. In relation to the amount of \$266.319M expended on Dietary Supplies, Cabinet had approved of a list of suppliers. However, purchases were also made from other suppliers. In this respect, forty-one(41) other purchases totalling \$13.560M falling within the limits

of \$180,000 to \$600,000 were adjudicated the Departmental Tender Board. However, the awards were made without any system of competitive bidding. In addition, two(2) purchases totalling \$1.720M falling within the limits of \$600,000 and \$6M were made without the approval of the Central Tender Board. 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.

1637. A similar observation was made in relation to the purchase of clothing and equipment, accommodation, agriculture farm supplies, accommodation items and entertainment and sports where one hundred and forty-six(146) purchases totalling \$56.383M falling within the limits of \$180,000 to \$600,000 which were adjudicated by the Departmental Tender Board, without any system of competitive bidding. In addition, there was no evidence that the Departmental Tender Board adjudicated in respect of seven(7) purchases totalling \$2.025M. Further, audit checks revealed that twenty-two(22) purchases totalling \$46.240M within the limits of \$600,000 and \$6M and four(4) other purchases totalling \$35.812M exceeding \$6M were made without the adjudication of the Central Tender Board. Based on test checks carried out, the items purchased were verified as having been received and properly brought to account.

1638. Amounts totalling \$123.724M were expended on Education, Subvention and Training. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Out-of-pocket allowance	73,916
Training and tuition fees	35,037
Airline tickets, transport and visas	12,568
Miscellaneous	2,203
TOTAL	123,724

1639. The above expenditure relates to academic military training and peace-keeping operation overseas. However, information relating to the conditions under which the beneficiaries for training were granted awards was not seen. There should be adequate documentation to facilitate and independent review of the granting of these awards.

Revenue Accounting and Control

1640. 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.

- 1641.** Revenue derived from the commercial operations of the Guyana Defence Force aircraft was used to defray expenses in connection with the aircraft operations. Such revenue should have been paid over to the Consolidated Fund, as required by Section 17 of the FAA Act. Therefore, the retention of the revenue is a breach of the law. In addition, the incurrence of expenditure out of the revenue derived is a circumvention of Parliamentary approval to incur expenditure. This matter was drawn to attention in my previous reports, and despite this, there was no evidence that attempts were made to comply with the requirements of the Law. For the period under review, amounts totalling \$72.785M were received as revenue while payments totalled \$74.569 for the same period. The following are examples of the expenditures:-

DESCRIPTION	AMOUNT
	\$'000
Purchase aircraft spares	24,497
Contracted Engineering services	5,500
Spray painting aircrafts	2,826
Purchase aircraft fuel	2,500
Allowance for trade wind officers	1,114
Canadian tuition fees	766
Visas, airline tickets	658
Repairs to aircraft wing -GDS-8R	575
Allowance, hotel accommodation etc.	317
Refunds-pilots licence/engineers exam fees	264
Purchase materials-repairs bond at aircorps	247
TOTAL	39,264

- 1642.** 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. Confirmation had not been received from one(1) supplier in relation to payments to him totalling US\$92,338, equivalent to G\$12.927M. At the time of reporting it is understood that this matter was still engaging the attention of the Director of Public Prosecutions and the Defence Board.

- 1643.** The Force central bank account No. 0203004143 reflected a balance of \$19.827M as at 31 December 2002, while reflected a balance of \$23.632M as at that date. The account was reconciled up to 9 May 2003. In respect of the foreign currency account No. F/C 011, the balance was US\$6,795.82 and was reconciled to June 2003.
- 1644.** An examination of the bank reconciliation statement for account No. 0203004143 for the month of December 2002, revealed the following:-
- (a) Fifteen(15) un-presented cheques totalling \$769,358 were stale-dated. It was, however, noted that these cheques were written back to the cash book in September 2003; and
 - (b) There were ten(10) transactions reflecting a net debit total of \$531,962 representing “adjustments” for which the date of the transactions and the reasons for the adjustments were not stated.

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SUPREME COURT

PROGRAMME 1 – SUPREME COURT OF JUDICATURE

Current Expenditure

Employment Costs

- 1645.** The salaries bank account No. 4002 which reflected a balance of \$6.382M as at 31 December 2002 was reconciled during the period under reviewed. However, the reconciliation statements reflected unreconciled differences at the end of each month. At the time of reporting in September 2003, the Accounting Officer undertook to investigate and clear these differences.
- 1646.** 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, March and July 2002, the cash book reflected balances of \$27,406, \$6,000 and \$1,327,791, respectively. However, it was noted that the cash book was reflecting a “nil” balance from August 2002.
- 1647.** Amounts totalling \$1.077M represents refunds made during the period under review. However, the Department did not maintained a refund salaries register to monitor all refunds made and copies of the receipt vouchers were kept in separate files. The absence of this record has rendered the verification of refunds of salaries difficult and time consuming. The

Accounting Officer explained that corrective action was taken in 2003.

- 1648.** It was observed that the travelling register was not properly maintained. There were several instances where information such as mileage ceiling, insurance registration, and authorities etc. were not recorded. In addition, there was no evidence of supervisory checks in the register. At the time of reporting, the Accounting Officer explained that corrective action was being taken.
- 1649.** A comparison of the authorised staff complement against the actual staff strength revealed that the authorised establishment was exceeded by on average thirty(30) persons, as shown below:-

DESCRIPTION	AUTHORISED	ACTUAL	EXCESS
Clerical & office support	89	112	23
Semi-skilled operatives etc.	20	25	5
Contracted employees	0	2	2
TOTAL	109	139	30

Other Charges

- 1650.** The main bank account No. 4004 reflected a balance of \$146.228M as at 31 December 2002 as compared with \$35.445M as at December 2001 and the account was reconciled during the period under review. The actual cash book balance as at 31 December 2002 was \$12.686M, while the reconciled cash book balance was \$135.361M resulting in an un-reconciled difference of \$122.675M. Similar significant un-reconciled differences were observed for each month. The Accounting Officer explained that a cash book was reconstructed in January 2002, using the bank balance as at December 2001 as the opening cash book balance, which resulted in such differences. Notwithstanding this, these differences should be investigated and cleared. However, at the time of reporting in September 2003, an amount of \$15.008M was transferred to the Consolidated Fund.
- 1651.** Nine(9) payment vouchers and supporting documents such as bills and receipts valued at \$1.086M, were not presented for audit examination. No alternative auditing procedures could have been adopted to verify the propriety of the expenditure.
- 1652.** 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.
- 1653.** Ninety-five(95) advances to the value of \$16.787M 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 vote's 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 explained that the imprest account would be put in operation by September 2003.

- 1654.** Amounts totalling \$15.177M were expended on Materials, Equipment & Supplies. Included in this amount were seventeen(17) purchases totalling \$4.681M and falling within the limits of \$90,000 to \$180,000, which were made without the required system of quotations. In addition, there were two(2) purchases totalling \$1.440M in excess of \$600,000, which was made without the adjudication by the Central Tender Board. The Accounting Officer explained that the purchases were made according to sub-programmes, but undertook to take corrective action in 2003.
- 1655.** Amounts totalling \$18.300M were expended on Maintenance of Buildings and Janitorial and Cleaning Services. The following are the details of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Maintenance of buildings	
Supreme Court toilet, etc	6,753
Sub Registry – New Amsterdam	1,963
Court rooms and chambers	1,853
Court of Appeal	1,569
Chief Justice Chambers	892
Law Library – G/town	577
Old Colonial Bond	449
Judicial Section – G/town	407
Miscellaneous	337
Sub Total	14,800
Janitorial & Cleaning Services	3,500
TOTAL	18,300

- 1656.** The above works for the Maintenance of Buildings to the value of \$14.800M were executed by sixty-five(65) contracts. The following is a breakdown by authority limits for contracts awarded:-

AUTHORITY LIMIT	NO. OF CONTRACT	AMOUNT \$
Over \$450,000	Nil	Nil
Between \$180,000 - \$450,000	29	10,552,773
Below \$180,000	36	4,247,078
TOTAL	65	14,799,851

- 1657.** An examination of above contracts revealed that there were five(5) sets of two(2) contracts each, totalling \$3.023M which were apparently subdivided to avoid adjudication by the Departmental Tender Board. Each set of contracts were awarded on the sole authority of the Accounting Officer. In addition, Engineer's estimates were not prepared for none of the contracts.
- 1658.** Included in the sum of \$14.800M, is the contract for tiling the front of the Judiciary. The contract was awarded in the sum of \$178,500 and the full amount was expended. However, physical verification revealed that only 200 of the 320 tiles were laid, resulting in an overpayment of \$67,000. Action should be taken to recover the overpayment.
- 1659.** Amounts totalling \$3.494M were expended on Maintenance of Other Infrastructure, which were executed by fourteen(14) contracts. The following is a breakdown by authority limits for contracts awarded:-

LIMIT NO.	NO. OF CONTRACTS	AMOUNT \$
180,000 – 450,000	10	3,182,960
Below – 180,000	4	311,395
TOTAL	14	3,494,355

- 1660.** An examination of the above contracts revealed that there were two(2) sets of contracts totalling \$1.523M which were apparently subdivided to avoid adjudication by the Departmental Tender Board. Each set of contracts was awarded to the same contractor on the sole authority of the Accounting Officer.
- 1661.** Amounts totalling \$2.019M were expended on transport, travel and postage. Included in this figure, were six(6) payments totalling \$416,000 for travelling and subsistence and postage for which bills or receipts and other supporting documents were not obtained. The Accounting Officer gave the assurance that the requisite supporting bills/receipts would be obtained in future.

1662. Ten(10) payments totalling \$210,290 for spares purchased were not recorded in the goods received book or stock ledger. As a result, it could not be determined whether the items were actually received. The Accounting Officer explained that the items were put into immediate use. Notwithstanding this, all items purchased must be recorded in the stock records.

1663. The amount of \$29.563M was expended on Other Goods and Services Purchased. Included in this amount were eight(8) payments totalling \$2.564M which were not supported by bills or receipts to substantiate payments made. In addition, five(5) purchases made from the same supplier on the same date were apparently sub-divided to avoid the use of the Departmental Tender Board. The following are the details:-

DATE	CASHBOOK NO.	DESCRIPTION	AMOUNT \$
20/11	3396	Purchase of fabrics for Supreme Court	87,600
20/11	3396	” ” ” ” Chief Justice Chambers	118,260
TOTAL			205,860

DATE	CASHBOOK NO.	DESCRIPTION	AMOUNT \$
26/11	3498	Purchase of sheet sets for Supreme Court	83,950
26/11	3498	” ” mattress ” ” ”	70,300
26/11	3496	” ” hand towel, bath etc.	78,850
TOTAL			233,100

1664. Also included in the amount of \$29.563M were six(6) purchases totalling \$2.126M were made without adherence to the system of quotations. In addition, thirty-five(35) payment vouchers totalling \$4.157M for services rendered were not supported by certificates of work satisfactory completed. Further, an amount of \$1.329M was expended on binding of volumes. However, details of the expenditure, such as the type of volumes were not evident. The Accounting Officer explained that a register has since been implemented to monitor these expenditures.

1665. The amount of \$9.778M was expended on Operating Expenses. Included in this amount was the sum of \$6.272M, expended on the purchase of refreshment and meals. However, in my

previous Reports, concern was expressed over the manner in which meals for prisoners and jurors were purchased. In those Reports, 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 \$2.845M were paid to four(4) individuals executed by 50 contracts. 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.

- 1666.** Amounts totalling \$1.291M were paid to the Mayor & City Council, New Amsterdam as Rates and Taxes for 2002. 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 previous Reports. The Accounting Officer explained that this record was being introduced in 2003.

Revenue Accounting and Control

- 1667.** 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 \$146.228M as at 31 December 2002. 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 2001 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.

Stores and Other Public Property

- 1668.** 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. The Accounting Officer explained that the inventory was now being updated.
- 1669.** 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 seventy-one(71) items was carried out on 25 July 2003 and comparison made with the stock ledger balances. The results revealed excesses in respect of twenty-five(25) items while there were shortages in respect of forty(40) items. A further check revealed that seventy-six(76) items, which were received as gifts were on hand but were not recorded in the stock ledger. Every effort should be made to ensure strict compliance with the Stores Regulations.

Other Matters

- 1670.** The execution sales bank account No. 4000 reflected a large balance of \$91.223M as at 31 December 2002 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 differences at the end of each month. As a result, the accuracy of the reconciliation statements could not be determined. The Accounting Officer explained that the cash book was being reconstructed in 2003.

- 1671.** During the period under review, the amount of \$602,940 was short banked in relation to this account. As a result, Officers were charged by the police and at the time of reporting the matter was before the Court.
- 1672.** 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.
- 1673.** The Witness Money bank account No. 4001 reflected a balance of \$1.174M as at 31 December 2002 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 differences at the end of each month. As a result, the accuracy of the reconciliation statements could not be determined. The Accounting Officer explained that a cash book was being reconstructed in 2003.
- 1674.** 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.
- 1675.** 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, at the time of reporting action was being taken to re-introduced the operation of the imprest account.
- 1676.** A cheque order register was not maintained for the period under review. However, cheque orders were only prepared for salaries pay-sheets and not for other expenditure payments. The Accounting Officer promised to introduce this record in 2003.
- 1677.** Expenditure totalling \$400,000 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

- 1678.** Amounts totalling \$21.700M were expended on Materials, Equipment & Supplies. However, three(3) payment vouchers totalling \$1.290M were not supported by receipts and/or bills. As a result, the propriety of the expenditure could not be verified. In addition, eleven(11) payment vouchers totalling \$1.476M were purchases made on the same date from the same supplier were evident with apparent sub-division to avoid the system of quotation.
- 1679.** Also included in the amount of \$21.700M were thirty-one(31) payments to the value of

\$15.662M for the printing of forms and books for the Magisterial District Offices. However, twenty-nine(29) purchases falling within the limits of \$180,000 and \$600,000 and two(2) in excess of \$600,000 were not subject to tender procedures and adjudication by Departmental and Central Tender Boards, respectively.

- 1680.** Amounts totalling \$16.212M were expended on Rental & Maintenance of Buildings. Included in this amount were forty-six(46) contracts valued at \$13.047M which were awarded for various works. The following is an analysis by authority limits:-

AUTHORITY LIMIT	NO. OF CONTRACTS	AMOUNT \$
\$180,000 - \$450,000	26	10,852,930
Below \$180,000	20	2,193,823
TOTAL	46	13,046,753

- 1681.** The following contracts were awarded to the same individual and in the same period of time in order to avoid adjudication by the Ministerial Tender Board:-

DATE	CONTRACT NO.	DESCRIPTION	AMOUNT \$
21/11	69/2002	Building toilet for public use - Sparendam	446,405
18/11	70/2002	Building toilet for public use – Vigilance	446,405
14/11	71/2002	Repairs to New Amsterdam Court	329,920
TOTAL			1,222,730

DATE	CONTRACT NO.	DESCRIPTION OF WORK	AMOUNT \$
03/12	74/02	Scraping and puttying court rooms at Magt. Court	426,440
02/12	75/02	Repairs & maintenance to Georgetown Magt. Court	178,595
TOTAL			605,035

- 1682.** Physical verification of the contracts for the above works for Maintenance of Building revealed the following discrepancies:-

- (a) Contract No. 40 for carpentry and painting to the Georgetown Magistrates' Court was awarded in the sum of \$178,190 and the full amount was expended. However,

physical verification revealed that the plywood and moulding costing \$12,880 were not utilised;

- (b) Contract No. 41 for the laying of commercial carpet at the Georgetown Magistrates' Court was awarded in the sum of \$81,800 and the full amount was expended. However, no foam or carpet edging were visible as claimed by the contractor, resulting in an overpayment of \$11,700;
- (c) With regard to contract No. 49 for \$178,945 for carpentry and painting Georgetown Magistrates' Court, there was no evidence of the plywood and moulding, for which the contractor was paid amounts totalling \$28,025;
- (d) In relation to contract Nos. 69 and 70 which were executed by the same contractor for the construction for sanitary blocks at Sparendaaam and Vigilance Magistrates' Courts, respectively, four(4) night latches costing \$18,000 should have been installed on the doors of the sanitary blocks. However, this was not evident, resulting in an overpayment of \$18,000; and
- (e) Contract 73 for the construction of a building at Vreed-en-Hoop Magistrate's Court was awarded in the sum of \$444,925 and the full amount was paid to the contractor. The bill of quantities gave dimensions of the building to be constructed under this contract to be 20' x 15' x 10', however physical verifications revealed that this building carried dimensions of 15' x 16' x 9'. Due to the size of the building constructed as against what was paid for, an approximate overpayment of \$120,000 was made to the contractor. In addition, this expenditure should have been provided for in the Capital Estimates.

The Accounting Officer explained that action was being taken to recover the above overpayments.

1683. Also, included in the amount of \$16.212M for rental and maintenance of buildings, were sums totalling \$3.156M for janitorial and cleaning services. Included in the latter amount were six(6) advances totalling \$817,900 which were made directly from the main account to facilitate the purchase of cleaning supplies. However these purchases, all of which were over \$90,000 were not subject to the three-quotation system. The Accounting Officer explained that the purchases were for different items from different suppliers. However, further checks revealed that all the items could have been obtained from anyone of the suppliers. In addition, four(4) advances totalling \$309,200 were given to office assistants to purchase janitorial and cleaning supplies. Further, seven(7) payments totalling \$574,980 for purchases made on the same date from the same supplier were apparently sub-divided to avoid the system of quotation.

1684. Amounts totalling \$16.575M were expended on Transport, Travelling and Postage. Included in this amount were seventeen(17) advances totalling \$931,000 given to an officer on an assignment at the Berbice Magistrate's Court, during January to May 2002,

to facilitate payments for travelling and subsistence and photocopying of documents. However, an examination of the original bills/receipts submitted to clear eight(8) 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 \$44,677.

- 1685.** A similar observation was made for the period June to December 2001 where twenty-six(26) advances totalling \$1.6M were paid to the same officer and a difference of \$194,319 was reported. In addition, an advance was given to another officer and a difference of \$18,400 was also reported. These observations were made in my 2001 Report.
- 1686.** In summary, for the period June 2001 to May 2002, sums totalling \$2.531M were advanced to an officer to investigate irregularities and oversee operations at the Berbice Magisterial District Office in New Amsterdam. The following is a summary of the expenditure incurred from the advances:-

DESCRIPTION	AMOUNT \$'000
Hotel Expenses	1,672
Meals	252
Travelling	493
Photocopying	211
Miscellaneous	48
TOTAL	2,676

- 1687.** Included in the amount of \$1.672M were charges for hotel accommodation at the rate of \$6,500 per day and which represented the cost of a self-contained room with two(2) double beds. It would have been far more economical for the officer to utilise a single room with a double bed at a rate of \$4,000 per day. In addition, included in the amount of \$2.676M were eighty-one(81) bills/receipts, which were apparently tampered with to reflect higher sums. These increases amounted to \$238,996. A special report would be issued in this respect.
- 1688.** Also included in the amount of \$16.575M were forty-eight(48) payments totalling \$7.081M for taxi services rendered. All these payments were made to one individual. However, these payments were not evidenced by supporting details, such as reasons for journeys, signature of authorising officer for each journey, duration of journey, taxi number, rate of charge, etc. In addition, the receipts attached to the payment vouchers

were not from a recognised taxi service. Further, all forty-eight(48) cheques in respect of these payments were encashed from the Suitors' Deposits and the Maintenance and Bastardy bank accounts Nos. 3101 and 3013, respectively. Further, it was observed that the appropriate payment vouchers, outlining details of the expenditure, were not used for the payment of travelling and subsistence in respect of seventeen(17) payments totalling \$324,960. As such, the propriety of the expenditures could not be determined.

- 1689.** The amount of \$8.924M was expended on Other Goods and Services Purchased. Included in this amount were sixteen(16) payments totalling \$5.494M which were made to six(6) officers of the Supreme Court for typing services rendered, without the approval of the Public Service Ministry. In addition, these payments were made without adherence to Tender Board procedures. Further, statements of accounts were not attached to the payment vouchers. The Accounting Officer explained that the typing involved confidential statements and cannot be tendered out to the public. In such circumstances, the approval of the Public Service Ministry should have been sought as well as a waiver of Tender Board procedures.
- 1690.** The amount of \$2.516M was expended on Other Operating Expenses. Included in this amount were fourteen(14) payments totalling \$764,766 and which were not supported by the relevant receipts/bills to substantiate payment made. In addition, Payment voucher No.1334 was supported by bills, however, upon examination of bills it appeared that three(3) bills totalling \$430 were tampered to read \$4,300 a difference of \$3,870. It is recommended that this matter be investigated. Also, ten payment totalling \$19,400 were made to persons other than the payees without authorisation, while one(1) payment for \$360,000 was made to a Clerk of Court for typing services on the sole authority of the Accounting Officer.
- 1691.** Expenditure totalling \$1.289M were in excess of the voted provision under two(2) line items. Since there were savings under other line items with would have been more appropriate to seek approval of a virement to cover any excess expenditure.

Stores and Other Public Property

- 1692.** A physical count of a sample of fifty-six(56) items was carried out at the store on 25 July 2003 and comparison made with the stock ledger balances. The results revealed excesses in respect of twenty(20) items while there were shortages in respect of thirty-three(33) items. Effort should be made to investigate the excesses and shortages

Georgetown Magisterial District

- 1693.** The salaries bank account No. 3113, which reflected a balance of \$4.342M as at 31 December 2002, 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. The Accounting Officer explained that this situation arose because of staff constraints. It is a requirement for the salaries cash book to reflect a “nil” balance at the end of each month, however, the cash book reflected positive balances for eight(8) months and a negative balance for three(3) months.

- 1694.** Amounts totalling \$2.383M were refunded as unpaid salaries for the period under review. However, a salaries refund register was not maintained for the period under review. In addition, according to the paysheets, it was observed that the salaries of four(4) employees totalling \$220,216 were refunded, however, it could not be determined whether that these refunds were deposited in the salaries bank account. Further, an examination of the paysheets revealed that in numerous instances the payees did acknowledge receipt of their salaries by appending their signature on the paysheets.
- 1695.** 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.
- 1696.** For the period under review, a total of 12,905 criminal cases and 1,395 civil cases were filed. However, 3,763 criminal and 290 civil case jackets were not produced for audit. In addition, on three(3) occasions the entries in the criminal record book were incorrectly numbered and in thirty-three(33) instances the particulars on the case jackets did not correspond with those in the criminal record book.
- 1697.** A total of 512 commitment warrants were issued by the Magistrate for fines outstanding. However, eleven(11) warrants totalling \$265,825 were not recorded in the related register. 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.
- 1698.** The present suitors’ deposits account No. 3114, which reflected a balance of \$56.751M as at 31 December 2002, 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.
- 1699.** Also in respect of the suitors’ deposit account, it was observed that from a sample of 100 disbursement receipts for refund of bail money examined, 25 of these were not supported by a copy of the general receipt on the bail money which was collected. In addition, the suitors’ deposit ledger was not cast and balanced for the period under review and a register of used and unused receipts was not kept.

- 1700.** 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.
- 1701.** The maintenance and bastardy account No. 3115, which reflected a balance of \$2.790M as at 31 December 2002, was not reconciled since its establishment October 1996. Further the cash book was not properly cast and balanced for the period under review. In addition, a total of 1,131 affiliation cases were filed during 2002. However, 51 case jackets were not produced for audit examination.
- 1702.** An examination of the bailiff's record of writs revealed that forty-four(44) writs were filed during 2002. However, five(5) 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.
- 1703.** 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.
- 1704.** An examination of the controlled form register, revealed that it was not properly written up, for example, four(4) collector's cash book/statements(CCBS), forty-six(46) receipt books, one(1) disbursement receipt book, five(5) remittance receipt books and twenty-seven(27) receipts books to the collecting officers used for the period under review were not recorded. Also, seven(7) receipt books, one(1) deposit book and one(1) cheque book were not presented for audit verification.

East Demerara Magisterial District

- 1705.** The suitors' deposits account No. 3101, which reflected a balance of \$24.173M as at 31 December 2002 and was reconciled as at that date. An examination of the reconciliation statement for December revealed an unreconciled difference of \$157,060 which had been coming forward for a considerable period of time. This difference should be investigated and the necessary adjustments made. There were also two(2) instances where receipts were lost by the bailor and typewritten copies of receipts were submitted, instead of affidavits.
- 1706.** According to the Commitment Warrants Register, 299 warrants valued at \$2.042M were issued during 2002. However, only amounts totalling \$5,075 were paid on one warrant. There was no annotation in the register as to the reason for the difference of \$2.037M not being collected.
- 1707.** The maintenance and bastardy account No. 3103, which reflected a balance of \$1.428M as at 31 December 2002, was not reconciled since January 2002. The Accounting Officer explained that steps were being taken to have it completed by 30 September 2003. In

addition, out of a total of 678 affiliation cases filed during the period under review, six(6) case jackets were not produced for audit examination. As a result, the outcome of these cases could not be properly determined.

- 1708.** 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.
- 1709.** 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

- 1710.** The salaries bank account No. 3110, which reflected a balance of \$859,493 as at 31 December 2002, was reconciled for the period under review. An examination of the reconciliation statements revealed unreconciled differences for each month. Action should be taken to investigate and clear these differences.
- 1711.** The suitors' deposits bank account No. 3111 which reflected a balance of \$7.158M as at 31 December 2002 was not reconciled since it was established in 1996. The cash book for this account 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, three(3) disbursements totalling \$33,500 and four(4) bail receipts totalling \$111,700 were not recorded therein. In addition, there were six(6) instances totalling \$155,000 where bail receipts were not attached to disbursement receipt to verify the amount refunded.
- 1712.** It was also observed that banking for this account was not done on a daily basis. In addition, cash was short deposited by significant amounts, which were retained to cash cheques from the maintenance and bastardy account No. 3112.
- 1713.** Five(5) cheques totalling \$140,500 drawn from the 3112 maintenance and bastardy account were encashed from this account, were still on hand and stale dated. A register of used and unused receipts and cheques was not maintained for the period. Receipts were prepared and signed by the same officer.
- 1714.** The maintenance and bastardy account No. 3112 was overdrawn by \$5.466M as at December 2002. 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.
- 1715.** 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. At the time of reporting the officer who was suspected of carrying out these irregularities was however, still on the job.
- 1716.** For the period under review, the maintenance and bastardy section is being operating on a cash basis, since the closure of this account. However, it was observed that the amount paid by the defendant were not fully paid out to the complainant, and further it was observed on thirty-three(33) ledger cards that balances totalling \$115,400 as 31 December 2002 were not transferred to 2003.
- 1717.** An examination of the civil and criminal records revealed that 120 and 2,740 cases, respectively, were filed during 2002. However, the case jackets in respect of 16 civil cases and 35 criminal cases were not produced for audit examination. In the circumstances, the outcome of the cases could not be properly determined.
- 1718.** The Fines Register was not properly maintained and written up for the period under review. For example nineteen(19) cases totalling \$348,000 for fines imposed and twenty-eight(28) commitments warrants totalling \$326,500 were not recorded. As a result it could not be determined whether these fines were paid. In addition, there were five(5) instances totalling \$160,000 where there was no evidence in the case jackets to determine whether these fines were paid or the defendants were subsequently jailed. 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.

- 1719.** The traffic ticket register was not properly written up for the period under review. Details such as the date, defendant names and ticket numbers were not quoted in the register. Also receipt numbers were not quoted on the Register when the fines were paid.
- 1720.** A commitment warrants register was maintained, and thirty(30) warrants were issued for the period under review. However, only five(5) were paid and annotations were made in the register. However, in respect of the other twenty-five(25) warrants totalling \$326,500, the status could not be determined since no annotations were made in the register to indicate whether the fines were paid or defendants were subsequently imprisoned.
- 1721.** 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.
- 1722.** 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.
- 1723.** 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.
- 1724.** 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.
- 1725.** 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.
- 1726.** 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.
- 1727.** A revenue account, revenue control account and register of used and unused receipts and

cheques were not maintained for the period under review.

- 1728.** 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. A stock ledger was not properly maintained for the period under review. The stock ledger does not reflect balances for items received or issued as such it could not be verified items on hand.

Essequibo Magisterial District

- 1729.** The salaries bank account No. 3107, which reflected a balance of \$532,900 as at 31 December 2002, was reconciled up to June 2002. However, unreconciled differences were observed. In respect of the suitors' deposits account No. 3108 and the maintenance and bastardy account No. 3109, these accounts reflected balances of \$3.887M and \$942,674 respectively, as at 31 December 2002. These two(2) accounts were reconciled to December 2002.
- 1730.** An examination of the civil/criminal records revealed that a total of 2,170 cases were filed during 2002 and were presented for audit examination. In addition, 590 commitment warrants valued at \$1.597M were issued for the year. However, only 298 warrants to the value of \$899,350 were paid. There was no indication as to whether the defendants were subsequently imprisoned for the outstanding amounts totalling \$697,900.
- 1731.** 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

- 1732.** According to the commitment warrants register, 637 warrants valued at \$3.950M were issued during 2002. However, only amounts totalling \$137,750 were paid, and there was no indication as to whether the defendants were subsequently imprisoned for the outstanding amounts totalling \$3.812M.
- 1733.** A physical count of a sample of twenty-four(24) items was carried out at the store on 13 August 2003 and comparison made with the stock ledger balances. The results revealed shortages in respect of ten(10) items. Action should be taken to investigate these shortages.

Berbice Magisterial District

- 1734.** The salaries bank account No. 3105, which reflected a balance of \$48,420 and the suitors' deposits account No. 3104, which reflected a balance of \$11.711M as at 31 December 2002 were reconciled for the period under review. However, an examination of the reconciliation statements revealed unreconciled differences. These differences should be investigated and

cleared.

- 1735.** An examination of the civil/criminal records revealed that a total of 3,553 cases were filed during 2002. However, case jackets in respect of 87 criminal cases and 7 civil cases were not produced for examination. In the circumstances, the outcome of these cases could not be properly determined.
- 1736.** According to the Commitment Warrants Register, 257 warrants valued at \$2.965M were issued during 2002. However, only amounts totalling \$642,600 were paid. Twenty-five(25) persons were imprisoned, resulting in amounts totalling \$1.332M, written off. There was no annotation in the register as to the reason for the difference of \$990,635 not being collected.
- 1737.** The maintenance and bastardy account No. 3106, which reflected a balance of \$1.147M as at 31 December 2002, was reconciled. However, unreconciled differences were observed. This should be investigated and cleared. 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 charged was dismissed.
- 1738.** In my previous reports it was mentioned that amounts totalling \$1.445M and \$40,600 in relation to account Nos. 3104 and 3106 respectively were short-banked in 2000. Also, in 2001 an 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.

HEAD 56 & DIVISION 505

PUBLIC PROSECUTIONS

Current Expenditure

- 1739.** The salaries bank account No. 3173 was not reconciled since December 1998 and reflected a balance of \$2.059M at 31 December 2002. The Accounting Officer explained that due to staff constraints the reconciliation was not done. Nevertheless, 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

- 1740.** An amount of \$1.5M was allocated for the purchase of a photocopier and air condition units. Approval was seen for a change in programme to complete extension works to the

DPP building, to construct built-in bookracks and purchase of furniture. The amount of \$1.497M was expended as follows:-

DESCRIPTION	AMOUNT \$000
Extension of DPP Building	739
Office furniture & equipment	363
One(1) air condition unit	210
Bookracks	170
Technical Supervision	15
TOTAL	1,497

- 1741.** The contract for the extension works to the Director of Public Prosecutions Chambers was awarded in 2001 to the lowest bidder in the sum of \$3.042M. A variation for additional works was approved in 2002 for \$519,970 giving a revised contract sum of \$3.562M. As at 31 December 2001, amounts totalling \$2.823M were paid to the contractor. During the period under review, amounts totalling \$739,000 were paid to the contractor representing the full contract sum. The work was completed and physically verified while the items purchased were verified as having been received. However, the items purchased were not marked and were not recorded on the inventory. It is recommended that item purchased should be marked and properly inventorised.

HEAD 57 & DIVISION 505

OFFICE OF THE OMBUDSMAN

Capital Expenditure

Subhead 25005 – Office of the Ombudsman

- 1742.** The sum of \$475,000 was allocated for the purchase of office furniture and equipment. The expenditure of \$401,929 was utilised to purchase office furniture, office equipment and installing carpet in the Office. The items were verified as having been received and properly brought to account.

HEAD 58 & DIVISION 505

PUBLIC SERVICE APPELLATE TRIBUNAL

Capital Expenditure

Subhead 25009 – Public Service Appellate Tribunal

1743. The sum of \$2M was voted for the resurfacing of the compound and the construction of a library. Amounts totalling \$1.826M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Construction of external concrete works	1,611
Purchase of pressure tank, pump, gauge etc.	111
Purchase of Fans and Exe. Chair	56
Consultancy fees	48
TOTAL	1,826

1744. The contract for the construction of external concrete works was awarded by the Central Tender Board in the sum of \$1.611M to the lowest of three(3) bidders, who also satisfied the criteria set by the Evaluation Committee and was closest to the Engineer's estimate of \$1.491M. The full amount was paid to the contractor and the work was completed and physically verified. The items purchased were verified as having been received and properly brought to account.

HEADS 71 & DIVISION 531

REGION 1 - BARIMA/WAINI

Current Expenditure

Employment Costs

- 1745.** An examination of the Register of Contributors to the National Insurance Scheme and related records revealed that thirty-four(34) employees were not registered with the Scheme. This represents an improvement over the years 2000 and 2001 where it was reported that one hundred and eight(108) and forty-six(46) employees, respectively, were not registered with the Scheme. Efforts should be made to ensure that all employees are properly registered since registration with the Scheme has implications for social security and other benefits. The Accounting Officer explained that applications for some of these persons were sent to the Scheme but were not returned.
- 1746.** Amounts totalling \$1.697M were refunded to the Sub-Treasury as unclaimed salaries. Included in this amount were sums totalling \$572,810, which represented net salaries. However, there was no evidence that the related deductions were recovered from the relevant agencies.
- 1747.** A comparison of the authorised staff as shown in the 2002 Estimates of Expenditure with the actual staff employed by the Region in December 2002 reveal that the authorised staff was exceed by 224 under the following categories, as shown below:-

SUB-HEAD	DESCRIPTION	AUTHORISED	ACTUAL	EXCESS
101	Administrative	16	42	26
102	Senior Technical	34	82	48
103	Other Technical	162	92	0
104	Clerical &office support	47	23	0
105	Semi-Skilled and Unskilled	236	527	291
	TOTAL	495	625	365

- 1748.** This state of affairs was due to the omission from the National Estimates of three hundred and sixty-two(362) teachers, under the following categories, employed in the Region:-

SUB-HEAD	DESCRIPTION	ACTUAL
101	Administrative	39
102	Senior Technical	73
105	Semi-Skilled and Unskilled	250
	TOTAL	362

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

- 1749.** 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 July 2003, the Sub-Treasury records showed that 646 cheque orders issued in 2002 and valued at \$123.625M had not been cleared. Of this amount, 579 cheque orders valued at \$82.863M relates to employment cost while the remainder relates to purchases. Alternative auditing procedures had to be adopted to verify the receipt of the items purchased. The Accounting Officer explained that most of these cheque orders were returned. The Sub-Treasury Officer acknowledged this and explained that their Department is under staffed and as such were unable to update the cheque order register.
- 1750.** Amounts totalling \$32.794M were expended on the purchase of Fuel and Lubricants. However, of the ten(10) serviceable vehicles and equipment for which log books were required to be maintained, log books were only presented in respect of eight(8) vehicles and equipment. As a result, it could no be determined whether there was proper accountability for the use of fuel and lubricants. The Accounting Officer explained that due to the location of the two(2) equipment in the Sub-Regions, log books could not be provided for audit scrutiny.
- 1751.** The power plant at Mabaruma consumed an average of ninety-six(96) gallons of fuel per eight(8) hours supply 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 a 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 funds were budgeted for in 2003 for the purchase of 300 meters. At the time of the audit in July 2003, the contract was awarded for the supply of the meters.

1752. Amounts totalling \$21.652M were expended on the Rental and Maintenance of Building. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$000
Repairs to eleven(11) schools	4,816
" " nine(9) teachers quarters	3,830
" " six(6) officers quarters	1,924
" " three(3) hospitals	1,796
" " administration and education building	1,221
Janitorial and cleaning supplies	3,695
Rental of building	236
Purchase of building materials	1,046
Miscellaneous contracts	3,088
TOTAL	21,652

1753. The above works were executed by sixty-seven(67) contracts valued at \$16.675M. However, there was no evidence that a system of quotations was being followed in respect of five(5) contracts for works totalling \$1.772M falling within the limits of \$180,000 and \$450,000.

1754. Of the eleven(11) schools which were repaired, physical verification was only carried out on three(3) schools in the Mabaruma area because of inaccessibility of the area at the time of the audit. However, reliance was placed on the certificate of satisfactory completion issued by the Overseer. In relation to the repairs to the teacher's quarters at Mabaruma, St.Dominic, Waramuri, Kamwatta, Sacred Heart, Red Hill and Lower Waini, eleven(11) contracts were awarded in the sum of \$3.830M. The full amounts were paid to the contractors. Due to the inaccessibility of the area at the time of the audit, physical verification could only be done at five(5) of the teacher's quarters at Mabaruma, Waramuri and Waini. All the other works were physically verified, while the items purchased were verified as having been received and properly brought to account.

1755. Amounts totalling \$7.827M were expended on the maintenance of Infrastructure, including roads, revetments and bridges. The works were executed by fifty-eight(58) contracts valued at \$5.119M. The difference of \$2.708M relates to purchase of building materials. The works were physically verified with the exception of a bridge at Matthew's Ridge. However reliance was placed on the certificate issued by the Overseer and Village Captain attesting to the satisfactory completion of the work.

1756. The sum of \$27.090M was expended on Security Services. However the amount budgeted in the National Estimates in 2002 was only \$22.497M. The difference of \$4.593M was covered by four(4) advances totalling \$7.965M from the Contingencies Fund. These advances were cleared in 2003.

Stores and Other Public Property

1757. Section 6 (2) of the stores regulation of 1993 provides for the maintenance of stores ledger by the Regional Accounting Unit to serve as an independent record of receipt and issues of stores items. This is in addition to bin cards maintained by the storekeeper. Bin cards were kept by the storekeeper and a stores ledger was maintained by the accounting unit, but was not written up to date. The Accounting Officer explained that action had been taken in 2003.

1758. A large quantity of unserviceable items was seen in the store. The Accounting Officer had explained that the Region had disposed of some of the items and was in the process of compiling another list of such items with a view to dispose of the remainder. In addition, the state in which the store was kept was in a confusing condition. The Accounting Officer explained that persons from the State Planning Department have visited and plans are in place for an extension of the present store.

Other Matters

1759. The Imprest bank account No 3099 was reconciled up to December 2002. Draft copies were seen for the additional period to May 2002. The Accounting Officer explained that the reconciliation was to be checked and certified. Further the account had a closing balance of \$470,130 as at 31 December 2002.

Capital Expenditure

Subhead 11001 – Bridges

1760. The sum of \$7.437M was voted for the completion of San Jose Bridge at Moruka and a foot bridge at Kumaka. Amounts totalling \$4.069M were expended as follows:-

DESCRIPTION	AMOUNT \$000
Construction of 1300Ft of revetment at San Jose Bridge	3,272
Construction of foot bridge at Kumaka	797
TOTAL	4,069

- 1761.** The contract for the reconstruction of the San Jose bridge at Moruka was awarded in the sum of \$8.625M in 2001. As at 31 December 2001 amounts totaling \$1.986M were expended on the completion of the eastern and western approaches. However, the contract was terminated in August 2002, because the contractor could not have mobilized his machinery into the area due to low water level. Another contract was awarded in November 2002 by the Regional Tender Board in the sum of \$3.272M to the same contractor for the revetment works on the same bridge, without any form of competitive bidding. The Accounting Officer explained that work to this value was completed by the contractor in 2002, prior to the awarding of the contract and acknowledged that the Tender Board erred in awarding another contract and that he should have sought approval to pay the liability on the first contract instead. The works were nevertheless physically verified.
- 1762.** The contract for the construction of the foot bridge at Kumaka was awarded to the second lowest of seven(7) bidders in the sum \$797,000 on the grounds that the lowest bidder did not include an address on the tender document. As at 31 December 2002 the full amount was paid to the Contractor. The works carried out were physically verified.

Subhead 12001 – Buildings (Health)

- 1763.** The sum of \$4M was voted for the construction of a Health Hut at Big Creek and Laboratory and X-ray facilities at Port Kaituma and Matthew’s Ridge. Amounts totalling \$3.556M were expended on the following construction works:-

DESCRIPTION	AMOUNT \$000
Health Hut at Big Creek	1,669
Laboratory & x-ray facilities at Port Kaituma	938
Laboratory & x-ray facilities at Matthew’s Ridge	949
TOTAL	3,556

- 1764.** The contract for the construction of the Health hut at Big Creek was awarded to the highest of four(4) bidders in the sum of \$1.669M on the grounds that the lowest bidders did not have valid compliance certificates. As at 31 December 2002 the full amount was paid to the Contractor. The works undertaken could not have been physically verified due to the inaccessibility of the area at the time of the audit. As a result, reliance had to be placed on the certificate of satisfactory completion issued by the Overseer.
- 1765.** In relation to the Laboratory and X-ray facilities constructed at Port Kaituma, the contract was awarded to the lowest of three(3) bidders in the sum of \$938,440. As at 31 December 2002 the full amount was paid to the contractor. The works carried out were physically verified. The contract for the construction of the Laboratory and X-ray facilities at

Matthew's Ridge was awarded to the lowest of two(2) bidders in the sum of \$949,440. As at 31 December 2002 the full amount was paid to the Contractor. The works undertaken could not have been physically verified due to the inaccessibility of the area at the time of the audit. As a result, reliance had to be placed on the certificate of satisfactory completion issued by the Overseer.

Subhead 12002 – Building (Administration)

- 1766.** The sum of \$3M was voted for the rehabilitation of the Guest House at Port Kaituma and the construction of a Boat House at Moruka. Amounts totalling \$2.353M were expended as follows:-

DESCRIPTION	AMOUNT \$000
Rehabilitation of Guest House at Port Kaituma	1,528
Construction of Boat House at Moruka	825
TOTAL	2,353

- 1767.** The contract for the rehabilitation of the Guest House at Port Kaituma was awarded to the lowest of six(6) bidders in the sum of \$1.528M. As at 31 December 2002 the full amount was paid to the Contractor. In relation to the construction of the Boat House at Moruka the contract was awarded to the sole bidder in the sum of \$824,900. As at 31 December 2002 the full amounts were paid to the contractors. The works carried out were physically verified.

Subhead 12003 – Buildings (Education)

- 1768.** The sum of \$21M was voted for the (a) the completion of sanitary facilities at Waramuri, Black Water and Assakata Primary schools and Pakera and Bumbury Nursery schools, (b) construction of sanitary facilities at Barbina, Matthews Ridge, Saint Cyprian and Saint Anthony schools, (c) extension of Walaba and Eclipse Falls Primary schools and (d) construction of teachers Quarters at Moruka Hostel, Yarakita, Warapoka and Santa Cruz. There was also an approval for an extension of the Programme to include construction of teachers' quarters at Chinese landing. Amounts totalling \$19.448M were expended as follows:-

DESCRIPTION	AMOUNT \$000
Construction of 5 Teachers Quarters	12,972
Extension of 2 Primary Schools	5,087
Construction of 6 sanitary facilities	1,010
Completion of 3 sanitary facilities	379
TOTAL	19,448

- 1769.** The five(5) teachers' quarters which were constructed at a total cost of \$12.972M were located at Moruka, Yarakita, Warapoka, Santa Cruz and Chinese Landing. The contract for the construction of Teachers Quarters at Moruka was awarded to the second lowest of five(5) bidders in the sum of \$3.963M on the grounds that this amount was closest to the Engineer's estimate of \$4M. The lowest bid was \$3.911M while the third lowest bid was in the sum of \$4.006M, the latter being the closest to the Engineer's estimate. As at 31 December 2002 the full amount was paid to the Contractor. The works carried out were physically verified.
- 1770.** In relation to the construction of the Teachers Quarters at Yarakita, the contract was awarded to the second lowest of six(6) bidders in the sum of \$2.126M on the grounds that the lowest bidder did not have a valid NIS compliance certificate. The lowest bid was \$2.032M while the Engineer's estimate was \$2.325M. As at 31 December 2002 the full amount was paid to the contractor. The works undertaken could not be verified due to the inaccessibility of the area at the time of the audit. As a result, reliance had to be placed on the certificate of satisfactory completion issued by the Overseer.
- 1771.** The contract for the construction of the Teachers Quarters at Warapoka was awarded to the third lowest of eight(8) bidders in the sum of \$2.212M on the grounds that the lowest bidders did not have a valid NIS compliance certificate. The lowest bid was \$2.033M while the Engineer's estimate was \$2.420M. As at 31 December 2002 the full amount was paid to the contractor. The works carried out could not be verified due to the inaccessibility of the area at the time of the audit. As a result, reliance had to be placed on the certificate of satisfactory completion issued by the Overseer.
- 1772.** In relation to the construction of Teachers Quarters at Santa Cruz, the contract was awarded to the third lowest of eight(8) bidders in the sum of \$2.257M on the grounds that the lowest bidders did not have a valid NIS compliance certificate. The lowest bid was \$1.890M while the Engineer's estimate was \$2.420M. As at 31 December 2002 the full amount was paid to the contractor. The works carried out were physical verified.

- 1773.** The contract for the construction of Teachers Quarters at Chinese Landing was awarded to the sole bidder in the sum of \$2.682M. As at 31 December 2002 amounts totalling \$2.414M was paid to the contractor. The works undertaken could not have been physically verified due to the inaccessibility of the area at the time of the audit. As a result, reliance had to be placed on the certificate of satisfactory completion issued by the Overseer.
- 1774.** It was noted, that an extension of programme was also granted for the completion of the extension of Kamwatta Primary School. However, no works were done during the period under review. The Accounting Officer explained, that this was due to the late approval received from the Ministry of Finance. The school is budgeted to be completed in 2003 by SIMAP.
- 1775.** Two(2) contracts totalling \$5.087M were awarded by the Regional Tender Board for the extension of two(2) primary schools at Walaba and Eclipse Falls. These contracts were awarded to the lowest bidders. The works undertaken could not have been physically verified due to the inaccessibility of the area at the time of the audit. As a result, reliance had to be placed on the certificate of satisfactory completion issued by the Overseer.
- 1776.** In relation to completion and construction of sanitary facilities, nine(9) contracts totalling \$1.389M were awarded to the lowest bidders. As can be noted, six(6) sanitary facilities were constructed instead of four(4) due to an approved change of programme. As at 31 December 2002 the full amounts were paid to the contractors. Physical verifications were carried out on four(4) of the nine(9) sanitary facilities completed. The other five(5) could not have been physically verified due to the inaccessibility of the area at the time of the audit. As a result, reliance had to be placed on the certificates of satisfactory completion issued by the Overseer.

Subhead 14001 – Roads

- 1777.** The sum of \$18.5M was voted for (a) the completion of Kwebanna/Kumaka and, Port Kaituma Front Roads and (b) the construction of Mabaruma/Kumaka/Hosororo, Kumaka Marketing Centre Bond to Fish Market, Kumaka Hospital to Bemichi Airstrip and Matthews Ridge to Baramita Roads. Amounts totalling \$12.003M were expended as follows:-

DESCRIPTION	AMOUNT \$000
Labour and Transportation	6,250
Purchase of bitumen	3,775
Purchase of laterite	1,058
Purchase of fuel	790
Purchase of tools	130
TOTAL	12,003

1778. Included in the amount of \$6.250M were two(2) labour contracts which were awarded by the Regional Tender Board in the sums of \$843,600 and \$740,000 to the sole bidders for the completion of the Kwebanna/Kumaka and Port Kaituma Front Roads, respectively. The remaining roads were constructed using labour employed by the Regional Democratic Council. It was noted, that no work was done on the Matthews Ridge to Baramita Road, but it was re-budgeted for in 2003. The Accounting Officer explained, that this was due to sufficient funds not being available. Physical verification could not have been carried out at the Kwebanna/Kumaka and Kumaka Hospital to Bemichi Airstrip roads. However, reliance were placed on certificates of completion issued by the Overseer. All the remaining roads constructed were physically verified, while the items purchased were verified as having been received and properly brought to account.

Subhead 19001 – Agricultural Development

1779. The sum of \$22M was voted for the (a) completion of desilting of drains at Morawhanna, (b) construction of revetment at Barabina and Barima End, (c) rehabilitation of wharf at Port Kaituma Water Front, (d) establishment of nurseries and provision of extension services at Santa Rosa/Moruka and Port Kaituma and (e) upgrading and extension of nursery at Hosororo. However, none of the above mentioned projects were carried out during the period under review. The Accounting Officer explained, that these projects were to be funded under the HIPC programme but the funds were not released. It was noted that with the exception of the establishment of nurseries and provision of extension services at Santa Rosa/Moruka and Port Kaituma, the other works were re-budgeted for in 2003.

Subhead 25001 – Equipment and Furniture (Administration)

1780. The sum of \$735,000 was voted for the purchase of one(1) photocopying machine. The purchase was approved in the sum of \$726,391 to the third lowest of six(6) bidders. The lowest bid was \$225,000 while the second lowest bid was \$345,150. However, as required by the Tender Board regulation the reason(s) for the decision made by the Regional Tender Board was not documented in the Tender Board Minutes. The machine purchased was verified as having been received and brought to account in the records of the Regional Democratic Council.

Subhead 25003 – Equipment and Furniture (Education)

1781. The sum of \$1.5M was voted for the purchase of beds, gas stoves, tables, chairs, benches, filing cabinets and typewriters. Amounts totalling \$1.072M were expended on the purchase of one(1) typewriter, four(4) filing cabinets, two(2) gas stoves, twelve(12) beds and a quantity of benches and desks. Tender board procedures were observed in respect to the fore-mentioned purchases. All items received were subjected to storekeeping procedures.

Subhead 25004 – Furniture and Equipment (Staff Quarters)

- 1782.** The sum of \$500,000 was voted for the purchase of wardrobes, three-piece suites and dining sets. Amounts totalling \$488,000 were expended on the purchase of three(3) wardrobes, three(3) three-piece suites and two(2) dinette sets. These purchases were made with adherence to tender board procedures. All items received were brought to account in the records of the Regional Democratic Council.

Subhead 25005 – Furniture and Equipment (Health)

- 1783.** The sum of \$4.5M was voted for the purchase of mattresses, delivery beds and refrigerators. Amounts totalling \$4.432M were expended on the purchase of four(4) delivery beds, five(5) refrigerators and a quantity of mattresses. Tender board procedures were observed for these purchases. All items were verified as having been received and properly brought to account in the records of the Regional Democratic Council.

Subhead 26003 – Power Supply

- 1784.** The sum of \$5.5M was voted for the purchase of (a) one(1) 50 kva and one(1) 500 kva generators for Mabaruma and (b) the extension of electricity at Moruka - Phase II. Amounts totalling \$5.372M were expended as follows:-

DESCRIPTION	AMOUNT \$000
Purchase of 53kva generator	1,614
Repairs to 250kva generator	3,638
Supply of utility poles	120
TOTAL	5,372

- 1785.** The purchase of the 53 kva generator was approved by the Regional Tender Board to the sole bidder in the sum of \$1.614M. The generator purchased was physically verified as being received and properly brought to account, and is being used by the Regional Democratic Council.
- 1786.** In relation to the repairs carried out on the 250 kva generator at Mabaruma Power Station, a change of programme was approved for the repairs instead of the purchase of a 500 kva generator. All spares purchased for the repairs to the generator were received but were not entered into the stock ledger of the Stores, but were instead, entered in an immediate use book. Action should be taken to record all stores items in the goods receipt book. The Regional Tender Board approved the purchase of fifteen(15) utility poles at the agreed price of \$8,000 per pole. The poles received were subjected to store-keeping procedures.

Subhead 26004 – Other Equipment

- 1787.** The sum of \$3M was voted for the purchase of one(1) steel pontoon. However, according to the Appropriation Accounts, no expenditure was incurred under this subhead. The Accounting Officer explained, that the funds budgeted were insufficient to meet the approved expenditure. The expenditure was not re-budgeted for in 2003.

General

- 1788.** It should be noted that generally the contracts used for these projects are deemed totally inadequate as there are no provisions for defaults and remedies by 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.
- 1789.** Examinations of the Regional Finance Committee operations revealed that meetings were not held to approve decisions made by the Regional Tender Board. Instead, a copy of the Tender Board minutes along with a memorandum is sent to the Chairman of the Finance Committee seeking his approval. If granted, the letter is signed by the Chairman and witnessed by a member. It is recommended, that meetings be held to review the bids or quotations received. Also, decision and the reason(s) for reaching them should be documented in the minutes.

HEADS 72 & DIVISION 532

REGION 2 - POMEROON/SUPENAAM

Current Expenditure

Employment Costs

- 1790.** The salary registers of the Regional Administration were neatly written up and bound and kept in a manner to enable its preservation for the period of sixty(60) years as 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.
- 1791.** Nevertheless, a test check of a percentage of the payroll refunds revealed that the late notification of pay changes had resulted in 116 instances where net salaries totalling \$2.528M 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 \$466,531. 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.

- 1792.** In a related matter, the late notification of pay changes resulted in amounts totalling \$698,709 being overpaid to seven(7) officers, whose services were terminated during the period under review. The salaries of these officers were paid to the bank prior to notification of termination of employment. At the time of reporting, action to effect recovery of the overpaid amounts had only been initiated by Regional Administration in two(2) instances where such overpayments amounted to \$288,936. Nonetheless, all amounts overpaid were still outstanding.
- 1793.** 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 exempted from NIS deductions during the period.
- 1794.** As a result of late notifications, the Regional Administration failed to make deductions in respect of fifteen(15) teachers, who proceeded on maternity leave during the period. This resulted in salaries totalling \$585,208 being overpaid to the persons concerned. Late notifications of maternity confinement were on average two(2) months later than required. It was explained that in the cases noted the National Insurance Scheme were notified with the result that the related benefits were not paid to the officers concerned. However, action was not taken to recover the overpaid amounts from the scheme. This situation has also resulted in an undetermined amount of NIS contributions being erroneously deducted from the salaries of the officers concerned, while the voted provisions were overstated with employer's contribution overpaid to the Scheme.
- 1795.** During the period January 2002 to December 2002, the Regional Administration paid one of its officials a motorcar allowance amounting to \$99,468 or \$8,289 monthly, while furnishing that official on a full-time basis with a chauffeur driven vehicle. The Accounting Officer explained that the commuted allowances paid were in respect of the official's use of the personal motorcar after working hours. However, evidence was seen where the services of the chauffeur and the official vehicle had been used extensively on a daily basis beyond normal working hours, for which the Administration met overtime expenses. The Accounting Officer has since advised the official of this irregularity and the payment of motorcar allowance has ceased with effect from July 2003. In addition, the Accounting Officer has also written the Ministry of Local Government requesting the recovery of amounts totalling \$157,871 paid as at December 2002 and all subsequent amounts. At the time of reporting, the amounts were not recovered.

- 1796.** A comparison of the authorised staff strength of the Region in 2001 with the actual staff strength in December 2001, revealed an excess of 772 in respect of seven(7) line items, as shown below:-

DESCRIPTION	AUTHORISED	ACTUAL	EXCESS
Administrative	26	163	137
Senior Technical	83	353	270
Other Technical & Craft Skills	239	343	104
Clerical & Office Support	93	103	10
Semi-skilled Operatives etc.	320	328	8
Contracted Employees	0	6	6
Temporary Employees	0	237	237
TOTAL	761	1,533	772

- 1797.** 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 865 as per December 2002 payroll, under the following categories:-

SUB - HEAD	DESCRIPTION	ACTUAL
101	Administrative	140
102	Senior Technical	362
103	Other Technical & Craft Skilled	163
106	Contracted Employees	1
107	Temporary Employees	199
TOTAL		865

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

- 1798.** The Accountant General, through the Sub-Treasury in Region 2 - Pomeroon/Supenaam, controlled the Region's main bank account No. 3042. Nonetheless, the cash book was kept open until 15 January 2003 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. On that date a cheque valued at \$25.555M was drawn and paid over to the Consolidated Fund. During the period the cash book was kept open, 142 payments valued at \$21.788M were made. Of these \$21.330M related to Employment Costs, while Other Charges accounted for \$0.458M.
- 1799.** 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(30) days after they were issued. As at 31 December 2002, one thousand four hundred and eighteen(1,418) cheque orders totalling \$302.290M were outstanding. Of the un-cleared cheque orders one thousand two hundred and seven(1,207) valued at \$284.346M were in relation to salaries and wages, while the balance of two hundred and eleven(211) for \$17.944M was in respect of Other Charges. It was noted that all the outstanding cheque orders were cleared during 2003. Efforts should, nevertheless, be made to ensure strict compliance with the laid down procedures.
- 1800.** 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 and the officers involved were reassigned to normal duties. However, the related matter, which was with the Secretary to the Treasury for consideration and consequent approval to effect the write off of the loss was yet to be finalised. This was because of the Regional Administration's failure to submit the required Police report. The Accounting Officer explained that he had written the Police on several occasions, but did not receive any response. He has now written the Ministry of Local Government on the matter, hoping that that Ministry could influence the Police to report on the matter urgently.
- 1801.** Amounts totalling \$9.166M were expended on Fuel & Lubricants. However, of the thirty-eight(38) serviceable vehicles and equipment for which log books were required to be maintained, log books were not presented for two(2) vehicles/equipment, while there were partial submissions in respect of five(5). The Accounting Officer explained that where there were partial submissions, the related vehicles were in the workshop, but entries were not recorded to that effect.
- 1802.** An examination of the log books presented revealed that they were not properly written up. For example, the journeys undertaken were not always authorised, while the driver's signature and evidence of supervisory checks were not always shown 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.

1803. Amounts totalling \$15.486M were expended on the Rental & Maintenance of Buildings. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Repairs to twenty-one(21) buildings	8,428
Purchase of cleaning materials	2,843
" " electrical items	1,209
" " plumbing items	875
" " building materials	852
Payment for electrical metres (GPL)	67
Rental of buildings	24
Miscellaneous	1,188
TOTAL	15,486

1804. The repairs to twenty-one(21) of the Regional Administration's buildings for which \$8.428M were expended, were executed through awards of twenty-seven(27) contracts to sixteen(16) contractors. Of these contracts, nineteen(19) valued at \$7.970M had had the recommendation of the Regional Tender Board and the consequent approval of the Regional Finance Committee. The remaining contracts were within the limit of the Accounting Officer and were awarded on his sole authority. A physical verification exercise carried out on the related works revealed the following:-

- (a) Several works on the Liberty Primary School, included in a contract for general carpentry and plumbing amounting to \$400,125, were either partially completed or were not done. In the circumstances, there was a computed overpayment to the contractor of \$153,950 in relation to floor, wall, guttering and earth works;
- (b) The contract for the Hackney Primary School awarded in the sum of \$622,380 required general repairs to the school and the construction of a reinforced concrete trestle with four(4) water tanks of 430 gallons capacity. The contractor was fully paid, but roof and painting works valued at \$91,250 were not undertaken;
- (c) In relation to the construction of a trestle at the Anna Regina State House, the full contract sum of \$290,340 was paid to a contractor in full settlement of the agreement. However, at the time of the inspection the related works were incomplete, since cradle ribs required to surround the lower deck of the trestle was not yet constructed and the clearing of the site was yet to be undertaken;

- (d) Works valued at \$701,334 involving general carpentry, plumbing and painting to the Annex of the Anna Regina State House were awarded during the period and the contractor fully paid. However, in May 2003, during the physical verification exercise it was noted that a large percentage of the works were dismantled under another contract to the same contractor. This considerable waste of public funds was not explained.

- 1805.** In relation to the purchases of cleaning and construction materials, these were received and properly brought to account. Nevertheless, the utilization of these materials could not be traced to the various building works, since issue notes did not specify the description and/or location of the works. However, it was noted that corrective action was taken in March 2003.
- 1806.** Amounts totalling \$30.661M were expended on the Maintenance of Infrastructure. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Desilting of 378 trenches	25,445
Purchase of building materials	1,739
Construction of concrete trestle	1,314
Maintenance of two(2) streets	798
Construction of pit latrines	545
Construction of fences	402
Miscellaneous purchases	218
Transportation of earth	200
TOTAL	30,661

- 1807.** In relation to the desilting of trenches, approximately four hundred and sixty-four(464) miles of trenches were desilted. These and the other works were physically verified, while the receipt of the items purchased were also verified and these were noted to be properly brought to account in the books. The building materials purchased could not, however, be traced to the various building works, since the related issue notes did not specify the description and/or location of the works. However, it was noted that corrective action was taken in March 2003.

1808. Amounts totalling \$11.049M were expended on Transport, Travel & Postage. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Travelling expenses	6,508
Purchase of spares	4,258
Hire of vehicles	268
Postage	15
TOTAL	11,049

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.

1809. Amounts totalling \$25.287M were expended on Utility Charges, as follows:-

DESCRIPTION	AMOUNT \$'000
Electricity Charges	19,876
Water Charges	2,805
Telephone Charges	2,606
TOTAL	25,287

1810. The amount of \$19.876M expended on electricity charges was in respect of 86 meters under the control of the Regional Administration. Although an electricity register was kept to record all charges, this record reflected a balance of \$19.871M, giving a difference of \$5,343. Also, the electricity register did not allow for the recording of monthly billings and balances.

1811. 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 of the situation where there were only two(2) meters in the Compound. It was, however, noted that the recommendation for individual meters to be placed on each building was accepted and action taken to wire each quarters separately. Nevertheless, the officers could not commence paying for electricity consumed, because the electricity company had only installed two(2) of the required nine(9) meters.

1812. Amounts totalling \$54.624M were expended on Other Services Purchased. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Security services	51,310
Repairs and maintenance of equipment	1,207
Cleaning and extension services	837
Honoraria – Supervision of examinations	733
Miscellaneous	537
TOTAL	54,624

1813. The amount of \$51.310M represented the cost of security services for government buildings within the Region, when compared with an amount of \$38.274M expended in 2001. It was noted that the security firm, which provided the service, was made up of personnel formerly employed by the Regional Administration, but because of the privatisation of the security function, their services were incorporated in the firm. It was noted that at the time of privatisation in the year 2000 the expenditure for security services was \$5.209M. The other expenditure under Other Services Purchased was verified as having been properly incurred.

1814. Amounts totalling \$12.360M were expended on Other Operating Expenses, as follows:-

DESCRIPTION	AMOUNT \$'000
Dietary	8,077
Refreshments and meals at meetings	1,327
National events	2,377
Miscellaneous (Commission on payroll)	579
TOTAL	12,360

1815. 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 expenditure was also verified as having been properly incurred.

- 1816.** Amounts totalling \$3.349M were paid to the Anna Regina Town Council and the Annandale/Riverstown Neighbourhood Democratic Council as rates and taxes on government buildings. However, an accurate register of government buildings was not maintained. At the time of the inspection, in July 2003, the Regional Administration was still working to update this record. Additionally, it should be noted that according to submissions from the Town Council outstanding rates and taxes due and payable by the Regional Administration amounted to \$77.215M, but this could not be substantiated by reference to any of the Administration's records.
- 1817.** 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 at the Guyana National Co-operative Bank(GNCB), and revenues derived from its operations were paid into this account instead of the Consolidated Fund. Similarly, expenditure relating to the operations of this section continued to be met out of this account. As a result, the respective amounts of \$23.078M and \$25.360M understated the Statement of Receipts and Disbursements and the Appropriation Accounts of the Region. It was, however, noted that corrective action was taken in March 2003.

Stores and Other Public Property

- 1818.** A master inventory was not kept to record fixed assets held by the Region and to provide for independent check on the sectional inventories. Evidence was, however, seen of action to arrest this situation.
- 1819.** A review of the operations of the Regional Hardware Store revealed that the vast majority of items purchased were not physically placed in the store and requisitioned on a daily basis or as and when they were 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. The Accounting Officer explained that a register was maintained to record the distribution of the items.
- 1820.** 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. It was noted that action was taken to obtain the approval of the Secretary to the Treasury in order to dispose of the items by way of public auction.
- 1821.** In 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.

- 1822.** 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, but this was delayed by the failure to provide a Police report. The Accounting Officer explained that he had written the Police on several occasions without any response. Action was later taken to write the Ministry of Local Government, with the hope that this Ministry could influence the issuance of the Police report.
- 1823.** During the period under review, fifty-two(52) officers were occupying Government Quarters. However, only twenty-two(22) officers were paying rentals. The thirty(30) officers, who did not pay rental, comprised mainly medical personnel and teachers. The conditions of service of these officers were not provided to enable a proper determination of whether they qualified for rent free quarters.

Other Matters

- 1824.** An examination of the Advances Register along with the related requisition forms, revealed twenty-six(26) instances where advances granted from the Imprest were cleared on average two(1) months after the stipulated dates intended for clearing. Efforts should be made to avoid a recurrence of this lapse.

Capital Expenditure

Subhead 11001 – Bridges

- 1825.** The sum of \$4M was voted for the rehabilitation of first bridge at Lima Scheme and the construction of Affiance School Bridge and Caricom Rice Mill Access Bridge at Anna Regina. Amounts totalling \$3.995M were expended on the bridges at Lima Scheme and Caricom Rice Mill. As can be noted the construction of the Affiance School Bridge was not undertaken and was also not re-budgeted for in 2003. These failures were not explained.
- 1826.** The award of the contract for the construction of the first bridge at Lima Scheme was made to the fifth lowest bidder in the sum of \$1.870M on the grounds that he owned a dragline. However, it was noted that the Regional Tender Board had previously recommended that the award be made to the third-lowest bidder, who also owned a dragline and had bid \$1.855M. While acceptable reasons were given for not preferring the lower bids, which ranged from \$1.637M to \$1.800M, a reason was not provided when the initial choice was overlooked. The job was, nevertheless, completed and physically verified and the sum under the contract fully discharged during the period.

1827. The Regional Tender Board awarded the contract for the construction of the Caricom Rice Mill Access Bridge at Anna Regina to the lowest bidder in the sum of \$2.125M. As at 31 December 2002, the works were completed and the full contract sum paid to the contractor. The completed works were physically verified and these confirmed generally to the requirements of the bill of quantities.

Subhead 12001 - Buildings (Health)

1828. The sum of \$10.5M was provided for (a) the construction of health posts at Mora and Columbia (b) extension of health posts at Aurora and St. Monica (c) completion of health post at Friendship (d) rehabilitation of Suddie and Oscar Joseph hospitals and (e) payment of retention fees. Amounts totalling \$9.840M were expended, as follows:-

DESCRIPTION	AMOUNT \$'000
Rehabilitation of Suddie Hospital	2,845
" " Oscar Joseph District Hospital	1,496
Construction of health post at Mora, Pomeroun	1,268
" " " " at Columbia	1,203
Completion of Friendship Health Post	898
Extension to St. Monica Health Post	878
" " Aurora Health Post	838
Retention fees	388
Miscellaneous	26
TOTAL	9,840

1829. In relation to the rehabilitation of the Suddie Hospital, the Regional Tender Board awarded the contract to the lowest bidder in the sum of \$2.186M. There was also an approved variation of \$659,000 for additional works, thus giving a revised contract sum of \$2.845M. The Engineer's estimate was \$3.395M. As at 31 December 2002, the works were completed and the entire contract sum expended. The completed works, which confirmed to the related bills of quantities, were physically verified.

1830. In relation to the rehabilitation of the Oscar Joseph District Hospital, the third lowest bidder was awarded the contract in the sum of \$1.053M. The reason given for not preferring the lower bids, which ranged between \$0.746M and \$1.004M, were that the levels of bids were too low and may require variations if awarded. There was, nevertheless, an approved variation of \$443,000 on the preferred bid, giving a revised contract sum of \$1.496M, when compared with the Engineer's estimate of \$1.678M. As at 31 December 2002, the full contract sum was paid to the contractor. The works were completed and physically verified.

- 1831.** The contract for the construction of the health post at Mora was awarded to the second lowest bidder in the sum of \$1.105M on the grounds that the lowest bidder, who had bid \$1.005M, was recommended for another job. An approved variation for \$163,000 in relation to works not previously included in the original contract, revised the contract sum to \$1.268M. The Engineer's estimate was \$1.282M. As at 31 December 2002 the full contract sum was expended. The works were also completed and were physically verified.
- 1832.** The contract for the construction of the health post at Columbia was also awarded to the second lowest bidder in the sum of \$1.203M, on the grounds that the lowest bidder, who had bid \$1.101M, was awarded another job. The Engineer's estimate was \$1.650M. In consideration of the reason given and the fact that at no time was the lower price held in question, it would have been prudent for Tender Board to determine the competence of the lowest bidder to undertake both jobs and/or to negotiate with the second lowest, with a view to having the works done at the lowest price. Nonetheless, the works were completed and the contractor was paid the full contract sum. A physical verification of the works revealed overpayments totalling \$21,400, in relation to the installation of louvre windows and fluorescent lamps.
- 1833.** The contract for the completion of the Friendship Health Post was awarded to the lowest bidder in the sum of \$0.898M. The Engineer's estimate was \$1.108M. As at 31 December 2002, the works were completed and the full contract sum paid to the contractor. A physical verification of the works revealed that in relation to a concrete strip, back-filling and casting of the bottom house, the contractor was overpaid amounts totalling \$132,800.
- 1834.** The contract for the extension of the St. Monica Health Post was awarded to the lowest bidder in the sum of \$0.878M. The Engineer's estimate was \$1.016M. As at 31 December.2002, the works were completed and the full contract sum paid to the contractor. The completed works were also physically verified.
- 1835.** The contract for the extension of the health post at Aurora was awarded to the lowest bidder in the sum of \$0.838M. As at 31 December 2002, the works were completed and the full contract sum expended. A physical verification of the completed works revealed that the contractor was overpaid sums totalling \$69,240, as a result of shortages in the roof and window works.

Subhead 12002 - Buildings (Education)

- 1836.** The sum of \$18.5M was voted for the (a) payment of retention (b) completion of Wakapoa dormitory (c) rehabilitation and extension of secondary school No. 1 and 2 buildings at Charity, St. John's – Suddie and CV Nunes Annex - Anna Regina (d) construction of nursery schools at Supenaam creek and Three Friends – Mainstay, and (e) extension of nursery schools at Better Success and Cotton Field. Amounts totalling \$16.913M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Extension & Rehab.of Charity Secondary School No. 1 bldg	2,561
Construction of Supenaam Creek Nursery School	2,437
Rehabilitation of CV Nunes Primary School Annex	2,350
Construction of Three Friends Nursery School	2,130
Extension of No. 2 building of Charity Secondary School	2,017
" " St. John's Primary School, Suddie	1,653
" " Better Success Nursery School	1,111
Construction of furniture – Wakapao Dorms & Education Dept.	1,005
Construction works at Cotton Field Nursery School	736
Retention fees	545
Purchases (miscellaneous)	324
Miscellaneous	44
TOTAL	16,913

- 1837.** The contract for the extension and rehabilitation of Charity Secondary School No. 1 building was awarded in the sum of \$2.350M to the fourth lowest bidder, on the grounds that the other lower bids were too low. The Engineer's estimate was \$3.362M. There was, nevertheless, an approved variation of \$211,000 giving a revised contract sum of \$2.561M. As at 31 December 2002, the works were completed and the full contract sum paid to the contractor. The completed works confirmed generally to the requirements of the bills of quantities.
- 1838.** The construction of the Supenaam Creek Nursery School was awarded to the lowest bidder in the sum of \$2.054M. There was an approved variation of \$383,000 for other related works, which increased the contract sum to \$2.437M. As at 31 December 2002, the full contract sum was expended. The works were also completed and these were physically verified.
- 1839.** The extension of the CV Nunes Primary School Annex at Anna Regina was awarded in the sum of \$2.350M to the second lowest bidder on the grounds that the lowest bidder was awarded another job. The lowest bid was \$2.247M, while the Engineer's estimate was \$3.347M. There was no evidence to indicate that action was taken to determine the competence of the lowest bidder to undertake both jobs and/or that attempts were made to negotiate with the second lowest, with a view to having the works done at the lowest price. Nevertheless, the works were completed and the full contract sum expended. A physical verification exercise carried out revealed that the contractor was over paid \$98,400 in relation to roof and window works.

- 1840.** The construction of the Three Friends Nursery School was awarded to the lowest bidder in the sum of \$1.964M, against the backdrop of the Engineer's estimate of \$2.998M. There was, however, an approved variation of \$166,000 for works not previously included in the bills of quantities, and this revised the contract sum to \$2.130M. As at 31 December 2002, the works were completed and the full contract sum expended. A physical verification exercise revealed that the contractor was over paid \$53,125 in relation to roof and window works.
- 1841.** The rehabilitation of Charity Secondary School No. 2 building was awarded to the fourth lowest bidder in the sum of \$1.898M, on the grounds that no tax compliance was seen for the lowest bidder. While it was noted that the engineers estimate was \$2.509M, the reason given for overlooking the second and third lowest bidders, who had respectively bid \$1.627M and \$1.725M, was that these bidders had been awarded other jobs. Here again, no evidence was seen of any action taken to determine the competence of these bidders to undertake more than one job simultaneously and/or attempts to negotiate with the fourth lowest bidder to bring the cost of works to level of the lower qualifying bids. Nonetheless, there was an approved variation of \$118,800, which revised the contract sum to \$2.017M. As at 31 December 2002, the works were completed and the full contract sum expended. A physical verification of the related works revealed discrepancies that resulted in a computed overpayment of \$99,100.
- 1842.** The extension of St. John's Primary School, Suddie was awarded to the lowest bidder in the sum of \$1.574M. There was also an approved variation of \$78,770 for works not previously included in the bills of quantities, and this revised the contract sum to \$1.653M. As at 31 December 2002, the works were completed and the full contract sum was paid to the contractor. A physical verification exercise revealed discrepancies in the roof works, which resulted in overpayments amounting to \$38,700.
- 1843.** The extension of the Better Success Nursery School was awarded to the lowest bidder in the sum of \$1.006M. There was an approved variation of \$105,000 giving a revised contract sum of \$1.111M. As at 31 December 2002, the works were completed and the full contract sum paid to the contractor. A physical verification exercise also revealed discrepancies in the roof works, which when quantified revealed overpayments to the contractor amounting to \$41,400.
- 1844.** Notwithstanding the fact that an approval for a change in programme was not obtained, the construction of furniture for the Wakapao Dormitory was deemed an inappropriate charge to this subhead. Nevertheless, the contract, which required the fabrication of the dormitory furniture listed below, was awarded to the lowest bidder in the sum of \$1.005M:-

DESCRIPTION	AMOUNT \$
30 – 6’x3’ closets with locks and handles	450,000
30 – 6’x3’ double bunk beds with ladders	450,000
30 polished chairs	75,000
1 – 25’x3’ dining room table	30,000
TOTAL	1,005,000

- 1845.** As at 31 December 2002, the works were completed and the full contract sum paid to the contractor. The works were physically verified and confirmed generally to the related bills of quantities. The items were also placed on the Region’s inventory.
- 1846.** The rehabilitation of the Cottonfield Nursery was awarded to the highest of six(6) bids received in the sum of \$0.736M and against the background of an engineers estimate of \$0.949M. The reason given for overlooking the other five bids, which ranged from \$0.487M to \$0.697M, was that, in relation to the Engineer’s estimates, these bids could not complete the job. There was, however no evidence to support the reason given, particularly when it is considered that in every case the Engineer’s estimate was known to exceed contract completion prices. As at 31 December 2002, the works were completed and the full contract sum paid over to the contractor. The works were physically verified.
- 1847.** The sum of \$0.545M, which was expended for retention fees was in relation to the construction of the dormitories at Wakapao and the Charity Secondary School, where \$0.444M was paid for the former and \$0.101M was for the latter. The miscellaneous purchases were in respect of electrical items and forty-five bed mattresses for the Wakapao Dormitory. It should be noted that the amount of \$0.265M expended for the mattresses was deemed an inappropriate charge to the subhead and this was also not supported by an approved change in programme.

Subhead 13004 - Miscellaneous D & I Works

- 1848.** The sum of \$92M was voted for (a) the payment of retention fees (b) the construction of irrigation checks, syphons, tail walls, box culverts, swamp relief tubes, regulators, timber revetment and timber bridges at locations including Dartmouth, Sparta, Little Alliance, Capoey compound Middlesex, Anna Regina and Plantation Andrews and (c) desilting of D & I canals at locations including Affiance to Zorg-en-Vlygt and Henrietta to Dartmouth. Amounts totalling \$91.586M were expended, as follows:-

DESCRIPTION	AMOUNT \$'000
Construction of eighteen(18) timber revetments	28,814
Desilting of fifty(50) canals	18,987
Construction of thirteen(13) irrigation checks	17,168
" " five(5) box culverts	7,965
" " four(4) regulators	5,075
" " four(4) swamp relief tubes	4,634
Payment of retention fees	4,221
Construction of one(1) bridge	1,347
" " one(1) relief structure	1,242
Empoldering of Liberty primary school	1,168
Construction of one(1) syphon	862
Miscellaneous	103
TOTAL	91,586

- 1849.** Eighteen(18) contracts valued at \$30.637M were awarded for the construction of a similar number of timber revetments. Of these four(4) awards were not made to the most competitive bidders. In three(3) of the four(4) cases, the Regional Tender Board did not support the lowest bidder because, according to the minutes, the works had had to be shared between the bidders, while in the other case the bid was said to be insufficient for the job to be satisfactorily completed. While the reasons given were deemed inadequate, it was noted that one bidder was on thirteen(13) occasions the lowest, but had received ten(10) awards valued at \$11.315M. If the said contractor had received the other three(3) awards, there would have been savings totalling \$130,025. As at 31 December 2002, the works on the eighteen(18) contracts were completed and amounts totalling \$28.814M were paid. These works were all physically verified and confirmed generally with the specifications.
- 1850.** In relation to the desilting of trenches, fifty(50) contracts valued at \$19.010M were awarded. The contracts for the desilting of approximately 28,345 rods of the various trenches were shared among the fifteen(15) bidders who tendered at various prices. As at 31 December 2002, amounts totalling \$18.987M were paid to the contractors. The works were completed and were physically verified.
- 1851.** Thirteen(13) contracts valued at \$18.294M were awarded for the construction of a similar number of irrigation checks at various locations. Of the contracts awarded, ten(10) were not awarded to the most competitive bidders on the grounds that the other lower bids were either insufficient to complete the job satisfactorily or that bidders had been awarded other jobs. Here again, the reasons given were not supported by evidence and as in the estimation of the costs of other jobs, the Engineer's estimates could not be relied upon as reasonable guides of related costs. Nevertheless, as at 31 December 2002, amounts totalling \$17.168M were paid to the contractors. The works were completed and physically verified.

- 1852.** Five(5) contracts valued at \$8.470M were awarded to four(4) contractors for the construction of the five(5) box culverts. In each case the contract was not awarded to the most competitive bidders and the reasons given were that the lower bids were either insufficient to complete the job satisfactorily or that the bidder was awarded another job. Supporting evidence was not seen to substantiate the reasons given. As at 31 December 2002, amounts totalling \$7.965M were paid to the contractor. The works were completed and physically verified.
- 1853.** Four(4) contracts valued at \$5.075M were awarded for the construction of four(4) regulators, of which three(3) were not awarded to the most competitive bidder. The reason given was that the lower bidders were awarded other jobs. This reason was not, however supported by evidence that the lower bidders did not have the capacity to undertake more than one job simultaneously. As at 31 December 2002, the works were completed and in each case the contact sum fully expended. These works were all physically verified and were noted to confirm to specifications.
- 1854.** Four(4) contracts valued at \$5.148M were awarded for the construction of a similar number of swamp relief tubes. One(1) of these contracts, that is, the swamp relief tube at Spring Garden, was not awarded to the most competitive bidder and in this case an explanation was not given for overlooking the lower bidder, who had bid \$1.276M, as opposed to the only other bid received of \$1.321M. The engineers estimate for this job was \$1.728M. As at 31 December, amounts totalling \$4.634M were paid in respect of all the contracts. All related works were completed and physically verified.
- 1855.** The amount of \$4.221M shown as retention fees was in respect of payments to sixteen(16) contractors for works under twenty-four(24) contracts. These contracts were completed in the year 2001, but the related amounts had had to be retained until the expiry of the defects liability period.
- 1856.** The construction of relief structure and the empoldering of the Liberty Primary School were not originally included in the capital projects' profile. However, approval was obtained to extend the programme to include these works. In the case of the construction of relief structure, which was done at Manikuru, the award was to the second lowest bidder in the sum of \$1.380M, because of the unavailability of the lowest bidder. The empoldering of the Liberty Primary School was, nevertheless, awarded to the lowest bidder for \$1.096, but this was increased to \$1.168M as a result of an approved variation for works not previously included in the bill of quantities. An aggregate of \$2.410M was paid to the contractors, with an amount of \$137,963 being retained in relation to the construction of relief structure. The works were, however, completed and were physically verified.
- 1857.** The contract for the construction of a syphon at Little Alliance was awarded to the second lowest bidder in the sum of \$0.862M on the grounds that the amount of \$0.567M bid by the lowest bidder was too low to complete the job satisfactorily. The Engineer's estimate was \$1.565M. As at 31 December 2002, the full contract sum was paid to the contractor. The works were completed and were physically verified.

Subhead 14001 – Roads

- 1858.** The sum of \$23M was voted for (a) the payment of retention fees on School street at Cotton Field, Redlock road and Market Street, Supenaam and (b) the rehabilitation of School street at Affiance, Cinema road – Anna Regina, Estate road - Golden Fleece, Middle street – Cotton Field, Masjid road – Aurora, Middle street – Riverstown, housing scheme main road – Suddie, Hopkinson street – Dartmouth and Back street – Lima. Amounts totalling \$10.352M were expended in the rehabilitation of the following streets:-

LOCATION	AMOUNT \$'000
Cotton Field Middle street	2,387
Suddie housing scheme main road	2,065
Affiance School street	2,038
Aurora Masjid road	2,033
Payment of retention fees	1,515
Overtime, travelling and subsistence	193
Miscellaneous	49
Advertisement	72
TOTAL	10,352

- 1859.** Four(4) contracts totalling \$8.421M were awarded for the rehabilitation of the Cotton Field Middle Street, the Suddie Housing Scheme Main Road, Affiance School Street and Aurora Masjid Road. These contracts were awarded to the most competitive bidders. In the case of the Affiance School Street, a variation of \$0.102M was approved, resulting in the combined contract prices being increased to \$8.523M. As at 31 December 2002, the works were completed and all contract sums expended. The works were also physically verified and these confirmed generally to the respective bills of quantities.
- 1860.** The retention fees totalling \$1.515M were paid to two(2) contractors in respect of works completed in 2001. These works were in respect of the upgrading of the Red Lock and Supenaam Market roads. The charge to the account of \$0.193M in relation to overtime and travelling and subsistence was inappropriate.

Subhead 19001 - Land Development

- 1861.** The sum of \$10M was voted for the upgrading of streets in housing schemes at Henrietta, La Belle Alliance, Suddie, Anna Regina and Danielstown. Amounts totalling \$8.019M were expended on upgrading the following streets:-

DESCRIPTION	AMOUNT \$'000
Henrietta housing scheme	1,819
Suddie Market Street	1,760
Anna Regina new housing scheme street	1,700
Abattoir Street, Danilestown	1,277
Singh Street, La Belle Alliance	816
Gold Street, La Belle Alliance	626
Miscellaneous	21
TOTAL	8,019

- 1862.** Six(6) contracts totalling \$7.998M were awarded to three(3) contractors for the upgrading of six(6) community streets. These jobs were awarded to the most competitive bids. As at 31 December 2002, the works were completed and the contractors were paid the full sums on the contracts. The completed works were also physically verified.

Subhead 24002 – Land and Water Transport

- 1863.** The sum of \$5M was allocated for the purchase of (a) one(1) outboard engine and one(1) wooden boat for the Regional Administration, (b) four(4) wooden boats for Karawab, St. Monica, Mora, and Warpaqua and (c) two(2) 40HP outboard engines for Karauras and St. Monica, and two(2) 25HP outboard engines for Warpaqua and Cabacaburi. The full amount was expended as follows:-

DESCRIPTION	AMOUNT \$'000
One(1) 150 hp outboard motor	1,950
Four(4) outboard motors (2 - 40-hp and 2 - 25hp)	2,340
Six(6) wooden boats	685
Miscellaneous	25
TOTAL	5,000

It was noted that an approval was granted for an extension of the programme to include the purchase of one(1) extra boat from savings under the subhead.

- 1864.** In each case the purchases were subjected to the scrutiny of the Regional Tender Board. The acquisitions of the 150 horse power outboard motor and the six(6) wooden boats were noted to be awarded on the basis of sole tenders received, while the 4 outboard motors were purchased from the third lowest bidder, because of a failure of the lowest to

present a valid tax compliance and the second lowest was not known to be a reputable supplier. The purchases were all verified as having been received and properly brought to account. These were also issued to the communities for which they were purchased.

Subhead 25001 - Furniture & Equipment (Education)

1865. The sum of \$800,000 was provided for the purchase of desks, benches and nursery sets. Amounts totalling \$796,800 were expended, as follows:-

DESCRIPTION	AMOUNT \$
75 pairs "A" type desks & benches	450,000
68 pairs "B" type desks & benches	346,800
TOTAL	796,800

1866. Three(3) contracts aggregating \$796,800 were awarded for the fabrication of the furniture and in each case the award was made to the lowest bidder. The furniture were verified as having been received and properly brought to account in the relevant records.

Subhead 25002 – Furniture & Equipment (Administration)

1867. The sum of \$800,000 was allocated for the purchase of one(1) photocopier for the Regional Administration. Amounts totalling \$744,000 were expended on the purchase of the Canon photocopier, a Triplite line conditioner and a 3000W transformer. The purchases were made from the most competitive of four bids. The items were received and properly brought to account in the relevant records.

Subhead 26002 - Furniture & Equipment (Health)

1868. The sum of \$2M was voted for the purchase of one(1) defibrillator monitor, one(1) freezer and sitting chairs. Amounts totalling \$920,000 was expended on the purchase of a defibrillator monitor, one(1) 11 cu. ft. freezer and twenty(20) wooden sitting chairs. The items purchased were received and properly brought to account in the records.

Subhead 44002 – Other Equipment

- 1869.** The sum of \$7M was allocated for the purchase of one(1) tractor. Amounts totalling \$6.262M expended, as follows:-

DESCRIPTION	AMOUNT \$'000
One (1) Massey Ferguson Tractor - MF290	4,575
One(1) dump trailer	890
One(1) slasher	795
Advertisement	2
TOTAL	6,262

- 1870.** The contract for the supply of the tractor was awarded on the basis of a sole tender received in the sum of \$4.575M. An approval was obtained for a change in programme to accommodate the purchase of the other related components. The purchases were verified as having been received and properly brought to account in the relevant records.

HEAD 73 & DIVISION 533

REGION 3 - ESSEQUIBO ISLANDS/WEST DEMERARA

Current Expenditure

Employment Costs

- 1871.** An examination of the Diary of Pay Changes revealed eighty-eight(88) 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 strongly 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. However, the Regional Executive Officer has indicated that corrective action was being taken.
- 1872.** Amounts totalling \$25.595M were refunded to the Sub-Treasury as unclaimed salaries, mainly resulting from the observation contained in the previous paragraph. Related deductions totalling \$486,871 were recovered from the relevant agencies. However, \$3.697M was still outstanding. A similar observation was made in 2001 where amounts totalling \$27.751M were refunded to the Sub-Treasury but the related deductions totalling \$3.772M had not been recovered. The failure to recover the deductions would

result in overpayments to the agencies concerned. In addition, the appropriation accounts for 2002 would have been overstated by \$3.697M. The REO has since written the relevant agencies with a view to recovering the sum involved. It is recommended that efforts be made to follow up this matter in order to recover the amounts involved.

- 1873.** Of the amounts reflected as unclaimed salaries, sums totalling \$18.689M relate to the Education Department. However, as previously reported, an unclaimed salaries register was not maintained by this department to provide for an independent check and to monitor all unpaid salaries originating from that department. In addition, an amount of \$2.667M was for deductions paid over to agencies for officers who had their services terminated, that is, resigned, dismissed etc. However, only \$211,471 of this amount was recovered. It was nevertheless noted that the register was introduced in January 2003.
- 1874.** Amounts totalling \$297,397 were paid as salaries through the bank to two(2) Head Mistresses and one(1) Senior Assistant Mistress after their effective dates of resignation during 2002. The current Head Teachers of the respective schools where the Officers were employed were written to, to assist in recovering the amounts overpaid. However, at the time of reporting no evidence was seen of these sums being recovered by the Region. It is recommended that efforts be made to recover the amounts involved.
- 1875.** 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.
- 1876.** The wages and salaries cash books for bank accounts nos. 3088, 3089 and 3090 reflected balances of \$3.219M, \$331,494 and \$2.142M respectively as at 31 December 2002. These accounts were reconciled up to December 1997, December 1997 and November 1998, respectively. 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.
- 1877.** An examination of the Register of Contributors to the National Insurance Scheme (NIS) for December 2002 revealed 451 instances where the employees' NIS numbers were not quoted in the Register, thus appearing that the employees were not registered with the Scheme. Of these 451 employees, 349 were from the Education Sector. Since registration with the NIS has implications for social security and other benefits, every effort should be made to ensure the prompt registration of all unregistered employees.

- 1878.** It is a requirement for NIS deductions to be paid over to the Scheme not later than the 15th of the following month. However, during the period under review, thirty-two(32) instances were noted where payments were made after the stipulated period for fortnightly paid workers, totalling \$3.030M. There were also seven(7) instances of late payment for the period November to December for monthly paid worker. Late payment for the period January to October for monthly paid workers could not have been determined since the records (receipts and schedules) were not presented for audit inspection. These late payments have previously resulted in penalties and related interest totalling \$4.090M being levied against the Region for the years prior to 2002.
- 1879.** A comparison of the authorised staff shown in the 2002 Estimates of Expenditure with the actual staff employed by the Region in December 2002, revealed that the authorised staff was substantially exceeded, in the following categories:-

DESCRIPTION	AUTHORISED	ACTUAL	UNDER / EXCESS
Administration	27	266	239
Senior Technical	97	522	425
Other Technical & Craft Skilled	201	578	377
Clerical & Other Support	104	92	(12)
Semi- Skilled	355	805	450
Contracted Employees	-	9	9
TOTAL	784	2,272	1,488

- 1880.** This state of affairs was due to the omission from the National Estimates of one thousand six hundred and fifty-four(1,654) teachers, under the following categories, employed by the Region.

- 1881.** Table of authorized and actual staff in Education

DESCRIPTION	AUTHORISED	ACTUAL	EXCESS
Administration	1	260	259
Senior Technical	6	489	483
Other Tech/ Craft Skilled	2	439	437
Clerical & Other Support	7	13	6
Semi- Skilled	-	469	469
TOTAL	16	1,670	1,654

- 1882.** As mentioned in my previous Reports, in order to ensure a meaningful comparison between the authorised and actual staffing, it is again recommended that the Ministry of Finance be approached with a view to including all categories of employees in the Estimates.
- 1883.** According to the Appropriation Accounts, amounts totalling \$28.009M were expended on Benefits and Allowances, of this amount, \$2.787M was expended on travelling allowances. However, the travelling register was not satisfactorily maintained for the period under review, as important information such as mileage ceiling increase/decrease, authority, policy number, insurance company and make of car were omitted in several instances from the register. However, this register has been corrected in 2003. In addition, the travelling register bore no evidence of supervisory checks. It was also noted that on several occasions claims for monthly travelling were made by officers after several months had elapsed.
- 1884.** An examination of travelling vouchers revealed the following:-
- (a) an officer claimed travelling allowances totalling \$55,503 for a total of 1,752 miles during the period under review. However, an examination of the Security Gate Pass Book revealed that the officer's car was parked in the Office's compound on the days mileage was claimed. Further, it was noted that the same officer claimed mileage for two(2) days which were National Holidays (Good Friday/Phagwah and Diwali) for travelling to the Accountant General's Department to follow up staff gratuity matters and the Ministry of Finance and to check on personnel matters, respectively; and
 - (b) amounts totalling \$118,175 expended on motor car allowances for the period April to December for an Officer under Programme 3 (Public Works) was inappropriately charged to Programme 5 (Health).

Other Charges

- 1885.** One hundred and fourteen(114) payments vouchers totalling \$23.929M were not presented for audit examination. Forty(40) of these valued at \$12.554M 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.
- 1886.** 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 2002 until 15 January 2003. In this regard, a total of three hundred and seventeen(317) cheques with a value of \$118.612M were drawn during this period and were backdated to 31 December 2002. In the circumstances, it would have been more appropriate for the amounts involved to be re-budgeted for in 2003.

1887. The system provides for cheque orders to be cleared within sixteen(16) days of their issue through the submission of bills, receipts and other supporting documents. However, an examination of the cheque order register revealed that as at 30 May 2003, one hundred and eighty-seven(187) cheque orders valued at \$42.284M in respect of 2002 were still outstanding. This practice can lead to irregularities and every effort should be made by the Accounting Officer to ensure strict compliance with the system in place.

1888. Amounts totalling \$63.368M were expended on Materials, Equipment & Supplies, as follows:-

DESCRIPTION	AMOUNT \$000
Drugs & medical supplies	32,723
Field materials & supplies	11,236
Office materials & supplies	11,669
Print & non-print materials	7,740
TOTAL	63,368

1889. The following unsatisfactory features were noted in relation to this expenditure:-

- Nine(9) purchases valued at \$912,630 were noted where there was apparent subdivision to avoid adjudication by the Regional Tender Board and using the 3-quote system; and
- Five(5) purchases totalling \$664,050 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.

1890. Amounts totalling \$11.874M 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 thirty-one(31) vehicles. Of the other three(3) log books not presented, two(2) were for motor cycles.

1891. Amounts totalling \$31.001M were expended on the Maintenance of Buildings. The following is a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Miscellaneous works \$180,000 – \$450,000	20,387
Miscellaneous works below \$180,000	4,589
Purchases below \$180,000	3,182
Rehabilitation of Versailles Nursery School	985
" " Sanitary block – WDRH	794
Purchase of electrical items	552
Repairs to Lands & Surveys building at Crane	512
TOTAL	30,001

1892. In relation to the amount of \$20.387M expended on miscellaneous works falling within the limits of \$180,000 and \$450,000, sixty-three(63) contracts were awarded, of which nine(9) had variations totalling \$1.065M. There was also evidence of apparent sub-division of sixteen(16) contracts totalling \$5.020M to avoid adjudication by the Regional Tender Board. In addition, there were eight(8) instances totalling \$3.251M where the Engineer's estimates were not evident. With respect to the amount of \$4.589M, expended on miscellaneous works falling below the limit of \$180,000, sixty-one(61) contracts were awarded, of which there was one(1) instance where the three-quotation system was not applied for the award of a contact relating to the provision of security services at Parika Community Center valued \$189,000.

1893. Also included in the above amounts of \$20.387M and \$4.589M were expenditure totalling \$1,829M of which \$1.299M was for the construction of a septic tank, walk-ways and fences, \$197,434 was for repairs to sluice and \$332,500 was for the provision of security services. These expenditures were misallocated under this line item and should have been charged to maintenance of other infrastructures, maintenance of drainage and irrigation works and security services respectively. However, documentary evidence provided indicated that the above works were satisfactorily completed.

1894. The amount of \$3.182M representing purchases was expended on the acquisition of hardware supplies, lumber, plumbing and electrical fittings. The items purchased were verified as having been received and properly brought to account.

1895. With respect to the repairs to the Versailles Nursery School, the contract was awarded to the lowest of four(4) bidders in the sum of \$987,437. There was an approved variation of \$98,175 for additional works, giving a revised contract sum of \$1.086M. As at 31 December 2002, amounts totalling \$985,612 were paid on the contract, and documentary evidence provided indicated that the above works were satisfactorily completed.

- 1896.** The contract for the rehabilitation of the sanitary block at the Maternity ward of the WDRH was awarded to the lowest of three(3) bidders in the sum of \$793,819. However, no Engineer's estimate was seen for this contract. As at 31 December 2002, the total contract sum was paid and the works were physically verified as having been completed.
- 1897.** In relation to the purchase of electrical items totalling \$553,928, this was awarded based on competitive bidding using the three-quotation system, with the award being made to the lowest bidder. The items were verified as having been received and properly brought to account.
- 1898.** In relation to the rehabilitation of the Lands and Surveys Office, the contract was awarded in 1999 to the lowest of five(5) bidders in the sum of \$491,744, against the Engineer's estimate of \$840,850. There was an approved variation of \$20,370 for additional works giving a revised contract sum of \$512,114. As at 31 December 2002, the total contract sum was paid. However, the Regional Administration was sued by the contractor for late payment and as a result, incurred interest of \$35,273. This sum was paid during 2003.
- 1899.** Amounts totalling \$4.130M were expended on Janitorial and Cleaning Supplies. Included in this amount were eight(8) contracts below \$180,000 awarded for the provision of cleaning services. There were also three(3) instances where quotations were recycled by photocopying them. However, test checks revealed that the items were received and properly brought to account.
- 1900.** Amounts totalling \$4.182M were expended on Maintenance of Roads. Of this amount, five(5) payments totalling \$2.453M were in relation to the patching of roads leading to the WDRH, at Leguan and Vive-la-Force. The contract for the patching of the road at WDRH was awarded to the lowest bidder in the sum of \$359,000 against the Engineer's estimate of \$529,000. There was an approved variation of \$499,980 for additional works giving a revised contract sum of \$858,780. As at 31 December 2002, the total contract sum was paid and documentary evidence provided indicated that the works were satisfactorily completed.
- 1901.** In relation to the patching of roads at Leguan, three(3) separate contracts totalling \$1.226M were awarded to the same contractor. This deliberate sub-division was to avoid adjudication by the Regional Tender Board. There was also one(1) instance of no system of tendering for grading of roads at Leguan undertaken at a cost of \$196,000.
- 1902.** Amounts totalling \$5.316M were expended on Maintenance of Bridges, of which \$3.619M was for rehabilitation and construction, \$1.544M was for repairs and \$152,740 for miscellaneous works. Included in the amount for rehabilitation and construction was a contract for the rehabilitation of a bridge at La Destein which was awarded to the second lowest bidder in the sum of \$329,460, against the Engineer's estimate of \$440,250 on the grounds that the contractor was able to supply "dressed material", while the lowest bidder was unable to. There was an approved variation of \$274,376 for additional works, giving

a revised contract sum of \$603,836. As at 31 December 2002, the total contract sum was paid and the works were physically verified as having been completed.

- 1903.** Included in the amount for repairs is a contract for the repairs to Orange Field Centre Bridge, which was awarded to the lowest of four(4) bidders in the sum of \$1.096M against the Engineer's estimate of \$1.222M. As at 31 December 2002, the total contract sum was paid and the works were physically verified as having been completed.
- 1904.** According to the Appropriation Account, amounts totalling \$55.114M were expended on the Maintenance of Drainage and Irrigation. The following are details of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Miscellaneous works \$180,000 - \$450,000	28,496
Miscellaneous works below \$180,000	10,328
Miscellaneous works \$450,000 - \$6,000,000	4,705
Construction of sluice doors	3,475
Wages and Salaries	2,900
Operation of river sluices	2,500
Security equipment	1,739
Purchases below \$180,000	363
Purchases of one(1) hydraulic excavation ram	550
Travelling and subsistence	58
TOTAL	55,114

1905. The following observations were made in relation to the above expenditure:-

- (a) The nature of the weeding, cleaning and excavation works valued at \$31.484M, 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 in a timely manner;
- (b) Included in the figure of \$28.496M were eleven(11) contracts totalling \$2.624M for weeding and cleaning of drains and trenches for which there were no system of tendering applied. Also included in this figure were twenty-six(26) contracts totalling \$7.920M on weeding, cleaning and excavation works for which no Engineer's estimate was seen;

- (c) Included in the figure of \$28.496M and \$4.705M for works between \$180,000 and \$450,000, and between \$450,000 and \$6,000,000 respectively, were three(3) contracts valued at \$446,250, \$275,500, and \$445,842 which were awarded to the same contractor, whose bid was exactly that of the Engineers Estimate in each of the three instances;
- (d) In relation to the construction of sluice doors, four(4) contracts totalling \$3.425M were awarded for the construction of sluice doors at Vergenoegen, Blankenburg, Toevulgt and Philadelphia, all to the lowest bidders. As at 31 December 2002, the total contract sums were paid and the works were physically verified as having been completed;
- (e) The expenditure for the security of equipment, travelling and subsistence and purchase of hydraulic excavator ram were inappropriately charged to this line item and should have been included in the relevant expenditure accounts; and
- (f) Two(2) purchases totalling \$347,500 for greenheart materials were sub-divided in order to bring the amounts below \$180,000 and avoid using the three quote system.

1906. According to the Appropriation Account, amounts totalling \$13.578M were expended on Maintenance of Other infrastructure. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Miscellaneous works \$180,000 - \$450,000	7,167
Miscellaneous works below \$180,000	3,618
Construction of fence at Parika/Salem CHS	1,673
Rehabilitation of Schoonard sluice	1,120
TOTAL	13,578

1907. In relation to the construction of fence at Parika/Salem Community High School, the contract was awarded to the third lowest bidder in the sum of \$1.899M against the Engineer's estimate of \$2.085M. The lowest bid was \$1.443M while the second lowest was \$1.593M. The basis of the award was that the lowest bidder had on-going jobs and the second lowest bidder did not possess the necessary experience. As at 31 December 2002, amounts totalling \$1.673M were paid and the works were physically verified as having been completed.

1908. The rehabilitation of the Schoonard sluice was executed without any form of tendering, in the sum of \$1.120M. It was explained that the works undertaken was of an emergency nature to avoid flooding in the area due to high tides. Nevertheless, a waiver should have been obtained. Further, this amount was inappropriately charged to this line item and should have been charged to the Maintenance of Drainage and Irrigation.

1909. According to the Appropriation Account, amounts totalling \$24.199M were expended as Transport, Travel and Postage. The following is a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Local Travel & Subsistence	12,123
Postage, Telex & Cablegrams	12
Vehicle Spares & Maintenance	12,064
TOTAL	24,199

1910. The following observations were made in relation to the above expenditure:-

- (a) A significant amount of the expenditure totalling \$12.123M for Local Travel and Subsistence was attributed to the hiring of speedboats and taxis. However, it was noted that the majority of receipts to substantiate these expenditures were written and signed by the officers claiming the travelling. As such, it was difficult to determine whether the travelling was actually undertaken and the expenditure properly incurred;
- (b) Amounts totalling \$57,740 were paid as overtime to staff of the Accountant General, Sub-Treasury Region No. 3. Such expenditure was inappropriate charges to the Region's allocation;
- (c) Amounts totalling \$2.846M were expended on overtime, meal and travelling allowances. However, there was no evidence that the Public Service Ministry 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 subsistence varying from \$300 to \$1,000. In addition, an overtime register was not maintained to monitor overtime work undertaken;
- (d) It was noted that travelling and subsistence were charged under numerous other line items in the Votes;

- (e) Of the \$12.064M expended for Vehicle Spares and Services, amounts totalling \$10.329M were expended on the repairs of twenty-five(25) vehicles/equipment. In addition, it was noted that repairs to four(4) vehicles/equipment were sub-divided, in some instances, into as many as nine(9) payments in order to avoid using the tendering system;
- (f) Out of a total of thirty-two(32) contracts, eighteen(18) valued at \$988,471 were not certified by the Mechanical Engineer as being “satisfactorily completed”. In some instances other officers, such as, the Drivers, the Regional Education Officer, etc., made the certifications.

1911. According to the Appropriation Account, amounts totalling \$21.591M were expended as Utility Charges. The following is a breakdown of the actual expenditure:-

DESCRIPTION	AMOUNT \$'000
Telephone Charges	2,381
Electricity Charges	12,635
Water Charges	6,575
TOTAL	21,591

- 1912.** Amounts totalling \$2.381M were expended on telephone charges. However, the telephone register reflected amounts totalling \$1.720M, resulting from the failure to update this record with all the bills from the Telephone Company. In addition, reimbursement of an amount of \$4,777 expended on overseas calls was not made. This was as a result of the Telephone Register not being properly maintained. The register also bore no evidence of supervisory checks.
- 1913.** Amounts totalling \$12.635M were expended on electricity charges. However, the electricity register reflected recordings totalling \$8.777M, resulting from the failure to update this record with all the bills from the Guyana Power and Light Company. Amounts totalling \$6.575M were expended on Water Charges. However, this register was also not updated with the bills from the Guyana Water Inc.
- 1914.** Further, reconciliation between the Registers (Telephone, Electricity and Water) and the Votes Ledger could not be carried out, since the entire amounts paid are recorded in the Votes Ledger, while individual amounts for each telephone and meter were recorded in the respective registers.

1915. Amounts totalling \$83.171M were expended on Other Goods and Services Purchased. The following is a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Security services	69,714
Repairs & maintenance of equipment	4,841
Cleaning & extermination services	2,889
Other	5,727
TOTAL	83,171

1916. In relation to maintenance of equipment totalling \$4.841M, sixty-two(62) contracts valued \$3.309M were awarded. Of these contract, one(1) valued at \$450,000 for emergency works at the Mortuary at the WDRH was awarded without any form of tendering. However, a request for waiver of Tender Board procedures was made to the REO by the Hospital's Administration, but no approval of the waiver was seen.

1917. Amounts totalling \$2.314M were expended on refreshment and meals. However, included in this amount was \$142,500 for travelling and subsistence, which was misallocated to this line item instead of being charged to the appropriate line item for travelling and subsistence. In addition, an amount of \$300,000 was expended on subventions to local authority. However, this amount was not entered in the Votes Ledger.

1918. Excess expenditure totalling\$16.4M was incurred under twenty(20) subheads of the five(5) expenditure programmes. However, four(4) Contingency Fund Advances warrants totalling \$7.083M were issued in respect of the excess expenditure. Since there are savings totalling \$17.362M for the five(5) programmes, it would have been more appropriate for virements of funds to be sought to accommodate the excess expenditure.

1919. The Financial Regulations also require payment vouchers to be (a) numbered consecutively from number one(1) upwards monthly and (b) when paid, stamped with the word "paid" in order to avoid double payment. However, neither of the above was complied with during the period under review.

Stores and Other Public Property

1920. A review of the operations of the stores at Vreed-en-Hoop, Crane and WDRH revealed the following shortcomings:-

- A stock verification of a sample of thirty(30) items each at the Vreed-en-Hoop and WDRH stores revealed shortages on six(6) and five(5) items respectively;
- A number of items issued on loan during 2001 and 2002 from the Vreed-en-Hoop stores were not yet returned. It is recommended that every effort be made to recover these items;
- Several unserviceable items were found in the stores at Vreed-en-Hoop and Crane. Efforts should be made to have these items boarded and disposed of by the appropriate means;
- An examination of issues made from the Vreed-en-Hoop stores revealed that although items of stores were purchased from the voted provision of specific programmes within the Region, these items were issued to other programmes, thus distorting the cost of the programmes;
- There was no evidence of reconciliation between the bin cards and stock ledger for the period under review for the Vreed-en-Hoop and Crane stores, while the WDRH stores did not maintain any bin cards;
- The stores ledger maintained in the Accounting Units in respect of the Vreed-en-Hoop stores is being written up by the stock ledger clerk using the stores goods received book, thus defeating the control purpose of the ledger maintained in the Accounting Unit;
- It was also noted, that six(6) time keeping clocks complete with transformers valued at \$1.008M were purchased in December 1998, to be used in the monitoring of employee's attendance at various locations. However, to dated, these clocks are still in the stores at Vreed-en-Hoop; and
- The stores at Crane was improperly secured, with the wire mesh securing the workshop, broken or damaged in some areas, resulting in open spaces, which can result in unauthorised access to the workshops.

- 1921.** 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)
Crane Stores			
No. 140 Lubricating Oil	276 pints	224 pints	52 pints
No. 50 Lubricating Oil	73 pints	20 pints	53 pints
WDRH Stores			
Lubricating Oil No.90	54 litres	46 litres	8 litres
Diselene	318.5 litres	337.5 litres	(19) litres
Gasolene	1,260.5 litres	1314 litres	(53.5) litres

The store keeper was unable to offer an explanation for the shortages and excesses on hand.

- 1922.** According to a report dated 14 February 2003, a physical verification was carried out by the Region's stock verifier at the WDRH store. This report revealed that items valued at \$185,356 were unaccounted for. At the time of reporting action was being taken to have the store keeper removed and he has since been sent on leave.

Capital Expenditure

Subhead 11001 - Bridges

- 1923.** The sum of \$5.4M was allocated for the construction of bridges at Good-Intent, Leonora, Zeelugt and Leguan. Amounts totalling \$5.388M were expended on the following bridges:-

LOCATION	AMOUNT \$'000
Zeelugt	2,435
Leonora Market	1,784
Goed-Intent	1,146
Miscellaneous Charges	23
TOTAL	5,388

- 1924.** As can be noted from the above, the construction of the bridge at Leguan was not undertaken and it was not re-budgeted for in 2003.
- 1925.** The contracts for the construction of the bridges at Zeelugt and Leonora Market were awarded to the second lowest bidders in the sums of \$2.561M and \$1.930M, respectively, on the grounds that the lowest bidders did not have prior work experience in the construction of bridges. In addition, there was an approved variation of \$120,339 to the contract of the Leonora Market bridge, giving a revised contract sum of \$2.050M. As at 31 December 2002, amounts totalling \$2.435M and \$1.784M, respectively, were paid on these contracts. The works were completed and were physically verified.
- 1926.** The contract for the construction of the bridge at Goed - Intent was awarded to the fifth lowest of seven(7) bidders in the sum of \$2.180M, on the grounds that the four(4) lower bidders whose tendered sums range from \$1.955M to \$2.148M were considered inadequate to complete the work. In addition, the successful bid was the closest to the Engineer's estimate of \$2.439M. As at 31 December 2002, the work was completed and amounts totalling \$1.146M were paid to the contractor. At the time of reporting, an outstanding balance of \$1.034M due to the contractor was re-budgeted for in 2003. The work was physically verified.

Subhead 12001 - Buildings (Education)

- 1927.** The sum of \$29M was voted for (a) the construction of nursery schools at De Willem, L'Aventure and pavillion at Leonora primary school play ground, and (b) the rehabilitation of Meten-Meer-Zorg primary school. However, approval was subsequently granted to adjust this amount to \$25.5M. Amounts totalling \$17.939M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Construction of De Williem Nursery School	8,272
Rehabilitation of Meten-Meer-Zorg Primary School	7,895
Construction of Pavilion at Leonora Primary	935
Extension of Meten-Meer-Zorg Primary School	794
Miscellaneous Charges	43
TOTAL	17,939

- 1928.** A can be noted from the above, the construction of the Nursery School at L' Aventure was not undertaken and no approval for a change in programme was seen for the extension to Meten-Meer-Zorg Primary School.

- 1929.** In relation to the construction of the nursery school at De Williem, the contract was awarded to the third lowest of eleven(11) bidders in the sum of \$8.069M. A variation of \$528,596 was approved, giving a revised contract sum of \$8.598M. This award was made on the basis that the contractor had previously produced quality work for the Region. In addition, the lowest bidder, who was recommended by the Finance Committee, but was rejected by the Regional Tender Board, had a previous record of substandard work, while the second lowest bidder was not recommended because he had jobs on hand to complete. As at 31 December 2002, amounts totalling \$8.272M were paid to the contractor for measured works. At the time of reporting, the work was not completed. Nevertheless, the measured works completed were physically verified.
- 1930.** The contract for the rehabilitation of Meten-Meer-Zorg Primary school was awarded to the seventh lowest bidder in the sum of \$6.919M. A variation of \$994,349 to facilitate the extension of the Library and sick bay was approved, giving a revised contract sum of \$7.914M. The lowest, second, fifth and sixth lowest bidders were not considered since they did not provide any bid security, which was a requirement of the tender. The third and fourth lowest bids of \$6.047M and \$6.099M were also not considered because their bids were significantly lower than the Engineer's estimate of \$7.672M. As at 31 December 2002, amounts totalling \$7.895M were paid on the contract. The works were completed were physically verified.
- 1931.** In respect of the construction of the Pavilion at Leonora primary school play ground, the contract was awarded to lowest bidder in the sum of \$954,134. A variation of \$280,992 was approved, giving a revised contract sum of \$1.235M. As at 31 December 2002, amounts totalling \$935,126 were paid to the contractor. The works were completed and were physically verified.
- 1932.** The contract for the extension of the Meten-Meer-Zorg Primary School was awarded to the second lowest bidder in the sum of \$7.941M, on the grounds that the lowest bidder had no previous experience with buildings. As at 31 December 2002, the work had not commenced but a mobilisation advance of \$794,052, representing 10% of the contract sum was paid to the contractor. The work was rebudgeted for in 2003.

Subhead 12002 - Buildings (Health)

- 1933.** The sum of \$17M was allocated for (a) the extension of physiotherapy department at West Demerara Regional Hospital(WDRH), (b) the construction of toilet block at the West Demerara Regional Hospital and (c) the construction of health centre at Morashee. In addition, an extension of the programme was approved for completion of the theatre at the WDRH and the construction of the sanitary block in the Nurse's hostel at the WDRH. Amounts totalling \$16.999M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Construction of Sanitary Block at Nurses Hostel, WDRH	8,048
Const. of Toilet Block	2,393
Extending of Physiotherapy ward at WDRH	2,321
Construction of Morashee Health Centre	2,000
Installation and Supplying of two AC units	1,422
Redesigning of Theatre	417
Repairs to Theatre	398
TOTAL	16,999

- 1934.** No approval for a change of programme was seen for the installation and supplying of two(2) AC units and the repairs to the theatre.
- 1935.** In relation to the construction of the sanitary block at the Nurse's hostel at WDRH the contract was awarded to the highest of the three(3) bidders whose bid was \$7.060M but was reduced to the Engineer's estimate of \$7.016M. There was an approved variation of \$3.281M for additional works giving a revised contract sum of \$10.296M. The basis of this award was that the Finance Committee had rejected the second bidder of \$6.235M on the grounds that the contractor had on-going jobs and would be unable to complete the work as scheduled and the lowest bidder whose tendered sum was \$5.372M was considered inadequate. As at 31 December 2002, amounts totalling \$8.048M were paid, resulting in an outstanding balance of \$2.249M on the contract, which was re-budgeted to be paid in 2003. The works were completed and were physically verified.
- 1936.** With respect to the construction of the toilet block at WDRH, the contract was awarded in 2001 to the third lowest bidder in the sum of \$1.583M. There were two(2) approved variations of \$344,589 and \$1.473M in 2001 and 2002, respectively, for additional works, giving a revised contract sum of \$3.401M. The basis of this award was that the two(2) lower bidders whose bids were \$1.350M and \$1.414M respectively were not considered because of their record of unsatisfactory performance. As at 31 December 2001, the amount of \$804,676 was paid to the contractor. During the period under review \$2.393M was paid giving an amount of \$3.199M paid as at 31 December 2002. The works were completed and were physically verified.
- 1937.** In relation to the extending of the Physiotherapy Department at WDRH, the contract was awarded to the second lowest of seven(7) bidders in the sum of \$2.102M. There was an approved variation of \$463,202 giving a revised contract sum of \$2.476M. The basis of this award was that the lowest bid of \$1.944M was considered inadequate when compared with the Engineer's estimate of \$2.607M. As at 31 December 2002, amounts totalling \$2.321M were paid to the contractor. The works were completed and were physically verified.

- 1938.** The contract for the construction of the Morashee Health Center was awarded to the fourth lowest of six(6) bidders in the sum of \$3.543M. The basis of this award was that the lowest to the third lowest bidders whose bids ranged from \$2.991M to \$3.373M were considered to be inadequate when compared with the Engineer's estimate of \$4.139M. As at 31 December 2002, amounts totalling \$2M were paid to the contractor and the work was verified as being approximately 97% completed. The balance of \$1.543M was re-budgeted for in 2003.
- 1939.** The contract for the supply and installation of two(2) air condition units in the theatre at the WDRH was awarded in 2001 to the highest of four(4) bidders in the sum of \$1.926M. However, due to the unavailability of funds this project was not carried out in 2001. These works were done in 2002 for a revised contract sum of \$2.236M since the price of AC Units had increased. The lowest bidder of \$1.660M and second lowest bidder of \$1.805M were not considered since installation fee was not included in the schedule of works, while the third lowest bidder of \$3.373M had submitted an incomplete bill of quantities. As at 31 December 2002, amounts totalling \$1.422M were paid with a balance of \$904,100 to be paid in 2003 as provided for in the capital budget. The works were completed and were physically verified.
- 1940.** The contract for the redesigning and extension of the theatre at WDRH was awarded in 2001 in the sum of \$4.176M to the second lowest of four(4) bidders against the Engineer's estimate of \$7.395M. There was an approved variation of \$3.181M for additional works giving a revised contract sum of \$7.897M. The basis of this award was that the lowest tendered sum of \$2.686M was considered unrealistic in comparison with the Engineer's estimate. As at 31 December 2001, amounts totalling \$5.38M were paid to the contractor. During the period under review \$416,630 was paid giving an amount of \$7.797M paid as at 31 December 2002 on the contract with a balance of \$1.985M to be paid in 2003 as provided for in the capital budget. The works were completed and were physically verified.

Subhead 13001 - Agricultural Development

- 1941.** The sum of \$29M was allocated for (a) the damming of Creeks at Hogg Island, (b) the rehabilitation of Kamuni/Potosi canal (c) the expansion of 4-line koker gate at Canal No. 1 and (d) the expansion of 'B' line koker gate. In addition, an approval was granted for the completion of the kokers at Concordia Wakenaan, with started in 2001 and the damming of creeks at Hogg Island. The full amount was expended as follows:-

DESCRIPTION	AMOUNT \$'000
Damming of Creeks in Hogg Island	9,506
Rehabilitation of Georgia Collector Drain- Kamuni/Potosi	6,277
Construction of Concordia Koker at Wakenaam	3,057
Rehabilitation. of drain Catherina to Georgia-Kamuni/Potosi	2,375
Construction of Green Heart Box at Hogg Island	420
Miscellaneous works	3,968
Fuel and Lubricants	1,748
Travelling and Subsistence	1,649
TOTAL	29,000

- 1942.** Included in amount of \$9.506M were (a) a contract for the completion of the damming of creek at Western Hogg Island, which was awarded in 2001 in the sum of \$6.604M to the sole bidder. As at 31 December 2001, amounts totalling \$3.302M were paid with the outstanding balance of \$3.302M paid in 2002; (b) another contract was awarded in 2002 for the damming of creek at Hogg Island to the lowest of three(3) bidders in the sum of \$8.728M against the Engineer's estimate of \$9.363M. As at 31 December 2002, the work was completed and amounts totalling \$5.406M were paid to the contractor. The balance of \$3.322 was re-budgeted for in 2003; and (c) two(2) additional contracts valued at \$350,000 and \$448,400 for which the total amounts were paid. The works were physically verified.
- 1943.** In relation to the rehabilitation of Georgia Collectors drain in the Kamuni/Potosi area, the contract was awarded to the second lowest of seven(7) bidders in the sum of \$4.826M against the Engineer's estimate of \$6.314M. Three(3) variations totalling \$1.816M for additional works were approved, giving a revised contract sum of \$6.641M. These additional works were necessary for the removal of overhanging trees and the extension of the drain by an extra 3,300ft. The basis of this award was that the contractor had the requisite experience in this area and the lowest bid of \$2.034M was considered inadequate. As at 31 December 2002, amounts totalling \$6.277M were paid to the contractor. The works were completed and were physically verified.
- 1944.** In relation to the construction of the koker at Concordia Wakenaam the contract was awarded to the third lowest of nine(9) bidders in the sum of \$2.389M against the Engineer's estimate of \$2.811M. There was an approved variation of \$680,990 for additional works giving a revised contract sum of \$3.070M. The basis of this award was that the lowest bid of \$1.709M was not considered since the tendered sum was deemed inadequate whilst the second lowest bidder of \$2.339M had done jobs of a similar nature but of poor quality and standard. As at 31 December 2002, amounts totalling \$3.057M were paid and the works were completed and were physically verified.

1945. The contract for the rehabilitation of Seepage drain from Catherina No.1 to Georgia(Kamuni/Potosi canal) was awarded to the fourth lowest bidder in the sum of \$1.188M against the Engineer's estimate of \$1.450M. Two variations totalling \$1.191M were approved for additional works giving a revised contract sum of \$2.379M. The basis of this award was that the contractor had done work of a similar nature in the same area and still had the necessary equipment, etc., in the area, and the lower bids ranging from \$0.820M to \$1.173M were deemed inadequate in comparison with the Engineer's estimate. As at 31 December 2002, amounts totalling \$2.375M were paid. The works were completed and were physically verified.

Subhead 14001 - Roads

1946. The sum of \$32M was voted for the construction of community roads inclusive of those at Center dam - Goed Intent, Zeeburg, West Meten-Meer-Zorg, Leonora Jib, Stewartville, Hogg Island, Den Amstel and De Kinderen. In addition, there was an extension to the programme for the completion of Kedram Street - Vreed-en-Hoop, Tiger Bay Street - Vergenogen and payment of retention fees. According to the Appropriation Account, amounts totalling \$15.835M were expended on the following roads:-

DESCRIPTION	AMOUNT \$'000
Stewartville Side Line Dam	5,356
Northern Hogg Island	4,435
Gray St. Dem Amstel	3,288
Completion of Tiger Bay, Vergenogen	1,614
Retention Fees	1,142
Miscellaneous Charges	164
TOTAL	15,999

1947. As can be noted, no work was undertaken on the construction of roads at (a) Centre Dam - Goed Intent (b) Zeeburg (c) West Meten-Meer-Zorg (d) Leonora Jib, and (e) De Kendren. These works were rebudgeted for in 2003.

1948. The contract for the construction of the road at Stewartville Side Line dam was awarded to the third lowest of eleven(11) bidders in the sum of \$5.579M against the Engineer's estimate of \$6.073M. The basis of this award was that the contractor had done similar work of high standard and quality, while the lower bidders of \$4.096M and \$4.867M were not considered because there bids were too low in comparison with the Engineer's estimate. As at 31 December 2002, amounts totalling \$5.356M were paid to the contractor. The work was completed and was physically verified.

- 1949.** The contract for the construction of the road at Northern Hogg Island was awarded to the lowest of five(5) bidders in the sum of \$8.475M against the Engineer's estimate of \$9.542M. However, the contract sum payable by the Region was reduced to \$5M since the Ministry of Local Government agreed to provide the additional sum required. However, the Ministry of Local Government failed to provide the sum agreed, which resulted in the reduction of the length of the road from 7,920 feet to 4,000 feet. As at 31 December 2002, amounts totalling \$4.435M were paid to the contractor. The work was completed and was physically verified.
- 1950.** In relation to the construction of Gray St., Dem Amstel, the contract was awarded to the fourth lowest of ten(10) bidders in the sum of \$3.442M against the Engineer's estimate of \$3.648M. The basis of this award was that the contractor had a good track record with the Region and the lower bids ranging from \$2.878M to \$2.988 were considered inadequate since they were below the Engineer's estimate. As at 31 December 2002, amounts totalling \$3.288M were paid to the contractor. The work was completed and was physically verified.
- 1951.** In respect of the construction of the road at Tiger Bay, Vergeneogen, the contract was awarded in 2001 to the lowest bidder in the sum of \$3.110M against the Engineer's estimate of \$3.68M. As at 31 December 2001, amounts totalling \$1.467M were paid to the contractor. During the period under review \$1.614M was paid, giving an amount of \$3.081 paid on this contract as at 31 December 2002. The work was completed and was physically verified.
- 1952.** The amount of \$1.142M represents retention fees for works completed in 2002 in respect of construction of roads at Rustum Dam - Canal No2; Evergreen Street - Vreed-en-Hoop; Water Pump Street - Leonora; Bora Sideline - Vreed-en-Hoop; and Wales School Street.

Subhead 19001 - Land Development

- 1953.** The sum of \$9M was allocated for the upgrading of roads in existing housing areas at Tuschen, Sarah Lodge, Cornelia Ida and Oku - Canal No. 1. In addition, there was an approved extension of the programme for the completion of the road at Zeeburg. According to the Appropriation Accounts, amounts totalling \$8.864M were expended on the upgrading of the following roads:-

DESCRIPTION	AMOUNT \$'000
Tuschen Old Road	6,244
Road at Sarah Lodge Stewartville	1,974
Road at Zeeburg Land Development.	646
TOTAL	8,864

- 1954.** As can be noted, no work was undertaken in respect of the upgrading of roads at Cornelia Ida, and Oku - Canal No. 1 only the latter was re-budgeted for in 2003.
- 1955.** In relation to the upgrading of the road at Tuschen, the contract was awarded to the second lowest of eleven(11) bidders in the sum of \$6.444M against the Engineer's estimate of \$6.985M. There was an approved variation of \$421,251 for additional works, giving a revised contract sum of \$6.865M. The basis of this award was that the contractor had a good track record with the region while the lowest bidder of \$6.233M had a poor track record on the construction of roads. As at 31 December 2002, amount totalling \$6.244M were paid to the contractor. The work was completed and was physically verified.
- 1956.** The contract for the upgrading of the road at Sarah Lodge, Stewartville was awarded to the lowest of seven(7) bidders in the sum of \$1.131M against the Engineer's estimate of \$1.387M. Two(2) variations totalling \$943,250 for additional works were approved giving a revised contract sum of \$2.074M. As at 31 December 2002 amounts totalling \$1.974 were paid to the contractor. The work was completed and was physically verified.
- 1957.** The contract for the upgrading 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 basis of this award was that the lowest bid of \$1.302M was considered by the RTB to be inadequate. As at 31 December 2001, amounts totalling \$739,300 was paid. During the period under review an amount of \$646,000 was paid giving the total contract sum of \$1.385M paid as at 31 December 2002. The work was completed and was physically verified.

Subhead 24001 - Land & Water Transport

- 1958.** The sum of \$4.5M was allocated for the purchase of one(1) open back vehicle (double cab) for the Health Department and one slasher. Amounts totalling \$4.495M were expended on the purchase of an open back vehicle and a slasher. The items purchased were verified as having been received and properly brought to account.

Subhead 25001 - Equipment (Health)

- 1959.** The sum of \$6M was voted for the purchase of items, including all purpose stretchers, delivery beds, one(1) dish-washing machine, one(1) food processor, one(1) 6-burner gas stove and surgical instruments. Amounts totalling \$5.068M were expended as follows:-

DESCRIPTION	AMOUNT \$000
Dental Instruments	2,119
6 Gas Stoves (Industrial Type burners)	1,908
1 High Temperature Dishwasher	669
6 Food processors	372
TOTAL	5,608

- 1960.** As can be noted, the all purpose stretchers and delivery beds were not purchased. However, six(6) 6 burner gas stoves and six(6) food processors were purchased instead of one(1) each. Consequently, funds were not available to acquire all the items which were budgeted for. Further, the full amount was paid for the items purchased, which, according to the purchase agreement, were to be delivered on 14 June 2003. However, at the time of reporting these items were not yet delivered. The Regional Administration has since written the supplier to refund the said amount. However, to date this amount has not been refunded.

Subhead 25003 - Furniture & Equipment (Education)

- 1961.** The sum of \$2.5M was allocated for the purchase of furniture including nursery chairs, tables, cupboards, desks and benches. Amounts totalling of \$2.487M were expended as follows:-

DESCRIPTION	AMOUNT \$000
Supply & Delivery of School furniture	2,206
Purchases of 12 Stock chairs	96
Purchases of typewriter (manual)	92
Purchases of two(2) Hi-back executive chairs	75
Purchases of two(2) wire less Microphones	18
TOTAL	2,487

- 1962.** The contract for the construction of school furniture was awarded to the highest of three(3) bidders in the sum of \$2.106M against the Engineer's estimate of \$2.339M. There was an approved variation of \$100,00 for additional furniture, giving a revised contract sum of \$2.206M. The basis of this award was that the contractor had a good track record and submitted the required bid security which the other two(2) bidders, whose bids were \$1.988M and \$2.060M, failed to submit. As at 31 December 2002 the total contract sum was paid. All the above items were verified as having been received and properly brought to account.

General

- 1963.** During the period under review, twenty-eight(28) contracts for capital works to the value of \$98.338M were awarded. Thirteen(13) of these contracts had variations to the value of \$11.220M which were approved by the Finance Committee and the Regional Tender Board. While there were 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

- 1964.** The salaries bank account Nos. 3029 and 3030 reflected large balances of \$24.664M, and \$9,837 respectively as at 31 December 2002. In addition, these accounts as well as another salaries bank account No. 3036 which reflected a balance of \$1.106M were not reconciled since they were established.
- 1965.** The failure to reconcile these bank accounts was drawn to attention in my previous reports. The Accounting Officer explained that the failure to reconcile bank accounts was due to staff shortages. However, action was now being taken to bring the reconciliation up-to-date as a reconciliation section was set up. At the time of reporting in August 2003, draft reconciliation statements were prepared for the period January 2003 to May 2003 for all three(3) accounts. Action should be taken to have these statements checked, certified and submitted to the Accountant General.
- 1966.** 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 \$	A/C NO. 3030 \$	A/C. NO. 3036 \$
January	7,089,631	2,417,704	47,277
February	17,996,472	2,424,322	79,498
March	7,352,115	1,260	54,032
April	1,608	730	3,254
May	384	75,178	47,812
June	19,345,587	874,363	127,988
July	7,134,422	7,490	nil
August	19,419,692	1,998	nil
September	19,507,753	2,415,734	61,443
October	20,054,784	9,485	nil
November	(317)	nil	33,585
December	19,86,408	6,557,591	192,733

1967. 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. However, corrective action has since been taken, as the cash books have been reflecting “nil” balances with effect from January 2003.

1968. A comparison of the authorised staffing as shown in the 2002 Estimates of Expenditure with the actual staff employed by the Region in December 2002 revealed that the actual staffing was substantively exceeded, as shown below:-

SUB-HEAD	DESCRIPTION	AUTHORISED	ACTUAL	EXCESS
101	Administrative	27	305	(278)
102	Senior Technical	85	617	(532)
103	Other Technical & Craft Skills	154	336	(182)
104	Clerical & Office Support	107	55	52
105	Semi-skilled Operatives etc.	241	578	(337)
106	Contracted Employees	Nil	1	(1)
107	Temporary Employees	Nil	1	(1)
TOTAL		614	1,893	(1,279)

- 1969.** Explanations obtained indicated that the authorised staffing did not include teachers employed by the Region. In addition, it could be determined how many teachers in the various categories are in the employment of 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.
- 1970.** During the period under review, the Region employed on average 1,930 persons. However, As at December 2002, the NIS numbers for 536 employees were not quoted in the Register of Contributors to the Scheme, indicating that these persons were not registered with the Scheme. At the time of reporting, this number has been reduced to 376. 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

- 1971.** 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 187 days later. Every effort should be made to ensure strict compliance with the laid down procedures.
- 1972.** As at 31 December 2002, 241 cheque orders totalling \$89.294M were outstanding, of which \$34.768M related to purchases while the remaining \$54.527M related to employment costs. However, at the time of reporting, the number of outstanding cheque orders for 2002 had been reduced to 101 to a total value of \$48.359M, of which \$34.864M related to purchases. In the circumstances, it could not be determined whether value was received in respect of the amount of \$34.864M mentioned above. These matters were drawn to the attention of the Accounting Officer for investigation.
- 1973.** Amounts totalling \$12.531M were expended on Fuel & Lubricants. However, of the ten(10) operational vehicles for which log books were required to be maintained, log books were presented only in respect of four(4) vehicles. In the absence of logbooks, it could not be satisfactorily determined whether effective control was exercised over the remaining five(5) vehicles.

1974. Amounts totalling \$36.992M were expended on the Rental & Maintenance of Buildings. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Rehabilitation of 12 primary schools	10,286
” ” 7 secondary schools	4,723
” ” 8 nursery schools	4,669
” ” Education Office	1,957
” ” 3 Sub-offices	1,866
” ” 1 PIC	1,143
Miscellaneous repairs (\$450,000 - \$950,000)	3,333
Miscellaneous ” (\$180,000 - \$450,000)	3,368
Miscellaneous ” (below \$180,000)	439
Purchase of building materials	3,502
Rental of buildings	1,706
TOTAL	36,992

1975. The above works were executed by thirty-three(33) contracts valued at \$31.785M, eight(8) of which were in excess of \$1M. However, it was observed that variation orders to the value of \$4.827M and representing 75.38% of the contract sums, were issued in respect of five(5) of the contracts as shown below:-

LOCATION	ORIGINAL CONTRACT SUM \$	VARIATION \$	REVISED CONTRACT SUM \$
LBI Primary School	900,528	1,702,047	2,602,575
May 26 Nursery School	1,096,770	510,210	1,606,980
Supply Nursery School	269,450	122,600	392,050
Vryheid’s Lust Primary School	2,113,760	1,069,740	3,183,500
Education Department	1,023,580	667,760	1,691,340
TOTAL	5,404,088	4,073,357	9,476,445

1976. Of the thirty-three(33) contracts, which were awarded under this subhead, only eight(8) 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.

- 1977.** In my 2001 report, it was stated that the contract for the repairs to LBI Primary School was awarded in the sum of \$900,528. There was an approved variation of \$1.478M giving a revised contract sum of \$2.378M. As at 31 December 2001, only the sum of \$1.257M was paid to the contractor. In the year 2002, there was an additional variation of \$224,122 resulting in a revised contract sum of \$2.603M. As at 31 December 2002, the balance of \$1.346M was paid to the contractor. The work was completed and was physically verified.
- 1978.** In relation to the repairs of the May 26 Nursery School, the contract was awarded to the second lowest bidder from among six(6) in the sum of \$1.097M on the grounds that the lowest bidder had outstanding work for the Region. The lowest bid was \$894,230 and the Engineer's estimate was \$1.233M. In addition, there was an approved variation of \$510,210 for works not included in the original contract, giving a revised contract sum of \$1.607M. As at 31 December 2002, the full contract sum was paid to the contractor. The work was completed and was physically verified.
- 1979.** The contract for the repairs of the Vryheid's Lust Primary School was awarded to the lowest bidder from among seven(7) in the sum of \$2.114M compared with the Engineer's estimate of \$2.3M. In addition, there was an approved variation of \$1.069M giving a revised contract sum of \$3.183M. As at 31 December 2002, the full contract sum was paid to the contractor. The work was completed and was physically verified.
- 1980.** The contract for the repairs to the Education Department, East Coast Demerara, was awarded to the lowest bidder in the sum of \$1.024M. In addition, there was an approved variation of \$667,760 giving a revised contract sum of \$1.691M. As at 31 December 2002, the full contract sum was paid to the contractor. The work was completed and was physically verified.
- 1981.** Included in the amount of \$10.286M was a contract for the repairs of Clonbrook Primary School, which was awarded to the second lowest bidder in the sum of \$1.059M on the grounds that the lowest bidder had outstanding work for the Region. The lowest bid was \$940,540 and the Engineer's estimate was \$1.367M. During the year 2002, the full amount was paid to the contractor. The rehabilitation works were physically verified. However, there was an overpayment of \$150,000, which represented provisional sum for contingency and for which no details of the expenditure were provided.
- 1982.** Also included in the sum of \$10.286M was a contract for the repairs of Enmore Hope Primary School, which was awarded to the lowest bidder in the sum of \$1.683M. As at 31 December 2002, the full contract sum was paid to the contractor. The works were physically verified. However, there was an overpayment of \$300,000, which represented provisional sum for contingency and for which no details of the expenditure were provided.

- 1983.** In the related matters above, the term “provisional sum” means a sum provided for work or for cost, which could not be entirely foreseen, defined or detailed at the time the tendering documents are issued. It means therefore that the details of these expenditures must be submitted at the time or before payments are made. No such details were submitted at the time of payment. As a result, the propriety of these payments could not be established.
- 1984.** In relation to the rehabilitation of the Southern Block, Friendship Community High School, which is included in the amount of \$4.723M; the contract was awarded to the fifth lowest bidder from among nine(9) in the of \$1.619M on the grounds that two lowest bids were far below 10% of the Engineer’s estimate of \$1.660M. The lowest bid was \$1.388M. No reason was stated why the other two lower bids were not considered. As at 31 December 2002, the full amount was paid to the contractor. The work was completed and was physically verified.
- 1985.** Also included in the amount of \$4.723M was a contract for the repairs of the Buxton Community high school, which was awarded to the second lowest bidder in the sum of \$1.110M on the grounds that the lowest bidder had outstanding work for the Region. The lowest was \$787,810 and the Engineer’s estimate was \$1.164M. As at 13 December 2002, the amount of \$1.060M was paid to the contractor. The works were not physically verified because of the problems, which developed in that area.
- 1986.** Amounts totalling \$59.098M were expended on the Maintenance of Infrastructure. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
D & I Works	25,739
Rehabilitation of Victoria East sideline	4,052
" " 1 st Cross Street North, Samata Point	3,441
" " Cross Street, Industry Front South	2,207
" " Cross Street, Belmonte, Mahaica	2,052
" " Nabaclis West sideline	1,708
Construction of road at Vigilance	1,331
Rehabilitation of Cleave Street, Golden Grove	1,066
Miscellaneous rehabilitation works (\$450,000 - \$1M)	6,572
" " " (\$180,000 - \$450,000)	6,948
" " " (Below \$180,000)	2,963
Purchases of building materials	1,019
TOTAL	59,098

- 1987.** Included in the amount of \$25.739M expended on D& I works were sums totalling \$16.385M in respect of fifteen(15) contracts for the weeding and cleaning of trenches and canals and desilting of outfall channels. Eight(8) of these contracts valued at \$10.277M were awarded to four(4) Neighbourhood Democratic Councils(NDCs) while the remaining seven(7) contracts valued at \$6.109M were awarded to individuals. The balance of \$4.612M relates to several petty contracts, including revetment at Beterverwagating and construction of sluice at Pearl.
- 1988.** The contract for the rehabilitation of Victoria sideline dam was awarded to the fourth lowest of six(6) bidders in the sum of \$4.052M on the grounds that the lower bids were far below 10% of the Engineer's estimate of \$4.227M. The lowest bid was \$2.702M. As at 31 December 2002, the sum of \$4.052M was paid to the contractor. However, physical inspection of the job revealed an over payment of \$268,680. Action should be taken to recover this amount from the contractor.
- 1989.** With regard to the rehabilitation of the Cross Street, North to South at Samatha Point, Grove, the contract was awarded to the third lowest bidder from among seven(7) in the sum of \$3.441M on the grounds that the lowest tender was too low and the second lowest had outstanding projects. The lowest bid was \$2.996M and the Engineer's estimate was \$3.999M. As at 31 December 2002, the full amount was paid to the contractor. The work was completed and was physically verified.
- 1990.** The contract for the rehabilitation of the Cross Street at South Industry front was awarded to the third lowest from six(6) bidders in the sum of \$2.207M on the grounds that the lower bids were far below the Engineer's estimate of \$2.658M. The lowest bid was \$1.703M. As at 31 December 2002 the full amount was paid to the contractor. The work was completed and was physically verified.
- 1991.** In relation to the rehabilitation of Cross Street at Belmonte, Mahaica, the contract was awarded to the fourth lowest from six(6) in the sum of \$2.052M on the grounds that the lower bids were too low when compared with the Engineer's estimate of \$2.257M. The lowest bid was \$1.440M. As at 31 December 2002, the full amount was paid to the contractor. Physical inspection of the work revealed an overpayment of \$364,875. Action should be taken to recover the overpayment from the contractor.
- 1992.** The contract for the rehabilitation of Nabacalis West sideline dam was awarded in the sum of \$1.479M in 2001 to the lowest bidder. No work was done in 2001. In addition, there was an approved variation of \$229,000, giving a revised contract sum of \$1.708M. At December 2002 the full amount was paid to the contractor. Physical inspection of the work revealed an overpayment of \$146,515. Action should be taken to recover the overpayment from the contractor.

- 1993.** In relation to the construction of a road at Vigilance, the contract was awarded to a lone bidder at his tendered sum of \$931,825. There was no public advertisement. In addition, there was no competitive bidding and no Engineer's estimate was seen. There was an approved variation of \$399,000 giving a revised contract sum of \$1.331M. The full amount was paid to the contractor. The work was completed and was physically verified.
- 1994.** The contract for the rehabilitation of Cleave Street, Golden Grove was awarded to the second lowest bidder in the sum of \$1.066M since he was equipped with the necessary machinery and man-power to do the job. Also, the lowest bid was \$759,150 and was considered far too low when compared with the Engineer's estimate of \$1.169M. The full amount was paid to the contractor. The work was completed and was physically verified.

Stores and Other Public Property

- 1995.** At the time of the audit in June 2003, 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 drawn to attention of the Accounting Officer in my previous reports. However, at the time of reporting in August 2003, approval was obtained to dispose of the unserviceable items other than the unserviceable vehicles.
- 1996.** The master and sectional inventories were not updated since 1996 to reflect the acquisition and disposal of assets for the period under review. In view of the numerous assets under the control of the Region, it is important that adequate inventory records be maintained. The Accounting Officer is again urged to ensure strict compliance with the requirement and to ensure that proper inventory records are maintained for all assets under the control of the Region.

Capital Expenditure

Subhead 11001 - Bridges

- 1997.** The sum of \$6.5M was voted for the rehabilitation of Victoria Bridge and construction of bridge at Golden Grove. There was also an approved change of programme to construct a timber bridge at Kuru Kuru. Amounts totalling \$6.294M were expended in the construction/rehabilitation of the following:-

DESCRIPTION	AMOUNT \$'000
Rehabilitation of a 57" x 14" bridge at Victoria	4,126
Construction of Timber bridge at Golden Grove West	1,227
Construction of Timber bridge at Kuru, Kuru	941
TOTAL	6,294

- 1998.** The contract for the rehabilitation of the bridge at Victoria, East Coast Demerara was awarded to the highest of six(6) bidders in the sum of \$3.293M on the grounds of his good track records on previous jobs. The lowest bid was \$2.057M and the Engineer's estimate was \$3.581M. According to the Tender Board minutes, the lowest, second lowest, third and fourth lowest bidders would have been unable to do the job at their tendered sum, while no reason was stated as to why the fifth lowest bidder was not considered. In addition, there was an approved variation of \$833,650 giving a revised contract sum of \$4.127M. As at 31 December 2002, the full amount was paid to the contractor. However, a special investigation was carried out regarding a report of the unsatisfactory completion of the bridge and to determine whether value was received for the sums expended. Physical inspection of the bridge revealed that the work was satisfactorily completed.
- 1999.** In relation to the construction of timber bridge at Golden Grove West Side Line along the Railway Embankment, a contract was awarded to the second lowest bidder in the sum of \$1.082M, from among six(6) bidders since the lowest bid of \$826,710 was considered far below the Engineer's estimate of \$1.218M. In addition, it was stated that the lowest bidder had other projects to complete for the Region. There was an approved variation to the sum of \$145,000, which resulted in a revised contract sum of \$1.227M. As at 31 December 2002, the full amount was paid to the contractor. Physical inspection revealed that there was an overpayment of \$102,905. Action should be taken to recover the overpayment from the contractor.
- 2000.** The contract for the construction of the timber bridge at Kuru Kuru was awarded to the third lowest bidder in sum of \$800,990 on the grounds that the lowest and second lowest bids were too low to complete the job with their tendered sums of \$575,318 and \$716,620, respectively. The Engineer's estimate was \$1.047M. There was an approved variation of \$140,000 giving a revised contract sum of \$941,090. As at 31 December 2002, the full amount was paid to the contractor. Physical inspection revealed that there was an overpayment of \$44,165. Action should be taken to recover the overpayment from the contractor.

Subhead 12001 - Buildings (Education)

- 2001.** The sum of \$19M was allocated for (a) the completion of Dora Primary School and (b) the construction of Practical Instruction Centre at Friendship/Buxton and nursery school at Soesdyke. Amounts totalling \$18.991M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Completion Dora Primary/Nursery School	7,621
Construction of Friendship/Buxton P.I.C	4,496
Construction of Enmore/Hope Nursery School	2,581
Construction of Nursery School at Soesdyke Phase 1	2,301
Purchase of Land at Friendship Village	1,000
Consultancy fee for supervision of building projects	659
Rehabilitation of Buxton Primary School	304
Clearing of land for the erection of a school bridge	29
TOTAL	18,991

- 2002.** As can be noted from the above schedule additional works were undertaken, however the Accounting Officer requested and obtained approval for a change in programme to undertake additional work.
- 2003.** In relation to the completion of Dora Primary/Nursery School, the contract was awarded in 2001 for a revised contract sum of \$6.712M. A mobilisation advance of \$553,000 was paid in 2001. The project was re-budgeted for in 2002 and the sum of \$3.354M was paid to the contractor after a valuation was done for work completed in 2001. The contractor was unable to complete the work in 2001. As a result, the Region re-tendered the job in 2002 for the completion. The contract was awarded to the fifth lowest bidder in the sum of \$4.267M from among eight(8) bidders since the lowest and fourth lowest cannot mobilise in time to do the work while the second and third lowest had outstanding projects to complete for the Region. As at 31 December 2002, the work was completed and the full contract sum was paid to the contractor. The work was physically verified.
- 2004.** With respect to the construction of Practical Instruction Centre at Buxton/Friendship the contract was awarded to the fourth lowest bidder in the sum of \$5.021M since the lowest bidder was disqualified as a result of invalid compliance certificate being submitted with the bid. The second and third lowest bidders did not meet all the criteria as set out by the consultants. As at 31 December 2002, the amount of \$4.496M was paid to the contractor. Physical inspection was not carried out in this area because of the problems, which developed in that area.

- 2005.** In relation to the construction of Enmore/Hope Nursery School, the contract was awarded in 2001 in the sum of \$5.378M. As at 31 December 2001, the contractor was paid sums totalling \$1.207M while the sum of \$1.534M in 2002 for works done in 2001. The contractor was unable to complete the work and the Region re-tendered it for the completion in 2002. The contract was awarded to the lowest bidder in the sum of \$1.047M. The full amount was paid to the contractor as at 31 December 2002. The work was completed and was physically verified.
- 2006.** In relation to the construction of Nursery School at Soesdyke (Phase 1), the contract was awarded in the sum of \$2.301M to the second lowest bidder from among seven (7) bids because the lowest tender had other projects to complete for the RDC as well as the Youth Choice Initiative Project(YCIP). As at December 2002, this phase was completed and the full amount was paid to the contractor. The work was physically verified.
- 2007.** Approval was given by the Chief Planning Officer for the purchase of a piece of land to the value of \$1M for the construction of a Practical Instruction Centre at Friendship Village/Buxton. As at 31 December 2002, the land was verified as being acquired for this purpose. In relation to the contract for supervision of building projects for the Region the contract was awarded to the second lowest bidder on the basis that the lowest had no previous tract records and the experience of work of this nature. The sum of \$303,895 represents final payment made to the contractor for the rehabilitation of Buxton Primary School, which commenced in year 2001.

Subhead 12003 - Buildings (Health)

- 2008.** The sum of \$6.7M was provided for the rehabilitation of Medex's quarters at Grove and Soesdyke and health centre at Long Creek. Amounts totalling \$6.650M were expended as shown below:-

DESCRIPTION	AMOUNT \$'000
Rehabilitation of Grove Medex quarters	2,206
Rehabilitation of Medex Quarters Soesdyke	1,709
Rehabilitation of Mid-wife's Quarters Kuru Kuru	1,056
Rehabilitation of Buxton Health Centre	985
Outstanding Liabilities	694
TOTAL	6,650

- 2009.** As can be noted above, no work was undertaken at Long Creek Health Centre. However, the Accounting Officer sought and obtained an approval for a change in programme to undertake additional works at Kuru Kuru, Buxton and outstanding liabilities for work at Grove and Dora.

- 2010.** The contract for the rehabilitation of Grove Medex Quarters was awarded in the sum of \$975,965 to the third lowest bidder from among ten(10) in preference to the lowest bidder whose tendered sum of \$237,789 was 32% below the Engineer's estimate. The Engineer's estimate was \$745,730. The second lowest bidder was not considered because of substandard work done in the past for the Region. In addition, there was a variation of \$1.230M giving a revised contract sum of \$2.206M. However, approval for the variation was only seen for the sum of \$644,635. As at 31 December 2002, the full amount was paid to the contractor. The work was completed and was physically verified.
- 2011.** In relation to the rehabilitation of the Medex Quarters Soesdyke, East Bank Demerara, the contract was awarded to the lowest bidder in the sum of \$892,905. In addition, there was an approved variation of \$182,995 giving a revised contract sum of \$1.076M. As at 31 December 2002, the full amount was paid to the contractor. The work was completed and was physically verified.
- 2012.** The contract for the rehabilitation of the Mid-wife's quarters at Kuru Kuru was awarded in the sum of \$837,709 to the third lowest bidder from among ten(10) on the basis that the lowest tender did not submit a valid compliance certificate, while the second lowest had to complete a project for the Region. There was an approved variation of \$218,160 giving a revised contract sum of \$1.056M. As at 31 December 2002, the full amount was paid to the contractor. The work was completed and was physically verified.
- 2013.** The contract for the rehabilitation of Buxton Health Centre was awarded to the lowest bidder in the sum of \$985,900. As at 31 December 2002, the full amount was paid to the contractor. Physical inspection of the job was not carried out because of the inherent problems, which developed in the village. Amounts totalling \$694,507 were paid to contractors for works, which were executed in year 2001 for the rehabilitation of Dora Health Outpost and Grove Health Centre.

Subhead 14001 - Roads

- 2014.** The sum of \$24M was allocated for the rehabilitation of roads at Prince William Street – Plaisance, Bare Root – Bachelor's Adventure, Jonestown, Haslington and Kuru Kuru. Amounts totalling \$15M were expended in the rehabilitation of the following roads:-

DESCRIPTION	AMOUNT \$'000
Prince William Street	7,744
Road at Bachelors Adventure East Sideline Dam	5,770
Outstanding Liabilities	889
Design and supervision of Road project	597
TOTAL	15,000

- 2015.** As can be noted, no work was done on the roads at Bare Root – Bachelors Adventure, Jonestown, Haslington and Kuru Kuru. According the capital estimates for 2003, only the roads at Bare Root and Haslington were re-budgeted for. A change of programme was also approved for the rehabilitation of the road at Bachelors Adventure East Sideline Dam.
- 2016.** The contract for the rehabilitation of Prince William Street, Plaisance was awarded to the lowest bidder in the sum of \$8.106M. There was an approved variation of \$461,950 giving a revised contract sum of \$8.567M. As at 31 December 2002, the amount of \$7.744M was paid to the contractor. Physical inspection of the road revealed that it was satisfactorily completed.
- 2017.** In relation to the contract for the construction of the road at Bachelor’s Adventure, East Side-line Dam from Railway Embankment to Bare Root Housing Scheme, the contract was awarded in the sum of \$4.960M to the third lowest bidder from among six(6) on the grounds that the lowest bid of \$3.909M was far below the Engineer’s estimate of \$5.286M. According to the Tender Board minutes, the second lowest bidder was not considered because of the unrest in that part of the Region. In addition, there was an approved variation of \$810,400 giving a revised contract sum of \$5.770M. As at 31 December 2002, the full amount was paid to the contractor. The work was completed and was physically verified.
- 2018.** Approval was granted by the Chief Planning Officer for the sum of \$889,000 to be paid from 2002 voted provision to meet 2001 outstanding liabilities in respect of Enterprise Pay Office Street and Eastville Housing Scheme road at Annandale. These works were completed in 2001. The sum of \$597,430 was expended for the design and supervision of road projects for the Region. The contract was awarded to the second lowest bidder on the ground that the lowest bidder was unknown to the Region.

Subhead 17001 - Agricultural Development

- 2019.** The sum of \$18.3M was voted for (a) the rehabilitation of water path at Ann's Grove (b) construction of outfall koker at Timehri (c) the construction of outfall koker at Alliance trench (d) the excavation of east sideline trench at Triumph and (e) the construction of revetment at Buxton /Friendship. Amounts totalling \$16,934M were expended on construction/rehabilitation of the following:-

DESCRIPTION	AMOUNT \$'000
Revetment at Buxton/Friendship Middle Walk	4,465
Outfall koker at Alliance	4,208
Outfall koker at Timehri	3,580
Ann's Grove water path canal	2,164
Excavation of trench at Triumph East Sideline	814
Retention of works done in 2001	1,704
TOTAL	16,934

- 2020.** The contract for the construction of revetment at Buxton/Friendship Middle Walk was awarded to the ninth lowest bidder from among ten(10) bids in the sum of \$4.565M by Regional Tender Board. According to the minutes of the Tender Board the seven lower bidders were far below ten percent(10%) of the Engineer's estimate of \$4.735M. The lowest bid was \$3.105M. However, no reason was stated as to why the eighth lowest bidder was not awarded the job. As at 31 December 2002, the entire contract sum was paid to the contractor. Physical inspection of the job revealed that there was an overpayment of \$860,630. Action should be taken to recover the overpayment from the contractor.
- 2021.** The contract for the construction of outfall koker at Alliance was awarded to the third lowest bidder from among six(6) in the sum of \$3.267M because of his satisfactory work performance in the past. The lowest bid of \$2.734M was considered far below the Engineer's estimate of \$3.467M to complete the job. There were two(2) approved variations totalling \$1.090M resulting in a revised contract sum of \$4.357M. As at 31 December 2002, the amount of \$4.208M was paid to the contractor. The work was completed and was physically verified.
- 2022.** In relation to the contract for the construction of outfall koker at Timehri, the contract was awarded in the sum of \$2.697M to the fourth lowest bidder from among five(5). According to the minutes of the Tender Board, the three(3) lower bids were below ten percent(10%) of the engineer estimate of \$3.467M. There were two(2) approved variations totalling \$883,225 resulting in a revised sum of \$3.580M. As at 31 December 2002, the full amount was paid to the contractor. Physical inspection of the job revealed that there was an overpayment of \$968,033 Action should be taken to recover this overpayment.
- 2023.** In relation to the contract for the rehabilitation of Ann's Grove water path canal, the contract was awarded to the second lowest bidder in the sum of \$1.930M on the basis that the lowest bidder had informed the tender board that he was unable to do the job at his tendered price. There was an approved variation in the sum of \$234,000 giving a revised contract sum of \$2.164M. As at 31 December 2002, the entire amount was paid to the contractor. The sum of \$813,800 was expended for desilting the trench at Triumph East

Side-line. The contract was awarded to the lowest bidder in the sum of \$813,800. As at 31 December 2002, the full amount was paid to the contractor. Reliance was placed on the certificate of satisfactory completion issued by the Engineer.

- 2024.** The amount of \$1.672M represents retention fees paid for the construction work and the cleaning of canals in 2001. Approval was granted by Chief Panning Officer for this sum to be met from the 2002 voted provision. As at 31 December 2002 the entire amount was paid to the contractors.

Subhead 24001 – Land and Water Transport

- 2025.** The sum of \$4.5M was provided for the purchase of one(1) 4 x 4 open back vehicle (double cab) for the Education Department. An amount of \$3.8M was expended on the purchase of Nissan Double cab pick-up. The vehicle was received and taken on charge in the permanent stores record and inventory.

Subhead 25001 - Furniture and Equipment (Education)

- 2026.** The sum of \$3M was allocated for the purchase of benches, desks, cupboards, nursery tables and chairs, and cots for Nursery, Primary, Secondary and Practical Instruction Centres. Amounts totalling \$2.891M were expended on the construction of school furniture. Two(2) contracts totalling \$2.699M were awarded for the construction of school furniture to the second and fourth lowest bidders, since the lowest bidder was too low. The third lowest bidder did not submit a valid compliance certificate. In addition, there was an approved variation of \$72,000, giving revised contract sums totalling \$2.771M. The full contract sums were paid to the contractors, while the difference of \$120,000 represented unpaid liabilities in respect of 2001. The items purchased were verified as having been received and distributed to the various schools in the Region.

Subhead 25002 – Office Furniture & Equipment

- 2027.** The sum of \$300,000 was provided for the purchase of desks, chairs and cabinets. Amounts totalling \$299,000 were expended on the purchase of desks, chairs, heavy duty fans and metal cupboards. The items purchased were verified as having been received and properly brought to account.

Subhead 25003 - Equipment (Health)

- 2028.** The sum of \$1.2M was voted for the purchase of a generator for Long Creek Health Centre. Amounts totalling \$1.116M were expended on the purchase of fans, water pumps, 1000 watts stabilizers, 2000 watts transformers, gas stoves with fittings, refrigerators and wooden desk for which approval from Chief Planning Officer was obtained. The items were verified as having been received but some of the items were not taken on inventory. In addition, the other items such as the transformers, stabilisers and water pumps were stolen from the stores. Although a report was made to the Police, no action was taken by them and a losses report was not submitted to the Secretary to the Treasury, as is required by financial instructions.

Subhead 25004 – Furniture & Equipment (Health)

- 2029.** The sum of \$400,000 was allocated for the purchase of filing cabinets, refrigerators and fans. As at 31 December 2002, amounts totalling \$377,000 were expended on the purchase of filing cabinets, chairs with arms, refrigerator and heavy duty fans. The items were verified as having been received but were not taken on inventory.

General

- 2030.** During the period under review, twenty-nine(29) contracts for capital works to the value of \$63.170M were awarded. Thirteen(13) of these contracts had variations to the value of \$6.331M which were approved by the Finance Committee and the Regional Tender Board. While there were 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 75 & DIVISION 535

REGION 5 - MAHAICA/BERBICE

Current Expenditure

Employment Costs

- 2031.** 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:-

MONTH	AMOUNT \$	MONTH	AMOUNT \$
January	10,218	July	(100,360)
February	26,331	August	(118,544)
March	(19,633)	September	(43,027)
April	98,752	October	(164,231)
May	(94,100)	November	155,472
June	(81,559)	December	189,910

- 2032.** An examination of the cash book revealed that it was not properly maintained in that the closing balance for each month was not being carried forward as the opening balance for the next month, for the entire period under review. Consequently, the above balances would not reflect the true position. Had the closing balances been carried forward to the next month, the cash book would have reflected significant positive balances.
- 2033.** The Accounting Officer explained that this state of affairs was due mainly to the failure to pay over 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 deduction transactions are processed before end of the month so that the cash book can reflect a “nil” balance. It was however, noted that at the time of reporting in August the cash book reflected a “nil” balance for the month of July 2003.
- 2034.** An examination of the bank reconciliation statement for account No. 3096 for December 2002 revealed the following:-
- (a) 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
 - (b) There were fourteen(14) understated cheques valued at fifty-five thousand and eighty-four dollars (\$55,084). The Accounting Officer is advised to write the Bank of Guyana requesting a debit advise to be issued to clear all amounts understated.
- 2035.** Amounts totalling \$10.782M were refunded as unclaimed salaries for 2002, of which sums totalling \$8.261M relate to the Education Department. However, an unclaimed salary 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. Deductions totalling \$439,500, in respect of the unpaid salaries were already paid over to the relevant agencies. Action has be taken to recover this amount from these agencies.

- 2036.** A comparison of the authorised staffing as shown in 2002 Estimates of Expenditure with the actual staff employed by the Region in December 2002 revealed that the actual staffing was substantively exceeded, as shown below:-

DESCRIPTION	AUTHORISED	ACTUAL	EXCESS
Administrative	18	145	127
Senior Technical	39	329	290
Other Technical & Craft Skills	96	244	148
Semi-skilled Operatives etc.	210	330	120
TOTAL	430	1,085	685

- 2037.** This state of affairs was due to the omission from the National Estimates of six hundred and fifty-five(655) teachers, under the following categories, employed in the Region:-

SUB-HEAD	DESCRIPTION	ACTUAL
101	Administrative	136
102	Senior Technical	300
103	Other Technical & Craft Skilled	115
104	Clerical and Office Support	4
105	Semi-Skilled and Unskilled	100
	TOTAL	655

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.

- 2038.** An examination of the personal files revealed that a copy of officer's insurance policy was not retained in the file. It was also noted that different allowances and rates were charged by some officer other than the approved rate. It is recommended that a copy of such relevant document should be kept in the file for audit purpose.
- 2039.** An examination of the Register of Contributors to the National Insurance Scheme revealed that NIS numbers in respect of 122 employees were not quoted in the register at the time of audit. The Accounting Officer gave the undertaking that action would be taken to correct this situation. At the time of reporting this situation has been corrected.

Other Charges

- 2040.** Cheque orders are required to be cleared within sixteen days of their issue through the submission of bills, receipts and other supporting documents. However, cheque orders were being cleared on average 20 days after they were issued. In addition, at the time of reporting in August 2003, six(6) cheque orders valued at \$1.494M in respect of purchases remained outstanding. However, these items were received and properly brought to account.
- 2041.** Amounts totalling \$17.407M were expended on Materials, Equipment and Supplies. Of this, sums totalling \$3.567M relate to the purchase of drugs and medical supplies. It was observed that \$1.230M was spent on photocopying. It would be more economical if the Region should invest in the purchasing of a photocopier or repair the existing two(2) machines.
- 2042.** Amounts totalling \$2.745M were expended on Fuel & Lubricants. However, of the ten(10) serviceable vehicles, plant and equipment owned by the Region, two(2) log books were not presented for audit examination. The Accounting Officer explained that log books for the two(2) boats were not maintained. Action should be taken to maintain log books for the boats.
- 2043.** Amounts totalling \$33.666M were expended on the Rental & Maintenance of Buildings. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Rehabilitation of ten(10) schools	8,262
Rehabilitation of six(6)Health Centres	6,529
Carpentry repairs and electrical works	4,399
Rehabilitation of Admin Building	3,121
Rehabilitation of Sanitary block and fence	3,668
Miscellaneous Works	3,352
Purchases	3,230
Consultancy fees	1,105
TOTAL	33,666

- 2044.** Ten contracts(10) were awarded for the rehabilitation of ten(10)schools. However, only four(4) of these contracts were awarded to the most competitive bidders. In relation to the rehabilitation of the Rosignol Primary school, the contract was awarded to the second lowest bidder in the sum was \$987,345 on the grounds that the lowest bidder whose tendered sum was \$931,070 had three(3) other jobs to complete.

- 2045.** The contract for the rehabilitation of Woodley Park Primary School was awarded in the sum of \$1.075M to the second lowest bidder on the grounds that the lowest bidder whose tendered sum was \$812,650 could not complete the work on time. It was stated in the Minutes of the Regional Tender Board that a mobilisation advance was given to the lowest bidder in May 2002 to commence work at Hopetown Training centre. However at the time of the sitting of the Regional Tender Board on the 4th July, 2002, no work had begun even though it was expected that all works on schools should be completed before the reopening of schools in September.
- 2046.** With regards to the rehabilitation of Bath Primary school the contract was awarded to the third lowest bidder in the sum of \$958,270 on the grounds that the lowest bidder whose tendered sum was \$584,360 did not submit completed tender documents. In addition, the second lowest bid of \$868,720 was not considered because he was occupied with other jobs and may not be able to complete the school on time. The contract for the rehabilitation of Hopetown Primary School was awarded to the second lowest bidder in the sum of \$1.050M on the grounds that the lowest bidder failed to complete work on time and should only be given one job as schools had to be completed before September 2002. It was noted that the lowest had already been given a contract.
- 2047.** In relation to the rehabilitation of the Fort Wellington Secondary School the contract was awarded to the third lowest bidder in the sum of \$509,360 on the grounds that the lowest bidder whose tendered sum was \$346,375 was found to be too low when compared with the Engineer's estimate of \$900,500. The second lowest bidder whose price was \$495,925 was not considered because he failed to complete work on time.
- 2048.** With regard to the rehabilitation of Cotton Tree Primary School, the contract was awarded to the sixth lowest bidder whose tendered sum was \$1.286M. It should be noted that in the minutes it was stated that the awardee was the third lowest bidder in the sum of \$988,750. Furthermore the reasons for not giving the lowest or second lowest bidder were that they were non-responsive since they did not use the same provisional sum as the other tenderers. No reasons were stated as to why the third, four and fifth bidders were not considered. At the Fifteenth Regional Tender Board meeting, the mistake was discovered and was corrected as variation work.
- 2049.** All the above works were physically verified and conformed generally to the specification contained in the respective bills of quantities except for the works at Rosignol Primary School, where there was an overpayment of \$33,350 and the rehabilitation of a trestle and tank where there was an overpayment of \$85,370.

2050. Amounts totalling \$71.189M were expended on the Maintenance of Infrastructure. The following rehabilitation works were executed for this sum:-

DESCRIPTION	AMOUNT \$'000
Rehabilitation of Blairmont Public Road	13,858
Maintenance of D&I system within Region No. 5	10,842
” of Canals and Drains in Region No. 5	9,544
Miscellaneous Works	9,087
Rehab. of R.C structure & Sluice door at Mahaicony	6,225
Upgrading of embankment & streets at Mahaicony	5,092
Rehab. of No. 8 Primary School Access Road	4,789
Rehab. of isolated section of Mahaicony Road	4,407
Repairs to Three(3) bridges in Blairmont Road	3,377
Rehab. of Belladrum school access road	2,875
Consultancy fees	1,093
TOTAL	71,189

2051. In relation to the rehabilitation of the Blairmont Public Road the contract was awarded by the Central Tender Board to the second lowest bidder in the sum of \$14.588M on the grounds that the lowest bidder whose tendered sum was \$13.931M was disqualified since they did not indicate time of commencement and duration period which form a part of the tender document. He also failed to be within the percentage variance range stipulated

2052. In relation to the rehabilitation of the Mahaicony Branch Road the contract was awarded to the third lowest bidder in the sum of \$4.408M on the grounds that he was the lowest bidder. As a result no reason was stated why the lowest and second lowest bidders were not considered. An examination of the Tender Board minutes revealed that the awardee was not the lowest bidder as stated in the minutes.

2053. With regard to the rehabilitation of the road at Belladrum the contract was awarded to the sixth lowest bidder in the sum of \$2.875M on the grounds that he was the lowest bidder. The lowest to the fifth contract prices were \$1.638M, \$2,037M, \$1.888M, \$2,348M and \$2.385M respectively. No reason was stated in the minutes as why the most competitive bidders were not given the job.

2054. The above works were physically verified and confirmed generally to the specifications as contained in the respective documents.

Stores and Other Public Property

- 2055.** 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 during the period under review. It was, however, observed that these records were introduced in January 2003.
- 2056.** The following unsatisfactory features were observed based on a survey of the operations of the stores at Fort Wellington and Mahaicony hospitals.

Receipts and Issues of Dietary and Miscellaneous Items

- (a) The Goods Received Book and Stock Ledgers were not subjected to supervisory checks and several instances were noted where goods received were not brought to account therein. A similar observation was made in respect of bin cards;
- (b) Sixty-one(61) instances were noted where the quantities of items on bills were different from the quantities entered in the Goods Received Book, Stock Ledger and Bin Cards;
- (c) Although amounts totalling \$1.083M were expended on vegetables and provisions, stores records were not maintained to reflect the receipts and issues of these items;
- (d) At Mahaicony Hospital, one hundred and two(102) dietary items were destroyed by the storekeeper. However, there was no evidence to reflect that this was done in the approved manner;
- (e) According to stores records at Fort Wellington Hospital, a total of 889 tins of Fruita juices were purchased and issued to the kitchen department for issue to the Wards during 2002. However, according to the records kept at the Ward, only 336 tins of juice were issued;
- (f) Dates and Departments were not always stated on the stores requisitions. In addition, several instances were noted where the quantity in the “required” and “supplied” columns were super-imposed without the initials of the approving officer;
- (g) Seventy-five(75) instances were observed where items were added on in the blank lines of the requisition forms with different colour ink and handwriting after approval. The remaining lines should have been cancelled;

- (h) In fifty-five(55) instances the quantities issued were more than the quantities requisitioned. Also eleven(11) instances were noted where requisitioned quantities on the original copies of the requisition forms differed from the quantities recorded on the duplicate copies. Moreover, in twenty-one(21) cases, items supplied were not printed on the triplicate copies;
- (i) The signatures of certifying, requisitioning, collecting, issuing and approving officers were not always affixed on the stores requisitions when issues were made;
- (j) According to the stores records at Fort Wellington Hospital, quantities of ninety-nine(99) items were issued to the store at Mahaicony Hospital. However, a check on the stores ledger, kept at that the latter Hospital revealed differences in the amounts received; and
- (k) Test check of a sample of one hundred and forty(140) items at both stores revealed shortages on sixty-three(63) items and excesses on fifty-four items.

Receipts and Issues of Drugs and Medical Supplies

An examination of the Combined Requisition and Issuing vouchers revealed the following unsatisfactory features:-

- (a) At the Fort Wellington Hospital, several discrepancies were observed on the Combined Requisition and Issue vouchers, for example, double-faced carbon was not used, on one occasion the quantity of three hundred(300) Amp Ergonmetrine injections was altered with ink to show a lower quantity of two hundred(200) and signatures of recipients and approved officers (Government Pharmacist) were not always affixed on the CRIV; and
 - (d) Several instances were noted where drugs received were not brought to account therein. A similar observation was made in respect of the stock ledger.
- 2057.** An examination of the stores requisition at both Hospitals revealed several unsatisfactory features, for example, instances were noted where “required” and “supplied” quantities on the original copies of the requisitions forms were super-imposed without being initialled by the authorising officers, signatures of approving, issuing and receiving officers were not always affixed thereon, double-faced carbon was not used, etc.
- (a) There were no cross-referencing between the stock ledger and the store requisitions resulting in much difficulty in tracing the issues of items;
 - (b) Nine(9) instances were observed where the quantities in the “supplied” column were more than the “required” column; and

- (c) Requisition for injections and dangerous drugs were made on pieces of paper rather than the required stores requisitions.

Capital Expenditure

Subhead 11001 - Bridges

- 2058.** The sum of \$8.5M was allocated for the construction of bridges at De Kinderen and at Mahaicony Branch Road (Sophia). Amounts totalling \$7.186M were expended on construction on the following:-

DESCRIPTION	AMOUNT \$'000
RC culvert at Mahaicony Branch Road(Sophia)	3,483
Greenheart bridge at De Kindren	3,041
RC structure at De Hoop Branch Road	612
Consultancy fees	50
TOTAL	7,186

- 2059.** The contracts for the construction of the RC culvert at Mahaicony Branch Road (Sophia) and the greenheart bridge at De Kinderen were awarded to the most competitive bidders in accordance with the regulations of the Regional Tender Board. In respect of the construction of the RC structure at De Hoop Branch Road, the amount of \$612,280 represented retention fee for work done in 2001. The above works were physically verified and conformed generally to the specifications contained in the respective bills of quantities and contract documents.

Subhead 12003 - Buildings (Education)

- 2060.** The sum of \$16M was allocated for (a) the completion of Mahaicony secondary school (b) construction of headmaster's quarters at No. 10 Mahaica river (c) construction of sanitary facilities at Cotton Tree primary school and (d) rehabilitation of Calcutta primary school. Amounts totalling \$11.869M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Extension of Mahaicony secondary school	4,825
Construction of headmaster quarter at No. 10, Mahaica	2,983
Rehabilitation of Calcutta primary Phase I and II	2,146
Construction of sanitary block at Cotton Tree primary	1,136
Consultancy fees	779
TOTAL	11,869

2061. The above works were awarded to the most competitive bidders in accordance with the regulations of the Regional Tender Board. All the above works were physically verified and conformed generally to the specifications contained in the respective bills of quantities and contract documents.

Subhead 12004 - Buildings (Health)

2062. The sum of \$5M was voted for the completion of Bush Lot health centre and the rehabilitation of Fort Wellington hospital. Amounts totalling \$4.9M were expended, as follows:-

DESCRIPTION	AMOUNT \$'000
Construction of Bush Lot Health Centre	3,393
Rehabilitation of Fort Wellington hospital	1,106
Consultancy Fees	401
TOTAL	4,900

2063. In relation, to the construction of the health centre at Bush Lot, the contract was awarded in 2001 in the sum of \$6.283M to the second lowest bidder on the grounds that the lowest bidder had two(2) other jobs to complete. As at 31 December 2001, amounts totalling \$2.884M were expended. The work was completed in 2002 and the balance of \$3.393M was paid to the contractor. The work was physically verified and conformed generally to the specification contained in the bill of quantities.

2064. The work at the Fort Wellington hospital was awarded to the most competitive bidder, in accordance with the regulations of the Regional Tender Board. However, included in the payment of \$1.106M was a sum of \$120,000 which represented a 'provisional sum' for any unforeseen work approved by the Consultant. No details supporting this expenditure was provided and as a result, works to this value could not be verified. The Accounting Officer undertook to provide the required information.

2065. The contract for consultancy services was awarded to the fourth lowest bidder whose tendered price was 7.75% of the contract sum, on the grounds that the second and third lower bidders were given other jobs. The reason for not awarding the contract to the lowest bidder whose tendered price was 3.5% was not stated in the Tender Board Minutes.

Subhead 13001 - Drainage and Irrigation

2066. The sum of \$34.5M was voted for (a) the construction of revetments at Wash Clothes and Nos. 7 – 9 Villages (b) construction of RC structures at La Jonette, De Hoop and Wash Clothes (c) installation of culverts at Biaboo and (d) construction of sluice at Bygeval. Amounts totalling \$27.369M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Installation of tubes at Wash Clothes	3,937
RC sluice at De Hoop and Mahaica	3,735
RC structure at Wash Clothes	3,422
RC structure at Vey Vey canal	3,273
Revetment at Nos. 7, 8 and 9 Villages	3,159
Revetment at Wash Clothes	2,726
RC sluice at Wash Clothes intersection	2,517
Installation of tube at Perth/Baiboo	2,183
RC sluice at Bygeval	1,473
Consultancy fees	944
TOTAL	27,369

2067. In relation to the installation of tubes at Wash Clothes and Perth/Biaboo, three(3) contracts were awarded to the most competitive bidders. Included in the sum of \$3.735M was a contract for the construction of an RC sluice at De Hoop intersection, which was awarded to the fifth lowest bidder in the sum of \$2.372M, on the grounds that one bidder did not submit bid security while two(2) other bidders did not submit track record, method statement and list of equipment. No reason was stated in the Tender Board minutes for not awarding the contract to the third lowest bidder whose bid was \$1.698M. Also included in the sum of \$3.735M was a contract which was awarded for the construction of an RC sluice at Mahaica River intersection to the second lowest bidder in the sum of \$2.294M, on the grounds that the lowest bidder whose tendered sum was \$1.549M was 51% below the Engineer's estimate as against the second lowest tenderer whose price was 27% below the Engineer's estimate.

- 2068.** The contracts for the construction of the RC structure at Wash Clothes and Vey Vey canal were awarded to the most competitive bidders. In relation to the construction of the revetments at No. 7, 8 and 9 Villages, three(3) contracts were awarded, of which two(2) were awarded to the second lowest bidders on the grounds that the lowest bidders past performance were not satisfactory.
- 2069.** In relation to the revetment at Wash Clothes, the contract was awarded to the seventh lowest bidder in the sum of \$2.939M on the grounds that his bid was 30% below the Engineer's estimate. In addition, three(3) of the lowest bidders failed to submit the bidding requirements, while the reasons for not awarding the contract to the three(3) other lowest bidders were not stated in the Tender Board Minutes. It should be noted that the Engineer's estimate was \$4.209M and the lowest bid was \$1.487M and the contract was executed at a cost of \$2.726M, which is \$1.483M less than the Engineer's estimate.
- 2070.** With regards to the construction of the RC sluice at Wash Clothes intersection, the contract was awarded to the sixth lowest bidder whose tendered sum was \$3.047M or 3% below the Engineer's estimate of \$3.146M, on grounds that the four(4) of the other low tenderers failed to meet the bidding requirements and were also not experienced in drainage and irrigation works. The other bidder's tendered sum was 29% below the Engineer's estimate but was not considered.
- 2071.** The contract for the construction of the RC sluice at Bygeval was awarded to the most competitive bidder, while the contract for consultancy for drainage and irrigation works was awarded to the second lowest bidder, whose tendered price was 6% of the contract sum, on the grounds that the lowest bidder had other jobs. His price was 5% of the contract sum.
- 2072.** All the above works were physically verified and conformed generally to the specifications contained in the respective bills of quantities.

Subhead 14001 - Roads

- 2073.** The sum of \$36.5M was voted for the rehabilitation of community roads that includes Ithaca, Zorg-en-Hoop, Blairmont, Shieldstown, Rosignol, Cotton Tree, Nos. 3 – 5 Villages, Woodley Park, Bush Lot, Litchfield, Catherine and Strathcampbell. Amounts totalling \$18.390M were expended on the rehabilitation of the following roads:-

DESCRIPTION	AMOUNT \$'000
Middle Road at Bush Lot	3,235
Woodley Park	2,885
Cotton Tree	2,308
Bennett Dam at Rosignol	2,167
Litchfield	1,951
Blairmont	1,846
Catherine	1,712
Ithaca	831
Retention fee for Bush Lot and Zorg-en-Hoop	576
Consultancy fee	879
TOTAL	18,390

- 2074.** It should be noted that no work was done at Strathcampbell and Shieldstown. The Accounting Officer explained that the Ministry of Finance only released \$18.5M, which was insufficient to complete all the works budgeted for.
- 2075.** The contract for the rehabilitation of Middle road at Bush Lot was awarded in the sum of \$3.235M to the eighth lowest bidder on the grounds that the seventh lowest bidder did not have the ability to do more than one job, while no reason was given why the other lower bidders were not considered. In relation to the upgrading of the Woodley Park road, the contract was awarded in the sum of \$2.885M to the ninth lowest bidder, on the grounds that he was within the 15% range of the Engineer's estimate, while no reason was given why the other lower bidders were not considered.
- 2076.** In relation to the rehabilitation of the Cotton Tree road, the contract was awarded in the sum of \$2.308M to the fifth lowest bidder. According to the Tender Board minutes, it was erroneously stated that this was the lowest bidder and on this basis was recommended. A similar observation was made in relation to the contract for the rehabilitation of the road at Catherine, where the contract was awarded in the sum of \$2.362M to the sixth lowest bidder, but the Tender Board minutes stated that this was the lowest bidder and on this basis was recommended.
- 2077.** The contracts for the rehabilitation of the roads at Rosignol, Litchfield, Blairmont and Ithaca were awarded to the seventh, fourth, fourth and third lowest bidders, respectively on the grounds that those bidders prices were on an average of 12% below the Engineer's estimate. No reasons were stated in the Tender Board minutes as to why the other lower bidders were not considered.
- 2078.** All the above works were physically verified and conformed generally to the specifications contained in the respective bills of quantities.

Subhead 14002 – Mahaicony/De Hoop Roads

2079. The sum of \$16M was voted for the extension of the De Hoop Branch Road from Handsome Tree to Biaboo. Amounts totalling \$8.414 were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Rehabilitation of De Hoop Road	7,826
Supply of burnt earth for De Hoop Road	200
Consultancy fees	388
TOTAL	8,414

2080. In relation to the rehabilitation of the De-hoop Branch Road, the contract was awarded by the Central Tender Board to the second lowest bidder in the sum of \$12.926M on the grounds that the lowest bidder whose tendered sum was \$10.725M was not considered because there was no available record establishing the competence of this contractor. In addition, the Tender Board could not establish whether this contractor had the technical expertise to undertake the works to the general satisfaction of the Regional Administration.

Subhead 15001 – Stelling and Wharves

2081. The sum of \$7M was voted for the construction of wharf and ramp at Abary River. No expenditure was incurred and the money was refunded to the Ministry of Finance. The Accounting Officer explained that MMA/ADA had objected to have the wharf and ramp constructed on the location. Identified on the Abary River.

Subhead 17001 - Land Development

2082. The sum of \$10M was voted for the upgrading of roads at Zorg-en-Hoop and Bush Lot housing schemes. Amounts totalling \$7.226M were expended on upgrading roads as shown below:-

DESCRIPTION	AMOUNT \$'000
Zorg-en-Hoop Housing Area	5,174
Bushlot Housing Area	2,052
TOTAL	7,226

- 2083.** In relation to the roads at Zorg-en-Hoop, the contract was awarded to the second lowest bidder in the sum of \$5.749M on the grounds, that the lowest bidder whose tendered sum was \$3.477M had no experience on roads.
- 2084.** The contract for the upgrading of roads within Bushlot Housing area was awarded in the sum of \$2.280M to the third lowest bidder, on the grounds that the lowest bidder whose tendered sum was \$1.427M was far below the Engineer's estimate of \$3.034M. The second lowest bidder whose tendered sum was \$2.269M was not considered because he had not been able to complete works within a specific time frame.
- 2085.** All the above works were physically verified and conformed generally to the specifications contained in the respective bills of quantities.

Subhead 24001 – Land & Water Transport

- 2086.** The sum of \$6M was allocated for the purchase of one(1) ambulance. The item purchased at a cost of \$4M were verified as having been received and properly brought to account. There was approval for an extension of the programme to purchase another ambulance. An amount of \$2M was paid to the supplier in December 2002. The ambulance was received in 2003 and properly brought to account.

Subhead 25001 - Furniture (Education)

- 2087.** The sum of \$3M was voted for the purchase of desks, benches, tables, chairs and cupboards for secondary and nursery schools. The full amount was expended as follows:-

DESCRIPTION	AMOUNT \$'000
Construction of 280 pairs of desks and benches	2,192
Construction 120 chairs and 24 tables	708
Supply 1 writing desk and 5 chalk boards	100
TOTAL	3,000

- 2088.** Seven(7) contracts valued at \$3.060M were awarded for the construction of furniture. However, two(2) of these contracts in the sums of \$450,000 and \$708,000 were awarded to the second lowest bidders on the grounds that the lowest bidders had already been given jobs. Nevertheless, the items purchased were verified as having been received and properly brought to account.

Subhead 25002 – Office Furniture & Equipment

- 2089.** The sum of \$300,000 was allocated for the purchase of cabinets. The sum of \$262,999 was expended on the purchase of three(3) cabinet, one(1) bed, two(2) piece suite and one dinette set. A change of programme was seen to accommodate this expenditure. The items were verified as having been received and properly brought to account.

Subhead 25003 - Furniture & Equipment (Health)

- 2090.** The sum of \$3M was voted for the purchase of refrigerators, beds and cots for health facilities. Amounts totalling \$1.515M were expended on the purchase of fourteen (14) refrigerator and six(6) examination beds. These items purchased were verified as having been received and properly brought to account.

HEAD 76 & DIVISION 536

REGION 6 - EAST BERBICE/CORENTYNE

Current Expenditure

Employment Costs

- 2091.** To facilitate the payment of salaries, the Region operated three(3) salaries accounts. The salaries bank account No. 3072 was not reconciled since November 1996, whilst accounts Nos. 3070 (Salaries – Administration) and 3071 (Salaries - Education) were reconciled to March 2003 and November 2002, respectively. In addition, the cash book for account No. 3072 was not presented for audit scrutiny. It should not be over-emphasised that the failure to reconcile the bank accounts in a timely manner could lead to irregularities being perpetrated without prompt detection. Efforts should therefore be made to bring the reconciliation of these accounts up-to-date.
- 2092.** An examination of the bank reconciliation statements for account No. 3070 for the month of December 2002 revealed that there were sixty-four(64) stale-dated cheques totalling \$740,335, which were reflected as being un-presented. A similar observation was made from the November 2002 bank reconciliation statement for account No. 3071. In this case there were fifteen(15) stale-dated cheques totalling \$830,705. It is recommended that efforts be made to have these cheques written back to the cash books and the amounts transferred to the Consolidated Fund. The statements for account No.3070 also reflected amounts totalling \$106,761 and \$6,143 which were respectively shown as overstated and understated. These amounts remained uncleared over the period 1996 to 2001. It is recommended that these amounts be investigated and the necessary adjustments effected to the account.

- 2093.** Amounts totalling \$15.107M were refunded as unclaimed salaries for 2002 of which sums totalling \$915,392 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, resulted in several instances where the net salaries were refunded without related deductions. As a result, deductions totalling \$3.556M were erroneously paid over to the relevant agencies. Action should be taken to recover this amount from these agencies.
- 2094.** A comparison of the authorised staffing, as shown in the 2002 Estimates of Expenditure, with the actual staff paid under Programme 4 (Education) during December 2002, revealed the following excesses:-

SUB-HEAD	DESCRIPTION	AUTHORISED	ACTUAL	EXCESS
101	Administrative	1	142	141
102	Senior Technical	12	642	630
103	Other Technical & Craft Skills	70	301	231
104	Clerical & Office Support	27	62	35
105	Semi-skilled Operatives etc.	98	426	328
TOTAL		208	1,573	1,365

- 2095.** Explanations obtained indicated that the authorised staffing did not include teachers employed by the Region. In addition, it could be determined how many teachers in the various categories are in the employ of 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.
- 2096.** An examination of the register of contributors to the National Insurance Scheme(NIS) revealed that 1,210 employees were without NIS numbers, indicating that they were not registered with the Scheme. Since the registration of employees have implications for related benefits, efforts should be made to ensure that all employees are properly registered with the Scheme.

2097. The sum of \$53.084M was expended on benefits and allowances. Included in this amount, were amounts totalling \$254,150, which were paid to one of the Region's officials as motor car allowances for the period reviewed, while furnishing that official on a full-time basis with a chauffeur driven vehicle. It was also observed that in four instances copies of vehicle registrations were not kept in personal files to establish the ownership of vehicles for which commuted allowances were paid. Further, the required semi-annual returns were not submitted to the Public Service Ministry in respect of allowances paid to travelling officers for the entire period reviewed.

Other Charges

2098. 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 check carried out, cheque orders were being cleared on average thirty-eight(38) days later than required. At the time of reporting in July 2003, 452 cheque orders valued at \$90.747M remained outstanding, of which 230 related to the years 1998 to 2001.

2099. Two hundred and seventy-two(272) of the outstanding cheque orders valued at \$53.769M related to purchases, while the remainder was in respect to wages and salaries. In relation to the former, the Audit Office was unable to verify that value was received for money spent. The Accounting Officer was therefore advised to urgently investigate the outstanding cheque orders, with a view to establishing that value was received for the sum expended.

2100. Amounts totalling \$45.382M were expended on fuel and lubricants. However, of the forty-six(46) serviceable vehicles and equipment for which log books were required to be maintained, log books were only presented for four(4) vehicles. As a result, it could not be determined whether effective control was exercised over the use of a significant portion of the Region's vehicles and other equipment. In addition, it was observed that the fuel consumption of the following vehicles were abnormal:-

VEHICLE NO.	FUEL CONSUMED GNLS	MILEAGE	MILES PER GAL.
PHH 4467	511	6713	13.14
PFF 7303	356	5402	15.18
PFF 9042	212	1909	9.01
PCC 6163	134	1457	10.88

The Accounting Officer was advised to take corrective action in this regard.

2101. Amounts totalling \$35.175M were expended on Rental & Maintenance of Buildings. The following is a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Rehabilitation of six(6) schools	10,174
" " seven(7) living quarters	4,900
" " one(1) hospital & two (2) health facilities	3,678
Miscellaneous works – below \$450,000	4,729
Purchases	11,500
Rental of Building	194
TOTAL	35,175

2102. Included in the amount of \$10.174M were four(4) contracts totalling \$5.604M, which were awarded to the lowest bidders for the rehabilitation of four(4) schools. Amounts totalling \$5.083M were paid on these contracts. Also included in the sum of \$10.174M was a contract for the rehabilitation of J.C. Chandisingh Secondary School, which was awarded to the second lowest of five(5) bidders in the sum of \$2.407M. There was an approved variation of \$1.346M giving a revised contract sum of \$3.753M. As a 31 December 2002, the sum of \$3.752M was paid to the contractor. Also included in the sum of \$10.174M was a contract for the rehabilitation of the No.72 Nursery School, which was awarded to the second lowest of seven(7) bidders in the sum of \$1.099M. There was an approved variation of \$241,260 giving a revised contract sum of \$1.340M. As at 31 December 2002 the sum of \$1.339M was paid to the contractor. All the works were physically verified.

2103. In respect of the rehabilitation of the seven(7) living quarters, seven(7) contracts totalling \$4.442M were awarded to the most competitive bidders. There were three(3) approved variations totalling \$1.674M, which revised the total under the contracts to \$6.116M. The works were completed and amounts totalling \$4.900M were paid to the contractors for measured works. These works were physically verified.

2104. Three(3) contracts totalling \$3.028M were awarded to the lowest bidders for the rehabilitation of one(1) hospital and two(2) health facilities. The rehabilitation of the Mibicuri Hospital was awarded in the sum of \$1.245M. However, there was an approved variation of \$817,250, which revised the contract sum to \$2.062M. As at 31 December 2002, the sum of \$2.118M was paid to the contractor. A physical verification exercise revealed that amounts totalling \$242,630 were overpaid to the contractor on measured works. In relation to the purchases, test checks revealed that the items were verified as having been received and properly brought to account.

2105. Amounts totalling \$59.532M were expended on the Maintenance of Infrastructure. The following is a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$000
Weeding and cleaning eight(8) canals & two(2) main drain at Black Bush Polder	12,394
Weeding and cleaning of four(4) canals	9,618
Rehabilitation of three(3) roads at Bushlot, Fryish and Tain	4,486
Rehabilitation of two(2) bridges- Vryheid & Mibicuri	2,494
Weeding and cleaning three(3) creeks	2,054
Rehabilitation of living quarters fence – Vryman Erven	1,747
Weeding and cleaning of canal at No. 19 Industries Village	1,627
Weeding and cleaning trench- Lochan	1,260
Construction of one sluice door	714
Rehabilitation Leeds Primary School access road No. 51 Good Hope	450
Miscellaneous works (below \$450,000)	17,248
Legal Fees	521
Purchases	4,919
TOTAL	59,532

2106. The above works were executed by one hundred and thirty-six(136) contracts valued at \$54.092M. With exception of the weeding and cleaning of canals and drains, these works were physically verified and conformed generally to the specifications contained in the respective bills of quantities and contract documents. In relation to the weeding and cleaning works, reliance were placed on the certificates of completion issued by the Superintendent of Works. The items purchased were also verified as having been received and properly brought to account in the records of the Region.

2107. Included in the sum of \$12.394M shown as weeding and cleaning of canals at Black Bush Polder is a contract for cleaning of canal at Yakusari South No. 51-52. The contract was awarded to the second lowest of four(4) bidders in the sum of \$2.086M on the basis that the lowest bidder, whose bid was \$1.556M, did not provide a satisfactory service. The Engineer's estimate was \$1.816M. As at 31 December 2002 the full amount was paid to the contractor. The contract for the weeding and cleaning of Third Street Tain, Corentyne was awarded to the highest of two(2) bids in the sum of \$2.274M on the basis that the lowest bid of \$1.474M was far below the Engineer's estimate \$2.288M. As at 31 December 2002 the sum of \$1.925 was paid to the contractor.

- 2108.** In relation to the construction of sluice door, the contract was awarded to the second lowest of five(5) bidders in the sum of \$421,800 on the basis that that was the lowest bid. However, examination revealed that the lowest bid was in an amount of \$403,860. An explanation was not given to support the overlooking of the lowest bid. As at 31 December 2002 the full amount was paid to the contractor.
- 2109.** In relation to the rehabilitation of the fence of the Officer's Quarters at New Amsterdam, the contract was awarded to the third lowest of seven(7) bidders in the sum of \$745,041 on the basis that the two(2) lowest bids were far below the Engineer's estimate of \$1.043M. The lowest bid was \$427.943M.

Stores and Other Public Property

- 2110.** The Region operates six(6) stores. However, contrary to the Stores Regulations, stock ledgers were not maintained at the Regional Accounting Unit to provide for an independent check on the bin cards kept at the stores. As a result of this, an important element of control is lost.
- 2111.** Also, the Region did not maintain a master inventory to account for all assets under the control of the Region and to provide a basis of recheck for the sectional inventories, which were however kept. This was also noted to be a serious breach in the system of internal control.

Other Matters

- 2112.** The following unsatisfactory features were observed based on an audit inspection of the records at:-
- (A) New Amsterdam Hospital:-
- (i) Receipt book No. 163901 to 164000 used for revenue collection over the period 20 December 2002 to 6 January 2003 was not presented for audit inspection. The explanation received indicated that all completed receipt books were submitted to the Regional Accounting Unit. This Unit could not account for the missing receipt book. Efforts should therefore be made to locate and present same for audit
- (ii) An examination receipt No. 756814 dated 31 May 2002 revealed that a sum of \$220,160 was received from a Cataract surgery team of the Medical Ministry International This amount was not brought to account as revenue. The Accountant explained that the amount, which was a gift to the eye clinic, was retained on the instruction of the Hospital Administrator. It was noted that of this sum, amounts totalling \$135,000 were expended on the purchase of two(2) television sets and two(2) television grills. The balance of \$85,160 was secured in a safe.

(iii) A fee of \$7,000 was charged for the rental of the canteen. Audit checks carried out on the 5 June 2003 revealed that a sum of \$57,000 was outstanding. Action should be taken to collect the outstanding amount. In addition, a register of canteen rents was not maintained. The region also failed to establish a written contract between itself and the canteen operator.

(B) New Amsterdam and Fort Canjie Hospitals:-

(i) In relation to the issuing of drugs and medical supplies, the system required that prescriptions be prepared in duplicate. The duplicate copy was given to the patient and the original was retained for audit inspection. The system also required that an Internal Stores Requisition, be prepared when removing items from the main stock, and that the stock ledgers were to be updated, accordingly. A daily issue stock ledger was maintained to record issues of drugs to the out patients department. Verification of issues proved to be tedious and time consuming. It is recommended that the quantities of various drugs issued from the main stock be recorded in the daily issues book, so as to facilitate an audit trail.

Capital Expenditure

Subhead 11001 – Bridges

2113. The sum of \$9M was allocated for the construction of bridges at Black Bush Polder and No. 52 – 74 areas. Amounts totalling \$7.582M were expended on the construction of the following bridges:-

DESCRIPTION	AMOUNT \$'000
Two(2) bridges at Black Bush Polder(BBP)	2,970
No. 53/54 Middle Walk Access Bridge	2,294
Heavy duty bridge at Block '4', Tain Village, Corentyne	1,878
Moleson Creek bridge	416
Miscellaneous	24
TOTAL	7,582

2114. Included in the amount of \$2.970M was a contract for the construction of a bridge at Johanna South, BBP, which was awarded to the third lowest bidder in the sum of \$1.329M. According to the Tender Board minutes, the two(2) lower bidders whose bids were \$391,193 and \$835,764 were considered unrealistic, when compared with the Engineer's estimate of \$1.869M. Also included in the sum of \$2.970M was a contract for the construction of a bridge at Johanna/Mibicuri, BBP, which was awarded to the lowest bidder. As at 31 December 2002, amounts totalling \$1.035M and \$1.935M were respectively paid on the two(2) contracts. The works were completed and were physically verified.

- 2115.** The contract for the construction of No. 53/54 Middle Walk Access bridge was awarded to the second lowest bidder in the sum of \$2.294M, on the grounds that the lowest bidder was awarded contracts which he had not yet started. In addition, the lowest bidder had to carry out corrective work on another project. As at 31 December 2002, the full contract sum was expended and the works were completed. These works were physically verified.
- 2116.** An approval was obtained for an extension of the programme for the construction of bridges at Block 4, Tain and Moleson Creek. Both contracts were awarded to the lowest bidder. The works were completed and were physically verified.

Subhead 12001 – Buildings (Administration)

- 2117.** The sum of \$2.5M was allocated for the rehabilitation of the State House - Phase II and the rewiring of Regional Administration building. Amounts totalling \$1.842M were expended on these works.
- 2118.** In the year 2001, the contract for the rehabilitation of the State House was awarded in the sum of \$3.997M. As at 31 December 2001, the work was still in progress and amounts totalling \$3.129M were paid to the contractor. The work was completed in 2002 and the remaining amount of \$864,544 was paid for the measured works. In addition, another contract was awarded in the sum of \$73,910 for the installation of mosquito mesh at State House. As at 31 December 2002 the full contract sum was expended and the related works were completed. All of the works were physically verified.
- 2119.** In relation to the rewiring of the Regional Administration building, the contract was awarded in the sum of \$1.569M to the sole bidder. As at 31 December 2002, amounts totalling \$903,645 were paid to the contractor and at time of reporting the works were not completed. The contract was terminated for reasons of non-performance of work. In addition, it could not be determined why the Region's Electrical Department was not used for the execution of the job, as this would have resulted in cost savings. Nevertheless, the works were completed and were physically verified.

Subhead 12002 - Buildings (Education)

- 2120.** The sum of \$30M was allocated for the (a) completion of Reliance and Adelphi nursery schools, (b) construction of primary school at Moleson Creek and (c) construction of teacher's quarters at Moleson Creek. Amounts totalling \$23.026M were expended on the construction of the following:-

DESCRIPTION	AMOUNT \$'000
Primary school and teachers' quarters at Moleson Creek	12,103
Reliance and Adelphi nursery schools	7,478
Home Economics Centre	3,408
Miscellaneous	37
TOTAL	23,026

- 2121.** The Central Tender Board awarded the construction of the primary school and teachers quarters at Moleson Creek to the lowest bidder in the sum of \$15.165M. As at 31 December 2002, amounts totalling \$11.041M were paid to the contractor and the work was still in progress. However, the work was not re-budgeted for in the Capital Budget for 2003. In addition, the contract for consultancy services, in relation to the contract was awarded by the Regional Tender Board to the lowest bidder on the basis of the rate of seven percent (7%) of the contract sum of \$15.165M and up to a value of \$1.062M. It was noted that although the work was not completed in 2002, the consultancy firm was paid the full contract sum as at 31 December 2002. Due to the inaccessibility of the area at the time of the audit, the works could not have been physically verified. However, reliance had to be placed on the certificates of satisfactory completion issued by the Superintendent of Works.
- 2122.** In the year 2001, the construction of the Reliance and Adelphi Nursery Schools, two(2) contracts were awarded by the Central Tender Board to the most competitive bidders for an overall sum of \$22.912M. As at 31 December 2001, the work was still in progress and amounts totalling \$15.341M were expended. During the year 2002, amounts totalling \$7.478M were expended on the completion of the works and these were physically verified.
- 2123.** In relation to the construction of the Home Economic Centre, the Regional Tender Board awarded the contract to the lowest bidder in the sum of \$1.956M. There was also an approved variation of \$1.452M for additional work, giving a revised contract sum of \$3.408M. There was no evidence that an Engineer's estimate was prepared as a basis for comparison. Nonetheless, as at 31 December 2002, the full contract sum was paid to the contractor and the works were completed and were physically verified.

Subhead 12003 - Buildings (Health)

- 2124.** The sum of \$23M was budgeted for (a) rehabilitation of the New Amsterdam Hospital (b) completion of Edingburg Health Centre, and (c) construction of self-contained rooms and accident and emergency department at Skeldon Hospital. Amounts totalling \$20.943M were expended. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Construction of self-contained rooms & accident and emergency unit, Skeldon Hospital	10,154
Construction of health centre at Edinburgh	5,928
Rehabilitation of New Amsterdam Hospital	4,845
Miscellaneous	16
TOTAL	20,943

- 2125.** Two(2) contracts with a total value of \$10.408M, were awarded for the construction of self contained rooms and an accident and emergency unit at the Skeldon Hospital. The construction of the accident and emergency unit at the Skeldon Hospital was awarded to the sole bidder in the sum of \$8.990M. As at 31 December, 2002, the work was still in progress and amounts totalling \$7.729 was paid to the contractor. The remaining work was re-budgeted for in 2003 and at the time of reporting, the works were completed. The construction of the self-contained rooms was awarded to the lowest bidder in the sum of \$1.418M. There was also an approved variation of \$259,898, which revised the contract sum to \$1.678M. As at December 2002, the works were completed and the full amount was expended. During the year amounts totalling \$746,778 were also expended on consultancy fees in relation to the projects. All the works undertaken were physically verified and conformed generally to the respective bills of quantities.
- 2126.** In the year 2001, the construction of Edinburgh Health Centre was awarded to the lowest bidder in the sum of \$9.505M and during that year amounts totalling \$3.565M were paid to the contractor. As at 31 December 2001, the works were still in progress and hence were re-budgeted for in 2002. During the year 2002 the works were completed and amounts totalling \$5.928M was paid to the contractor. The completed works were physically verified.
- 2127.** In relation to the rehabilitation of New Amsterdam Hospital, two(2) contracts with a total value of \$7.845M were awarded. The first contract was awarded in the year 2001 to the lowest bidder in the sum of \$4.524M. As at 31 December 2001, the works were still in progress and amounts totalling \$3.123M were paid to the contractor. That contract was completed in 2002, while amounts totalling \$1.327M were paid. The other contract was awarded in 2002 to undertake additional works. The award was made to the lowest bidder in the sum of \$3.321M. As at 31 December 2002, the works were completed and the full contract sum expended. The expenditure for the year 2002 also included consultancy fees amounting to \$197,120. The works undertaken were physically verified and conformed generally to the specification as contained in the respective bills of quantities.

Subhead 13002 - Drainage and Irrigation

- 2128.** The sum of \$67M was budgeted for the rehabilitation of canals at Yakusari, Lesbeholden, Mibucuri, Johanna, No. 66, Crabwood Creek, Joppa, No. 49, Nos. 46 – 47, Rotterdam/Enfield and Nos. 151 – 154. Amounts totalling \$61.011M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Rehabilitation of drainage systems in Black Bush Polder	31,877
Excavating and cleaning of drainage systems at Corentyne area	11,003
" " " " " " " " Crabwood Creek	8,968
" " " " " " " " East Bank B/ce	3,445
Dismantling & construction two sluices at Seawell	1,247
Miscellaneous	4,471
TOTAL	61,011

- 2129.** In relation to the drainage systems in Black Bush Polder, forty-seven(47) contracts valued at \$32.440M were awarded to twenty-three(23) contractors for the rehabilitation works. A scrutiny of the related tender documents revealed that twenty-three(23) of these contracts valued at \$16.982M were not awarded to the most competitive bidders, because the other lower bids were considered to be too low to complete the job satisfactorily. As at 31 December 2002, the works were completed and amounts totalling \$31.877M were paid to the contractors.

- 2130.** Included in the forty-seven(47) contracts valued at \$32.440M were two(2) contracts, which were awarded for respective amounts of \$895,800 and \$371,480 in relation to the excavating and cleaning of collectors drain at Yakusari North 5/6 and the main drain in Yakusari. The basis of the awards of these contracts were not supported by documentary evidence. Nevertheless, the works were completed and the full contract sums were paid to the contractors. In addition, Engineer's estimates, which are necessary guides in the awards of contract, were not seen for the following cleaning contracts:-

CONTRACT NO.	DATE	DESCRIPTION	AMOUNT \$
424	28.11.02	Joanna North 11/12 water course	229,600
440	"	Yakusari South 5/6 collectors drain	428,800
441	"	Joanna North 12/13 collectors drain	208,600
442	"	Yakusari North 8/9 collectors drain	413,700
TOTAL			1,280,700

- 2131.** Seventeen(17) contracts valued at \$14.427M were awarded to thirteen(13) contractors for the rehabilitation of drainage systems in various areas in Corentyne. As at 31 December 2002, the works were completed and amounts totalling \$11.003M were paid to the contractors. In relation to the rehabilitation of drainage in various areas in Crabwood Creek, three(3) contracts valued at \$11.137M were awarded to the most competitive bidders. As at 31 December 2002, these works were also completed and amounts totalling \$8.968M were paid to the contractors.
- 2132.** The excavating and cleaning of drainage system at Rotterdam/Enfield, East Bank Berbice was awarded to the lowest bidder in the sum of \$3.445M. As at 31 December 2002, the full contract sum was expended and the related works were completed.
- 2133.** The dismantling & construction of two sluices at Seawell was awarded in the sum of \$1.252M. As at 31 December 2002, the works were completed and the full contract sum expended.
- 2134.** A physical verification of work in relation to the excavating and cleaning of drainage systems could not have been conducted due to the nature of the works. However, reliance was placed on the certificates of satisfactory completion given by the Superintendent of Works and the Works Committee of the Regional Democratic Council. The sluice works were nevertheless physically verified and these conformed generally to the specifications contained in the respective bills of quantities.
- 2135.** The miscellaneous payments of \$4.471M included amounts totalling \$983,240, which were expended on the purchase of dragline spares. These purchases were made up eleven(11) payments below \$90,000 and one(1) below \$180,000. This was noted to be a deliberate attempt to sub-divide the purchases to avoid Tender Board procedures. The matter was the subject of a special investigation and separate reporting.

Subhead 14001 - Roads

- 2136.** The sum of \$37M was voted for the (a) completion of Letter Kenny/Auchlyne road, (b) payment of retention fees for Gangaram, Orealla, Hoggtown, Middle Walk, Haswell, Ankerville and Crabwood Creek roads, (c) construction of new roads at Cropper, No. 47 Street, School Street and Middle Street at Crabwood Creek, No. 68 Primary school Street, Well Street at John's and Rension Road at Fryish and (d) continuation of the Orealla/Siparuta Road. Amounts totalling \$20.969M were expended on the following roads:-

DESCRIPTION	AMOUNT \$'000
Continuation of Orealla/Siparuta Road	5,990
Retention fees for Gangaram, Orealla, Hoggtown, Middle Walk, Haswell, Ankerville and Crabwood Creek	5,962
Rehabilitation of Middle Street in Crabwood Creek	5,775
Consultancy fees	1,662
Completion of Letter Kenny/Auchline	1,366
Miscellaneous	214
TOTAL	20,969

- 2137.** As can be noted, no work was done on the roads at Cropper, No. 47 Street, School Street and Middle street at Crabwood Creek, No. 68 Primary school street, Well Street at John's and Pension Road at Fryish. It was noted that only the roads at Cropper and Well Street were re-budgeted for in 2003.
- 2138.** In relation to the construction of Orealla/Siparuta road, the lowest bidder was awarded the contract in the sum of \$6.488M. As at 31 December 2002, the sum of \$5.990M was paid to the contractor and the related works were completed. Due to the inaccessibility of the area at the time of the audit, the works could not be verified. However, reliance was placed on the certificates of satisfactory completion issued by the Superintendent of Works.
- 2139.** The retention fees for roads at Gangaram, Orealla, Hoggtown, Middle walk, Haswell, Ankerville and Crabwood Creek were in relation to seven(7) contracts valued at \$45.801M awarded during 2000 and 2001. During those years amounts totalling \$32.919M were paid to the contractors. Retention fees totalling \$5.962M were paid during the period. The works were nevertheless completed and were physically verified.
- 2140.** In relation to the rehabilitation of Middle Street in Crabwood Creek and the road in Letter Kenny/Auchlyne, two(2) contracts were awarded for respective amounts in the sums of \$6.488M and \$1.731M. In each case the award was made to the lowest bidder. The works were completed and were physically verified.

Subhead 19001 - Land Development

- 2141.** The sum of \$9.963M was voted for the upgrading of housing in areas in Glasgow and Port Mourant. Amounts totalling \$9.880M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Upgrading housing areas in Port Mourant	8,152
Upgrading of housing areas in Glasgow	1,726
Miscellaneous	2
TOTAL	9,880

- 2142.** In relation to the upgrading of housing areas in Port Mourant, two(2) contracts were awarded for amounts of \$5.154M and \$3.331M. In each case the award was made to the second lowest bidder, because the lowest bidders had submitted expired compliance certificates. During the period reviewed, amounts totalling \$8.152M were paid to the contractors. The works were nevertheless completed and these were physically verified.
- 2143.** In the year 2001, the upgrading of the housing areas in Glasgow was awarded to the second lowest bidder in the sum of \$4.925M. The reason for overlooking the lowest bid was that the bidder did not have the equipment to complete the project. As at 31 December 2001, the work was still in progress and amounts totalling \$2.962M were paid to the contractor. The work was nevertheless completed during the year 2002 and amounts totalling \$1.726M were paid for measured works. The works were completed and were physically verified.

Subhead 25001 - Furniture & Equipment (Education)

- 2144.** The sum of \$5M was voted for the purchase of desks, benches, cupboards and chairs. Amounts totalling \$4.998M were expended to purchase the above items. In addition, a change of programme was approved for the purchase of a 6-burner gas stove. The items purchased were verified as having been received and properly brought to account.

Subhead 25003 - Furniture and Equipment (Health)

- 2145.** The sum of \$7M was voted for the purchase of anaesthetic machine and wetfield cautery. Amounts totalling \$6.924M were expended on purchases as shown below:-

DESCRIPTION	AMOUNT \$'000
Anaesthetic machine for New Amsterdam Hospital	2,990
Electrical surgical generator	1,965
Overhead operating lamp	1,043
Monitor for New Amsterdam Hospital	750
Washing machine	126
Miscellaneous	50
TOTAL	6,924

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

Subhead 26005 – Power Supply (Health)

- 2146.** The sum of \$2M was budgeted for the purchase and installation of one steam boiler. This item was not acquired and was not re-budgeted for in 2003. It was, however, noted that \$36,000 was expended on advertisements.

HEAD 77 & DIVISION 537

REGION 7 – CUYUNI/MAZARUNI

Current Expenditure

Employment Costs

- 2147.** During the period under review the Regional Accounting Unit(RAU) operated two(2) salaries bank accounts Nos. 3147 and 3148. It was observed that account Nos. 3147 and 3148 were overdrawn on one(1) and six(6) occasions, respectively.
- 2148.** Included in the bank reconciliation statements for 2002 for account No. 3147 were amounts totalling \$50,479 and \$91,938, which represented the cost of printing cheques books and un-presented cheques, respectively which were coming forward from previous

years. In addition, bank reconciliation statements for account No.3148 reflected amounts totalling \$60,171, which comprised differences between the amounts recorded in the cash book and the actual cheques drawn. It is recommended that appropriate action be taken to regularise this situation. Notwithstanding this, the reconciliation statements were prepared in a timely manner and subjected to supervisory checks.

- 2149.** A comparison of the authorised staff as shown in the Estimates of Expenditure in 2002 with the actual staff employed by the Region in December 2002 revealed that the total authorised staff strength was exceeded by 210 under the following categories as shown below:-

SUB-HEAD	DESCRIPTION	AUTHORISED	ACTUAL	EXCESS
101	Administrative	15	29	14
102	Senior Technical	31	132	101
103	Other Technical & Craft Skilled	87	111	24
104	Clerical & Office Support	41	25	-
105	Semi-Skilled & Unskilled	144	209	65
106	Contracted Employees	0	2	2
107	Temporary Employees	0	4	4
TOTAL		318	512	210

- 2150.** The Accounting Officer explained that the above situation was due to the omission from the Estimates of Expenditure of two hundred and four(204) teachers, under the following categories in the employment of the Region:-

SUB-HEAD	DESCRIPTION	ACTUAL
101	Administrative	14
102	Senior Technical	101
103	Other Technical & Craft Skilled	24
105	Semi-Skilled and Unskilled	65
TOTAL		204

In order to ensure a meaningful comparison between authorised and actual staffing, it is again recommended that teachers be included in the authorised staffing of the Region.

2151. It was observed that net instead of gross salaries were refunded to the Sub-Treasury as unclaimed salaries. Net salaries during the period amounted to \$403,476. It is recommended that efforts be made to recover the deductions from the relevant agencies and to have the amounts refunded.

Other Charges

2152. Amounts totalling \$28.717M were expended on Materials, Equipment & Supplies. Included in this sum were amounts totalling \$4.681M which represents purchases made from MJ Supermarket. Investigations revealed that a Senior Officer of the Regional Democratic Council is the registered owner of this Supermarket. This situation constitutes a breach of the Tender Board Procedures which forbids this practice. In the circumstance, it is recommended that there be an immediate halt to this practice. In addition, examinations of the Immediate Issues Book revealed that amounts totalling \$6.354M were shown as purchases under the various subheads but were not subjected to store-keeping procedures.

2153. It was noted that amounts totalling \$18.543M were expended on fuel and lubricants during the year. However, of the fifteen(15) serviceable vehicles and equipment for which log books were required to be maintained, log books were presented for eight(8) vehicles and equipment. The Accounting Officer explained that log books were not maintained for the remaining equipment during the period under review. As a result, it could not be determined whether effective control was exercised over the use of the equipment during the period under review. It is recommended that all completed log books be kept at the Central Office.

2154. At time of audit inspection in April 2003, a physical count of all fuel and lubricants was carried out and the balances compared with the stock records of the Region. Shortages and excesses in the stock were noted as shown below:-

DESCRIPTION	UNITS	BIN CARDS BALANCE	ACTUAL STOCK	(SHORTAGE) EXCESS	VALUE \$
Gasolene	gallons	726	768	42	-
Dieselene	"	1087	855	(232)	66,584
Kerosene	"	580	288	(292)	73,292
TOTAL					139,876

2155. It was observed that the shortage of three thousand and sixty-four(3,364) gallons of gasoline valued at \$1.119M reflected in my previous year's Report was written off from the accounting records. The Accounting Officer has since written to the Secretary to the Treasury for approval for the write off of this amount.

2156. Amounts totalling \$23.768M were expended on the Rental and Maintenance of Buildings. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$000
Extension to Issano Primary School	2,427
Construction of concrete extension at Agatash Primary School	2,197
Construction of curb wall & repairs of 2 Miles Primary School	1,691
Rehabilitation AREO Quarters at Kamarang	1,494
Repairs and plumbing St. John the Baptise Primary School	1,228
Rehabilitation of Regional Vice-Chairman Quarters	994
Rehabilitation of Education Office at Kamarang	998
Rehabilitation of HM Quarters at Kartabo	966
Repairs to 2 Officer Quarters and 1 School	2,705
Purchase of Janitorial and cleaning supplies	2,495
Miscellaneous works (below \$450,000)	1,023
Miscellaneous works (below \$180,000)	4,678
Purchase of building materials	497
Rental of buildings	375
TOTAL	23,768

2157. The contract for the extension of the Issano Primary School was awarded to lowest of eight(8) bidders in the sum of \$2.335M. There was a variation of \$92,000 bringing the revised contract sum to \$2.427M. However, no written approval was seen from the Accounting Officer for this variation as required by the Tender Board Regulations. As at 31 December 2002, the full amount was paid to the Contractor. The works could not have been physically verified due to the remoteness of the area and reliance had to be placed on the certificate of satisfactorily completion issued by the Captain of the Issano Village.

2158. In relation to the concrete extension at Agatash Primary School, the contract was awarded to the second highest of ten(10) bidders in the sum of \$2.288M, on the grounds that this amount was closest to the Engineer's estimate. There was a variation of \$153,000 for which no approval was seen, bringing the revised contract sum to \$2.441M. As at 31 December 2002, amounts totalling \$2.197M were paid to the contractor. The works could not have been physically verified due to the remoteness of the area and reliance had to be placed on the certificate of satisfactorily completion issued by the Superintendent of Works.

- 2159.** The contract for the construction of a curb wall and the repairs to 2-Miles Primary School was awarded in the sum of \$1.691M to the fifth highest bidder from fifteen(15) bids on the grounds that the contractor was capable and had the necessary experience. As at 31 December 2002 the full amount was paid to the contractor. These works were physically verified.
- 2160.** The contract for the rehabilitation of the AREO's Quarters at Kamarang was awarded to the second lowest of five(5) bidders in the sum of \$1.494M on the grounds that the contractor was working in the area. As at 31 December 2002, the full amount was paid to the contractor. Due to the remoteness of the area these works could not have been physically verified. However, reliance was placed on the certificate of satisfactory completion issued by the Superintendent of Works.
- 2161.** In relation to the repairs and plumbing of the Saint John the Baptise Primary School the contract was awarded to the fifth lowest of eleven(11) bidders in the sum of \$1.175M on the grounds that the bid was closest to the Engineer's estimate. There was a variation of \$53,000 giving a revised contract sum of \$1.228M. The repairs carried out were physically verified and were satisfactorily completed.
- 2162.** The contract for the rehabilitation of the Regional Vice-Chairman's Quarters at Kamarang was awarded to the highest of five(5) bidders in the sum of \$993,691 on the grounds that the contractor was the most experienced. According to the Tender Board minutes, the lowest bid of \$609,909 was from a neighbouring Village Council who had done work for the Region before, but was not considered because their bid was 39% below the Engineer's estimate. The full contract sum was paid to the contractor as at 31 December 2002. These works were not physically verified due to the remoteness of the area. However, reliance was placed on certificate of satisfactory completion issued by the Superintendent of Works.
- 2163.** In relation to the rehabilitation of the Education Office at Kamarang, the contract was awarded to the lowest bid in the sum of \$997,706. As at 31 December 2002 the full amount was paid to the contractor. Due to the remoteness of the area the works could not have been physically verified. However, reliance was placed on the certificate of satisfactory completion issued by the Superintendent of Works.
- 2164.** The contract for the rehabilitation of the Headmistress Quarters at Kartabo was awarded to the third highest of eleven(11) bidders in the sum of \$996,431 on the grounds that the contractor had done similar work for the Region Democratic Council before. As a 31 December 2002, the full amount was paid to the contractor. The works could not have been physically verified due to remoteness of the area. However, reliance was placed on Captains' Certificate issued attesting to the satisfactory completion of the work.
- 2165.** In relation to the repairs to the two(2) Officers Quarters and one(1) school at Bartica, these works were executed by three(3) contracts valued at \$2.705M. As at 31 December 2002, the full amounts were paid to the contractors. The works were physically verified.

- 2166.** In relation to the miscellaneous works stated above, these works were executed by eighty(80) contracts valued at \$5.701M. As at 31 December 2002 the full amount was paid to the contractors. Forty-eight(48) of the eighty(80) works were physically verified the remaining works could not have been physically verified due to the remoteness of the area. However, reliance was placed on the certificate of satisfactorily completion issued by the Superintendent of Works.
- 2167.** Included in the amount of \$2.495M shown as purchase of janitorial and cleaning supplies were purchases totalling \$869,356, which represented purchases from MJ Supermarket. Investigations have revealed that a Senior Officer of the Regional Democratic Council is the registered owner of this Supermarket. This situation constitutes a breach of the Tender Board procedures, which forbids this practice. It is recommended that there be an immediate halt to this practice.
- 2168.** Documented in the Contracts for works and services in the above-described works are clauses, which stipulated the duration of the works and a penalty if exceeded. However, audit scrutiny of the contract register revealed that no entries were made to record the commencement and completion dates of the works undertaken. As a result, it could not have been satisfactorily determined whether the works and services carried out were timely executed. It is recommended that action be taken to have such information recorded in the contract register.
- 2169.** Amounts totalling \$28.431M were expended on Maintenance of Infrastructure. The following gives a breakdown of these expenditures:-

DESCRIPTION	AMOUNT \$000
Construction of three(3) concrete drains	5,529
Construction of six(6) bridges	4,958
Const. chain link fence at Bartica Resource Centre	1,408
Sealing of Road way leading to Bartica Dormitory	1,069
Miscellaneous works over \$450,000	2,385
Miscellaneous works below \$450,000	1,813
Miscellaneous works below \$180,000	8,111
Purchase of building materials	3,158
TOTAL	28,431

- 2170.** Included in the amount of \$5.529M was a contract for the construction of a concrete drain from Third Street, Second Avenue to the head of First Street, Second Avenue at Second Avenue. This contract was awarded to the second lowest of nine(9) bidders in the sum of \$2.740M on the grounds that the contractor was closest to the Engineer's estimate. The full amount was paid to the contractor as at 31 December 2002. Physical verification revealed that the work was satisfactorily completed.

- 2171.** Also included in the sum of \$5.529M was a contract for the construction of a concrete drain from head of the Third Street to the head of First Street, First Avenue. This contract was awarded to the fourth lowest of ten(10) bidders in the sum of \$1.635M on the grounds that he was closest to the Engineer's estimate. As at 31 December 2002 the full contract sum was paid to the contractor. Physical verification revealed that that the work was satisfactorily completed.
- 2172.** The sum of \$4.948M was expended for the construction of six(6) bridges. Two(2) contracts were awarded for the construction of bridges No.1 and No.2 at Agatash. The contract for the construction of bridge No.1 was awarded to the second lowest of seven(7) bidders in the sum of \$2.109M on the grounds that the contractor was the closest to the Engineer's estimate. As at 31 December 2002, the full amount was paid to the contractor. In relation to the construction of bridge No.2 the contract was awarded to the second highest of five(5) bidders on the grounds that the contractor was the closest to the Engineer's estimate. As at 31 December 2002, the full amount was paid to the contractors. The remaining four(4) bridges were executed by four(4) contracts valued at \$364,782. All the above-mentioned works were physically verified.
- 2173.** The contract for the construction of chain link fence at Bartica Resource Centre was awarded to the second highest of twelve(12) bidders in the sum of \$1.376M on the grounds that the contractor had the technical capabilities to satisfactorily execute the work. It could not be understood what technical capabilities were required to build a chain link fence. In addition, there was a variation of \$32,000 giving a revised contract sum of \$1.408M. As at 31 December 2002, the full amount was paid to the contractor. The works carried out were physically verified.
- 2174.** The contract for the sealing of the roadway leading to the Bartica Dormitory was awarded to the highest of three(3) bidders in the sum of \$995,000 on the grounds that the contractor had the necessary expertise to execute the works. There was a variation of \$80,000 bringing the revised contract sum to \$1.075M. As at 31 December 2002, amounts totalling \$1.069M were paid to the contractor. These works were physically verified.
- 2175.** Included in the amount of \$2.385M was a contract for the construction of four(4) concrete stanchions at the Bartica Hospital. This contract was awarded to the third highest of six(6) bidders in the sum of \$993,723 on the grounds that he had the technical capabilities to carry out the work. As at 31 December 2002 amounts totalling \$893,451 were paid to the contractor. Physical verification in April 2003, revealed that although the stanchions were completed, they were not put into use. The Accounting Officer explained that due to unavailability of a water pump the Hospital was unable to use the stanchions.

- 2176.** Also included in the sum of \$2.385M was a contract for the construction of a chain link fence at Bartica Hospital. This contract was awarded to the sixth highest of nine(9) bidders in the sum \$624,620 on the grounds that the contractor was closest to the Engineer's estimate. The full amount was paid to the contractor as at 31 December 2002. The works undertaken were physically verified and were satisfactorily completed.
- 2177.** Documented in the contracts for works and services in the above-described works were clauses, which stipulated the duration of the works and a penalty if exceeded. However, audit scrutiny of the contract register revealed that no entries were made to record the commencement and completion dates of the works undertaken. As a result, it could not have been satisfactorily determined whether the works carried out were timely executed. It is recommended that action be taken to have the contract register properly written up. Test checks revealed that the building materials purchased were verified as having been received and properly brought to account in the stores records.
- 2178.** Amounts totalling \$31.299M were expended on Transport, Travelling and Postage. Included in this sum were amounts totalling \$869,250, which represents purchases made from MJ Supermarket. Investigations have revealed that a Senior Officer of the Regional Democratic Council is the registered owner of this Supermarket. This situation constitutes a breach of the Tender Board procedures, which forbids this practice. It is recommended that there be an immediate halt to this practice.
- 2179.** Amounts totalling \$31.641M were expended on Dietary Supplies during the period under review. Included in this sum were amounts totalling \$4.267M, which represented purchases made from MJ Supermarket. Investigations have revealed that a Senior Officer of the Regional Democratic Council is the registered owner of this Supermarket. This situation constitutes a breach of the Tender Board procedures, which forbids this practice. It is recommended that there be an immediate halt to this practice.

Stores and Other Property

- 2180.** As mentioned in my previous audit Reports, the Region rehabilitated the Workshop with a view to installing underground tanks and the relocation of the Stores. The two storage tanks were installed above ground level and were to be calibrated and pressurised. However, at time of audit inspection in April 2003, the tanks were calibrated but not pressurised. The Accounting Officer reported, that the tanks were put into use from July 2003.
- 2181.** An examination of the stores operations was carried out at time of inspection and the following observations were made:-
- There were several differences between the balances on the bin cards maintained by the storekeeper and the stock ledger maintained by the Accounting Unit. It is recommended that a reconciliation should be done between the bin cards and the stock ledger, and the records adjusted where necessary.

- During the inspection a number of unserviceable items were noted. It is recommended that these items be separated with a view to having them disposed of at the earliest opportunity with the requisite authority.

Capital Expenditure

Subhead 12001 - Buildings (Education)

- 2182.** The sum of \$16M was allocated for (a) construction of classroom block at Bartica Secondary School, (b) extension of classroom block at Waramadong Secondary School and (c) payment of retention fees on (i) Teaching Block – Waramadong, (ii) Dormitory – Bartica, (iii) Headmasters’ Quarters – Kaikan, and (iv) Kartabo Primary School – Mazaruni. Amounts totalling \$15.868M were expended as follows:-

DESCRIPTION	AMOUNT \$000
Const. of classroom blocks at Bartica Secondary School	8,990
Extension of classroom blocks at Waramadong Sec. School	4,945
Retention fees	1,933
TOTAL	15,868

- 2183.** The contract for the construction of the classroom block at the Bartica Secondary School was awarded to the lowest of eight(8) bidders in the sum of \$7.975M. Both Regional Tender Board and the Finance Committee recommended that the contract be awarded to the contractor, as there would be a realised savings of over \$1M and that additional works could be done that was not included in the Engineer’s estimate. There was an approved variation of \$1.025M giving a revised contract sum of \$9M. As at 31 December 2002, the full amount was paid to the contractor. The works undertaken were physically verified and confirmed generally to the specifications as contained in the bills of quantities and contract document.
- 2184.** The extension of classroom blocks at the Waramadong Secondary School was awarded to the second highest of six(6) bidders in the sum of \$4.945M on the grounds that the contractor had executed works on the first phase of the project and was knowledgeable about the terrain. The full amount was paid to the contractor as at 31 December 2002. However, due to the remoteness of the area the works were not physically verified. Reliance was therefore placed on certificate of satisfactory completion issued by the Village Council and the Superintendent of Works.

2185. In relation to the retention fees, amounts totalling \$1.933M were paid for the works carried out at Teaching Block at Waramadong, the Dormitory at Bartica and the Headmasters' Quarters at Kaikan. However, it was noted that no retention was paid for the works carried out at the Kartabo Primary School. Investigations revealed that this sum was paid in 2001 and should have not been budgeted for.

Subhead 12002 - Building - (Health)

2186. The sum of 14M was voted for the construction of the Cottage Hospital at Kamarang - Phase II and payment of retention fees on the first phase. Amounts totalling \$12.638M were expended as follows:-

DESCRIPTION	AMOUNT \$000
Construction of Cottage Hospital at Kamarang phase II	12,142
Retention fees for Cottage Hospital at Kamarang Phase I	496
TOTAL	12,638

2187. The contract for the construction of the Cottage Hospital at Kamarang - Phase II was awarded to the contractor of the first phase in the sum of \$13.201M. A waiver of Tender Board Procedures was obtained from the Secretary to the Treasury on the grounds that the Contractor completed the works of first phase in a satisfactorily manner and that he had the equipment and finances to start the work. There was an approved variation of \$291,000 giving a revised contract sum of \$13.492M. As at 31 December 2002, the work was still in progress and amounts totalling \$12.142M were paid to the contractor. The outstanding amount was re-budgeted for in 2003. The works could not have been physically verified due to the remoteness of the area. However, reliance was placed on the certificate of satisfactorily completion issued by the Superintendent of Works. In relation to the retention fees, the balance of \$495,897 was paid to the contractor for the completion of the first phase.

Subhead 12003 - Building – (Administration)

2188. The sum of \$2M was allocated for the rehabilitation of the Regional Administration Building at Bartica and the payment of retention fees for the rehabilitation of the Bartica Guest House. Amounts totalling \$1.996M were expended on the rehabilitation of the Regional Building. These works were executed by two(2) contracts valued at \$1.996M. As at 31 December 2002 the full amounts were paid to the contractors. The works undertaken were physically verified and were satisfactorily completed. As can be noted, no retention fee was paid on the Bartica Guest House. A change of programme was obtained to utilise this amount in the rehabilitation of the Regional Administration Building, since the retention was fee was paid in 2001.

Subhead 14001 - Roads

2189. The sum of \$8.1M was allocated for the rehabilitation of Kamarang/Waramadong, Byderabo and Agatash roads. Amounts totalling \$7.785M were expended as follows:-

DESCRIPTION	AMOUNT \$000
Rehab. of Kamarang/Waramadong Road (Farm - Market Road)	2,566
Rehabilitation of Byderabo Main Road	2,162
Rehabilitation of Agatash Road phase II	1,784
Consultancy services	536
Purchase of materials for roads rehabilitation	659
Miscellaneous	78
TOTAL	7,785

2190. A waiver of Tender Board procedures was obtained from the Secretary to the Treasury for the awarding of the contract for the rehabilitation of the Kamarang/Waramadong Road. As a result, the contract was awarded to the contractor who carried out the works of the first phase in the sum of \$2.566M. The full amount was paid to the contractor as at 31December 2002. The works carried out could not have been physically verified due the remoteness of the area. As a result, reliance had to be placed on certificate of satisfactorily completion issued by the supervising Consultant.

2191. The contract for the rehabilitation of Byderabo road was awarded in the sum of \$1.979M. to the sole bidder. There was an approved variation of \$182,800 giving a revised contract sum of \$2.162M. This sum was fully paid to the contractor as at 31 December 2002. The works executed were physically verified and were satisfactorily completed.

2192. In relation to the rehabilitation of Agatash Road Phase II the contract was awarded in the sum of \$1.983M to the sole bidder. As at 31 December 2002, amounts totalling \$1.784M were made to the contractor. Physical verification in April 2002 revealed that about approximately 130Ft of the work valued at \$132,587 remained uncompleted. The Accounting Officer gave the assurance that this will be completed shortly.

Subhead 15001 - Sea & River Defence

2193. The sum of \$7M was voted for the construction of sandcrete revetment at Byderabo and payment of retention fees on revetment works at Agatash. Amounts totalling \$6.292M were expended as follows:-

DESCRIPTION	AMOUNT \$000
Construction of concrete bagwall at Byderabo Retention for revetment works at Agatash	5,528 764
TOTAL	6,292

2194. The contract for the construction of the concrete bagwall at Byderabo was awarded to the lowest of the three(3) bidders in the sum of \$5.980M. There was an approved variation of \$162,000 giving a revised contract sum of \$6.142M. As at 31 December 2002 the full amount was paid to the contractor. The works undertaken were physically verified and were satisfactorily completed.

2195. In relation to the retention fee, amounts totalling \$764,000 were paid for the revetment works carried out at Agatash.

Subhead 24002 - Land and Water Transport

2196. The sum of \$4M was allocated for the purchase of one(1) 4 x 4 vehicle (double cab) for the Education Department. The vehicle was acquired at a cost of \$3.956M and was verified as having been received and properly brought to account.

Subhead 25003 - Furniture and Equipment – (Education)

2197. The sum of \$3M was allocated for the purchase of furniture for the schools in the Region. The full amount was expended for the construction of furniture for ten(10) schools. It was noted that none of the constructed furniture were subjected to storekeeping procedures. The Accounting Officer explained that the furniture were sent directly to the schools which were located in the remote areas. Statements submitted by Head Teachers' were used to verify the receipts of the furniture supplied.

Subhead 26001 - Furniture and Equipment – (Health)

2198. The sum of \$5M was allocated for the purchase of a freezer for the Bartica Hospital Mortuary. Amounts totalling \$4.565M were expended as follows:-

DESCRIPTION	AMOUNT \$000
Supply and Installation of four-body freezer	4,203
Dismantle structure at Bartica Hospital Mortuary	201
Transporting Freezer from G/Town to Bartica	120
Electrical works at Bartica Hospital Mortuary	41
TOTAL	4,565

2199. Four(4) quotations were received and evaluated by the Regional Tender Board. The purchase was approved for the sum of \$4.203M, the second highest quote, on the basis that it was recommended by the Director of Standards and Technical Services of the Ministry of Health. The freezer was verified as being received and was subjected to storekeeping procedures. All works undertaken were verified as having been satisfactorily completed.

Subhead 26002 - Furniture and Equipment – (Administration)

2200. The sum of \$1M was allocated for the purchase of furniture for Kamarang Guest House and transceiver sets for Kurutuku and Kato. The full amount was expended for the purchases of a quantity of furniture, two(2) radio sets and two(2) 21-plate batteries. All items purchased were verified as having been received and were brought to account in the records of the Regional Democratic Council.

Subhead 26003 - Power Extension

2201. The sum of \$2M was voted for the wiring of the Waramadong secondary School. Amounts totalling \$1.966M were expended. The works carried out could not have been physically verified due the remoteness of the area. However, reliance was placed on the certificate of satisfactorily completion issued by the Electrical Inspector and Superintendent of works.

- 2202.** Documented in the contracts for works and services undertaken under the capital programme were clauses which stipulated the duration of the works and a penalty if exceeded. However, audit scrutiny of the contract register revealed that no entries were made to record the commencement and completion dates of the works undertaken. As a result, it could not have been satisfactorily determined whether the works and services carried out were timely executed. It is recommended that action be taken to have such information recorded in the contract register.

HEAD 78 & DIVISION 538

REGION 8 - UPPER POTARO/SIPARUNI

Current Expenditure

Employment Costs

- 2203.** 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 as a result of a number of fraudulent transactions that occurred in 1996, resulting in two(2) officers being charged by the Police and placed before the courts. However, at the time of reporting, one of the officers was sentenced and other matter was still engaging the attention of the courts.
- 2204.** The two(2) present salaries and wages bank accounts Nos. 3134 and 3135 were only reconciled to December 2000 and were submitted to the Accountant General. The Accounting Officer attributed this to staffing difficulties, and at time of the audit in June 2003, action was being taken to reconcile the accounts for January 2001. However, as at 31 December 2002, both accounts reflected positive balances of \$5.637M and \$320,094, respectively.
- 2205.** An examination of the National Insurance Scheme(NIS) records kept by the Region revealed that twenty-five(25) 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 June 2003 these employees were registered with the National Insurance Scheme.
- 2206.** A comparison of the authorised staff as shown in the Estimates of Expenditure with the actual staff employed by the Region in December revealed that the authorised staff was exceeded as shown below:-

SUB-HEAD	DESCRIPTION	AUTHORISED	ACTUAL	EXCESS
101	Administrative	12	12	0
102	Senior Technical	13	26	(13)
103	Other Technical & Craft. Skilled	64	39	25
104	Clerical & Office Support	29	16	13
105	Semi-Skilled & Unskilled	82	120	(38)
106	Contracted Employees	0	2	(2)
107	Temporary Employees	0	5	(5)
TOTAL		200	220	(20)

2207. This state of affairs was due to the omission from the National Estimates of one hundred and eighteen(118) teachers, under the following categories, employed by the Region:-

SUB-HEAD	DESCRIPTION	ACTUAL
101	Administrative	7
102	Senior Technical	18
103	Other Technical & Craft Skilled	5
105	Semi-Skilled and Unskilled	86
106	Contracted Employees	2
	TOTAL	118

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

2208. Thirty-two(32) cheque orders totalling \$3.791M in respect of salaries and wages and fifty-one(51) cheque orders totalling \$4.630M in respect of purchases remained outstanding as at 31 December 2002. At the time of reporting in June 2003, these cheque orders were still outstanding. 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.

- 2209.** Amounts totalling \$5.159M were expended on Fuel & Lubricants for use by the eleven(11) vehicles and equipment under the control of the Region. Log books for all the vehicles and equipment were presented for audit examination.
- 2210.** Amounts totalling \$15.935M were expended on the Rental & Maintenance of Buildings. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Repairs to nine(9) buildings (\$180,000 - \$450,000)	2,834
Miscellaneous repairs (below \$180,000)	2,303
Rehabilitation of Paramakatoi Health Post	1,991
Rehabilitation of Paramakatoi Health Officer's Quarters	1,398
Rehabilitation of Mahdia Nursery School	1,173
Painting of Mahdia District Hospital	1,026
Miscellaneous works	3,863
Purchase of cleaning and building materials	1,347
TOTAL	15,935

- 2211.** In respect of the rehabilitation of the Paramakatoi Health Post, Paramakatoi Health Officer's Quarters, and Mahdia District Hospital, three(3) contracts to the value of \$4.920M were awarded by the Regional Tender Board to the lowest bidders. As at 31 December 2002, the works were completed and amounts totalling \$4.415 were paid to the contractors. The works were physically verified.
- 2212.** The contract for the rehabilitation of the Mahdia nursery school was awarded to the lowest bidder in the sum of \$1.100M. However there was an approved variation of \$72,500 giving revised contract sum of \$1.173M. As at 31 December 2002, the full amount was paid to the contractor. The works were completed and physically verified.
- 2213.** Included in the miscellaneous works were four(4) contracts valued at \$2.987M which were awarded by the Regional Tender Board to the lowest bidders. As at December 2002, the works were completed and the full contract sums were paid to the contractor. The works were completed and physically verified.
- 2214.** Also included in the sum of \$3.863M representing miscellaneous works was a contract for the rehabilitation of the Paramakatoi Primary School, which was awarded, to the lowest bidder in the sum of \$1.592M. As at 31 December 2002, the full amount was paid to the contractor. The works were completed and were physically verified.

- 2215.** The sum of \$1.347M was expended on the purchase of building and cleaning materials. The items purchased were verified as having been received and properly brought to account.
- 2216.** Amounts totalling \$18.720M were expended on the Maintenance of Infrastructure. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Upgrading of road way 111-112 miles Potaro	4,044
Construction of twelve(12) trestles and septic tank	3,067
Construction of two(2) bridges at 108 miles Potaro	1,996
Construction roadway Tuseneng-Monkey Mountain.	1,500
Construction of lighting plant at Paramakatoi	917
Construction of two(2) fence	622
Miscellaneous contracts (below \$180,000)	5,082
Purchase of building materials	1,492
TOTAL	18,720

- 2217.** The contract for the upgrading of roadway at 111 –112 Miles Potaro was awarded in the sum of \$4.044M to the lowest bidder. As at 31 December 2002 the full amount was paid to the contractor. In relation to the construction of twelve(12) trestles, seven(7) contracts were awarded in the sum of \$3.067M at Mahdia and septic tank at Paramakatoi. As at 31 December 2002, the full contract sum was expended. The works were physically verified.
- 2218.** The contracts for the construction of the two(2) bridges at 108-Miles Potaro were awarded to the lowest bidders in the sum of \$1.281M and \$715,074 respectively. As at 31 December 2002, the full amounts were paid to the contractors. The works were completed and physically verified.
- 2219.** The contract for the construction of roadway between Tuseneng and Monkey Mountain was awarded to the Tuseneng Village Council through the waiver of Central Tender Board procedures in the sum of \$1.5M. As at 31 December 2002, the full amount was paid to the contractor. Due to the inaccessibility of the area at the time of the audit, the works could not have been physically verified. Reliance was placed on the certificates of satisfactory completion issued by the Village Captain and the Senior Superintendent of works.
- 2220.** The contract for the construction of lighting plant room at Paramakatoi was awarded in the sum of \$917,130 to the lowest bidder. As at 31 December 2002 the full amount was paid to the contractor. In relation to the construction of two(2) fences at the Government rest house and around buildings R8M37, 38 &39 at Mahdia, two(2)contracts were

awarded in the sums of \$304,036 and \$317,600, respectively. As at 31 December the full amounts were paid to the contractors. The works were completed and physically verified.

- 2221.** The sum of \$1.492M was expended on the purchase of building materials. The items purchased were verified as having been received and properly brought to account.
- 2222.** Amounts totalling \$15.853M were expended on Transport, Travel and Postage. Included in this sum were amounts totalling \$3.481M, 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:-

VEHICLE NUMBER	AMOUNT \$
PFF 7332	940,600
PEE 1781	890,000
GFF 4132	870,250
PDD 4884	780,020
TOTAL	3,480,870

- 2223.** 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

- 2224.** In my previous Reports, it was stated that several unserviceable items were found in the store. At the time of reporting, action was being taken to dispose of the items.

Capital Expenditure

Subhead 11001 - Bridges

- 2225.** The sum of \$9M was allocated for the construction of heavy duty bridges at Kaibarupai, Twiling, Kopinang, Kato/Chuing Mouth, a foot bridge at Waipa/Sand Hill and payment of retention fees. Amounts totalling \$8.953M were expended in the construction of bridges in the following areas as shown below:-

DESCRIPTION	AMOUNT \$'000
Macaw Hill	3,455
Kopinang	1,606
Chuing Mouth	1,300
Twiling	1,206
Miscellaneous	1,386
TOTAL	8,953

2226. As can be noted no work was done on the construction of heavy duty bridge at Kaibarupai, and it was not re-budgeted for in 2003. However, approval was seen for a change of programme for the construction of bridges at Macaw Hill and Co-op Farm instead of Kaibarupai.

2227. In relation to the construction of the bridges at Macaw Hill, Kopinang, Chuing Mouth and Twiling, four(4) contracts to the value of \$7.567M were awarded by the Regional Tender Board to the lowest bidders. As at 31 December 2002, the works were completed and the full contract sums were paid to the contractors. Except for the bridge at Macaw Hill, the other works could not have been physically verified due to the inaccessibility of the area at the time of the audit. Reliance was, however, placed on the certificates of satisfactory completion issued by the Village Captains and the Superintendent of Works.

Subhead 12001 - Buildings (Education)

2228. The sum of \$18M was voted for (a) the completion of Mahdia Secondary school, (b) construction of two(2) dormitories at Paramakatoi and (c) payment of retention fees. Amounts totalling \$17.937M were expended in the construction/completion of the following:-

DESCRIPTION	AMOUNT \$'000
Boys Dormitory at Paramakatoi	6,867
Girls Dormitory at Paramakatoi	6,047
Purchased of building materials	2,199
Retention fees	1,660
Completion of Secondary school at Mahdia	1,164
TOTAL	17,937

- 2229.** In relation to the construction of Boys Dormitory at Paramakatoi, the contract was awarded in the sum of \$6.867M to the third lowest bidder on the grounds that the lowest bidder, whose bid was \$5.646M already acquire a project to construct the girls Dormitory while the second lowest \$5.847M was unknown to the Tender Board. The Engineer's estimate was \$6.806M. As at 31 December 2002, the full contract sum was paid to the contractor. In addition, the contract for the construction of Girls Dormitory at Paramakatoi was awarded in the sum of \$5.646M to the lowest bidder. There was an approved variation of \$400,622, giving a revised contract sum of \$6.047M. As at 31 December the amount of \$6.007M was paid to the contractor. The works were completed and were physically verified.
- 2230.** In respect to the painting of the New Secondary School at Mahdia, the contract was awarded in the sum of \$1.164M to the lowest bidder. As at December 2002, the work was completed and the full contract sum was paid to the contractor. The works were physically verified.
- 2231.** The sum of \$2.199M was expended on the purchase of construction materials, such as clay brick, electrical fittings and putty. The items purchased were verified as having been received and properly brought to account. The amount of \$1.660M represented retention fees, which were paid to four(4) contractors for works that were completed in the previous years.

Subhead 12002 - Buildings (Administration)

- 2232.** The sum of \$4.5M was allocated for the construction of a guest house at Kato. The full amount was expended. The contract was awarded in the sum of \$4.335M to the lowest bidder. As at 31 December 2002, the full contract sum was paid to the contractor. The difference of \$165,000 was expended on the purchase of building materials. The works were completed and physically verified while the items purchased were verified as having been received and properly brought to account.

Subhead 12003 - Buildings (Health)

- 2233.** The sum of \$15M was allocated for the construction of nurses hostel at Mahdia and cottage hospital at Kato. Amounts totalling \$13.912M were expended on the construction of the following:-

LOCATION	AMOUNT \$'000
Cottage Hospital at Kato	6,726
Nurses Hostel at Mahdia	5,349
Retention fees	1,044
Purchase of building materials	793
TOTAL	13,912

- 2234.** The contract for the construction of Cottage Hospital at Kato was awarded in the sum of \$6.116M to the third lowest bidder, on the ground that he had the necessary tools labour, transportation and equipment to undertake the job and the lowest and second lowest bidders already had jobs to complete within the Region. The lowest and second lowest bids were \$5.173M and \$5.960M, while the Engineer's estimate was \$6.144M. There was an approved variation of \$609,922, giving a revised contract sum of \$6.726M. The full contract sum was paid to the contractor. The works were completed and physically verified.
- 2235.** The contract for the construction of the Nurses Hostel at Mahdia was awarded in the sum of \$4.607M to the fifth lowest bidder, on the grounds that he was below the Engineer's estimate of \$5.539M and he is an experienced contractor, which such projects may require. The lowest bidder was \$3.800M, which was twenty-nine(29) percent below the Engineer's estimate, the second and third lowest were already awarded projects and the fourth lowest bid was unsigned. There was an approved variation of \$742,460, giving a revised contract sum of \$5.349M. As at 31 December 2002, the full contract sum was paid to the contractor. The works were completed and physically verified.
- 2236.** The amounts of \$1.1M representing retention fees were paid to two(2) contractors for works that were completed in the previous years, while the sum of \$792,850 was expended on the purchase of construction materials, such as clay bricks and electrical fittings. The items purchased were verified as having been received and properly brought to account.

Subhead 14001 - Roads

- 2237.** The sum of \$10M was voted for the construction of roads at Chenapau/Kopinang, Kanapang/Itabac, and Monkey Mountain/Youronparu. The full amount was expended as follows.

DESCRIPTION	AMOUNT \$000
Chenapau/Kopinang	4,000
Monkey Mountain/Youronparu	3,000
Kanapang/Itabac	1,500
Youronparu/Rokomoto	1,500
TOTAL	10,000

- 2238.** It should be noted that approval was granted under the extension of capital programme for the construction of Road at Youronparu/Rokomoto.

2239. Four(4) contracts to the value of \$10M were awarded by the Regional Tender Board to the lowest bidders for the construction of the above roads. As at 31 December 2002, the works were completed and the full amounts were paid to the contractors. Due to the inaccessibility of the area at the time of the audit, the works could not have been physically verified. Reliance had to be placed on the certificates of satisfactory completion issued by the Village Captains and Superintendent of Works.

Subhead 19001 – Agriculture Development

2240. The sum of \$10M was allocated for the establishment of plant nurseries and provision for extension services at Mahdia and Kato. No work was done in 2002 and it was noted that it was not re-budgeted for in 2003. The Accounting Officer explained that funds were to be provided by a donor agency, but this did not materialised.

Subhead 24001 - Land and Water Transport

2241. The sum of \$1.5M was voted for the purchase of one(1) four-wheel drive motorcycle for medical services at Kato. The full amount was expended. The motor cycle purchased was physically verified as having been received and properly brought to account.

Subhead 25002 - Furniture (Staff Quarters)

2242. The sum of \$1.5M was provided for the purchase of double and single beds with mattresses, wardrobes, table model gas stoves, dinette sets and refrigerators. Amounts totalling \$1.496M were expended. The items purchased were verified as having been received and properly brought to account.

Subhead 25003 - Furniture & Equipment (Administration)

2243. The sum of \$300,000 was allocated for the purchase of filing cabinets, fans, chairs and tables. Amounts totalling \$252,800 were expended. The items were verified as having been received and properly brought to account.

Subhead 25004 - Furniture & Equipment (Health)

2244. The sum of \$2.2M was voted for (a) the purchase of refrigerators for Kopinang, Chenapau, Tumatumari and Paramakatoi and (b) purchase of microscopes for health centres in North Pakaraimas. Amounts totalling \$2.198M 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

- 2245.** The wages bank account No. 3126 was overdrawn on ten(10) occasions, 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. It should be noted that this shows an improvement of this situation as compared with previous years, where the two(2) salaries and wages bank accounts were overdrawn on numerous occasions. In addition, at the time of inspection in June 2003, the salaries bank account No. 3125 was only reconciled to September 2000 whilst the last reconciliation for the wages account No. 3126 was in respect of December 2002. Further, the wages account had an overdraft balance of \$45,057 as at 31 December 2002. The Accounting Officer explained that this was due to staff constraints.
- 2246.** An examination of the National Insurance Scheme deductions schedule for December 2002 revealed that one hundred and twenty-two(122) 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. The Accounting Officer, however, explained that registration forms were sent to the employees in the outlying sub-districts, but the completed forms were not yet received.
- 2247.** A comparison of the authorised staff as shown in the 2002 Estimates of Expenditure with the actual staff employed by the Region in December 2002 revealed that the authorised staff was exceeded by 244 under the following categories, as shown below:-

SUB-HEAD	DESCRIPTION	AUTHORISED	ACTUAL	EXCESS
101	Administrative	4	39	35
102	Senior Technical	28	76	48
103	Other Technical & Craft Skilled	129	114	-
104	Clerical & Office Support	45	31	-
105	Semi-Skilled & Unskilled	139	297	158
107	Temporary Employees	0	3	3
TOTAL		345	560	244

- 2248.** This state of affairs was due to the omission from the National Estimates of teachers and the temporary employees employed in the Region. In addition, it could not be determined how many teachers were 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.
- 2249.** Amounts totalling \$3.426M were refunded to the Sub-Treasury as unclaimed wages and salaries for 2002. 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

- 2250.** 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 June 2003, 1,671 cheque orders valued at \$341.475M had not been cleared. Of this amount, 963 cheque orders valued at \$214.464M 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. It was explained that most of these cheque orders were returned. The Sub Treasury officer acknowledged this as a fact but explained that her Department is under staffed, hence, this situation.
- 2251.** Amounts totalling \$11.483M were expended on Materials, Equipment & Supplies. However, not all purchases were subject to store-keeping procedures. Instead, some purchases were charged out to immediate use. In addition, an examination of the Immediate Issues Book revealed that amounts totalling \$26.228M were shown as purchases under 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.
- 2252.** 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 stores at Lethem. It is again recommended that consideration be given for the establishment of sub stores so as to ensure greater accountability for items purchased.
- 2253.** Amounts totalling 13.683M were expended on fuel and lubricants. However, of the twenty three(23) serviceable vehicles and equipment for which log books were required to be maintained, log books were only presented in respect of seven(7) vehicles and equipment. As a result, it could not be determined whether there was proper accountability for the use of fuel and lubricants. It was explained that due to the location of some of the vehicles and equipment, log books could not be presented for audit scrutiny. It is recommended that log books be closed at the end of the year and be stored at a central location to facilitate audit examination.
- 2254.** At the time of the audit inspection in June 2003, a physical count was carried out on all fuel and lubricants and the balances compared with stock records. The following differences were noted:-

DESCRIPTION	UNITS RECORDS	STOCK COUNT	PHYSICAL	DIFFERENCE
Diesel	Gallons	444	22	(422)
Gasoline	"	2,305	135	(2,170)
Lubricants	"	1,322	1,618	296
Kerosene	"	-	399	(399)
Grease	"	-	1,145	(1,145)

2255. The balance of kerosene and grease at time of physical count could not be accurately determined since the stock ledger was not written up to date. The Accounting Officer gave the assurance that these discrepancies would be investigated.

2256. Amounts totalling \$29.669M were expended on the Rental and Maintenance of Buildings. The following gives a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Purchase of building materials	18,118
Repairs to eleven(11) officers quarters	3,272
Rehabilitation of two(2) schools and three(3) teachers quarters	2,427
Rehabilitation of four(4) health huts and nurses hostel	1,794
Purchase of janitorial and cleaning items	1,669
Miscellaneous works	2,389
TOTAL	29,669

2257. All of the above works were executed by forty-nine(49) contracts valued at \$11.762M. The works within the Lethem and the North Rupununi areas, comprising HM's quarters, DES's office, DDO's office and ten(10) officers' quarters were physically verified. Because of the inaccessibility of the other areas, due to heavy rainfall, at the time of the audit in June 2003, reliance had to be placed on certificates issued by the Senior Superintendent of Works(SSOW) and the Village Captains attesting to the satisfactory completion of the works. The items purchased were verified as having been received and properly brought to account.

2258. Amounts totalling \$9.976M were expended on the Maintenance of Infrastructure, including roads, fences and bridges. The works were executed by thirty-three(33) contracts valued at \$7.013M. The difference of \$2.963M relates to the purchase of building materials. The works were physically verified and the materials purchased were verified as having been received and properly brought to account.

- 2259.** The sum of \$1.450M was expended on Subventions to Local Authorities to the Ireng/Sawariwau Neighbourhood Democratic Council. The Council is required to prepare 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 at the time of reporting, no re-submission was made. This matter was drawn to attention in my previous reports.
- 2260.** The sum of 10.347M 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:-

DESCRIPTION	AMOUNT \$000
Employment Cost	6,619
Repairs and Maintenance	1,980
Purchases	1,316
Miscellaneous	432
TOTAL	10,347

Based on test checks carried out, proper documentation existed for the incurrence of the above expenditures.

Stores and Other Public Property

- 2261.** 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. At the time of inspection in June 2003, this exercise was still to be completed.
- 2262.** 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; and

(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;

2263. In my 2001 Report, attention was drawn to the fact that during the year 2000, sixteen(16) sacks of cement and three(3) drums of diesel were loaned to members of staff. At time of inspection in June 2003, there was no evidence that items were returned. It was noted that some of the staff members were still in the employment of the Region. Action should be taken to recover these items.

Other Matters

2264. The imprest bank account No. 3127 which reflected a nil balance as at 31 December 2001 was reconciled to 31 December 2002. The Regional Accounting Unit did not operate the imprest bank account No. 3127 during the period under review. As a result, all advances to meet the Region's expenses were granted from the Special Project Funds. This constitutes a breach of the Financial Regulations, resulting in the Region's expenditure not being charged to the Appropriation Account. In the circumstances, it is recommended that immediate action should be taken to regularise this situation.

Capital Expenditure

Subhead 11001 - Bridges

2265. The sum of \$13.5M was voted for the construction of (a) one(1) bridge each at Kaicumbay – Central Rupununi and S-Turn Creek - Karasabai, (b) three(3) bridges between Karaudarnau and Parabara and (c) the completion of the bridges at Marakanata and Achiwib – Central Rupununi. Amounts totalling \$11.504M were expended on the construction of the following bridges:-

DESCRIPTION	AMOUNT \$'000
S-turn Creek	2,500
Kaicumbay	2,000
Marakanata	1,707
Bututoo	1,548
Achiwib	1,353
Hurie	1,301
Willie-Willie-Wau	1,050
Purchase of building materials	45
TOTAL	11,504

- 2266.** The contract for the construction of the bridge at S-turn creek was awarded in the sum of \$2.5M to the lowest of three(3) bidders. As at 31 December 2002, the entire contract sum was paid to the contractor. In relation to the bridge at Kaicumbay, the contract was awarded in the sum of \$2.0M to the lowest of four(4) bidders. The full amount was paid to the contractor. Due to the inaccessibility of the area, the bridge at S-Turn creek could not have been physically verified. However, a physical inspection of the bridge at Kaicumbay revealed an overpayment of \$65,625. In addition, the back fill to the approaches appears to be washing away apparently due to inadequate, porous or a faulty retention system.
- 2267.** In relation to the construction of the bridge at Marakanata, the contract was awarded in 2001 in the sum of \$1.906M. As at 31 December 2001, a mobilisation advance of \$190,572 was paid to the contractor. During the period under review, an amount of \$1.707M was paid to the contractor resulting in total payments of \$1.898M.as at 31 December 2002. A physical verification of the bridge revealed that the works were satisfactorily completed.
- 2268.** The contract for the construction of the bridge at Bututoo was awarded in the sum of \$1.551M to the fourth lowest of seven(7) bidders on the basis of having vast experience over the three(3) lowest bidders. The lowest bid was \$1.232M. There was no Engineer's estimate. As at 31 December 2002, amounts totalling \$1.548M were paid to the contractor. In relation to the construction of the bridge at Achiwib, a contract was awarded in 2001 in the sum of \$1.673M. As at 31 December 2001, a mobilisation advance of \$167,258 was paid to the contractor. During the period under review, amounts totalling \$1.353M were paid to the contractor giving accumulated payments of \$1.520M as at 31 December 2002.
- 2269.** The contact for the construction of the bridge at Hurie creek was awarded in the sum of \$1.313M to the fifth lowest of seven(7) bidders on the basis of having experience over the three(3) lowest bidders and that the fourth lowest bidder had already been awarded two(2) contracts. The lowest bid was \$994,793 and there was no Engineer's estimate. As at 31 December 2002, amounts totalling \$1.301M were paid to the contractor. In relation to the construction of the bridge at Willie-Willie-Wau, a contract was awarded in the sum of \$1.050M to the fourth lowest of seven(7) bidders on the basis of having vast experience over the three(3) lowest bidders. The lowest bid was \$847,315 and there was no Engineer's estimate. As at 31 December 2002, the full contract sum was paid to the contractor.
- 2270.** The works at Bututoo, Achiwib, Hurie and Willie-Willie Wau could not have been physically verified because of the inaccessibility of the areas. However, reliance was placed on the certificates of satisfactory completion issued by the SSOW.

Subhead 12001 - Buildings (Education)

2271. The sum of \$30M which was allocated, includes (a) completion of dormitory at Ailshalton and teachers' quarters at Rukumuta, Crash Water and St. Ignatius (b) construction of dormitory at Annai (c) construction of primary schools at Kaicumbay and Katur (d) construction of nursery schools at Maruranau, Shea and Achiwib and (e) construction of teachers'/headmasters' quarters at Gunns Strip. Amounts totalling \$29,999M were expended on the following completion/construction works, purchase of building materials and transportation costs:-

DESCRIPTION	AMOUNT \$'000
Three(3) dormitories	3,134
Three(3) primary and one(1) nursery schools	2,528
Education building at Lethem	2,248
One(1) 5-apartment building at St. Ignatius	1,753
Two(2) HM's and one(1) teachers Quarters	1,571
Purchase of building materials	15,622
Transportation costs	3,143
TOTAL	29,999

2272. Three(3) contracts totalling \$4.796M were awarded for the completion of two(2) dormitories at Aishalton and the construction of one(1) dormitory at Annai. In respect of the dormitories at Aishalton two(2) contracts were awarded in 2001 in the total sum of \$2.891M. As at 31 December 2001, the works were still in progress and payments totalling \$527,596 were made as at that date. The works were completed in 2002 and amounts totalling \$2.151M were paid. Due to the inaccessibility of the areas at the time of the audit, the works could not have been physically verified. However, reliance was placed on the certificates of satisfactory completion issued by the SSOW. The contract for the construction of the dormitory at Annai was awarded in the sum of \$1.905M to the second lowest of eight(8) bidders on the basis that the lowest bidder never constructed any building but is rather specialised in the construction of bridges. Amounts totalling \$982,586 were paid to the contractor as at 31 December 2002 for the works completed. However, the works were not completed in 2002 and it was not rebudgeted for in 2003. A physical inspection of the works in June 2003, revealed that the building was about fifty percent (50%) completed. The Accounting Officer explained that the contractor did not fulfil his obligations as scheduled and that the completion of the works would be re-budgeted for in 2004.

- 2273.** Included in the amount of \$2.528M was a contract for the construction of the primary school at Gunns Strip, which was awarded in 2001 in the sum of \$1.177M. A mobilisation advance of \$117,686 was paid to the contractor in 2001 and the balance of \$1.059M was paid to the contractor in 2002. Also included in the amount of \$2.528M were two(2) contracts which were awarded in the sums of \$978,027 and \$958,027 for the construction of the two(2) primary schools at Kaicumbay and Katur, respectively. The contract for \$978,027 was awarded to the second lowest of eight(8) bidders on the basis that the lowest bidder whose bid was \$958,782 had three(3) projects on hand. Amounts totalling \$908,527 were paid to the contractor as at December 31, 2002. In relation to the construction of the primary school at Katur, a contract was awarded in the sum of \$958,027 to the lowest bidder and an amount of \$471,567 was paid to the contractor. The school at Kaicumbay was physically verified while those at Gunns Strip and Katur could not have been verified because of the inaccessibility of the areas at the time of the audit. However reliance was placed on the certificates of satisfactory completion issued by the SSOW.
- 2274.** Also included in the sum of \$2.528M was a contract for the construction of the nursery school at Achiwib which was awarded in the sum of \$860,882 to the lowest bidder. As at 31 December 2002, a mobilisation advance of \$86,088 was paid to the contractor. However, the contractor did not start the work and the contract was withdrawn. The mobilisation advance was repaid by the contractor and paid into revenue in February 2003. As a result the Appropriation Accounts have been overstated by this amount.
- 2275.** In relation to the construction of the Education building at Lethem, the contract was awarded in 2001 in the sum of \$2.328M. As at 31 December 2001, an amount of \$0.348M was paid to the contractor. In 2002, there was an approved variation of \$267,550 giving a revised contract sum of \$2.596M. The work was completed in 2002 and the difference of \$2.248M was paid to the contractor. A physical verification revealed that the works were satisfactorily completed.
- 2276.** The contract for the construction of the five(5) apartment building at St. Ignatius was awarded in the sum of \$2.267M in 2001 and an amount of \$514,200 was paid to the contractor as at 31 December 2001. The work was completed in 2002 and the difference of \$1.753M was paid to the contractor. A physical verification of the work revealed an overpayment of \$58,500. Action should be taken to recover the overpayment.
- 2277.** Included in the sum of \$1.571M was a contract for the construction of the Headmaster's quarters at Crash Water, which was awarded in the sum of \$531,198 in 2001. A mobilisation advance of \$53,200 was paid to the contractor as at 31 December 2001. The work was completed in 2002 and the difference of \$477,998 was paid to the contractor. Also included in the sum of \$1.571M was a contract for the construction of the Headmaster's quarters at Gunns Strip, which was awarded in 2002 in the sum of \$599,819 to the lone bidder. As at 31 December 2002, the entire contract sum was paid to the contractor. In relation to the completion of the teachers' quarters at Rukumuta, a contract was awarded in the sum of \$547,694 in 2001. A mobilisation advance of \$54,769 was paid to the contractor as at 31 December 2001. The work was completed in

2002 and the difference of \$492,925 was paid to the contractor. The works could not have been physically verified due to the inaccessibility of the area at the time of the audit. However, reliance was placed on the certificate of satisfactory completion issued by the SSOW.

- 2278.** The amounts of \$15.622M and \$3.144M were utilised on the purchase of building materials and transportation costs for the execution of the works under this subhead. The items purchased were verified as having been received and properly brought to account.

Subhead 12002 - Buildings (Health)

- 2279.** The sum of \$7.5M was allocated for the completion of health huts at Gunns Strip and Cuduwini and the construction of health huts at Kurikack, Cracrana, Simone and Churkitnau. Amounts totalling \$7.312M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Construction of four(4) Health huts	1,868
Completion of three(3) Health Huts	1,344
Purchase of building materials	3,802
Transportation	298
TOTAL	7,312

- 2280.** The above mentioned works were executed by seven(7) contracts valued at \$3.389M. During the period under review, amounts totalling \$3.212M were paid to the contractors. Included in this figure was an amount of \$447,561 which was paid for the completion of the health hut at Bashaidrun and for which a change of programme. Physical verification of the works could not have been done due to the inaccessibility of the areas at the time of the audit. As a result reliance was placed on the certificates of satisfactory completion issued by the SSOW. The materials purchased were also verified as having been received and properly brought to account.

Subhead 12003 – Buildings (Administration)

- 2281.** An amount of \$3M was voted for the construction of a sub-district office at Aishalton. Amounts totalling \$2.3M were expended on the construction of the sub-office. Included in the above figure are amounts totalling \$998,819 being full payment on a contract awarded for the provision of labour to the lowest of eight(8) bidders for the construction of the sub-office. The difference of \$1.301M was utilised for the purchase of building materials and transportation costs in relation to the execution of the above-mentioned project. Due to the inaccessibility of the area, the works could not have been physically verified. As a result, reliance was placed on the certificates of satisfactory completion issued by the SSOW.

Subhead 12004 - Buildings (Agriculture)

- 2282.** The sum of \$8M was allocated for the construction of (a) livestock officers' quarters at Saurab Crossing, Gomes Crossing and Ng-A-Fook Crossing and (b) drive-in dip facilities at Annai, Saurab and Kurupukari. A change of programme was approved for the construction of livestock officer's quarters at International Crossing, instead of Ng-A-Fook Crossing as the latter location was considered a swamp. Amounts totalling \$6.671M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Construction of three(3) drive-in dips	2,894
Construction of three(3) livestock officers quarters	1,705
Purchase of building materials	1,912
Transportation costs	160
TOTAL	6,671

- 2283.** Included in the amount of \$2.894M was a contract for the construction of the drive-in-dip facility at Kurupukari crossing, which was awarded in the sum of \$1.098M to the lowest bidder. The full contract sum was paid to the contractor. Physical verification of the works could not have been done due to the inaccessibility of the area. As a result reliance was placed on the certificates of satisfactory completion issued by the Senior Superintendent of Works.
- 2284.** Also included in the amount of \$2.894M were two(2) contracts which were awarded for the construction of drive-in-dip facilities at Saurab and Annai crossings. These contracts were awarded in the sums of \$948,168 and \$848,250 to the highest of four(4) bidders and second lowest of four(4) bidders, respectively, on the basis that the awardee was the only bidder who produced a detailed work plan and had knowledge of the projects to be undertaken as he had visited similar facilities in Brazil. In both cases the lowest bid was \$301,495 and there were no Engineer's estimates. The full contract sums were paid. However, physical verification revealed that there were overpayments of \$67,170 and \$50,640. Action should be taken to recover the overpayments.
- 2285.** Three(3) contracts were awarded for the construction of livestock officer's quarters at Saurab, Gomes and International Crossings to the lowest bidders in the sums of \$557,125, \$509,173 and \$542,109, respectively. In addition, there was an approved variation of \$42,580 to the latter contract giving a revised contract sum of \$584,599. The full contract sums were paid to the contractors. The works were verified as having been satisfactory completed.

- 2286.** The sums of \$1.912M and \$160,000 were expended on the purchase of building materials and transportation costs respectively in relation to the execution of the above stated works under this subhead. The items purchased were verified as having been received and properly brought to account.

Subhead 14001 - Roads

- 2287.** The sum of \$20M was allocated for (a) the completion of the Toka/Karasabai and Central Lethem roads and (b) rehabilitation of roads at Lethem/Dadanawa, Mursero/Karasabai and Sandcreek junction to village landing. Amounts totalling \$5.746M were expended. Included, in the above figure are sums totalling \$2.312M and \$1.718M for the purchase of building materials and transportation costs, respectively in relation to the rehabilitation of the Central Lethem and Meritiziero/Karasabai roads. The items were verified as having been received and properly brought to account. In addition, amounts totalling \$873,900 were spent on the repairing of the heavy duty equipment and vehicles which were used on the above mentioned rehabilitation works. The amounts were verified with the related payment vouchers and other supporting documents. Further, amounts totalling \$840,909 were expended on the payment of wages and salaries to the Region's force account team for carrying out the above-mentioned works. The expenditure was verified as having been properly incurred.
- 2288.** It was noted that no work was done on the completion of the Toka/Karasabai road and rehabilitation of roads at Lethem//Dadanawa and Sandcreek junction to village landing. These works were not re-budgeted for in 2003.

Subhead 17001 – Agriculture Development

- 2289.** An amount of \$3.6M was voted for (a) the completion of plant nurseries at Karasabai and Annai and (b) the fencing of community farms at Awarewaranau, Toka, Nappi, Moco-Moco, Koribu and Yupukari. As at 31 December 2002 amounts totalling \$3.599M were expended. Included in the above figure is an amount of \$2.198M, which was utilised, on the acquisition of barbed wire for the fencing of the community farms mentioned above. The barbed wire was verified as having been received and properly brought to account. In addition, payments totalling \$620,416 were made on two(2) contracts which was awarded in 2001 for the completion of the plant nurseries at Annai and Karasabai. Further, the difference of \$780,262 was utilised on the purchase of building materials and transportation costs in relation to the completion of the plant nurseries at Annai and Karasabai. The items purchased were verified as having been received and properly brought to account.

Subhead 19001 - Land Development

- 2290.** The sum of \$4M was allocated for the construction of infrastructural facilities at Culvert City housing scheme. Amounts totalling \$3.998M were expended. Included in the above figure are amounts totalling \$2.803M which were utilised on the acquisition of electrical poles and arms, aluminium transmission cables and PVC pipes for the provision of better electrical and water systems. The items purchased were verified as having been received and properly brought to account. The difference of \$1.195M were expended on the supply and transporting of building materials and the payment of wages to the region's force account team for the rehabilitation of the roads in Culvert City. The amounts were verified with the related payment vouchers and other supporting documents.

Subhead 24001 – Land Transport

- 2291.** An amount of \$5M was allocated for the purchase of one(1) ambulance. An amount of \$4.547M was expended for the acquisition of one(1) Toyota 4x4 ambulance for the Lethem hospital. The vehicle was verified as having been received, but was not inventorised.
- 2292.** In my report for 2001, it was mentioned that a Toyota Hilux 4x4 vehicle which was acquired in September 2001 and which was being used by the Regional Chairman encountered mechanical problems in November 2001. 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 and the vehicle was not operational. Further, at the time of audit for 2002 in June 2003 the vehicle was still not operational. The Accounting Officer explained that the vehicle is currently undergoing repairs in Georgetown.

Subhead 24002 – Water Transport

- 2293.** The sum of \$1.2M was voted for the purchase of aluminium boats for Yakarinta, Emprofermo and Crash Water villages. Amounts totalling \$1.185M were expended on the acquisition of three(3) aluminium boats. The boats were verified as having been received but were not inventorised. However, they were still to be issued to the respective villages.

Subhead 25001 – Furniture (Staff Quarters)

- 2294.** An amount of \$200,000 was voted for the purchase of beds, mattresses, fans and refrigerators. The full amount was expended on the acquisition of seven(7) beds, two(2) refrigerators and ten(10) electrical fans. As can be noted no mattresses were purchased. The Accounting Officer explained that the funds provided under this subhead were insufficient to purchase the mattresses. However, a change of programme could have been sought as there were savings under other subheads. Notwithstanding this, the items purchased were verified as having been received but were not inventorised.

Subhead 25003 – Furniture & Equipment (Administration)

2295. The sum of \$200,000 was voted for the purchase of chairs, filing cabinets and refrigerators. Amounts totalling \$180,000 were expended on the acquisition of the two(2) executive chairs, three(3) filing cabinets and two(2) refrigerators. The items were verified as having been received, but were not inventorised.

Subhead 25004 – Furniture and Equipment (Education)

2296. An amount of \$2.5M was allocated for the purchase of benches, desks, nursery sets, chairs, tables, beds, mattresses and chalk boards. Amounts totalling \$2.490M were expended on the purchase of the above stated furniture and equipment with the exception of the beds. The Accounting Officer explained that the funds provided under this subhead were insufficient to purchase the beds. However, a change of programme could have been sought as there were savings under other subheads. Notwithstanding this, 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)

2297. The sum of \$2M was allocated for the purchase of beds, mattresses, radio sets, blood pressure apparatus, gas stoves, fans and refrigerators. Amounts totalling \$1.716M were expended on the purchase of ten(10) beds, twenty-three(23) mattresses, two(2) radio sets and its related equipment, two(2) blood pressure kits, five(5) gas stoves and three(3) refrigerators. With the exception of the two(2) radio sets and its related equipment valued at \$833,250, which was paid for since July 2002, the other items purchased were verified as having been received. However they were not inventorised.

2298. In relation to the radio sets, the Accounting Officer explained that at the time of payment for the equipment, the supplier did not have the items in stock., but gave the assurances that the supplier is now in a position to supply the items and the Region will be receiving them soon. In addition, in my Report for 2001, mention was made of a missing radio set. At the time of audit for the 2002 accounts in June 2003 the position remained the same. A satisfactory explanation was still not given for the missing radio set. The Accounting Officer was advised to submit a loss report to the Secretary to the Treasury.

Subhead 26003 - Power Extension

2299. The sum of \$5M was voted for (a) the extension of electricity supply in Tabatinga areas (b) purchase and installation of solar systems and (c) purchase of inverter for Sand Creek health centre. Amounts totalling \$3.985M were expended in the acquisition of twenty-one(21) solar panels and its related equipment, electrical poles and cross arms and aluminium transmission cables. Except for solar panels and its related equipment valued at \$2.386M, the other items purchased were verified as having received and properly brought to account. It was noted that the items not received were paid for since July 2002, and at the time of the audit in June 2003, these items were still not received. The

Accounting Officer explained that at the time of payment for the equipment, the supplier did not have the items in stock., but gave the assurances that the supplier is now in a position to supply the items and the Region will be receiving them soon. However, as a result of these items not being received, no work was done in 2002.

Subhead 28001 – Water Supply

- 2300.** The sum of \$3M was allocated for the construction of (a) hand-dug wells at Taushida and Rukumuta and (b) concrete trestles. The full amount was expended on the construction of hand dug wells, windmills, the installation of tanks and concrete trestles at Taushida and Rukumuta villages. Two(2) contracts were awarded to the sole bidder in the sums of \$1.498M and \$1.502M for the works at Taushida and Rukumuta, respectively. As at 31 December 2002, the entire contract sums were paid to the contractor. However due to the inaccessibility of the areas at the time of the audit, the works could not have been physically verified. As a result reliance was placed on the certification of satisfactory completion issued by the SSOW.

HEADS 80 & DIVISION 540

REGION 10 - UPPER DEMERARA/BERBICE

Current Expenditure

Employment Costs

- 2301.** The old salaries bank account No. 861, which became non-operational in June 1996, was still overdrawn by \$5.466M as at 31 December 2002. 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.
- 2302.** The two(2) present salaries bank account Nos. 3092 and 3094, with balances of \$12.250M and \$22,156 as at 31 December 2002 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 Nos. 3092 and 3094 were overdrawn on 141 and 19 occasions, respectively, during the year. The Accounting Officer explained that deposits were made through the National Bank of Industry and Commerce(NBIC) in Linden and that a cheque deposited would take four(4) working days to clear, resulting in the accounts being overdrawn.
- 2303.** An examination of the Register of Contributors to the National Insurance Scheme revealed 190 instances 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. The Accounting Officer explained that efforts are currently being made to have the register updated. In addition, the Region's

Accounting Unit had twelve(12) cheques totalling \$302,114 on hand and which are payable to the NIS. It was explained that these payments represent contributions for employees who are not registered. Since registration with the Scheme has implications for social security and other benefits, efforts should be made to ensure the prompt registration of employees.

- 2304.** A comparison of the authorised staff as shown in the 2002 Estimates of Expenditure with the actual staff employed by the Region in December 2002 revealed that the authorised staff was exceeded by 854, as shown below:-

DESCRIPTION	AUTHORISED	ACTUAL	EXCESS
Administrative	15	153	138
Senior technical	39	375	336
Other technical & craft skills	94	272	178
Clerical & office support	50	56	6
Semi-skilled operatives etc	58	249	191
Contracted employees	0	5	5
TOTAL	256	1,110	854

- 2305.** The Accounting Officer explained that the National Estimates under Programme 4- Education Delivery did not include teachers in the Region. In addition, the number of teachers under the various categories in the employment of the Region could not be determined. In order to ensure a meaningful contribution comparison between authorised and actual staffing, it is again recommended that teachers be included in the authorised staffing of the Region.

Other Charges

- 2306.** 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 forty-five(45) days later in the year 2002. At 31 December 2002, fifty-four(54) cheque orders valued at \$8.699M were outstanding. Included in this figure were thirty-five(35) cheque orders valued at \$5.228M relating to the year 2001. At the time of the audit in July 2003, the cheque orders for both 2001 and 2002 were still outstanding.
- 2307.** Amounts totalling \$71.098M were expended on Materials, Equipment & Supplies. Included in this figure were drugs valued at \$36.871M purchased for the Upper Demerara Hospital and the various Health Centres of the Region. The items purchased were verified as having been received and properly brought to account.

- 2308.** Amounts totalling \$2.795M were expended on Fuel & Lubricants. However, log books were not presented for audit examination for the twelve(12) vehicles and three(3) motor cycles for which they are required to be kept. In the circumstances, it could not be determined whether there was effective control over the use of these assets.
- 2309.** In my 1999, 2000 and 2001 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. 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.
- 2310.** Amounts totalling \$43.232M were expended on the Rental & Maintenance of Buildings. The following is a breakdown of the expenditure:-

DESCRIPTION	AMOUNT \$'000
Repairs to eleven(11) schools	11,344
" " five(5) officers quarters	4,101
Repairs to Upper Demerara Hospital	3,888
Repairs to four(4) health centres	3,189
Construction of staff quarters	2,247
Wages and salaries (Force Account)	1,941
Rental of buildings	1,457
Purchase of building materials	1,444
Repairs to two(2) administrative buildings	728
Consultancy fees	5,324
Janitorial and cleaning supplies	4,930
Miscellaneous payments below \$180,000	2,639
TOTAL	43,232

- 2311.** Twelve(12) contracts valued at \$15.503M were awarded for the repairs to eleven(11) schools. There was an approved variation of \$37,685 bringing the total revised contract sums to \$15.541M. The contracts were awarded to the lowest or first ranked bidders. As at 31 December 2002, amounts totalling \$11.344M were expended on the repairs to the schools. Included in the above figure was a contract awarded in the sum of \$4.985M for the repairs to the Amelia's Ward Primary School. As at 31 December 2002, amounts totalling \$4.486M were paid to the contractor, of which an amount of \$996,904 was met from Sub-head 155 - Maintenance of Other Infrastructure. This is a misallocation of funds and is in breach of the Financial Regulations. Due to certain constraints, the works could not have been physically verified. As a result, reliance was placed on the certificates of satisfactory completion issued by the Senior Superintendent of Works.

- 2312.** In relation to the repairs to the five(5) officers quarters, five(5) contracts were awarded to the first ranked bidders for a total sum of \$3.815M. There were two(2) approved variations totalling \$841,956, bringing the total revised contract sums to \$4.657M. As at 31 December 2002, amounts totalling \$4.101M were expended. Included in the above figure was a contract which was awarded in the sum of \$1.425M for the repairs to the Regional Chairman's Quarters. There was an approved variation of \$474,314 giving a revised contract sum of \$1.9M. The entire contract sum was paid to the contractor. Included in the sum of \$1.9M was an amount of \$189,970, which was paid from sub-head 155 - Maintenance of Other Infrastructure. This is a misallocation of funds and is in breach of the Financial Regulations. Due to certain constraints, the works could not have been physically verified. As a result, reliance was placed on the certificates of satisfactory completion issued by the Senior Superintendent of Works.
- 2313.** The contract for the repairs to the Upper Demerara Hospital was awarded to the first ranked of seven(7) bidders in the sum of \$3.278M. There was an approved variation of \$610,500 giving a revised contract sum of \$3.888M. The entire contract sum was paid to the contractor. Included in the sum paid was an amount of \$388,810 which was paid from Programme 4 - Education Delivery. This is a misallocation of funds and is in breach of the Financial Regulations. Due to certain constraints, the works could not have been physically verified. As a result, reliance was placed on the certificates of satisfactory completion issued by the Senior Superintendent of Works.
- 2314.** Four(4) contracts valued at \$3.809M were awarded to the first ranked bidders for the repairs to the four(4) Health Centres. There was an approved variation of \$104,825 giving a total revised contract sum of \$3.914M. As at 31 December 2002, sums totalling \$3.189M were expended. In my 2001 Report, mention was made of two(2) payments totalling \$624,976 made to a contractor who was awarded the repair work to Amelia's Ward Health Centre. The first payment was in respect of a mobilisation advance and the other payment was for work completed. However, a physical inspection carried out in July 2002, revealed that no repair work was done to the Amelia's Ward Health Centre. This matter was brought to the attention of the Accounting Officer for investigation. Due to certain constraints, the other works could not have been physically verified. As a result, reliance was placed on the certificates of satisfactory completion issued by the Senior Superintendent of Works.
- 2315.** In relation to the construction of the staff quarters at Kwakwani, the contract was awarded in 2001 in the sum of \$4.179M under the Region's capital allocation. As at 31 December 2001, amounts totalling \$1.882M were paid to the contractor. The difference of \$2.247M was re-budgeted for under capital in 2002. However, it was paid under current expenditure.
- 2316.** The amount of \$1.941M represents the payment of wages and salaries to the Region's Force Account Team for works done at Wisburg Secondary School and Pine Street Nursery School, among others. The amounts were verified with the related payment vouchers and other supporting documents.

- 2317.** Included in the sum of \$5.324M expended on Consultancy Fees was an amount of \$3.769M paid to a consultant for the preparation of the contract details and contract documents for the construction of the Kwakwani Primary School. This project was of a capital nature and as such, all expenses incurred in relation to this project should have been charged to capital expenditure. Further, amounts totalling \$595,912 were paid to Consultants as fees for services done and which were of a capital nature. This is a breach of the Financial Regulations.
- 2318.** Due to certain constraints the other works could not have been physically verified. As a result, reliance was placed on the certificates of satisfactory completion issued by the Senior Superintendent of Works, while the items purchased were verified as having been received and properly brought to account.
- 2319.** Amounts totalling \$10.439M were expended on the Maintenance of Infrastructure. However, included in the above figure were two(2) payments totalling \$1.187M being made to contractors for the repairs to the Amelia's Ward Primary School and the Regional Chairman's quarters. This expenditure should have been met from sub-head 142 - Maintenance of Buildings. This is a misallocation of funds and is in breach of the Financial Regulations.
- 2320.** Included in sum of \$13.599M representing Transport, Travel & Postage were amounts totalling \$3.937M which were expended on vehicles spares and services. However, in most instances the used parts were not returned to the stores as required by existing financial instructions. As a result, it could not be determined whether value was received for the sums expended.

Stores and Other Public Property

- 2321.** Master and sectional inventories were not kept by the Regional Administration for the period under review. In the circumstances, it could not be satisfactorily determined whether all fixed assets under the control of the Region were duly accounted for and properly safeguarded.
- 2322.** An examination of the loans register revealed several instances where items were loaned to employees, contractors, and residents. However, whilst an attempt to recover these items was done, some items loaned were still outstanding at the time of audit in July 2003. In addition, some items loaned since 1996 were still outstanding. It is recommended that appropriate action be taken to recover the items.

Other Matters

2323. The Imprest bank account No. 3093, which reflected a balance of \$361,952 as at 31 December 2002, was not reconciled since August 1997. In addition, the account was overdrawn on fourteen(14) occasions during the period under review. The Accounting Officer explained that deposits were made through the NBIC branch in Linden and that cheques deposited take four(4) days to clear resulting in overdrafts. It is recommended that action be taken to bring the reconciliation up-to-date.

Capital Expenditure

Subhead 12001 – Buildings (Administration)

2324. The sum of \$5M was voted for the rehabilitation of the Regional Administration Main Office. Amounts totalling \$4.986M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Purchase of workstations, partitions, electrical items	2,503
Rehabilitation of Main Office	2,119
Electrical works – Main Office	167
Consultancy fees	197
TOTAL	4,986

2325. The contract for the rehabilitation of the Regional Administration Main Office was awarded in the sum of \$2.624M to the second lowest bidder based on the recommendation of the Evaluation Committee. As at 31 December 2002, amounts totalling \$2.119M were paid to the contractor. In relation to the electrical works done at the Main Office, three(3) contracts totalling \$167,000 were awarded to a contractor. The full amount was paid as at 31 December 2002. The works were satisfactory completed and were physically verified, while the items purchased were verified as having been received and were installed on the first floor of the building.
2326. Included in the amount of \$196,513 expended to pay consultancy fees was the sum of \$63,276 paid for the supervision of the West Watooka Drainage and Irrigation Project. This amount should have been charged to subhead 13001 - Drainage and Irrigation and represents a misallocation of expenditure.

Subhead 12002 – Buildings (Education)

- 2327.** The sum of \$32M was allocated for (a) the construction of the Watooka Day Primary School and (b) the commencement of the Amelia’s Ward Students’ Hostel. Amounts totalling \$31.269M were expended as follows:-

DESCRIPTION	AMOUNT \$’000
Extension of Watooka Day Primary School	26,168
Repair and Maintenance of One Mile Primary	2,163
Demolition of concrete at Watooka Day School	1,128
Consultancy fees – Watooka Day Primary School	1,130
Consultancy fees - Amelia’s Ward Hostel	569
Miscellaneous payment	111
TOTAL	31,269

- 2328.** As can be noted, work did not commence at the Amelia’s Ward Students’ Hostel, but it was re-budgeted for in 2003. A change in programme was approved for carrying out repair and maintenance works to the One Mile Primary School.
- 2329.** The contract for the extension of the Watooka Day Primary School was awarded in the sum of \$25.253M to the lowest bidder by the Central Tender Board. However, a performance bond equivalent to 10% of the contract sum was required to be provided by the contractor and there was no evidence that this bond was provided.
- 2330.** The works were expected to be completed within three(3) months from the date of commencement of the works, failing which the contractor was required to pay liquidated damages of \$15,000 for each day that the works remained incomplete. The works commenced in February 2002 and the contract was terminated in October 2002, due to the poor performance of the contractor. As at 28 November 2002, amounts totalling \$6.168M were paid to the contractor and there was no evidence that the penalty clause was instituted against the contractor.
- 2331.** A second contract for the completion of the school was awarded in the sum of \$25.523M to the lowest bidder by the Central Tender Board, although payments totalling \$6.168M were made on the first contract. According to the terms of the second contract, a mobilisation advance of 25% of the contract sum should be paid to the contractor. However, an advance of \$20M or 79% of the contract sum was paid. A physical inspection of the works in September 2003 revealed that with the exception of the floor finish the building was practically completed.

- 2332.** In relation to the repair and maintenance of the One Mile Primary School, the contract was awarded in the sum of \$4.367M to the fifth lowest bidder due to his capability. The lowest bid was \$4.051M and the Engineer's estimate was \$4.016M. As at 31 December 2002, amounts totalling \$2.163M were paid to the contractor.
- 2333.** The contract for the demolition of the concrete support at the Watooka Day Primary School was awarded in the sum of \$1.128M to the lowest bidder and the full amount was paid to the contractor as at 31 December 2002. The amount of \$110,841 represents a contract that was awarded to assemble and dismantle one(1) stage for the Education Department.
- 2334.** In my 2001 Report, it was stated that 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 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. The Accounting Officer explained that these items were not paid for and that the responsible officer has since been dismissed for irregularities.
- 2335.** Also in my 2001 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. The Accounting Officer explained that the building has been completed and was being occupied by the Head teacher.
- 2336.** 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 the 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. The Accounting Officer explained that legal action was being taken against the contractor.

Subhead 12003 - Buildings (Health)

- 2337.** The sum of \$17.5M was voted for the (a) completion of Calcuni health centre – Berbice River; (b) payment of retention fees for Riverview health post and staff quarters – Kwakwani; and (c) construction of health posts at Wisroc, Gold Hill, Coomaka and Huru Huru. Amounts totalling \$16.377M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Completion of health centre at Calcuni	5,750
Construction of health post at Wisroc	3,214
Construction of health post at Coomaka	3,487
Construction of health post at Huru Huru	3,377
Additional work at health post - Great Falls	448
Security services at health post - Calcuni	101
TOTAL	16,377

- 2338.** As can be noted, the health post at Gold Hill was not constructed nor were retention fees paid in respect of the Riverview health post and the staff quarters at Kwakwani, and were not re-budgeted for in 2003. Instead, work was done at the health post at Great Falls and for which a change of programme was not seen.
- 2339.** In my 2001 Report, it was stated that the RDC and the Village Council entered into an agreement in September 2001 for the construction of the health centre at Calcuni. 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. As at 31 December 2001, amounts totalling \$5.382M were expended. At the time of physical inspection in July 2002, the Project was approximately 50% completed. However, expenditure incurred represented approximately 96% of the project cost. The agreement with the Village Council was subsequently terminated due to the inability of the Council to complete the centre within the time frame and at the agreed contract price.
- 2340.** Another contract was awarded in 2002 for the completion of the said health centre at Calcuni in the sum of \$5.253M to the fourth lowest bidder, due to his capability and experience in executing works in the Berbice River. The lowest bid was \$3.172M and the Engineer's estimate was \$5.133M. There was an approved variation of \$496,985 giving a revised contract sum of \$5.750M. As at 31 December 2002, the full amount was paid to the contractor. The works were physically verified.

- 2341.** The contract for the construction of the health post at Wisroc was awarded in the sum of \$2.816M to the fourth lowest bidder. According to the Tender Board minutes, the contract was awarded on the grounds that his was a “balanced tender and his price was fair”. The lowest bid was \$2.070M and the Engineer’s estimate was \$3.037M. Amounts totalling \$3.214M were paid to the contractor as at 31 December 2002. A physical inspection of the works in September 2003 revealed that no work was done to the “Lintels” of the building. As a result, this omission led to an overpayment of \$40,330 to the contractor. Action should be taken to recover the overpayment.
- 2342.** In relation to the construction of the health post at Coomaka, the contract was awarded in the sum of \$3.488M to the third lowest bidder due to the contractor having a “balanced tender and a good track record”. The lowest bid was \$3.137M and the Engineer’s estimate was \$3.373M. Amounts totalling \$3.487M were paid to the contractor as at 31 December 2002. A physical inspection of the works in September 2003 revealed an overpayment of \$480,011. Action should be taken to recover the overpayment.
- 2343.** The contract for the construction of the health post at Huru Huru was awarded in the sum of \$3.378M to the fourth lowest bidder due to the contractor having a “balanced tender and a good track record”. The lowest bid was \$3.063M and the Engineer’s estimate was \$3.317M. As at 31 December 2002 amounts totalling \$3.377M were paid to the contractor. In relation to the amount of \$448,229 expended on additional work to the health post at Great Falls, the contract was awarded in the sum of \$448,229 and the full amount was paid to the contractor as at 31 December 2002. A physical inspection of the works on the health post at Huru Huru in September 2003 revealed an overpayment of \$480,011. Action should be taken to recover the overpayment.
- 2344.** In my 2001 Report, it was stated that the contract for the construction of the nurses quarters at Kwakwani was awarded in 2001, 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. At the time of reporting in August 2003, there was no evidence that this amount was recovered from the contractor.
- 2345.** In my previous Reports, 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, July 2002 and July 2003 revealed that the position remained the same as reported in my 1999, 2000 and 2001 Reports.

Subhead 12004 – Buildings (Agriculture)

- 2346.** The sum of \$4M was voted for the rehabilitation of wharf at Tacama Water Front – Berbice River and the construction of storage bond at Tacama wharf. Amounts totalling \$3.543M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Agriculture drive at Kwakwani	2,500
Purchase of building materials	1,043
TOTAL	3,543

- 2347.** As can be noted, neither the wharf was rehabilitated nor was the bond constructed and the works were not re-budgeted for in 2003. The Accounting Officer explained that because of the location of both the wharf and bond, consideration was given to the security of the structures and a change of programme was requested and obtained for works to be done in the community of Kwakwani.

- 2348.** The amount of \$2.5M was paid to the Kwakwani Neighbourhood Democratic Council to continue its agricultural drive in the community. However, supporting documents were not attached to the voucher showing how the sum would have been utilised. The amount of \$1.043M was paid to the Kwakwani Farmers' Group to purchase materials to build a bond and a fence.

Subhead 13001 – Drainage & Irrigation

- 2349.** The sum of \$5M was allocated for the excavation of drainage canals at West Watooka. Amounts totalling \$4.913M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Excavation of drains – West Watooka	3,652
Miscellaneous payments	575
Consultancy fees	530
Purchase of tools and materials	156
TOTAL	4,913

2350. Nine(9) contracts totalling \$3.652M were awarded to the lowest bidders for the excavation of drains at West Watooka. Amounts totalling \$3.652M were paid to the contractors as at 31 December 2002. The amount of \$575,057 shown as miscellaneous payments represents amounts expended for transporting building materials, clearing of bushes and repairs to a bridge. In respect of the amount \$530,179 expended on consultancy fees, the sum of \$75,145 which was paid in 2003 was also included, resulting in the Appropriation Account being overstated by this amount. The items purchased were verified as having been received and were used on the West Watooka drainage project.

Subhead 14001 - Roads

2351. The sum of \$10M was allocated for the rehabilitation of Ituni/Kwakwani road and the construction of road drains at Victory Valley. Amounts totalling \$9.897M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Construction of road drains at Victory Valley	2,273
Upgrading road from Aroaima to Kwakwani	5,869
Consultancy fees	1,755
TOTAL	9,897

2352. As can be noted from the above, rehabilitation works were not done on the entire road from Ituni to Kwakwani. Instead, the Region utilised funds to upgrade a section of the road from Aroaima to Kwakwani. The contract to upgrade this section of the road was awarded in the sum of \$8.988M to the lowest bidder. As at 31 December 2002, an amount of \$5.869M was paid to the contractor. A physical inspection of the works in September 2003 revealed an overpayment of \$880,000. Action should be taken to recover the overpayment.

2353. Three(3) contracts totalling \$2.603M were awarded to the lowest bidders for the construction of road drains at Victory Valley. As at 31 December 2002 amounts totalling \$2.273M were paid to the contractors.

2354. Included in the amount of \$1.755M expended on consultancy fees was an amount of \$900,000 expended on post consultancy services for the upgrading of the Ituni/Kwakwani road. The work was undertaken in 2001 and approval was granted for the payment of this amount from the 2002 allocation.

Subhead 19001 - Infrastructure Development

2355. The sum of \$6M was voted for the continuation of road construction at Ameila's Ward and Block 22 Linden. Amounts totalling \$5.958M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Rehabilitation of road at Amelia's Ward	2,613
Construction and repairs to road at Block 22 Linden	2,500
Consultancy fees	555
Pre-contract details – Ituni to Kwakwani road	290
TOTAL	5,958

2356. In relation to the road works undertaken at Block 22 Linden and at Amelia's Ward, amounts totalling \$5.113M were paid to the Mayor and Town Council Linden for the execution of the works. However, certificates attesting to the satisfactory completion of the works were not seen.
2357. The amount of \$290,000 was expended for the preparation of pre-contract details for the incremental upgrading of the Ituni to Kwakwani Road. This expenditure should have been charged to subhead 14001 - Roads and clearly represents a misallocation of expenditure. Had this expenditure been charged to subhead 14001, total expenditure under the subhead would have been overstated by \$187,000. The Accounting Officer confirmed that the expenditure was incorrectly charged to the subhead.

Subhead 21002 - Land & Water Transport

2358. The sum of \$9M was allocated for the purchase of one(1) 4 x 4 vehicle (double cab) for the Works Department and one(1) ambulance for the Linden Hospital. Amounts totalling \$8.782M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
One(1) ambulance	4,847
One(1) 4x4 (double cab) pick-up	1,995
One(1) 4x4 vehicle	1,940
TOTAL	8,782

2359. Approval was granted for an extension of the programme to purchase an additional 4x4 vehicle which was assigned to the Regional Chairman. The ambulance was handed over to the Linden Hospital Complex and the double cab pick-up to the Works Department. However, these vehicles were not recorded in the inventory of the Region.

Subhead 25001 - Furniture and Equipment (Education)

2360. The sum of \$4M was voted for the purchase of furniture for nursery and secondary schools. Amounts totalling \$3.996M were expended on the purchase of students' chairs, desks, nursery sets, teachers' chairs, filing cabinets, tables and stools. 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 25002 - Equipment (Administration)

2361. The sum of \$140,000 was provided for the purchase of office desks and chairs and amounts totalling \$138,00 were expended. The items purchased were verified as having been received but were not inventorised.

Subhead 25003 – Furniture and Equipment (Health)

2362. The sum of \$4.6M was allocated for the purchase of one(1) ultra sound machine and one(1) gas stove. Amounts totalling \$9.1M were expended as follows:-

DESCRIPTION	AMOUNT \$'000
Purchase of one(1) Ultra Sound Machine	4,200
" " one(1) generating set	3,727
Construction of generator room	446
Electrical installation – generator room	306
Purchase of suite, beds, dinette sets, table, wardrobe	195
" " television, refrigerator	136
" " one(1) gas stove	68
Miscellaneous expenditure	21
TOTAL	9,100

The excess expenditure of \$4.5M was met from an advance from the Contingency Fund, which was cleared in April 2003.

2363. The contracts for the construction of the generator room and electrical works at the Upper Demerara Hospital were awarded in the sums of \$431,000 and \$445,648, respectively, to the lowest bidders. As at 31 December 2002 the works were completed and amounts totalling \$306,204 and \$445,648, respectively, were paid to the contractors. The items purchased were verified as having been received but were not inventorised.

REPORT ON OTHER ENTITIES

Audits of Public Enterprises

- 2364.** 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 during the period under review.
- 2365.** 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.
- 2366.** 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.
- 2367.** 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.
- 2368.** 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.

- 2369.** 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 be 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 and draft was submitted to the PAC for its consideration. Work has also commenced on the Policies and Procedures Manual and was about 50% completed. At the time of reporting, the IDB was in the process of recruiting a local consultant to complete the manual, with assistance from the Audit Office.
- 2370.** For the period under review, seventeen(17) audits have been finalised under the contracting out arrangements referred to above at a total cost of \$24.730M. 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. Linden Mining Enterprise	2000	4,350
2. Guyana National Cooperative Bank	2001	4,050
3. Guyana Post Office Corp.	1996	2,000
4. Guyana Oil Company Ltd.	2000	1,995
5. Guyana National Newspapers Ltd.	2001	1,310
6. Guyana Gold Board	2001	1,286
7. Guyana Rice Development	1999	1,236
8. Guyana Rice Development	2000	1,170
9. Mards Rice Milling Complex	1998	1,149
10. Guyana National Printers	2001	1,050
TOTAL		19,596

- 2371.** 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.
- 2372.** 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.

- 2373.** 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 Guyana National Engineering Corporation Limited. Such a situation should not be condoned since it does not auger well for public accountability.
- 2374.** An analysis of the opinions issued in respect of the audits of the seventeen(17) entities referred to above, revealed that four(4) 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

NAME OF ENTITY	YEAR OF ACCOUNTS
1. Bauxite Industry Develop. Co. Ltd.	1998
2. Bauxite Industry Develop. Co. Ltd.	1999
3. Guyana Post Office Corporation	1996
4. Linden Mining Company Ltd.	2000

QUALIFIED OPINIONS

NAME OF ENTITY	YEAR OF ACCOUNTS
1. Guyana Marketing Corporation	2001
2. Guyana National Printers Ltd.	2001
3. Guyana Oil Company Ltd.	2000
4. Guyana National Cooperative Bank	2001
5. Mards Rice Milling Complex	1998
6. Guyana Broadcasting Corporation	2000
7. Guyana Broadcasting Corporation	2001

Audits of Municipal and District Councils

- 2375.** 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.
- 2376.** 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.
- 2377.** 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	2000	No financial statements for later yrs.
Anna Regina Town Council	1996	" " " " " "
Corriverton Town Council	1999	Audit in progress for 2000
Linden Town Council	1984	No financial statements for later yrs.
New Amsterdam Town Council	1996	" " " " " "
Rose Hall Town Council	1998	" " " " " "

- 2378.** Prior to September 1994, there were seventeen(17) District Councils and thirty-four(34) Village and Country Councils. Most of these entities were significantly in arrears in terms of financial reporting, as reported on in my previous reports.
- 2379.** 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 \$198.6M. Notwithstanding this, for the period under review, twenty-three(23) opinions were issued in respect of these entities.

Audits of Statutory Bodies

- 2380.** 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 be significantly in arrears in terms of financial reporting, and hence accountability for their results of operation and financial position. Notwithstanding this, fifty-four(54) audits were finalised for the period under review.
- 2381.** The following sets out the status in respect of those entities which are in arrears for five(5) years and over, at the time of reporting:-

NAME OF ENTITY	YEAR LAST AUDITED
National Science Research Council	1982
Sugar Industry and Labour Welfare Fund	1993
University of Guyana Pension Scheme	1994
State Planning Commission	1991
Guyana Museum	1996
Guyana Export Promotion Council	1996

- 2382.** 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

- 2383.** 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.
- 2384.** Although some unions have been making efforts to have their accounts audited, others were in arrears, and for the period under review, only thirty-four(34) audits for twelve(12) entities have been finalised. The following table shows the status of the audits of trade unions which have not had their accounts audited for five(5) years and over, at the time of reporting:-

	NAME OF ENTITY	YEAR LAST AUDITED
1.	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	1995
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

- 2385.** 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

- 2386.** 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.
- 2387.** 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.

- 2388.** For the period under review, it is with some degree of satisfaction that I should report that the Audit Office concluded thirty-four(34) audits of foreign funded projects, as shown below:-

FUNDING AGENCY	NO. OF OPINIONS
Inter American Development Bank	11
United Nations Development Programme	13
International Development Association	5
United Nations Environment Programme	1
United States Aid for International Development	3
International Fund for Agricultural Development	1
TOTAL	34

ACKNOWLEDGEMENTS

- 2389.** 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.
- 2390.** 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.