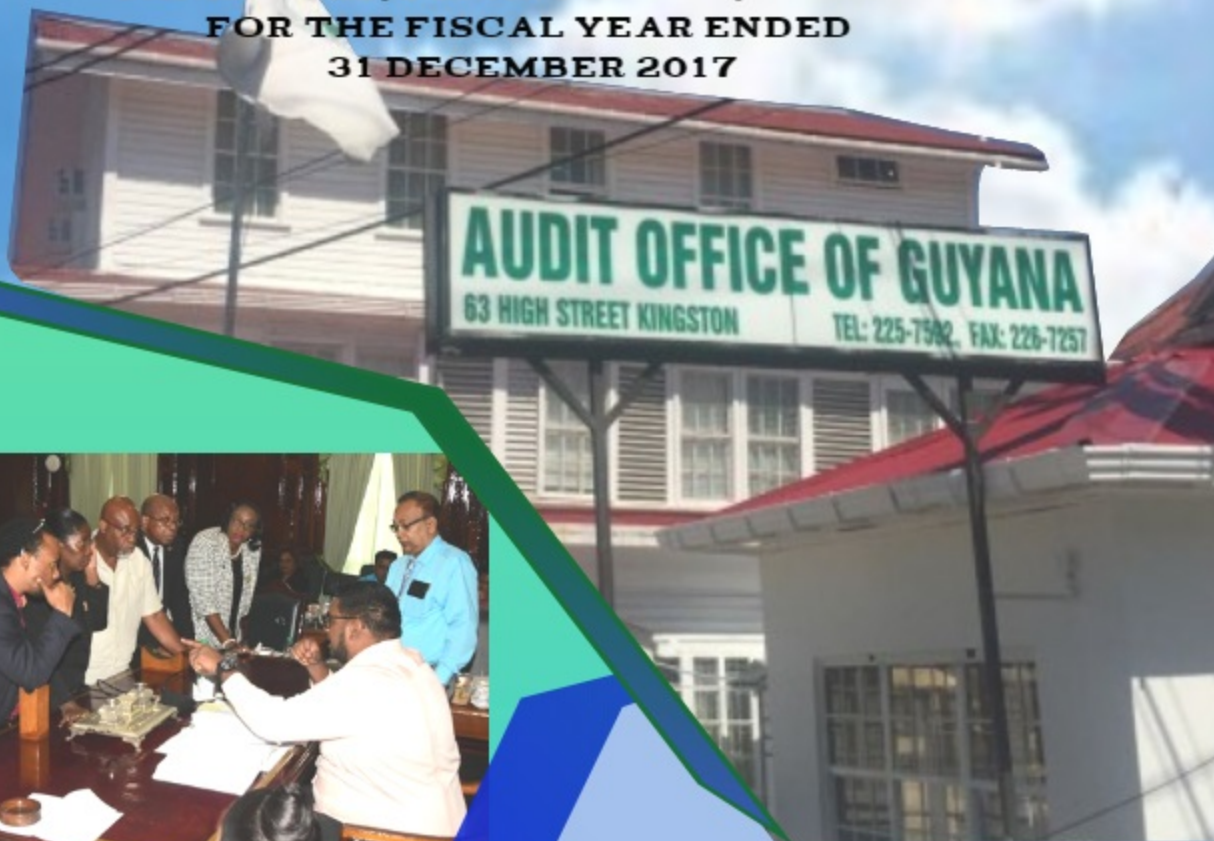




# **REPORT OF THE AUDITOR GENERAL**

**ON THE PUBLIC ACCOUNTS OF GUYANA  
AND ON THE ACCOUNTS OF  
MINISTRIES/DEPARTMENTS/REGIONS  
FOR THE FISCAL YEAR ENDED  
31 DECEMBER 2017**



**PROMOTING GOOD  
GOVERNANCE, TRANSPARENCY  
AND IMPROVED PUBLIC  
ACCOUNTABILITY**

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**VOLUME I**



## *Audit Office of Guyana*

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100/AG:10/2018/24

28 September 2018

Hon. Dr. Barton U. A. Scotland, O.R., C.C.H., M.P.  
Speaker of the National Assembly  
Parliament of the Co-operative Republic of Guyana  
Parliament Office  
Public Buildings  
Brickdam  
Georgetown.

Dear Mr. Speaker,

REPORT OF THE AUDITOR GENERAL TO THE NATIONAL ASSEMBLY  
ON THE PUBLIC ACCOUNTS OF GUYANA AND ON THE  
ACCOUNTS OF MINISTRIES, DEPARTMENTS AND REGIONS  
FOR THE FISCAL YEAR ENDED 31 DECEMBER 2017

In accordance with Article 223(3) 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 and Regions for the fiscal year ended 31 December 2017.

This 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,



## **MISSION STATEMENT**

As the Supreme Audit Institution of the State we are committed to the promotion of good governance including openness, transparency and improved public accountability through:

1. the execution of high quality audits of the public accounts, entities and projects assigned by the Audit Act;
2. timely reporting of the results to the legislature and ultimately the public;
3. ensuring that the independence, integrity and objectivity of the Audit Office is recognised;
4. the provision of cost effective service by the implementation of the most up-to-date Audit Practices;
5. the recruitment and retention of the best qualified personnel to achieve set targets, on a sustained basis; and
6. developing professional relationships with our clients, and producing reports which facilitate improvements in their operations.

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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 2017

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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 2017

I have audited the Public Accounts of Guyana which comprise the Consolidated Financial Statements, the Accounts of all Budget Agencies, the Appropriation Accounts and the Statements of Receipts and Disbursements of Ministries, Departments and Regions for the fiscal year ended 31 December 2017, as set out on pages 445 to 505 of Volume I and 2/1 to 2/229 of Volume II.

#### *Opinion*

In my opinion, the Receipts and Payments of the Contingency Fund and Schedule of Issuance and Extinguishment of all Loans present fairly, in all material respects the contingency advances for the year ended 31 December 2017 and the loans issued and extinguished as at 31 December 2017.

#### *Qualified Opinion*

In my opinion, except for the effects of the matters which might have shown to be necessary as a result of the observations contained in the relevant sections of my report, the financial statements present fairly in all material respects, the End of Year Budget Outcome and Reconciliation Report of the Consolidated Fund, the financial information necessary to present fairly the financial transactions and financial position of the State and the Schedule of Public Debt for the fiscal year ended 31 December 2017.

#### *Disclaimer of Opinion*

I do not express an opinion on the Financial Report of the Deposit Fund, and the Statement of Assets and Liabilities of the Government which form part of the Consolidated Financial Statements. Because of the significance of the comments as contained in the relevant sections of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these statements for the fiscal year ended 31 December 2017.

### *Basis for Opinion*

I conducted my audit in accordance with International Standards on Auditing (ISAs) issued by the International Federation of Accountants (IFAC), the International Standards of Supreme Audit Institutions (ISSAIs) and in accordance with Sections 24 and 25 of the Audit Act 2004. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements, the Accounts of all Budget Agencies, the Appropriation Accounts and the Statements of the Receipts and Disbursements of Ministries, Departments and Regions section of my report. I am independent of the Ministries, Departments and Regions in accordance with the ethical requirements that are relevant to my audit of the financial statements in Guyana, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### *Responsibilities of the Heads of Budget Agencies and Those Charged with Governance for the Financial Statements*

The Minister of Finance, the Accountant General and the Heads of Budget Agencies are responsible for the preparation and fair presentation of the financial statements in accordance with the applicable Laws and Regulations, and for such internal control as the Accountant General and the Heads of Budget Agencies determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the financial reporting process.

### *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements, the Accounts of all Budget Agencies, the Appropriation Accounts and the Statements of the Receipts and Disbursements of Ministries, Departments and Regions*

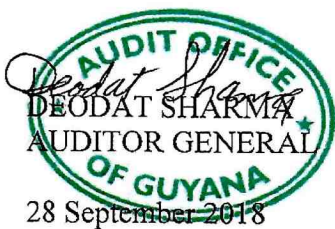
My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISAs) and International Standards of Supreme Audit Institutions (ISSAIs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs and ISSAIs, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:



- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Heads of the Budget Agencies.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

  
DEODAT SHARMA  
AUDITOR GENERAL  
OF GUYANA

28 September 2018



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 2017

HIGHLIGHTS OF REPORT

This annual report provides a summary of the audit results of the examination of the Public Accounts Statements and of the Accounts of the Ministries, Departments and Regions for the fiscal year ended 31 December 2017. Where necessary, reference is made to the accounts and transactions of prior years. Information is also provided on other audits conducted on various entities (Statutory Bodies, Public Enterprises, Trade Unions, Constitutional Agencies and Projects funded by way of Foreign Loans or Grants), for which separate audit reports were issued.

This part of the report highlights the major findings noted during the course of the audits of the accounts of the Ministries, Departments and Regions, and of the Public Accounts Statements for the fiscal year ended 31 December 2017, and on the status of my prior year recommendations.

*Overpayments on Contracts and Procurement Breaches*

1. Overpayments amounting to \$71.738M were made in respect of measured works on seventy-nine contracts administered by Ministries, Departments and Regions in 2017, of which sums totalling \$37.093M and \$34.645M were in relation to Regions and Ministries/ Departments, respectively. Included in the sum of \$37.093M were overpayments amounting to \$20.051M or approximately 54% in Regions 1, 4 and 8. Included in the sum of \$34.645M overpaid on contracts in Ministries/Departments, were amounts totalling \$20.117M and \$9.336M or approximately 58% and 27% for the Guyana Defence Force and the Ministry of Public Security, respectively.
2. At the time of reporting in September 2018, a total of \$15.258M out of \$37.093M or approximately 41% percent of the total overpayments discovered under the Regions had been repaid while 17% or \$6.018M out of \$34.645M discovered under the Ministries/ Departments were recovered. Taking these repaid amounts into account, a balance of \$50.461M in overpayments still remained outstanding, of which \$28.626M is for Ministries/Departments and \$21.835M is for the Regions.
3. In addition to overpayments, breaches of the Procurement Act were also discovered in relation to Regions №. 5 and 6, where contracts were incorrectly awarded using Restricted Tendering instead of National Competitive Bidding. Further, contracts were incorrectly awarded by the three quote method in Region №. 2.

4. As it relates to advance payments to contractors and the non-commencement of works, it was discovered that one contractor received an advance payment of \$39M in 2017 from Region №. 10, while at the time of reporting, the site was abandoned and no works had commenced. Similarly, the same contractor received \$73.1M advance payment from the Ministry of Public Health in 2017 and at the time of reporting, no significant works had commenced on site.

5. There was a continuation of the practice to “cut and hold” cheques at the end of the fiscal year for valuation of works, poor quality/sub-standard works, poorly prepared Bills of Quantities and contract documents, in breach of the Fiscal Management and Accountability Act (FMA).

#### Un-presented Payment Vouchers

6. Un-presented Payment Vouchers resulted in the limitation in scope of audits. Five hundred and ninety-nine Payment Vouchers valued \$528.375M were not presented for audit, of which 387 valued \$426.643M or approximately 81% of the total value were in respect of Region №. 1 and Ministry of Indigenous Peoples’ Affairs.

#### Procurement of Drugs and Medical Supplies

7. Fourteen Inter-Departmental Warrants totalling \$1.789 billion were received by the Ministry of Public Health from the ten Administrative Regions for the procurement of drugs and medical supplies. Financial returns from the Ministry indicated that amounts totalling \$1.747 billion were expended on the acquisition of drugs and medical supplies. Although drugs and medical supplies were received by the Regional Administrations, the costs were not stated on the documentation that accompanied the deliveries. As a result, the value of drugs and medical supplies received by the ten Administrative Regions could not be ascertained. The difference of \$42M was retained in the Consolidated Fund, which included 51% of the warranted amount for Region №. 7 and 46% for Region №. 8. In addition, the Ministry issued financial returns indicating that it expended the full amounts from seven of the ten Regions, which includes Regions №. 2, 3 and 9. However, shown in the Appropriation Accounts were three cheques totalling \$144.098M that were refunded to the Consolidated Fund in January and March 2018 for Regions №. 2, 3 and 9.

#### Cheque Order Vouchers

8. A number of Ministries, Departments and Regions continued to clear cheque order vouchers long after the stipulated time-frame of sixteen days bringing into question whether value was received for all sums expended. At the time of reporting in September 2,140 cheque orders totalling \$1.710 billion remained outstanding. Of the sum currently outstanding, 725 cheque orders totalling \$650.330M were in relation to 2017, while the remaining 1,415 totalling \$1.060 billion were in relation to prior periods.

### Vacancies within the Regions

9. An analysis of the employment details for Regions №. 1-10 revealed that the Public Service Commission Staff Vacancy Circular №. 2/2017 had advertised for a total of 323 vacancies. These vacancies included critical posts such as two Regional Health Officers, one Regional Education Officer, three Chief Accountants, four Accountants, four Senior Personnel Officers and six Procurement Officers, among others. As a result, these critical vacancies would have an adverse effect on the operations of the Regional Administrations and in particular the level of control needed to ensure adequate checks and balances.

### Forensic Audits

10. The sum of \$500M was expended on Durban Park rehabilitation. The Audit Office wrote the Permanent Secretary, Ministry of Public Infrastructure on 19 July 2018 requesting documentation detailing the works done, supervisory checks of the said works, as well as certification that works were satisfactorily completed. Six payments made by the Ministry to Homestretch Development Inc. (HDI) were submitted, however, only documents indicating HDI's creditors and Government's proposed payment allocation to the creditors were attached to the payment vouchers.

11. Audit examination revealed eight instances in Region №. 6, where the contract sum was the same as the Engineer's estimate. In addition, each item on the contractor's bill of quantities was identical to that of the Engineer's bill of quantities. All eight of these contracts were awarded by the Regional Tender Board of which four were awarded at one sitting. It should be noted that all eight contracts were awarded to the same contractor.

12. The Ministry of Communities received seven IDWs totalling \$522.948M from the Ministry of Finance. Included in this amount, is the sum of \$400M which represents IDW №. 43/2017 dated 11 November 2017. The purpose of this IDW was to facilitate payment to contractors of the Georgetown Mayor and City Council for sanitisation services. However, the details of the payments, including the exact periods and description/particulars of services, and its related costs were not provided. Rather, a summary by contractor and nature of indebtedness was attached to the payment vouchers.

13. Investigations are on-going in Region №. 8 into the supply of dietary items for the Kato Breakfast School Feeding Programme, and discrepancies into pricing of items in relation to sixty payments totalling \$33.663M made to a particular supplier, where prices for items purchased were higher than that of similar items purchased by the Region from other suppliers. This matter is currently attracting the attention of the Guyana Police Force.

### Guyana Revenue Authority

14. A mere 17% or 18,351 of the 105,522 self-employed persons filed Income Tax Returns totalling \$4.9 billion. This represents non-compliance by 83% percent or 87,171 of tax payers in this category.

### Late and Non-delivery of Items

15. At the time of reporting, items valued \$437.033M were not delivered, even though payments were already made to the suppliers. In this regard, amounts totalling \$400.034M were for Ministries/Departments and amounts totalling \$36.999M were for the Regions. Included in the sum of \$437.033M, were items valued \$193.368M or approximately 44% which were in relation to the non-delivery of drugs and medical supplies, three ambulances, one canter truck and equipment to the Ministry of Public Health and items to the value of \$152.894M or approximately 35%, were in relation to the non-delivery of one multi-purpose fire rescue boat, one automated finger-print identification system, furniture and equipment to the Ministry of Public Security.

### Employment Cost

16. Employment cost would appear to have been over budgeted for in 2017. In this regard, nine out of the ten Administrative Regions expenditure amounted to \$14.412 billion for 11,652 staff. According to the National Estimates, the Total Funds Available under Employment Cost totalled \$14.671 billion for a total staff complement of 10,836. This represents 814 staff more than was budgeted for and \$258.499M under the budgeted expenditure.

## Public Accounts Statements

### Shortfall of Expenditure

17. There was a shortfall of expenditure totalling \$15.650 billion of which \$9.202 billion is for capital expenditure and \$6.448 billion is for current expenditure. The shortfall in capital expenditure was attributed primarily to low execution rate of major foreign funded projects whilst the shortfall of current expenditure was mainly due to unspent allocations of \$1.655 billion, \$1.033 billion and \$1.008 billion under the Ministry of Social Protection, Ministry of Education and Public Debt, for servicing of loans, respectively.

## Follow-Up on the Implementation of Prior Year Audit Recommendations

18. Each year, my Office issues recommendations to Ministries, Departments and Regions that are designed at improving systems and practices at these entities and improving the Government's governance and accountability mechanisms. Six hundred and two recommendations were made in my 2016 Audit Report. We reviewed each recommendation to determine what action, if any, was taken by the respective Accounting Officers. At the time of reporting, 178 or 30% were partially implemented, while 174 or 28% were not implemented.

19. Overall, I am concerned with the lack of action towards the implementation of these recommendations; since, 58% of the recommendations have not yet been fully implemented. In addition, in many instances, recommendations are repeated each year without appropriate action and as a result, weaknesses and issues that impacted negatively on Government's governance and accountability mechanisms continue to occur. Once again, I encourage the Government, through the Ministry of Finance, the Accountant General's Department and the respective Heads of Budget Agencies to take appropriate actions and put measures in place to address the recommendations made in my prior report and this year as well.



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 2017

1. Articles 223(2) and 223(3) of the Constitution of the Co-operative Republic of Guyana require that I audit the Public Accounts of Guyana and the Accounts of all officers and Authorities of the Government (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 (hereinafter referred to as the Speaker) who shall cause them to be laid in the National Assembly.

2. As the External Auditor of the Public Accounts of Guyana, it is my responsibility under Section 24(1) of the Audit Act 2004 (hereinafter referred to as the Audit Act) to conduct: (a) Financial and Compliance Audits; and (b) Performance/Value for Money (VFM) Audits with respect to:

- i. the consolidated financial statements;
- ii. the accounts of all budget agencies;
- iii. the accounts of all local government bodies;
- iv. the accounts of all bodies and entities in which the State has a controlling interest; and
- v. the accounts of all projects funded by way of loans or grants by any foreign State or organisation.

3. Section 24(2) states that in conducting Financial and Compliance Audits, I shall examine in such manner as I deem necessary the relevant financial statements and accounts, and ascertain whether:

- a) the financial statements have been properly prepared in accordance with applicable law, and properly present the operations and affairs of the entity concerned;
- b) the accounts have been faithfully and properly kept;
- c) the rules, procedures and internal management controls are sufficient to secure effective control on the assessment, collection and proper allocation of revenues;
- d) all moneys expended and charged to an account have been applied to the purpose or purposes for which they were intended; and
- e) essential records are maintained, and the internal management controls and the rules and procedures established and applied are sufficient to safeguard the control of stores and other public property.

4. Section 24(3) states that in conducting Performance Audits I shall examine the extent to which a public entity is applying its resources and carrying out its activities economically, efficiently and effectively, and with due regard to ensuring effective internal management control.

5. In addition, Section 74(1) of the Fiscal Management and Accountability Act 2003 (hereinafter referred to as the FMA Act) requires that I examine and report on the Consolidated Financial Statements that are to be submitted to me in accordance with Sections 68 to 71 and 73 of the said Act. These Consolidated Financial Statements consists of:

- a) In respect of the Consolidated Fund, including each Fund that is considered to be part of the Consolidated Fund:
  - End of Year Budget Outcome and Reconciliation Report – Sections 68 and 73;
  - Statement of Contingent Liabilities – Section 73; and
  - Such other financial information relating to the fiscal year that the Minister of Finance deems necessary to present fairly the financial transactions and financial position of the State – Section 73.
- b) Financial Reports of the Extra-Budgetary Funds – Section 73;
- c) Financial Reports of the Deposit Funds – Section 73;
- d) Financial Reports of other Accounts approved by the Minister of Finance – Section 73;
- e) Schedule of Government Guarantees – Section 71;
- f) Schedule of Public Debt Outstanding in the name of the Government, other levels of Government and Public Enterprises – Section 69; and
- g) Schedule of the Issuance and Extinguishments of all Loans granted by the Government, other levels of Government and Public Enterprises – Section 70.

6. The Minister of Finance is required to submit the above Statements within four months of the close of the fiscal year to enable me to audit them and to submit my Report thereon to the Speaker not later than the 30 September. The Statements referred to above and the Draft Appropriation Accounts were received on 30 April 2018. The signed Consolidated Financial Statements were received on 13 September 2018.

7. The following Statements were submitted to me for audit examination:
- i. End of Year Budget Outcome and Reconciliation Report of the Consolidated Fund (Revenue) – Sections 68, 73(2)(a)(i);
  - ii. End of Year Budget Outcome and Reconciliation Report of the Consolidated Fund (Expenditure) – Sections 68,73(2)(a)(i);
  - iii. Receipts and Payments of the Consolidated Fund – Section 73(2)(a)(iii);
  - iv. Expenditure of the Consolidated Fund as Compared with the Estimates of Expenditure – Section 73(2)(a)(iii);
  - v. Expenditure in respect of those Services which by Law are directly charged upon the Consolidated Fund – Section 73(2)(a)(iii);
  - vi. Receipts and Payments of the Contingencies Fund – Section 41;
  - vii. Assets and Liabilities of the Government – Section 73(2)(a)(iii);
  - viii. Appropriation Accounts of Heads of Budget Agencies – Fiscal Management and Accountability Regulations 2004 (Appendix B);
  - ix. Receipts and Disbursements by Heads of Budget Agencies–Fiscal Management and Accountability Regulations 2004 (Appendix B);
  - x. Schedule of Public Debt – Section 69(1);
  - xi. Financial Reports of the Deposit Funds – Section 73(2)(c); and
  - xii. Schedule of the Issuance and Extinguishments of all Loans – Section 70.

8. In addition to reporting on the Public Accounts and the Accounts of Ministries/Departments/Regions, I have also provided information with regard to the other areas for which I have audit responsibilities. These include the audits of public enterprises, statutory bodies, municipalities, local authorities, foreign-funded projects, Performance Audits and Special Investigations.

9. In keeping with Section 27 of the Audit Act 2004, draft reports including findings and recommendations were provided to the Heads of Budget Agencies who were given thirty days to respond to the draft report. Further, the relevant sections of this Report were discussed with Heads of Budget Agencies, the Finance Secretary and the Accountant General, who were also provided with individual written Reports of my findings and recommendations. In addition, the responses of the Heads of the Budget Agencies were incorporated in the respective sections of this Report.

END OF YEAR BUDGET OUTCOME AND RECONCILIATION REPORT  
(CURRENT AND CAPITAL REVENUE)

10. The End of Year Budget Outcome and Reconciliation Report (Current and Capital Revenue) is shown on page 445. This Report reflected a positive variance of \$9.308 billion and a negative variance of \$2.997 billion between the estimates of revenue and the actual Government receipts for Current and Capital Revenue respectively, as shown below:

Description	2017 \$'000	2016 \$'000	2015 \$'000
<u>Current Revenue</u>			
Estimated Revenue	186,021,987	173,324,662	163,773,758
Actual Receipts	195,060,313	177,531,039	163,032,404
Over/(Under) the Estimates	9,038,326	4,206,377	(741,354)
<u>Capital Revenue</u>			
Estimated Revenue	31,408,345	31,735,350	21,450,594
Actual Receipts	28,411,713	19,677,790	15,875,699
Over/(Under) the Estimates	(2,996,632)	(12,057,560)	(5,574,895)
Total Estimated Revenue	217,430,332	205,060,012	185,224,352
Total Revenue	223,472,026	197,208,829	178,908,103
Net Over/(Under) the Estimates	6,041,694	(7,851,183)	(6,316,249)

Current Revenue

11. As illustrated in the table above, Current Revenue collections for 2017 surpassed the budgeted amount by \$9.038 billion. This outturn was attributed mainly to higher-than anticipated receipt of estimated revenue as follows:

- Import Duties of \$1.918 billion;
- Environmental Levy under Other Customs and Trade Taxes of \$670M;
- Personal Income Tax of \$2.614 billion;
- Companies Income Tax of \$2.988 billion; and
- Withholding Tax of \$3.531 billion.

12. The categories with higher collections cushioned the categories with major shortfalls, such as Value Added Tax (VAT) and Excise Tax by \$2.757 billion and, \$911M, respectively. Value Added Tax reflected a shortfall of revenue collections on domestic services, which were due to lower than the anticipated levels of output. The shortfall of Excise Tax was due primarily to lower than anticipated motor vehicle imports. See table below for breakdown of tax collection:

Reporting Object Group	Description	Approved Estimates \$'000	Amounts Paid into Consolidated Fund \$'000	Variance \$'000
500	Customs and Trade Taxes	15,837,353	18,889,985	3,052,632
510	Internal Revenue	67,054,763	76,513,743	9,458,980
520	Stamp Duties	35,723	386,735	351,012
525	Other Tax Revenues	3,325	313	(3,012)
530	Fees and Fines	1,569,462	1,368,460	(201,002)
540	Interest	1,002,427	1,001,934	(493)
545	Rents and Royalties	4,332,357	3,879,411	(452,946)
555	Dividends and Transfers	14,800,000	14,251,448	(548,552)
560	Miscellaneous Receipts	1,686,769	2,753,856	1,067,087
590	Value Added Tax	45,179,802	42,422,904	(2,756,898)
594	Excise Tax	34,369,401	33,458,566	(910,835)
597	Miscellaneous	150,605	132,958	(17,647)
Total		186,021,987	195,060,313	9,038,326

**Ministry's Response:** The higher-than-anticipated revenue collections resulted in Central Government current receipts for 2017 surpassing the budgeted amount by \$9.0 billion. The main contributors from the internal revenue category were withholding tax \$3.5 billion, company income tax \$3.0 billion and personal income tax \$2.5 billion. Personal income tax reported higher receipts on account of substantial arrears payment from self-employed individuals as well as additional initiatives that resulted in the review of 27,000 income tax returns. This resulted in approximately \$950M from reassessment of questionable returns. Additionally, the custom and trade taxes categories grew by \$3.1 billion reflecting higher revenue collections of import duties of \$1.9 billion and environmental levy of \$0.9 billion. However, both value-added taxes and excise taxes recorded lower-than anticipated revenues of \$2.8 billion and \$0.9 billion, respectively. Further, rent and royalties declined by \$452.9 million because of lower gold declarations.



Capital Revenue

13. The table below shows a summary of shortfalls in capital revenue:

Description	Approved Estimates \$'000	Amount Paid into Consolidated Fund \$'000	(Under) Over Estimates \$'000
<i>Miscellaneous Capital Revenue</i>			
HPIC Relief	1,484,668	742,334	(742,334)
<i>External Grants</i>			
Japan	135,000	30,689	(104,311)
Mexico	30,000	0	(30,000)
IFAD	30,000	0	(30,000)
EU	7,549,919	5,491,429	(2,058,490)
<i>External Loans</i>			
CDB	2,735,000	2,173,277	(561,723)
IDA	1,810,000	1,659,126	(150,874)
IFAD	75,000	0	(75,000)
India	240,000	0	(240,000)
CDF Project loan	200,000	157,186	(42,814)
Total	14,289,587	10,254,041	(4,035,546)

**Ministry's Response:** Capital revenue reflected a net negative variance of \$2.997 billion, which was attributed to External Grants and External Loans being below approved estimates mainly on account of being lower than anticipated level of disbursement under various categories. The shortfall of capital revenue of \$2.997 billion was mainly due to shortfall of \$2.058 billion from European Union (EU), \$742M from the HPIC Relief, \$561M from the Caribbean Development Bank and \$240M from India.

14. Except for any adjustments which may have been shown to be necessary as a result of the observations contained in the relevant sections of my Report, in my opinion, the statement as shown on page 445 properly represents the End of the Year Budget Outcome and Reconciliation Report (Revenue) for the year ended 31 December 2017.

END OF YEAR BUDGET OUTCOME AND RECONCILIATION REPORT  
(EXPENDITURE)

15. The End of Year Budget Outcome and Reconciliation Report (Expenditure) is shown on pages 446 to 455. This Report shows an underperformance on the Approved Allotment by \$5.163 billion, that is, between the Estimates and actual Current Expenditures and \$1.860 billion over the Approved Allotment for Capital Expenditures, as shown below:

Description	2017 \$'000	2016 \$'000	2015 \$'000
<u>Current Expenditure</u>			
Approved Allotment	193,364,814	177,852,720	182,029,985
Actual Expenditure	188,201,805	174,984,513	156,244,693
Over/(Under) the Allotment	(5,163,009)	(2,868,207)	(25,785,292)
Percentage Over/(Under) Allotment	(2.67) %	(1.61) %	(14.17) %
<u>Capital Expenditure</u>			
Approved Allotment	56,758,353	52,183,806	39,048,621
Actual Expenditure	58,618,255	46,618,059	30,664,886
Over/(Under) the Allotment	1,859,902	(5,565,747)	(8,383,735)
Percentage Over/(Under) Allotment	3.28 %	(10.67) %	(21.47) %
Total Approved Allotment	250,123,167	230,036,526	221,078,606
Total Expenditure	246,820,060	221,602,572	186,909,579
Net Over/(Under) the Allotment	(3,303,107)	(8,433,954)	(34,169,027)
Percentage Over / (Under) Allotment	1.32 %	3.67 %	15.46 %

Current Expenditure

16. Current Expenditure was under the 2017 Approved Allocation by a net amount of \$5.163 billion. This outturn was mainly due to significant shortfalls in expenditure at various entities. The table below shows the entities with significant shortfalls in expenditure:

Agency No.	Description	Approved Allotment	Actual Expenditure	Over (Under) Approved Allotment
		\$'000	\$'000	\$'000
<i>Ministries</i>				
3	Ministry of Finance	17,731,265	17,455,502	(275,763)
5	Ministry of Presidency	4,902,883	4,678,529	(224,354)
11	Elections Commission	1,909,932	1,626,969	(282,963)
21	Ministry of Agriculture	14,635,455	14,520,297	(115,158)
40	Ministry of Education	17,145,720	16,113,036	(1,032,684)
43	Ministry of Public Health	19,509,134	19,343,849	(165,285)
49	Ministry of Social Protection	16,139,292	14,484,678	(1,654,614)
54	Ministry of Public Security	14,775,733	14,372,221	(403,512)
Sub-total		106,749,414	102,595,081	(4,154,333)
<i>Regions</i>				
	Regions 1- 10	31,637,466	31,086,965	(550,501)
<i>Statutory Expenditure</i>				
54	Ministry of Public Security	39,336	16,519	(22,817)
90	Public Debt	15,836,134	14,828,323	(1,007,811)
Sub-total		15,875,470	14,844,842	(1,030,628)
Total		154,262,350	148,526,888	(5,735,462)

***Ministry's Response:***

- a) Central Government current expenditure was \$5.2 billion less than the 2017 budget allocation. This outturn was attributed to unspent allocations from several agencies. These included a sum of \$1.6 billion allocated under Programme 492, for Social Services due to lower transfer payments;
- b) Regarding reduced spending within the statutory category by \$1.0 billion. This was due to less than anticipated disbursements for new and disbursing loans from creditors such as International Development Association-World Bank (IDA), Caribbean Development Bank (CDB), International Fund for Agricultural Development (IFAD), Eximbank of India and Eximbank of China in 2017. In addition, the sanctions imposed by the United States of America on debt and securities transactions with Venezuela caused Guyana's international correspondent banks to be unwilling to transfer payments to Venezuela thus causing delays in debt service payments to the Bolivarian Republic of Venezuela;
- c) Total savings of \$760.8M on employment costs were realized from resignations, retirements and transfers of contracted staff to the permanent establishment within individual Budget Agencies; and
- d) Unspent allocations for other goods and services were due mainly to non-conclusion of the contract for printing of the machine-readable passports, and the non-procurement of several textbooks under materials and supplies. The two accounted for \$547.7M. Additionally, allocations to dietary of \$312.4M remained unspent due to logistical issues in the expansion of the hot meal and breakfast programme in the hinterland and coastland and the reduction in intake by 68 students within the Cyril Potter College of Education (CPCE) dormitory.

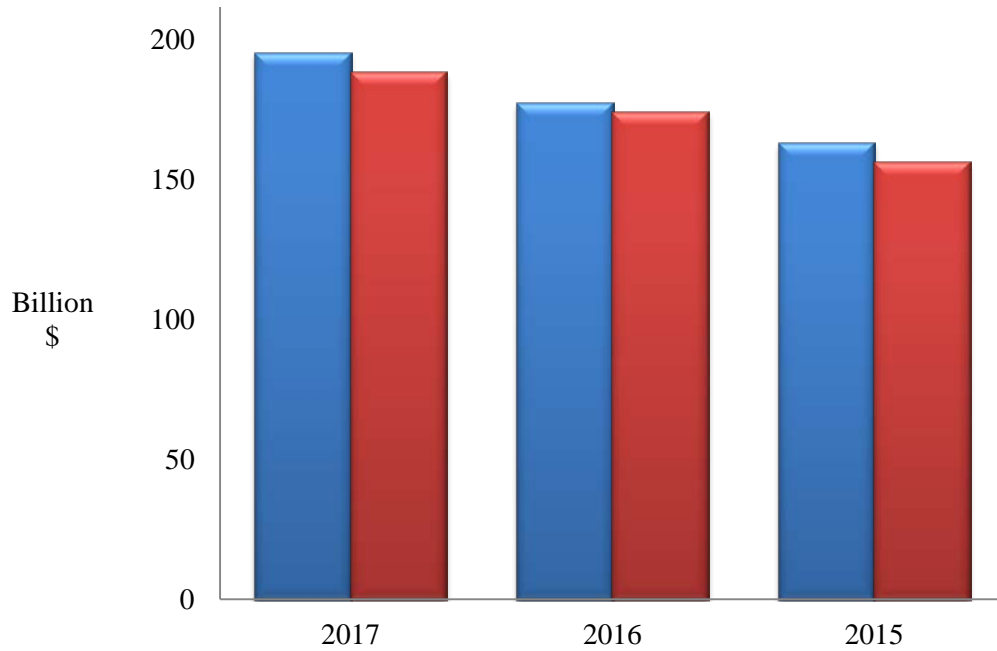
**Capital Expenditure**

17. Capital Expenditure reflected a net positive variance of \$1.860 billion. This was primarily due to approved supplementary provisions totalling \$11.062 billion that were granted to fourteen ministries and four regions. Notwithstanding these supplementary provisions, there were areas with significant shortfalls, which were mainly attributed to:

- a) External Grants and External Loans being below approved estimates mainly on the account of delays in tendering and awarding of contracts in the Sea Defence projects; and
- b) Delays in award of contracts for construction of proposed schools due to review of design parameters in the Secondary Education Improvement Project.

18. Except for any adjustments which might have been shown to be necessary as a result of the observation contained in the relevant sections of my Report, in my opinion, the Statement as shown on pages 446 to 455 properly presents the End of Year Budget Outcome and Reconciliation Report (Expenditure) for the year ended 31 December 2017.

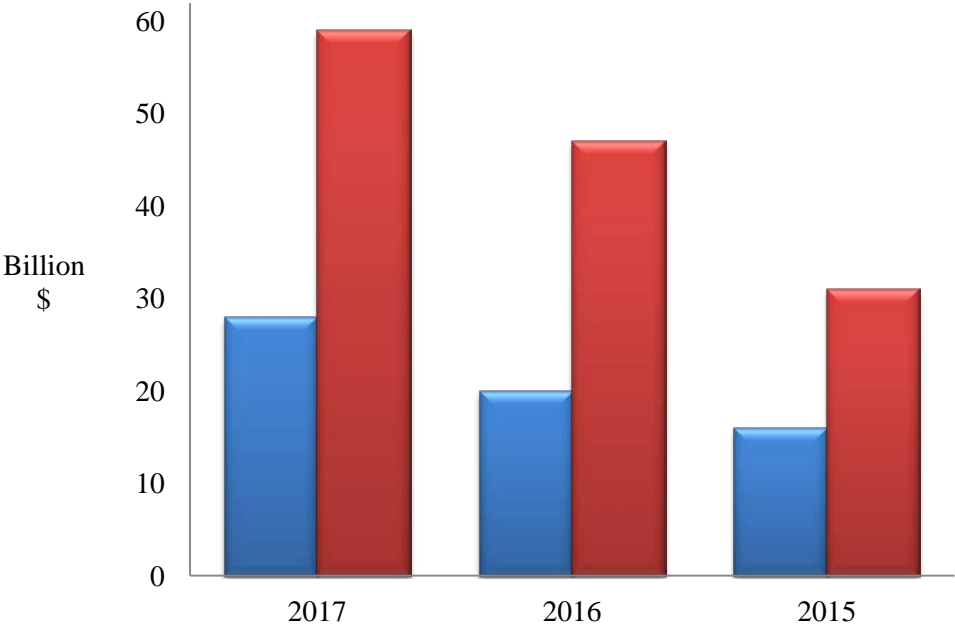
Comparisons between Current Revenue  
and Current Expenditure for the years  
2015-2017



Description	2017 \$'000	2016 \$'000	2015 \$'000
■ Current Revenue	195,060,179	177,531,039	163,032,404
■ Current Expenditure	188,201,805	174,984,513	156,244,693
Surplus	6,858,374	2,546,526	6,787,711

**Figure 1**

Comparisons between Capital Revenue and  
Capital Expenditure for the years  
2015-2017



Description	2017 \$'000	2016 \$'000	2015 \$'000
■ Capital Revenue	28,411,713	19,677,790	15,875,699
■ Capital Expenditure	58,618,255	46,618,057	30,664,886
Deficit	(30,206,542)	(26,940,267)	(14,789,187)
Deficit	51.53%	57.79%	48.23%

**Figure 2**

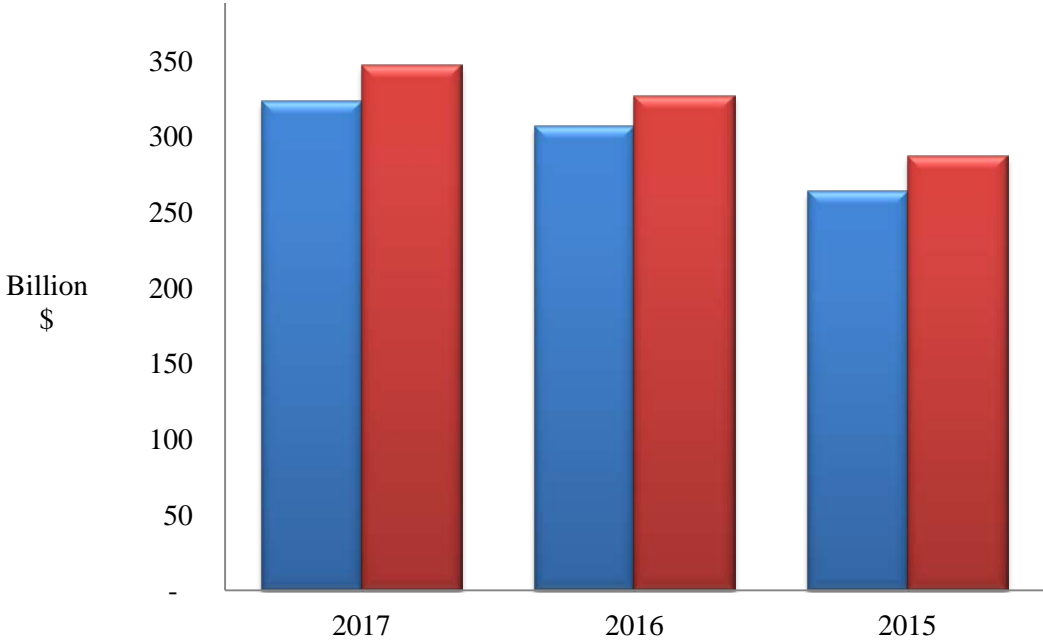


Surplus/Deficit for the year ended 31 December 2017

19. There was a net overall deficit of \$24.268 billion for the year ended 31 December 2017. The overall net deficit comprised of a current surplus of \$5.939 billion and a capital deficit of \$30.207 billion. See summary in table below:

Current Revenue		2017 \$'000	2016 \$'000	2015 \$'000	2014 \$'000
500	Customs and Trade Taxes	18,889,985	16,381,965	13,156,236	13,454,797
510	Internal Revenue	76,513,743	68,110,776	61,044,186	56,866,062
520	Stamp Duties	386,735	339,589	446,088	618,392
525	Other Tax Revenues	313	277	0	0
530	Fees and Fines	1,368,460	1,356,650	1,210,984	1,109,544
540	Interest	1,001,934	1,002,029	2,041	2,399
545	Rents and Royalties	3,879,411	4,301,266	8,866	11,694
555	Dividends and Transfers	14,251,448	14,276,069	12,391,796	5,291,516
560	Miscellaneous Receipts	2,753,856	4,255,435	5,965,380	2,949,980
590	Value Added Tax	42,422,904	36,268,472	35,373,655	37,307,010
594	Excise Tax	33,458,566	31,083,003	33,330,463	28,234,080
597	Miscellaneous	132,958	155,508	102,709	168,398
	Sub Total	195,060,313	177,531,039	163,032,404	146,013,872
	Treasury Bills Issued	99,593,080	109,458,458	85,396,970	98,844,793
Total Current Revenues		294,653,393	286,989,497	248,429,374	244,858,665
Current Expenditure					
	Current Budgetary Expenditure	169,002,636	158,823,111	137,363,579	123,583,007
	Current Statutory Expenditure	19,199,169	16,161,403	18,881,112	13,669,156
	Treasury Bills Redeemed	100,512,629	105,374,913	99,763,159	119,366,963
Total Current Expense		288,714,434	280,359,427	256,007,850	256,619,126
Current Surplus/(Deficit)		5,938,959	6,630,070	(7,578,476)	(11,760,461)
Capital Revenue					
565	Sale of Assets	0	0	2,123	3,569
570	Miscellaneous Capital Revenue	759,373	1,501,560	2,484,668	2,364,148
575	External Grants	10,366,228	5,368,888	3,851,351	920,443
580	External Loans	17,286,112	12,807,342	9,537,557	14,010,414
Total Capital Revenues		28,411,713	19,677,790	15,875,699	17,298,574
Total Capital Expenditure		58,618,255	46,618,058	30,664,886	51,013,620
Capital Surplus/(Deficit)		(30,206,542)	(26,940,268)	(14,789,187)	(33,715,046)
	Total Revenue (Current and Capital)	323,065,106	306,667,287	264,305,073	262,157,239
	Total Expenditure (Current and Capital)	347,332,689	326,977,485	286,672,736	307,632,746
TOTAL SURPLUS/(DEFICIT)		(24,267,583)	(20,310,198)	(22,367,663)	(45,475,507)

Comparisons between  
Total Revenue and Total Expenditure  
for the years  
2015-2017



Description	2017 \$'000	2016 \$'000	2015 \$'000
<span style="color: blue;">■</span> Total Revenue	323,065,106	306,667,287	264,305,073
<span style="color: red;">■</span> Total Expenditure	347,332,689	326,977,485	286,672,736
Deficit	(24,267,583)	(20,310,198)	(22,367,663)
Deficit	6.99%	6.21%	7.8%

**Figure 3**

FINANCIAL INFORMATION  
RECEIPTS AND PAYMENTS OF THE CONSOLIDATED FUND

20. In January 2004, a new Consolidated Fund №. 01610000407 was established in accordance with Section 51 of the FMA Act with a transfer of \$5 billion from the old Consolidated Bank Account №. 01610000400. This new bank account was reconciled monthly and reflected an overdraft of \$89.928 billion as at 31 December 2017. The cash book reflected an overdraft of \$109.020 billion, resulting in a difference of \$19.092 billion, as summarised below:

- a) Deposit of \$2.607 billion not yet debited to cash book;
- b) Unpresented cheques of \$23.501 billion;
- c) Deposits of \$5.370 billion not yet credited to the bank account; and
- d) Debit advices of \$1.646 billion not yet credited in cash book.

21. Section 26 of the FMA Act states that “*except as provided in this Act, every appropriation of public moneys authorised by Parliament for a fiscal year shall lapse and cease to have effect as at the end of that fiscal year*”. Examination of the reconciliation of the 407 Account in respect of un-presented cheques totalling \$23.501 billion as at 31 December 2017 revealed that 5,046 cheques totalling \$5.509 billion were processed and printed during the months of January to March 2018.

**Ministry’s Response:** The printing of cheques has always been dependent on a single centralised system located in the Accountant General’s Department which was unable to complete the volume of cheques that were already approved in the IFMAS for printing on the 31 December 2017. This resulted in the overlap in cheque printing activity in 2018 as pointed out in the Audit Report.

It should be noted that the majority of the cheques were printed immediately in January 2018, while a small amount of cheques were printed thereafter to accommodate the change of vendor names that were incorrectly posted. These were aimed at bringing completeness to the accounts for the period ending 31 December 2017.

22. Beginning in 1994 and up to the time of implementation of the Integrated Financial Management and Accounting System (IFMAS) in 2004, a total of thirty-one Government Bank Accounts were rendered non-operational. As at 31 December 2017, a total of twenty-six Government Bank Accounts with balances totalling \$210.212M were listed as inactive. Thirteen of these inactive accounts had zero balances. One account had a balance of \$200M, which represented the Revolving Housing Fund. On 5 September 2018, eleven of the twenty-six accounts were closed and their accumulated balance totalling \$336 were transferred to the Consolidated Account.

23. The net accumulated balance of the twenty-six accounts and other operational accounts (excluding the balances on the bank accounts of special projects) was negative \$31.433 billion as at 31 December 2017. This is the best available estimate of the cash position of the Government as at 31 December 2017. It should be noted that there was a decrease of \$14.460 billion in the estimated cash position of Guyana at the end of 2017 when compared to the negative balance of \$16.973 billion as at 31 December 2016 and an increase of the deficit to \$31.433 billion.

**Ministry's Response:** The closure of bank accounts is an exercise that is ongoing but entails some degree of caution. The Housing Fund Account reflecting a balance of \$200M cannot be closed as the matter between the Union and the Ministry of Education is still on-going.

**Recommendation:** The Audit Office recommends that the Accountant General's Department take the necessary steps to bring closure to this matter. (2017/01)

24. The following gives a summary of the bank balances with comparative figures at the end of the preceding year:

Account No.	Description	Amount 2017 \$M	Amount 2016 \$M	Amount 2015 \$M
407	Consolidated Fund(New)	(89,928)	(67,583)	(42,679)
400	Consolidated Fund(Old)	(46,776)	(46,776)	(46,776)
401	Deposit Fund	0	0	0
	Non-Sub Accounting			
3001	Ministries/Departments	7	8	2,440
-	Other Ministries/Departments' Accounts	27,727	19,027	19,599
969	Monetary Sterilisation Account	77,537	78,351	66,249
Total		(31,433)	(16,973)	(1,167)

25. Section 26(3) of the Fiscal Management and Accountability Regulations 2004 states that "*an official bank account shall not be overdrawn...*" However, the overdraft in the new Consolidated Fund was \$89.928 billion at the end of December 2017, compared with \$67.583 billion at the end of 2016. This represented an increase of \$22.345 billion, that is, approximately 33%. Further, the overdraft has more than doubled since 2015; when the overdraft was \$42.679 billion, an increase of \$47.250 billion.

**Ministry's Response:** The Ministry of Finance explained that in the case of the Consolidated Fund, the Fiscal Management and Accountability Act 2003 (FMA Act 2003) make provision for overdraft facility. Section 60 of the FMA Act 2003 states "*The Minister may approve the use of advances in the form of an overdraft on an official bank account to meet cash shortfalls during the execution of the annual budget.*" Also the fluctuations in the flow of receipts and payments may from time to time necessitate the need for overdrafts in the case of the Consolidated Fund. The use however, of overdrafts by accounting officers with respect to Ministries, Departments and Regions is prohibited.

Old Consolidated Fund Bank Account № 400

26. The old Consolidated Fund Bank Account № 400 was not reconciled since February 1988. A cash book was reconstructed for the period 1989 to 2003 in order to aid the reconciliation of this account. However, despite attempts by the Accountant General's Department to reconcile the monthly transactions on the account from January 1994, a proper reconciliation was still not done. In addition, the old Consolidated Fund continued to be overdrawn over the years. At the end of 1992, the overdraft on this account was \$26.823 billion, compared with an overdraft of \$44.434 billion at the end of 2003, a net increase of \$17.611 billion. At the end of 2004, the overdraft of the old Fund was \$45.550 billion.

27. It should be noted that there was no activity in this account during the years 2006, 2007, 2010, 2011, 2012, 2015 and 2017. However, there were movements in the account during the years 2005, 2008, 2009, 2013 and 2014, with a closing overdraft of \$46.776 billion as at 31 December 2017.

**Ministry's Response:** The reconciliation of the old 400 Consolidated Account has posed new challenges. Ministry of Finance explained that a request has been made for data from the Bank of Guyana from the year 1992. However, it appears that the Bank has difficulty in accessing the data from its records. In the absence of this data, the reconciliation exercise seems futile. There are also gaps in the accounting records of the Accountant General's Department that will impede the smooth flow of a reconciliation process in the conventional manner. The issue about the reconciliation of the old Consolidated Fund Account №. 400 shall continue to engage the attention of the Accountant General.

**Recommendation:** The Audit Office recommends that the Accountant General's Department take the necessary steps to bring closure to this matter. (2016/02)

28. In 2006, amounts totalling \$15.226 billion were transferred from the Deposit Fund, General Account and the Non-Sub Accounting Bank Accounts to the new Consolidated Fund (Account №. 407) instead of the old Consolidated Fund. Had these amounts been transferred to the old Consolidated Fund and the amount of \$5 billion that was used to open the new Consolidated Fund repaid, then the overdraft would have been reduced to \$26.550 billion at the end of 2017.

Gifts

29. Section 34 of the Stores Regulations 1993 states that "*all gifts received shall be subject to normal store-keeping and received stores accounting procedures and the procedure set out in the regulations 16 to 19 inclusive shall apply. A Gift Register in Form 18 shall be maintained by the Storekeeper, and the Permanent Secretary shall furnish the Secretary to the Treasury (now Finance Secretary), the Accountant General and the Auditor General information relating to all gifts received from time to time.*" However, although there was evidence of the receipts of numerous Gifts during the year, there was no evidence of adherence to these procedures. As a result, the amount of \$2.753 billion representing Miscellaneous Receipts as at 31 December 2017 was understated by an undetermined amount.

**Ministry's Response:** The accounting for gifts in accordance with the laid down procedures shall continue to engage the attention of the Ministry of Finance.

**Recommendation:** The Audit Office once again recommends that the Ministry of Finance adopt stringent measures to ensure that there is compliance with the Ministry of Finance's circular concerning the accounting for gifts. (2016/03)

Current Expenditure

Procurement of Drugs and Medical Supplies for Region Nos. 1 to 10

30. Amounts totalling \$2.157 billion were budgeted for the procurement of drugs and medical supplies under Health Services Programme - Line Item 6221 for Region Nos. 1 to 10 during 2017. As at 31 December 2017, amounts totalling \$1.789 billion were transferred by way of Inter-Departmental Warrants (IDWs) by the Regions to the Ministry of Public Health (MOPH) for the purchase of drugs and medical supplies. Amounts totalling \$1.747 billion were expended by the MOPH. The unexpended amounts on the warrants totalling \$41.301M were credited to the respective Regions' Appropriation Accounts.

31. However, although drugs and medical supplies were received by the Regional Administrations, the costs were not stated on the documentations that accompanied the deliveries. As a result, it could not be determined whether the full value was received for the sum of \$1.747 billion expended by the MOPH.

32. It should be noted that the Regions expended amounts totalling \$367.559M on drugs and medical supplies. Shown in the table below is a summary of the expenditure:

Reg. No.	2017						
	Budget Amount \$'000	Exp. by Region \$'000	Date of Warrants	IDWs to MOPH \$'000	Exp. by MOPH \$'000	Balance on Warrants	Total Exp. \$'000
1	84,000	27,000	31/08/2017	57,000	57,000	0	84,000
2	186,099	16,760	12/10/2017	169,099	169,099	0	185,859
3	359,649	60,467	13/06/2017	299,000	299,000	0	359,467
4	620,000	2,960	21/11/2017	617,000	617,000	0	619,960
5	163,436	33,435	20/03/2017	130,000	130,000	0	163,435
6	400,000	125,000	21/09/2017	275,000	275,000	0	400,000
			21/11/2017			0	0
7	70,000	30,996	2/11/2017	39,000	19,001	19,999	49,997
			15/11/2017			0	0
8	32,000	4,000	3/4/2017	28,000	15,000	13,000	19,000
			1/11/2017			0	0
9	100,000	55,406	3/3/2017	44,595	36,293	8,302	91,699
			21/11/2017			0	0
10	141,535	11,535	7/2/2017	130,000	130,000	0	141,535
Total	2,156,719	367,559		1,788,694	1,747,393	41,301	2,114,952

33. 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 Statement properly presents the Receipts and Payments of the Consolidated Fund for the year ended 31 December 2017.

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

34. The Statement of Expenditure from the Consolidated Fund as compared with the Total Funds Available as shown on pages 466 to 474 revealed that amounts totalling \$262.469 billion were made available for expenditures. This comprised of \$194.649 billion and \$67.820 billion for current and capital expenditures, respectively. Actual expenditures totalled \$246.820 billion, of which current and capital expenditures amounted to \$188.202 billion and \$58.618 billion, respectively. This resulted in a shortfall in expenditures of \$15.649 billion, of which \$6.448 billion and \$9.202 billion were for current and capital expenditures, respectively. See summary in the table below:

Description	2017 \$'000	2016 \$'000	2015 \$'000
<u>Current Expenditure</u>			
Approved Allotment	193,364,814	177,852,720	182,029,985
Add: Supplementary Allotment	1,284,590	4,872,017	720,681
Total Funds Available	194,649,404	182,724,737	182,750,666
Less: Actual Expenditure	188,201,805	174,984,513	156,244,693
Over/(Under) the Total Funds Available	(6,447,599)	(7,740,224)	(26,505,973)
<u>Capital Expenditure</u>			
Approved Allotment	56,758,353	52,183,806	39,048,621
Add: Supplementary Allotment	11,061,682	8,124,838	144,216
Total Funds Available	67,820,035	60,308,644	39,192,837
Less: Actual Expenditure	58,618,255	46,618,059	30,664,886
Over/(Under) the Total Funds Available	(9,201,780)	(13,690,585)	(8,527,951)
Total Approved Allotment	250,123,167	230,036,526	221,078,606
Add: Total Supplementary Allotment	12,346,272	12,996,855	864,897
Total Funds Available	262,469,439	243,033,381	221,943,503
Less: Total Expenditure	246,820,060	221,602,572	186,909,579
Over/(Under) the Total Funds Available	(15,649,379)	(21,430,809)	(35,033,924)

Current Expenditure

35. As illustrated in the table above, approved allotment for current expenditure was \$193.365 billion. During the year, amounts totalling \$1.285 billion were granted in supplementary provisions, bringing the total revised allotment to \$194.649 billion. Total expenditure amounted to \$188.201 billion, resulting in a total shortfall of \$6.448 billion. This outturn was mainly attributed to significant shortfalls in expenditures under the revised allocations of various entities. The table below provides a summary of the entities with significant shortfalls in expenditures:

Description	Approved Allotment (Allotment 1) \$'000	Supplementary Allotment \$'000	Total Revised Allotment \$'000	Actual Expenditure \$'000	Over (Under) Approved Allotment \$'000	Shortfall %
<u>Ministry</u>						
Ministry of Finance	17,731,265	248,000	17,979,265	17,455,502	(523,763)	3
Ministry of Presidency	4,902,883	13,594	4,916,477	4,678,529	(237,948)	5
Elections Commission	1,909,932	0	1,909,932	1,626,969	(282,963)	15
Ministry of Agriculture	14,635,455	0	14,635,455	14,520,297	(115,158)	1
Ministry of Education	17,145,720	0	17,145,720	16,113,036	(1,032,684)	6
Ministry of Public Health	19,509,134	0	19,509,134	19,343,849	(165,285)	1
Ministry of Social Protection	16,139,292	0	16,139,292	14,484,678	(1,654,614)	10
Ministry of Public Security	14,775,733	0	14,775,733	14,372,221	(403,512)	3
Sub-total	106,749,414	261,594	107,011,008	102,595,081	(4,415,927)	4
<u>Regions</u>						
Regions 1- 10	31,637,466	5,000	31,642,466	31,086,965	(555,501)	2
<u>Statutory</u>						
Ministry of Public Security	39,336	0	39,336	16,519	(22,817)	58
Public Debt	15,836,134	0	15,836,134	14,828,323	(1,007,811)	6
Sub-total	15,875,470	0	15,875,470	14,844,842	(1,030,628)	6
Total	154,262,350	266,594	154,528,944	148,526,888	(6,002,056)	4

**Ministry's Response:**

- a) Central Government current expenditure is \$5.2 billion less than the 2017 budget allocation. This outturn has been attributed to unspent allocations from several agencies. These included a sum of \$1.6 billion allocated under Programme 492 for Social Services due to lower transfer payments;



- b) the reduced spending within the statutory category by \$1.0 billion was due to less than anticipated disbursements for new and disbursing loans from creditors, such as International Development Association-World Bank (IDA), Caribbean Development Bank (CDB), International Fund for Agricultural Development (IFAD), Eximbank of India and Eximbank of China in 2017. In addition, the sanctions imposed by the United States of America on debt and securities transactions with Venezuela, caused Guyana's international correspondent banks to be unwilling to transfer payments to Venezuela, thus causing delays in debt service payments to the Bolivarian Republic of Venezuela;
- c) total savings of \$760.8 million on employment cost was realised from resignations, retirements and transfers of contracted staff to the permanent establishment within individual Budget Agencies; and
- d) unspent allocations for other goods and services were due mainly to non-conclusion of the contract for printing of the machine-readable passports, and the non-procurement of several textbooks under materials and supplies. The two accounted for \$547.7M. Additionally, allocations to dietary of \$312.4M remained unspent due to logistical issues in the expansion of the hot meal and breakfast programme in the hinterland and coastland and the reduction in intake by sixty-eight students within the Cyril Potter College of Education (CPCE) dormitory.

#### Capital Expenditure

36. The Approved Allotment for capital expenditure was \$56.758 billion. During the year, amounts totalling \$11.061 billion were granted in supplementary provisions, bringing the total revised allotment to \$67.820 billion. Total expenditure amounted to \$58.618 billion, resulting in a total shortfall of \$9.202 billion. This outturn was mainly attributed to projects under various Ministries, Departments and Regions that were either not undertaken or completed during the year.

#### ***Ministry's Response:***

- a) Central Government capital expenditure for 2017 was 103.3% of the approved allotment of \$56.758 billion on account of strong performance of the domestically financed PSIP driven by improved monitoring of projects and programmes throughout the procurement cycle, while the foreign funded portfolio projects recorded improved performance when compared to previous years on account of advancement of projects in the health, agriculture, water, security and public infrastructure sectors;
- b) also, the foreign funded portfolio of projects achieved an overall execution rate of 100.1% of an approved budget of \$22.1 billion in 2017, a marked improvement relative to 2016 outturn of 73.7%. The above outturn was closely correlated to better monitoring (use of a PSIP Monitoring Report) aimed at reviewing the performance of the Public Sector Investment Programme;

- c) further, this performance was aided by approved supplementary provisions in the areas including agriculture, public infrastructure and security sector. The latter associated with activities post the Camp Street Prison fire; and
- d) noteworthy, while the overall performance is as outlined above there were some areas where performance surpassed and others that fell below planned targets.

37. The table below gives a breakdown of mainly those Ministries and Regions whose capital expenditures were under the revised allocations. (Please refer to Figure 4)

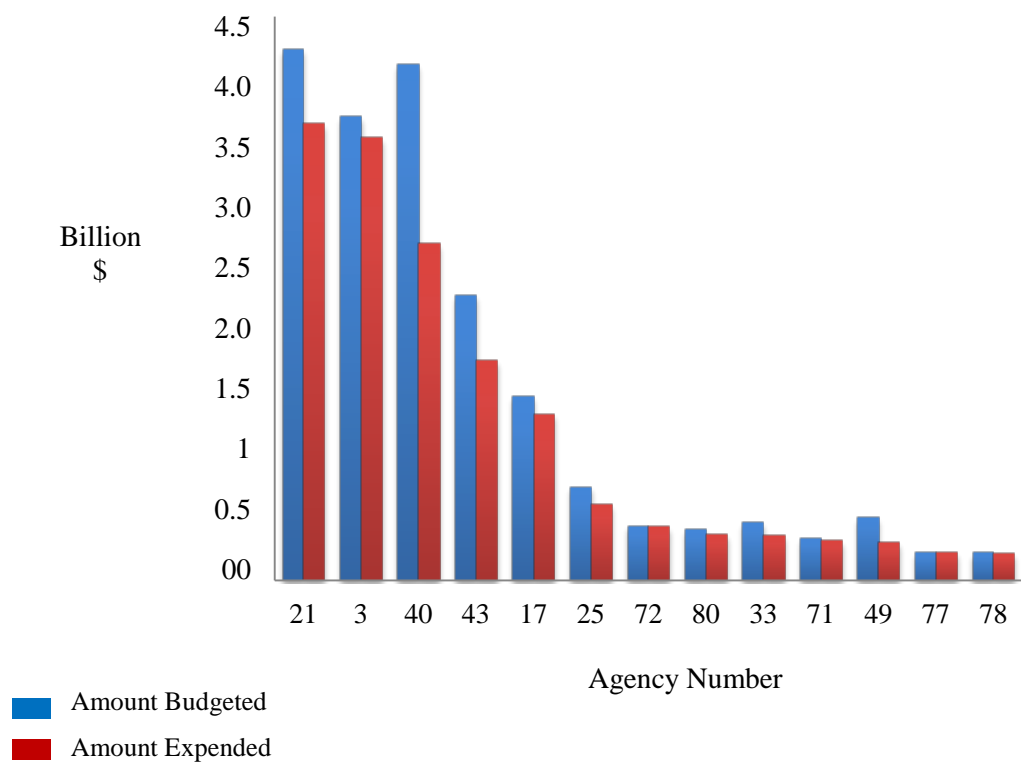
Ministry/Region	Approved Allotment (Allotment1) \$'000	Supplementary Allotment \$'000	Total Revised Allotment \$'000	Total Expenditure \$'000	Under the Total Funds Available \$'000	Shortfall %
Ministry of Public Infrastructure	27,260,739	7,769,434	35,030,173	29,364,823	5,665,350	16
Ministry of Education	4,072,289	45,519	4,117,808	2,689,202	1,428,606	35
Ministry of Agriculture	3,512,850	730,640	4,243,490	3,649,517	593,973	14
Ministry of Public Health	1,981,186	298,300	2,279,486	1,756,286	523,200	23
Ministry of Social Protection	477,869	26,858	504,727	303,389	201,338	40
Ministry of Finance	3,335,083	369,703	3,704,786	3,536,661	168,125	5
Min. of Indigenous Peoples Affairs	1,471,232	0	1,471,232	1,331,382	139,850	10
Ministry of Business	552,076	197,099	749,175	609,502	139,673	19
Min. of Public Telecommunication	447,705	19,537	467,242	357,919	109,323	23
Region10: Upp Dem/Upp B'ce	406,950	2,610	409,560	368,048	41,512	10
Region1: Barima/Waini	337,342	0	337,342	320,666	16,676	5
Region2: Pomeroon/Supenaam	438,970	0	438,970	430,906	8,064	2
Region8: Potaro/Siparuni	206,100	14,846	220,946	215,590	5,356	2
Region7: Cuyuni/Mazaruni	228,846	0	228,846	223,818	5,028	2
					9,046,074	

**Ministry's Response:** the Ministry proffered the following explanations:

- shortfall due to low execution rate of major foreign funded projects, e.g. PUUP Lot 2 which had to be retendered; East Coast Demerara Highway project whose work program was delayed due to removal of utilities; and the late award of Sheriff Street project which affected the payment of the mobilisation advance planned;
- non-award of critical capital projects; and lengthy design review period for the Secondary Education Improvement Project; and
- delays in the procurement process and no movement on civil works planned under the Modernisation of Primary Health Care project and rehabilitation of CC Nicholson Hospital.

38. 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 Statement properly presents the Statement of Expenditure from the Consolidated Fund as compared with the Estimates of Expenditure for the year ended 31 December 2017.

Capital Expenditure Shortfalls for Ministries and Regions  
below \$5 billion



Agency №.	Ministries/Regions	Revised Allotment \$'000	Amount Expended \$'000
21	Ministry of Agriculture	4,243,490	3,649,517
3	Ministry of Finance	3,704,786	3,536,661
40	Ministry of Education	4,117,808	2,689,202
43	Ministry of Public Health	2,279,486	1,756,286
17	Ministry of Indigenous Peoples Affairs	1,471,232	1,331,382
25	Ministry of Business	749,175	609,502
72	Region 2: Pomeroon/Supenaam	438,970	430,906
80	Region 10: Upp Dem/Upp B'ce	409,560	368,048
33	Ministry of Public Telecommunication	467,242	357,919
71	Region 1: Barima/Waini	337,342	320,666
49	Ministry of Social Protection	504,727	303,389
77	Region 7: Cuyuni/Mazaruni	228,846	223,818
78	Region 8: Potaro/Siparuni	220,946	215,590

**Figure 4**

EXPENDITURE IN RESPECT OF THOSE SERVICES WHICH BY LAW ARE DIRECTLY  
CHARGED UPON THE CONSOLIDATED FUND

39. Expenditure in respect of those services, which by Law are directly charged upon the Consolidated Fund, otherwise known as Statutory Expenditure, is shown on page 475 and does not form part of the voted provisions approved by the National Assembly. Such expenditure includes repayment and servicing of the Public Debt, emoluments of holders of constitutional offices, and pensions and gratuities of public officers. The details provided for verification of this expenditure revealed that they were properly incurred. See summary in table below:

Description	Wages and Salaries 2017 \$'000	Employment Overhead Expenses 2017 \$'000	Total Expenditure 2017 \$'000	Total Expenditure 2016 \$'000
Ministries and Departments	33,982	3,100	37,082	49,914
Pensions and Gratuities	4,212,373	3087	4,215,460	3,822,268
Payments to Dependent's Pension Fund	118,304	0	118,304	77,804
<b>Public Debt:</b>				
Internal Principal	279,601	0	279,601	35,478
Internal Interest	1,970,321	0	1,970,321	1,863,059
External Principal	8,377,234	0	8,377,234	6,710,241
External Interest	4,201,168	0	4,201,168	3,602,637
<b>Total</b>	<b>19,192,983</b>	<b>6,187</b>	<b>19,199,170</b>	<b>16,161,401</b>

40. 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 Statement properly presents the Expenditure in respect of those Services which by Law are directly charged upon the Consolidated Fund for the year ended 31 December 2017.

## RECEIPTS AND PAYMENTS OF THE CONTINGENCIES FUND

41. Section 220(1) of the Constitution states that “*Parliament may make provision for the establishment of a Contingencies Fund and for authorising the Minister responsible for finance to make advances from that Fund if he is satisfied that there is an urgent need for expenditure for which no other provision exists.*” In accordance with Section 41 of the FMA Act, the Minister of Finance “*may approve a Contingencies Fund Advance as an expenditure out of the Consolidated Fund by the issuance of a drawing right.*”

42. According to the Statement of Receipts and Payments of the Contingencies Fund as shown on page 476, no Contingency Advance was drawn from the Fund.

43. As such, the Statement of Receipts and Payments of the Contingencies Fund presents fairly, in all material respects the contingency advances for the year ended 31 December 2017.

## SCHEDULE OF ISSUANCE AND EXTINGUISHMENT OF ALL LOANS

44. Section 73(2)(a)(iii) of the FMA Act requires that the Minister present such other “*financial information relating to the fiscal year that he deems necessary to present fairly the financial transactions and financial position of the State.*” The Schedule of Issuance and Extinguishment of all Loans as shown on page 478 reflected a balance of \$466.308M at the end of 2017, as shown below:

Description	Balance as at 31 December 2017 \$'000
Guyana National Printers	100,000
Ogle Airport Inc.	366,308
Total	466,308

45. The Schedule of Issuance and Extinguishment of all loans presents fairly, in all material respects the loans issued and extinguished as at 31 December 2017.

## FINANCIAL REPORTS OF THE DEPOSIT FUND

46. Section 42 of the FMA Act states that “*the Minister may establish one or more Deposit Funds into which public moneys shall be paid pending repayment or payment for the purpose for which the moneys were deposited.*” There was a net positive movement of \$293.849M of the Fund during the year. Quarterly reconciliation was conducted and balances monitored. The Financial Report of the Deposit Fund for the year ended 31 December 2017 is shown on page 477.

47. The old Deposit Fund Account №. 401, from which amounts totalling \$1.955 billion and \$55M were transferred to the new Consolidated Fund in 2006 and 2010 respectively, reflected a nil balance in 2012, and was closed as at 31 December 2013. However, the Audit Office was unable to determine the details of the amounts transferred from this account due to a gap of fourteen years in financial reporting covering the period 1982 to 1995. In addition, ledgers relating to the Fund were not written up since September 1987. As such, the amounts recorded as deposits and transferred from this account were based on submissions by Ministries, Departments and Regions.

**Ministry’s Response:** The Ministry of Finance explained that this matter has not been resolved since the requisite manual records were maintained at the various agencies during the period prior to 2004. Whatever information was provided by those agencies in relation to figures for the opening balances in the Deposit Fund was acted upon in January 2004.

**Recommendation:** The Audit Office once again recommends that the Ministry of Finance undertake to establish a Deposit Fund in accordance with the requirement of the FMA Act. (2016/04)

48. The Audit Office was also unable to verify the accuracy of \$1.057 billion as deposits held for investments on behalf of the Sugar Industry Labour Welfare Fund (SILWF), the Sugar Industry Rehabilitation Fund and the Sugar Industry Price Stabilisation Fund. These entities were last audited for the years 2012, 1980, and 1980, respectively. It was therefore not possible to use the entities’ records as a basis of verifying the accuracy of the balances.

**Ministry’s Response:** While the Ministry of Finance has continued to express the view that it is responsibility of the SILWF to furnish such information to the Auditor General since they have in their possession the relevant records, the Ministry of Finance has committed to follow the recommendations of the Public Accounts Committee in verifying the deposits held for investment.

49. Prior to 2004, the records at the Accountant General’s Department were not maintained in a manner to adequately monitor or control advances granted from the Deposit Fund. In addition, it was not possible to easily ascertain the value of advances issued or outstanding as at 31 December 2003. As a result, the amount of \$13.759 billion representing advances outstanding as at 31 December 2017 could not be substantiated. However, it was noted that monthly reconciliations were done between the agencies and the Ministry of Finance using the information provided by IFMAS and the agencies’ records.

**Ministry's Response:** The Ministry of Finance explained that with the advent of the IFMAS in 2004 all reconciliations have been timely and accurate; as such, balances in the Deposit Fund at the end of 2017 can be substantiated. In the absence of records prior to January 2004, the Ministry of Finance continues to rely on the agencies records to facilitate reconciliations.

**Recommendation:** The Audit Office once again recommends that the Ministry make a concerted effort to reconcile the advances granted prior to 2004 and to submit the results for audit scrutiny. (2017/05)

50. Section 42(2) of the FMA Act states “on the establishment of a Deposit Fund, the Minister shall notify the National Assembly of the Deposit Fund and shall specify, (b) the purpose or purposes for which moneys may be expended from the Deposit Fund; and (d) the intended investment strategy for the moneys deposited in the Deposit Fund.” The Ministry of Finance produced a schedule of agencies with miscellaneous deposits. However, the Ministry of Finance did not produce any documentation in support of the schedule. Shown in the table below are the details of the Deposit Fund as at 31 December 2017:

Description	Amount 2017 \$'000	Amount 2016 \$'000	Amount 2015 \$'000
<b>Types of Deposit</b>			
Dependents Pension Fund	1,230,560	1,016,541	990,175
Sugar Industry Welfare Committee	50,691	50,691	50,691
Sugar Industry Labour Welfare Fund	970,684	975,930	1,087,705
Sugar Industry Rehabilitation Fund	72,432	72,432	72,432
Sugar Industry Price Stabilisation Fund	14,033	14,033	14,033
Miscellaneous	3,804,721	3,719,645	3,931,045
<b>Total</b>	<b>6,143,121</b>	<b>5,849,272</b>	<b>6,146,081</b>
<b>Types of Advance</b>			
Personal	19,266	14,824	14,024
Gratuity	1,281,183	1,281,408	1,162,001
Auto Advance	113,531	123,364	127,447
Guyana Gold Board	8,650,148	8,650,148	8,650,148
Imprest & Cash on Hand	1,523,418	1,240,579	1,207,697
Deposit Fund Advance Warrants	208,410	208,410	208,410
Crown Agents	409,040	406,246	401,831
Statutory and Other Bodies	1,554,456	1,554,456	1,554,456
<b>Total</b>	<b>13,759,452</b>	<b>13,479,435</b>	<b>13,326,014</b>

51. Examination of the Financial Report of the Deposit Fund revealed the following:

- a) The amount for Guyana Gold Board remained static for the period 2012 to 2017;
- b) Advances in relation to Deposit Fund Advance Warrants remained static for the period 2014 to 2017; and
- c) The amount for Statutory and Other Bodies remained static for the period 2005 to 2017.

***Ministry's Response:***

- a) The Accountant General wrote the Guyana Gold Board regarding its indebtedness to the Ministry's Deposits Fund. The Guyana Gold Board in response the Accountant General memo stated "*the Guyana Gold Board will be committing to payments on a monthly basis, commencing August 2018.*" However, no payments were made to date;
- b) The Finance Secretary is to take up the issue of advances made via the Deposits Fund Advance Warrants with the Director of Public Prosecutions (DPP), since the Advances were issued due to the robbery of payroll, etc; and
- c) The static position reflected against the Statutory and Other Bodies is as a result of the balances being transferred to the new Consolidated Fund Account in 2003.

52. In the view of the foregoing observations, the completeness, accuracy and validity of the amounts shown in the Financial Report of the Deposit Fund for the year ended 31 December 2017 made in pursuance of Section 42 of the FMA Act, could not be satisfactorily determined.

***Recommendation:*** The Audit Office recommends that the Ministry take urgent action to bring closure to these issues. (2017/06)



STATEMENT OF ASSETS AND LIABILITIES OF THE GOVERNMENT

53. The assets and liabilities of the Government comprised 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. Article 216 of the Constitution establishes the Consolidated Fund, whilst Section 41 of the FMA Act, pursuant to Article 220 of the Constitution, establishes the Contingencies Fund as a sub-fund of the Consolidated Fund. In addition, the Deposit Fund was established by Section 42 of the FMA Act. The Balance Sheets of these funds at the end of the year would normally comprise the assets and liabilities of the Government.

54. The Statement of Assets and Liabilities of the Government for the year ended 31 December 2017, is summarised as follows:

Description	2017 \$M	
<u>Assets</u>		
Central Government Accounts	(50,524)	
LIS 11 Bank Account		
WSG Bank A/C – Loan	36	
Cash at Bank of Guyana in respect of special accounts (2000 Series)	11,365	
Cash at Bank of Guyana in respect of Redemption of Treasury Bills Account	(0.003)	
		(39,123)
<u>Less: Liabilities</u>		
Treasury Bills		
90 days	993	
182 & 365days	77,961	
	78,954	
Sugar Industry Welfare, Labour, Rehabilitation & Price Stabilisation Funds	1,056	
Miscellaneous Deposits	3,805	
Dependants’ Pension Fund and Sugar Industry Welfare Committee	1,282	
		85,097
Net Liability		124,220

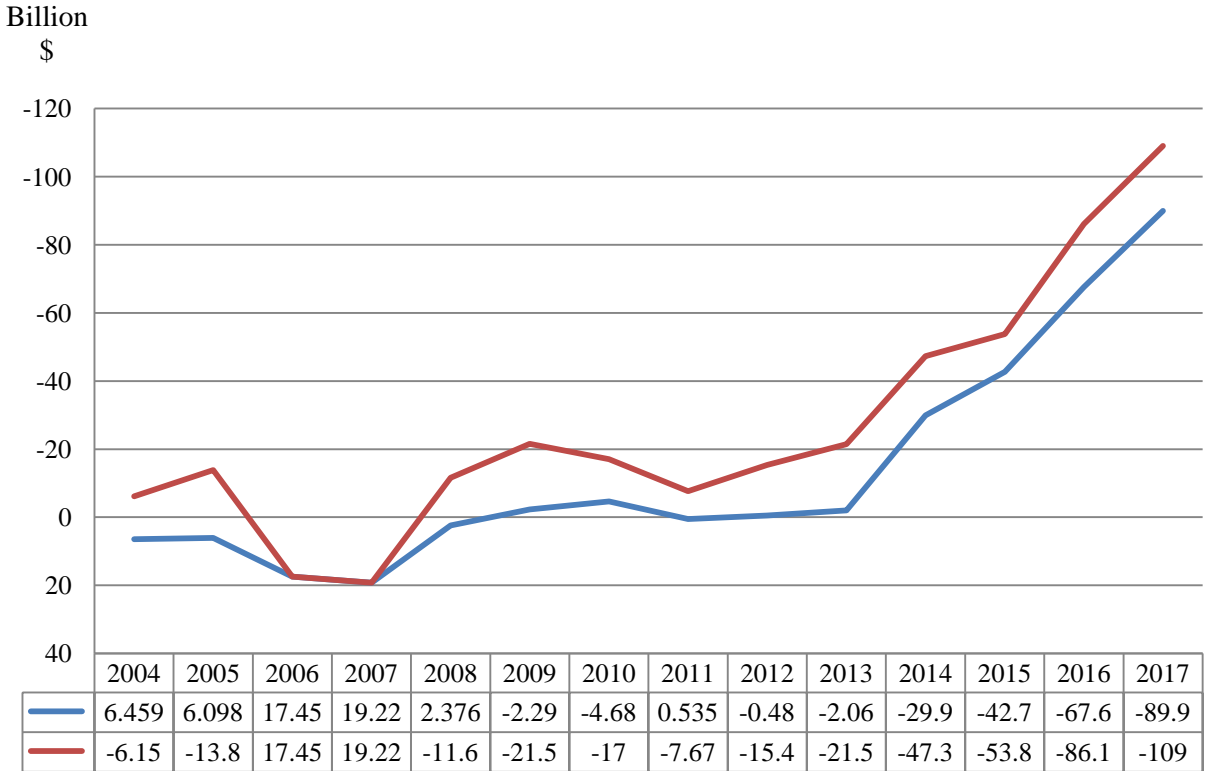
55. The sum of negative \$50.524 billion shown as Central Government Accounts represented actual bank balances instead of ledger/cash book balances, with the exception of the new Consolidated Fund (Account №. 407). This was due primarily to the absence of reconciliations of a number of Government Bank Accounts. The following table gives a breakdown with comparative figures at the end of the preceding years:

Account №.	Description	Amount 2017 \$M	Amount 2016 \$M	Amount 2015 \$M
407	Consolidated Fund (New)	(109,019)	(86,101)	(53,788)
400	Consolidated Fund (Old)	(46,776)	(46,776)	(46,776)
3001	Non-Sub Accounting Min/Dept.	7	8	2,440
-	Other Ministries/Departments' Accounts	27,726	19,027	19,599
969	Monetary Sterilisation Account	77,537	78,351	66,249
Total		(50,524)	(35,491)	(12,276)

56. As can be noted, the cash book overdraft reflected in the new Consolidated Fund was \$109.019 billion at the end of December 2017 compared with an overdraft of \$86.101 billion at the end of 2016. This represented an increase of \$22.918 billion, that is, approximately 26.62%. Further, the overdraft of the new Consolidated Fund has more than doubled since 2015, when the overdraft was \$53.788 billion.

57. As can be seen in Figure 5, the overdraft of the Fund has increased since 2011. However, from 2014-2017, the increases have been substantial.

New Consolidated Fund (407)  
 Comparison of Cash Book Balances and Bank Balances  
 2004 to 2017



■ Bank Balances  
■ Cash Book Balances

**Figure 5**

58. The Monetary Sterilisation Account set up in 1993 to capture the proceeds from issues of medium term Treasury Bills (i.e. 182 & 365 days), reflected a balance of \$77.537 billion as at 31 December 2017. However, the related balance in the Statement of Public Debt was stated as \$78.954 billion, resulting in a difference of \$1.417 billion. This difference represented unpaid discounts to the Bank of Guyana by the Government of Guyana of \$994M. The difference also included unexplained debits totalling \$563.811M and credits totalling \$140.271M, for which no documents were provided.

**Ministry's Response:** The Ministry of Finance has since concluded the reconciliation of the records between the Bank of Guyana and that of the Accountant General's Department and has arrived at a net sum representing unpaid interest on treasury bills that is due and payable to the Bank of Guyana. To this end, the Ministry has agreed to repay the Bank, commencing 2017, that amount in equal instalments over a five years period. The Estimates of Income and Expenditure for the year 2018 reflects the amount allotted for the second of such payments to the Bank of Guyana.

**Recommendation:** The Audit Office once again recommends that the Ministry of Finance work assiduously to bring closure to this matter. (2017/07)

59. The Government continued to operate on a cash basis and has not adopted or implemented the International Public Sector Accounting Standards (IPSAS). These Standards require accrual basis of accounting with full consolidation of all Government Agencies, including Public Enterprises and Statutory Bodies which are reliant on the state for assistance, to present a full and true financial position of the Government. The implementation of these Standards will enhance the quality, consistency and transparency of Public Sector Financial Reporting, leading to better informed assessments of the resource allocation decisions made by Government, thereby increasing transparency and accountability.

**Ministry's Response:** The adoption of IPSAS does not necessarily require the immediate implementation of the accrual basis of accounting with full consolidation of all Government Agencies. The basis of accounting under IPSAS also allows for modified cash basis of accounting as well as the modified accrual basis of accounting. It is acknowledged that the optimal aim of developing countries is to endorse the full accrual basis but this has to be undertaken in a phased manner. The Annual Consolidated Financial Statements as contained in the Fiscal Management and Accountability Act 2003 are all prepared under the cash basis of accounting. Sensitisation as a first step, followed by training will also have to be undertaken before IPSAS is implemented.

**Recommendation:** The Audit Office recommends that the Ministry of Finance work assiduously to implement the Accrual Basis of Accounting under IPSAS. (2017/08)

60. In view of the foregoing observations, I am unable to form an opinion whether the Statement as shown on page 479 properly presents the Assets and Liabilities as at 31 December 2017.

## SCHEDULE OF PUBLIC DEBT

61. In accordance with Article 221 of the Constitution, the Public Debt of Guyana and service of that debt are direct charges 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 №. 31 of 1991, authorises the Government to raise loans outside of Guyana not exceeding G\$400 billion. Section 3(6) of the said Act also requires all agreements relating to such loans to be laid before the National Assembly as soon as practicable after the execution of such agreements.

62. During the period under review, the Government of Guyana entered into twelve new loan agreements totalling G\$34.548 billion, as listed in the table below. Amounts totalling G\$5.640 billion or US\$27.311M were disbursed from some of the loans. These included the International Development Association (IDA) loan references 5966-GY and 6009-GY; Inter-American Development Bank (IDB) loan references 3779/BL-GY, 3798/BL-GY, 3824/BL-GY and 3876/BL-GY; Export/Import Bank of China, and Republic Bank, Trinidad and Tobago. The related loan agreements were all laid in the National Assembly during 2017.

№.	Date of Agreement	Donor/ Loan Ref.	Description of Loan	Currency	Amount \$'000	Equivalent G\$'000	Date laid in National Assembly
1	22.06.17	IDA 5966-GY	Guyana Payments System Project	SDR	4,500	1,326,500	07.07.17
2	22.06.17	IDA 6009-GY	Guyana Education Sector Improvement Project	SDR	9,900	2,918,299	07.07.17
3	21.02.17	IDB 3779/BL-GY	Support to Improve Maternal and Child Health	USD	8,000	1,652,000	13.04.17
4	21.02.17	IDB 3798/BL-GY	Sustainable Agricultural Development Program	USD	15,000	3,097,500	13.04.17
5	21.02.17	IDB 3824/BL-GY	Enhancing the National Quality Infrastructure for Economic Diversification and Trade Promotion Program	USD	9,000	1,858,500	13.04.17
6	21.02.17	IDB 3876/BL-GY	Support for the Criminal Justice System	USD	8,000	1,652,000	13.04.17
7	21.03.17	IFAD №.2000001704	Hinterland Environmentally Sustainable Agricultural Development Project	USD	7,960	1,643,740	08.05.17
8	09.01.17	Exim Bank of China	Guyana East Coast Demerara Road Improvement Project	YUAN	313,839	9,970,122	30 .01.17
9	22.02.17	Exim Bank of India	High Capacity Fixed and Mobile Drainage Pumps and Associated Structures	USD	4,000	826,000	13.04.17
10	19.07.17	Exim Bank of India	Upgrading of three hospitals namely WDRH, Bartica Regional Hospital and Suddie Regional Hospital	USD	17,500	3,613,750	27.07.17
11	23.05.17	CDB 19/SFR-GY	Skills Development and Employability Project	USD	11,700	2,416,050	07.07.17
12	08.08.17	Republic Bank Trinidad & Tobago	Atlantic Hotel Inc. Financial Obligations to Republic Bank Limited (RBL)	USD	17,307	3,573,896	02.11.17
Total						34,548,357	

63. However, the following agreements related to PetroCaribe which were entered into during 2015, were still not laid in the National Assembly at the time of reporting:

- a) Compensation agreements between the Bolivarian Republic of Venezuela and the Co-operative Republic of Guyana; and
- b) A draft sales agreement for oil shipment to Guyana through the PetroCaribe agreement for the year 2015 with a total value of G\$5.293 billion or US\$25.632M

64. The compensation agreements between the Governments of Venezuela and Guyana provided for the cancellation of the oil debt in compensation for white rice and paddy under the Guyana/Venezuela Rice Trade Agreements. According to the agreement, the Guyana Rice Development Board (GRDB) would supply rice and paddy to the Bolivarian Republic of Venezuela. During 2015, there was a cancellation of G\$9.038 billion or US\$43.766M, of which there was no official agreement signed between the Government of Guyana and Republic of Venezuela for the said cancellation of the debt.

**Ministry's Response:** In 2015, the seventh (7th) Oil Debt Compensation Agreement between Guyana and Venezuela was not concluded. This Agreement specified that in 2015, the white rice and paddy shipped to Venezuela from Guyana was intended to compensate Guyana's Oil debt to Venezuela. Oil shipments under the PetroCaribe Agreement from Shipment №. 33 of 2013 to Shipment №. 27 of 2015 are included in the Seventh Oil Debt Compensation Agreement. There has been no contract concluded between the Government of Guyana and Venezuela for the 2015 Sales of Oil Shipment №. 1 of 2015 to Shipment №. 27 under the PetroCaribe Agreement. Promissory Notes were prepared reflecting shipments made in 2013 to 2015 through the sales contract. The terms and conditions outlined in the promissory notes are still valid and enforceable.

Moneys representing repayments to Venezuela for oil shipments are currently being placed in an account held at the Bank for International Settlements (BIS). All such funds will be placed on fixed deposits with BIS until sanctions against the Government of Venezuela are lifted.

65. The reported Public Debt as at 31 December 2017 (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 summarised below:

Description	External G\$'000	Internal G\$'000	Total 2017 G\$'000	Total 2016 G\$'000
Unfunded	254,404,677	43,400,167	297,804,844	279,221,175
Funded	0	3,898,537	3,898,537	3,898,537
Treasury Bills (91 days)	0	997,300	997,300	5,997,650
(182 & 365 days)	0	78,994,800	78,994,800	75,470,300
Total	254,404,677	127,290,804	381,695,481	364,587,662

66. As can be noted, the total Public Debt stood at G\$381.695 billion or the equivalent of US\$1.848 billion at the end of 2017, as compared with the sum of G\$364.588 billion or US\$1.766 billion at the end of 2016, representing an increase of G\$17.107 billion or US\$82M at the end of 2017.

67. Expressed as a factor of Current Revenue (G\$195.060 billion), the total Public Debt at the end of 2017 was 1.96 times current revenue, compared with a factor of 2.1 at the end of 2016, and 2.2 at the end of 2015. This represented a marginal but gradual decrease in Guyana's Public Debt when compared to its current revenue.

#### External Debt

68. The External Debt at the end of 2017 was G\$254.405 billion, compared with G\$235.711 billion at the end of 2016, a net increase of G\$18.694 billion. Equivalent in United States Dollars, the External Debt as at 31 December 2017 was US\$1.232 billion, compared with US\$1.141 billion at the end of 2016, a net increase of US\$91M. This increase was due mainly to:

- a) disbursements totalling G\$22.972 billion or US\$111.243M in respect of loans contracted;
- b) repayments of principal totalling G\$8.355 billion or US\$40.461M;
- c) accrued interest for Non Paris Club Creditors for the year ended 2017 amounted to G\$703.103M or (US\$3.405M); and
- d) fluctuations of exchange rates.

**Ministry's Response:** External Public Debt saw an increase of G\$18.694 billion in 2017, which were as a result of the issuance of twelve new loans, increased disbursements, and the progressing increase in Accrued Interest for Non-Paris Club Creditors.

69. With respect to the PetroCaribe Agreement between the Governments of Guyana and Venezuela, the Ministry of Finance made thirty-one payments totalling US\$3.672M or G\$765M during 2017 to Petroleos de Venezuela (PDVSA) from the №. 7 shipment of 2014 to the №. 37 shipment of 2014. However, amounts totalling US\$1.079M or G\$223M for the №. 38 shipment of 2014 to the №. 53 shipment of 2014 were reflected on the creditor statement as repayments and interest but were not paid to Venezuela as at 31 December 2017. It was explained that this was due to sanctions against Venezuela.

70. Furthermore, on 17 January 2018, the Ministry of Finance requested the Bank of Guyana to open an interest-bearing US Dollar bank account to set aside all payments due, and which cannot be made to Venezuela. This account has been established in Switzerland at the Bank for International Settlements (BIS) and has been credited with all obligations payable to Venezuela as at 31 January 2018.

**Ministry's Response:** Monies representing repayments to Venezuela for oil shipments are currently being placed in an account held at the Bank for International Settlements (BIS). All such funds will be placed on fixed deposits with BIS until sanctions against the Government of Venezuela are lifted.

#### Dollarization of the IDB Loan Balances

71. The Inter-American Development Bank (IDB) wrote an Amendatory Letter to the Ministry of Finance on 3 March 2017, offering the Borrower (Guyana) the option to convert outstanding balances owed by the Borrower to the Bank (IDB) for amortisation installments and accrued interest denominated in other currencies, into United States Dollars. Loans financed with Funds for Special Operations (FSO) resources that had outstanding balances, were denominated in freely convertible currencies, which included the JPY, CAD, DKK, XEU and GBP.

72. The Dollarization Offer was a onetime offer to all Bank Borrowers with eligible loans. Guyana accepted the Dollarization Offer. Hence, the outstanding loan balances of ten eligible loans from the IDB were converted into United States Dollars totalling G\$5.456 billion or US\$26.423M, as detailed in the table below:



№.	Loan Number	Currency	Old Loan Balances (OLB)	Exchange Rate	Dollarized Amounts (USD)
1	Main Road Rehabilitation- Transportation 999/SF-GY	JPY	33,934,646	112.5840	301,416.24
2	Urban Development Programme 1021/SF-GY	CAD	540,872.23	1.249230	432,964.49
		DKK	1,508,795.81	6.333950	238,207.72
		EUR	273,157.35	0.850919	321,014.51
3	Transportation Loan No 1042-1/SF-GY	EUR	7,462,109.59	0.850919	8,769,471.11
4	Low Income Settlement Programme Loan №.1044/SF-GY	EUR	67,440.18	0.850919	79,255.70
		EUR	1,964,230.46	0.850919	2,308,363.62
5	Georgetown Sewerage and Water Rehab Loan №.1047/SF-GY	EUR	95,427.95	0.850919	112,146.93
6	Mahaica-Rosignol Road Rehabilitation Project Loan №. 1094/SF-GY	CAD	3,424,733.83	1.249230	2,741,475.81
		EUR	1,301,226.29	0.850919	1,529,201.12
7	Unserviced Areas Electrification Programme Loan №.1103/SF-GY	EUR	1,684,831.77	0.850919	1,980,014.28
8	Basic Education Access Management Support Loan №.1107 SF-GY	CAD	4,350,122.65	1.249230	3,482,243.18
		JPY	79,528,391	112.5840	706,391.59
9	Fiscal & Financial Management Programme Loan №. 1551/SF-GY	CAD	98,306.03	1.249230	78,693.30
		CAD	2,439,797.93	1.249230	1,953,041.42
		GBP	349,882.45	0.752876	464,727.86
10	New Amsterdam Road Project Loan №. 1554/SF-GY	EUR	786,454.71	0.850919	924,241.57
	Total				26,422,870.45

73. The loans converted were fully disbursed, and as such, only repayments were to be made. However, it was observed that the dollarized amounts were treated as disbursements on the Statement of Public Debt, which increased the outstanding balances of the United States Dollar amounts. These amounts were not truly disbursements, but a conversion of other foreign currencies to the United States Dollar.

74. Notwithstanding this, an analysis of closing balances of these foreign currencies before and after conversion revealed that Guyana benefitted from a net gain of G\$24.826M.

**Ministry's Response:** In keeping with the new IDB FSO Loan Dollarization policy which took effect from 2 October 2017, the Government approved the conversion of ten IDB Loans to a single currency (USD). As at 30 September 2017, this Dollarization/ conversion was applied to the FSO portions of the IDB loans balances dominated in JPK, CAD, DKK, XEU and GBP. This USD amount takes into account the converted amount for each currency dollarized under this loan. The total amount converted to USD is treated as a disbursement and is added to USD component of loan which increases the outstanding balance of the USD amount. In future statements, this loan should only be reflected in USD. It must be noted, however, that these were not actual disbursements to the loan. As a result, the portions of the loans reflected in other currencies are now reflected as zero balances and the US portion of it increased by the equivalent of that amount.

*Cancellation of Loan/Recall of Disbursed Amount that was not utilised*

75. During the year 2017, the Caribbean Development Bank (CDB) cancelled the loan for the Sugar Industry Mechanisation Project. The amount of US\$662,000 for the Sugar Industry Mechanisation Project was signed on 26 May 2015 and became eligible for first disbursement on 20 July 2016. An amount US\$5,101.87 was disbursed. The CDB statement reflected an undisbursed amount of US\$656,898.13 as at 31 December 2016. The project was designed to address several deficiencies within the Guyana Sugar Corporation Incorporated (GUYSUCO).

76. However, on the basis of recommendations emerging from a Commission of Inquiry into GUYSUCO, the organisation embarked on the development of an Action Plan, which sought to diversify the operations of the company. The Action Plan expressively changed the investment dynamics of the organisation. In this regard, the Government of Guyana requested the cancellation of the said loan. An official documentation from the Caribbean Development Bank (CDB) ref: 27/18/117 LGL and dated 16 May 2017 stated that the unwithdrawn amount was cancelled.

**Ministry's Response:** The Caribbean Development Bank cancelled the loan by way of a notification letter dated 16 May 2017. As at 31 December 2017, the loan was still on the books of the Public Debt.

77. The Inter-American Development Bank (IDB) gave an extended deadline for the Loan Contract №. 2428/BL-GY "*Georgetown Sanitation Improvement Program.*" The resources were not fully utilised and the undisbursed amounts were subsequently cancelled. This loan was signed on 8 December 2010 with an expiration date of 8 December 2016. Loan financing amounted to US\$9.500M, which was made up of ordinary capital financing of US\$4.750M and fund for special operations financing of US\$4.750M. Disbursements as at 31 December 2017 amounted to US\$9.390M.

78. The IDB on 4 May 2017 in a letter addressed to the Ministry of Finance stated that the Bank wishes to note that not all resources were utilised as planned from the Advance of Funds provided to the Executing Agency, Guyana Water Incorporated (GWI). As such, an amount of US\$109,713.48 was returned to the Bank by GWI on 31 March 2017. This transaction was verified on the Account Statement held at the Crown Agents Bank Limited, IDB Statement and the Public Debt Statement. The extended disbursement deadline expired on 8 December 2016, and with the full justification of the advance of funds completed.

**Ministry's Response:** The amount of US\$109,713.48 which was returned to the Bank by GWI on 31 March 2017 was recorded in the Public Debt Statement as negative disbursements.

### Repayment of Loan

79. One of the loans from the Bilateral Creditors, Bulgaria was fully amortized. The Loan Agreement was dated 12 October 2013 with a value of US\$3,225,781.49. Examination of the Creditor Statement revealed that on 31 March 2017, a final repayment of US\$53,763.05 was made to the Loan Donor. An official document from the Republic of Bulgaria acknowledged the receipt of the final payment and confirmed that the Co-operative Republic of Guyana has been irrevocably released and discharged from its obligations towards the Republic of Bulgaria.

**Ministry's Response:** The final payment for Bulgaria was made in 2017. This loan reflects a zero balance on the Public Debt Statement. The Co-operative Republic of Guyana is released and discharged irrevocably from its obligations towards the Republic of Bulgaria.

### Credit Fees Paid on Undisbursed Amounts

80. There were two Loan Agreements for the Road Network Upgrade and Expansion Program and Sustainable Operation of the Electricity Sector and Improved Quality of Service, where the Inter-American Development Bank had requested the return of unspent balances totalling US\$5.300M from loan disbursements made during the years 2011 to 2015. Based on the request, amounts totalling US\$5.300M were paid to the Inter-American Development Bank during 2015. The details are as follows:

- a) the Loan Contract №. 2567/BL-GY for Sustainable Operation of the Electricity Sector and Improved Quality of Service was signed on 23 September 2011 with an expiration date of 23 March 2017. Loan financing amounted to US\$5M, which was made up of ordinary capital financing (US\$2.500M) and fund for special operations financing (US\$2.500M). Disbursements as at 31 December 2017 amounted to US\$5M. The IDB on 8 May 2015 requested the return of US\$900,000, since the funds could not be utilised during 2015 as per the updated financial plan submitted to the IDB by the Guyana Power and Light Inc. (GPL). On 14 May 2015, the amount of US\$900,000 was transferred to IDB's bank account. This transaction was verified on the IDB and the Public Debt Statements. Further, it should be noted that credit fees paid was charged on the undisbursed amount of the ordinary capital financing portion of the loan amount. As a result, amounts totalling US\$29,730.78 were paid as credit fees during period 1 March 2012 to 15 August 2017; and

- b) the Loan Contract №. 2741/BL-GY for Road Network Upgrade and Expansion Program was signed on 15 March 2013 with an expiration date of 15 March 2018. Loan financing amounted to US\$66.200M, which was made up of ordinary capital financing (US\$33.100M) and fund for special operations financing (US\$33.100M). Disbursements as at 31 December 2017 amounted to US\$3.410M. The IDB on 22 May 2015 requested the return US\$4.400M, since the project did not advanced as planned. The Ministry requested Bank of Guyana on 27 May 2015 to transfer US\$4.400M to IDB's bank account. This transaction was verified on the IDB and the Public Debt Statements. Further, it should be noted that credit fees paid were charged on the undisbursed amount of the ordinary capital financing portion of the loan amount. As a result, amounts totalling US\$520,046.14 were paid as credit fees during the period 14 August 2013 to 15 August 2017.

**Ministry's Response:** The return of the unspent balances to IDB resulted in commitment fees being made for Loan №. 2567/BL-GY for Sustainable Operation of the Electricity Sector and Improved Quality of Service and Loan №. 2741/BL-GY for Road Network Upgrade and Expansion Program under the OCR portion in 2017. The credit fees charged for the two loans were 0.25000% for 2015, 0.50000% for 2016 and 2017 respectively.

#### Internal Debt

81. The Internal Debt decreased by G\$1.585 billion, that is, from G\$128.876 billion to G\$127.291 billion. This decrease was due mainly to:

- a) a decrease of Treasury Bills totalling G\$1.476 billion;
- b) the repayment of non-negotiable debenture certificates totalling G\$244.122M to the National Insurance Scheme;
- c) the issuance of a non-interest bearing debenture totalling G\$169.519M; and
- d) principal repayment of an internal loan totalling G\$35.106M.

**Ministry's Response:** The Internal Debt amount has been reduced, because of repayments of Non-negotiable Debenture Certificates, repayment of Internal Loans, and a decrease in Treasury Bills.

## Other Matters

### Computerisation of Public Debt Register

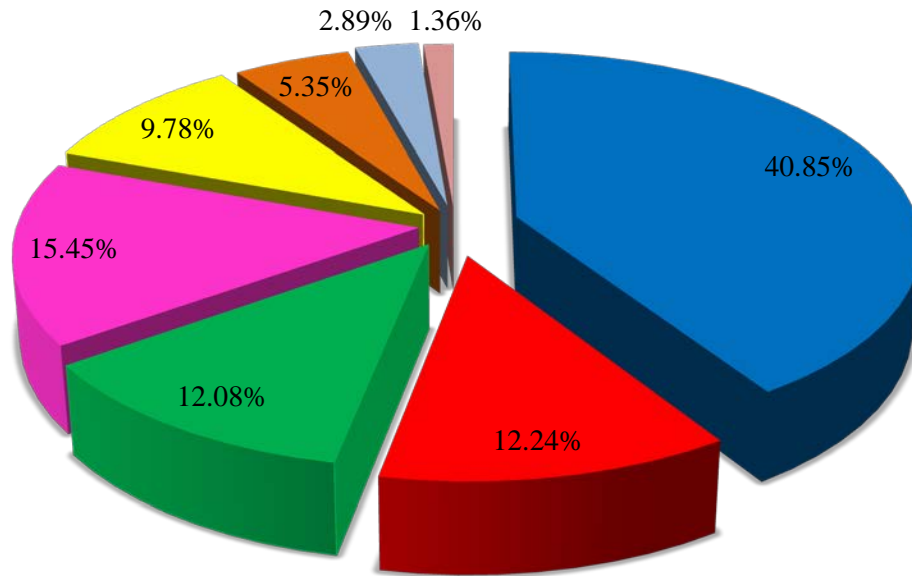
82. During November 2016, with the aid of Commonwealth Secretariat through technical assistance, the Ministry was able to begin the process of having the Public Debt System computerised using the Commonwealth Secretariat Debt Recording Management System (CSDRMS). At the time of reporting in September 2018, the system was partially implemented with the Debt Management Division having the authority to record, input and validate all data entered into the system. However, the Public Debt Section has only real-time viewing access and cannot input data and customise reports.

**Ministry's Response:** The Ministry of Finance has started the process of computerizing the activities of Public Debt. It connected the Public Debt Section in 2014 to the Debt Management Division's CS-DRMS. The intent is to operationalise the Domestic Debt Module and to use the system reports for reconciliation. Training occurred for staff attached to this section at the end of 2016, in the use of the new CS-DRMS version. But the necessary skills required to extract the requisite reports for verification and reconciliations has not been acquired to date. Additionally, the department will utilise fully the CS-DRMS through one database housed at the Ministry of Finance. The preparation of the Public Debt Statement will be done using the new system. This means an end to the reliance on the manual records in the Public Debt Section as the CS-DRMS would become the single repository for all debt related transactions.

As the Public Debt Department moves towards automation and use of information technology (CS-DRMS) updating of the old manual registers will soon become redundant. The aim of installing and upgrading to the Commonwealth Secretariat–Debt Recording and Management System in the Public Debt Section is to eliminate the use of manual registers and remove issues of completeness and accuracy in the information captured.

83. 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 Schedule as shown on pages 484 to 505 properly presents the Schedule of Public Debt for the year ended 31 December 2017.

## PUBLIC DEBT – EXTERNAL LOANS



IDB	CDB	NPC	CHINA	VENEZUELA	OTHERS	IDA	INDIA	Total
40.85%	12.24%	12.08%	15.45%	9.78%	5.35%	2.89%	1.36%	100%
\$103.930B	\$31.125B	\$30.743B	\$39.299B	\$24.868B	\$13.618B	\$7.361B	\$3.461B	\$254.405B

**Figure 6**

SCHEDULE OF GOVERNMENT GUARANTEES  
AND  
STATEMENT OF CONTINGENT LIABILITY

84. No Schedule of Government Guarantees and Statement of Contingent Liability were provided in accordance with Sections 71 and 73, respectively, of the FMA Act for the period under review.

APPROPRIATION ACCOUNTS OF HEADS OF BUDGET AGENCIES

85. The Appropriation Accounts of Head of Budget Agencies for the year ended 31 December 2017 in respect of the Current and Capital Appropriations for which they were responsible are shown on pages 2/1 to 2/215 of Volume II of my Report. These accounts are subjected to the comments dealing with the accounts of Ministries/Departments/Regions under the relevant sections of this Report.

RECEIPTS AND DISBURSEMENTS BY HEADS OF BUDGET AGENCIES

86. The Statements of Receipts and Disbursements by Heads of Budget Agencies for the year ended 31 December 2017 are shown on pages 2/216 to 2/229 of Volume II of my Report. These statements are also subjected to the comments dealing with the accounts of Ministries/Departments/Regions under the relevant sections of this Report.

EXTRA-BUDGETARY FUNDS

87. No Statement was provided to verify Extra-Budgetary Funds in accordance with Section 39 of the FMA Act during the period under review.

FINANCIAL REPORT OF OTHER ACCOUNTS APPROVED BY THE MINISTER

88. There was no other Financial Report approved by the Minister for the period under review.

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## REPORT ON THE ACCOUNTS OF MINISTRIES/DEPARTMENTS/REGIONS

### AGENCY 02

#### OFFICE OF THE PRIME MINISTER

Current year matter, with recommendation for improvement in the existing system

#### Current Expenditure

##### Employment Cost

89. An examination of the Appropriation Accounts revealed that the sum of \$100.186M was expended on employment cost for the period under review. This represents 19% of total current expenditure for the year 2017. The table below shows the staffing details at the time of preparation of 2017 National Estimates versus actual staffing according to the payroll as at 31 December 2017.

Chart of Account	Description	National Estimates 2017	Actual as per Payroll 31.12.2017	Difference
6114	Clerical and Office Support	1	1	0
6115	Semi-Skilled Operatives	2	1	1
6116	Contracted Employees	31	25	6
Total		34	27	7

90. During the period under review, of the \$100.186M expended on employment cost for the Office of the Prime Minister, amounts totalling \$97.804M were paid to contracted employees and these amounts are inclusive of basic salary, allowances, and gratuity. The Public Service Commission Circular №. 1/2017 dated 7 February 2017 stated that Permanent Secretaries, Heads of Departments and Regional Executive Officers are required to submit a list of all officers on Contract/Gratuity for them to be appointed on the pensionable establishment. However, as at 31 December 2017, there were a total of sixteen contracted employees below the age of forty-five who should have been transferred to the pensionable establishment. Shown in the table below are the salary ranges of the twenty-five contracted employees according to the December 2017 payroll:

Salary Range	№. of Employees	Amount \$'000
Below \$100,000	6	543
\$100,000 - \$250,000	6	957
\$250,001 - \$400,000	8	2,431
Above \$400,000	5	3,342
Total	25	7,273

**Office's Response:** The Head of Budget Agency indicated that the Public Service Commission is now reconstituted, and as such the Office of the Prime Minister is working with the Personnel Department to reactivate the transition process for staff members to be placed on the pensionable establishment.

**Recommendation:** The Audit Office recommends that the Office of the Prime Minister continue the process of moving all eligible employees over to the pensionable establishment in keeping with circularised instructions. (2017/09)

*Subsidies and Contributions to Local Organisations*

91. According to the Appropriation Accounts the sum of \$349.109M was expended on subsidies and contribution for 2017. This sum was disbursed to the Department of Public Information/Government Information Agency and National Communications Network that are under the control of the Office of the Prime Minister and are subject to separate financial reporting and audit. It was noted that the Government Information Agency was merged with the Department of Public Information with effect from 21 February 2017. The table below summarises the status of related audit reporting, including details on the progress of outstanding audits for these entities.

Entity	Amount Released \$'000	Year of Last Audit	Years Laid in National Assembly	Remarks
Government Information Agency (GINA/DPI)	214,999	2013	2013	Field work completed for 2014, 2015 and 2016. 2017 - No financial statements received
National Communications Network (NCN)	134,110	2016	2014	2017 - Audit contracted out and in progress
Total	349,109			

**Office's Response:** The Head of Budget Agency explained that the field work is completed for the audit of NCN for 2017 and NCN is currently addressing queries with the auditor.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency ensure that all audited accounts for the National Communications Network are laid in the National Assembly and financial statements for 2017 for the Department of Public Information submitted for audit. (2017/10)

Follow-Up on the Implementation of Prior Year Audit Recommendations

92. The table below shows the prior year matters as contained in the Auditor General’s 2016 Report and action taken by the Head of the Budget Agency regarding the recommendations made by the Audit Office.

Recommendation No.	Category of Findings	Recommendations		
		Fully Implemented	Partially Implemented	Not Implemented
2016/11	Non submission of financial statements	√		
2016/12	Non submission of financial returns	√		
2016/13	Breach of the Procurement Act - no contract with supplier	√		
2016/14	Breach of contract - No liquidated damages applied	√		

AGENCY 03

THE MINISTRY OF FINANCE

Programme 1 - Ministry Administration

Current year matters, with recommendations for improvement in the existing system

Current Expenditure

Employment Cost

93. Examination of the Appropriation Accounts revealed that the sum of \$6.162 billion was expended on employment cost for the period under review. Included in this amount is the sum of \$6.028 billion which represents revision of wages and salaries for the entire public service for 2017, the balance of \$134M was expended on employment cost for the Ministry of Finance. The table below shows the staffing details at the time of preparation of 2017 National Estimates versus the actual staffing as at 31 December 2017:

Chart of Account	Description	National Estimates 2017	Actual as per Payroll 31.12.2017	Difference
6111	Administrative	5	10	5
6112	Senior Technical	1	1	0
6113	Other Technical and Craft Skilled	8	10	2
6114	Clerical and Office Support	22	39	17
6115	Semi-Skilled Operatives	3	6	3
6116	Contracted Employees	36	29	(7)
6117	Temporary Employees	1	1	0
6321	Subsidies & Contribution to Local Org.	0	26	26
<b>Total</b>		<b>76</b>	<b>122</b>	<b>46</b>

94. During the period under review of \$134M expended on employment cost for the Ministry of Finance, amounts totalling \$78.543M were paid to twenty-nine contracted employees inclusive of salaries and gratuity. The Public Service Commission Circular №. 1/2017 dated 7 February 2017 stated that Permanent Secretaries, Heads of Departments and Regional Executive Officers are required to submit a list of all officers on Contract/Gratuity to be appointed on the pensionable establishment. For 2017, there were a total of seven contracted employees below the age of 45 years who should have been transferred to the fixed establishment. Shown in the table below are the salary ranges of the twenty-nine contracted employees according to the December 2017 payroll:

Salary Range	№. of Employees	Amount \$'000
Below \$100,000	16	1,086
\$100,000 - \$200,000	9	1,087
\$200,001 - \$400,000	2	501
Above \$400,000	2	1,531
Total	29	4,205

**Ministry's Response:** The Head of Budget Agency stated that all personnel on contract under this programme were issued with the requisite approval from the Department of Public Service.

**Recommendation:** The Audit Office urges that the Ministry of Finance comply with the instructions of the Public Service Commission's Circular. (2017/11)

#### Utilities

95. The amount of \$758.133M was budgeted for electricity charges for the period under review. According to the Appropriation Accounts, the amount of \$359M was transferred from chart of account Electricity Charges by a virement to chart of account, Other Employment Cost revising the budgeted amount to \$399.133M. The sum of \$399.032M was expended, of which \$345M was paid by the Ministry of Finance to Guyana Power and Light on behalf of other Ministries/Departments. However, at the time of reporting, no documentation was provided to substantiate the payments made by the Ministry of Finance on behalf of the other Ministries/Departments. It was noted that amounts totalling \$3.123 billion was budgeted for the payment of electricity charges separately in the Appropriation Accounts for seventeen Ministries/Departments of which amounts totalling \$2.469 billion were expended.

**Ministry's Response:** The Head of Budget Agency indicated that the sum of \$345M was transferred to GPL, as a lump sum payment on behalf of Budget Agencies. However, this amount has been decreasing since 2015 because each Budget Agency is responsible for the payment and reconciliation of its own electricity charges. Please note, no appropriation for lump sum payment was made in Budget 2018.

**Recommendation:** The Audit Office recommends that the Finance Secretary write to Guyana Power and Light requesting the breakdown for submission. (2017/12)

Subsidies and Contributions to Local Organisations

96. Amounts totalling \$5.968 billion were expended as subsidies and contributions in respect of seven agencies. With the exception of the National Procurement and Tender Administration Board (NPTAB), the other agencies were subject to separate financial reporting and auditing. Of the seven entities, the Guyana Association of Securities, Companies and Intermediaries, Guyana Securities Council are audited by private auditors while the status of the other three entities are as follows:

Agency	Current Amount \$'000	Last Audit Report	Last Report Laid in National Assembly	Remarks
Financial Intelligence Unit	94,294	2017	2014	
Guyana Revenue Authority	5,226,189	2013	2006	2014 - Management Letter issued 2015 - Field work completed 2016 - 2017 No financial statements received.
Bureau of Statistics	357,630	-	-	2004 - 2005 Management Letter issued 2006 - 2007 Field work complete 2008 - 2010 To plan audit. 2011 - 2017 No financial statement received.
Total	5,678,113			

**Recommendation:** The Audit Office recommends that the Head of Budget Agency follow-up with the Guyana Revenue Authority and Bureau of Statistics to have the outstanding financial statements submitted for audit and ensure that outstanding audited accounts for the Financial Intelligence Unit are laid in the National Assembly. (2017/13)

Audit of the Accounts of the Guyana Lotteries Commission

97. The Government of Guyana and Canadian Bank Note Ltd (CBN) entered into an agreement establishing a Government Lottery which was organized and conducted under the provisions of the Government Lotteries Act, Chapter 80:07 of the Laws of Guyana. Under this agreement CBN is to pay Licence fees equivalent to 24% of gross revenue. The Guyana Lotteries Commission which were established in August 1996 by a Cabinet Decision, manages the Licence fees receivable and ensures that amounts expended are within the National Sector and in accordance with the guidelines for access to the lottery funding.

98. The Lotteries Commission continued to receive proceeds from the National Lottery which were used to make payments approved by Cabinet. The Commission is subject to separate financial reporting and auditing. The last set of audited accounts was for the year 2013 and at the time of this report, the Audit Office was awaiting the signed financial statement for the year 2014 to finalise the audit. However, financial statements were not presented for audit for the years 2015 to 2017.

99. According to the Receipts and Disbursements Statement of the Ministry of Finance, for 2017, the Ministry budgeted \$500M for Lottery Receipts under the category of Miscellaneous Revenue and amounts totalling of \$334M were transferred from the 3119 bank account to the Consolidated Fund. Similarly, for 2016 amounts totalling \$200M was budgeted while amounts totalling \$600M were transferred to the Consolidated Fund. It was noted that while the Ministry of Finance has been budgeting for Lottery Receipts, the net receipts are received at the end of the year.

100. The following is a summary of the bank statements for the years 2017 and 2016:

Description	Amount 2017 \$'000	Amount 2016 \$'000
Opening balance	76,231	530,478
Proceeds received	466,758	438,695
Transfers to Consolidated Fund	(334,000)	(600,000)
Expenditure for various activities	(161,203)	(292,942)
Closing balance	47,786	76,231

101. According to the cash book amounts totalling \$145.578M and \$234.787M were expended for 2017 and 2016 respectively as detailed in the table below:

Receiving Agency	Activities	Amount \$'000
2017 Payments		
Ministry of Education, Department of Culture, Youth & Sports	Funding for the 5 <sup>th</sup> May Arrival Monument	66,344
Ministry of Education, Department of Culture, Youth & Sports	Attendance at Carifesta XIII (Barbados)	44,726
J & B Construction Services	Support to rural communities sports and recreational facilities	15,500
Ministry of Education, Department of Culture, Youth & Sports	Emancipation activities	13,945
Guyana Rugby Football	Funding for Guyana male and female rugby team participation Rugby Championship	5,000
Ministry of Education, Department of Culture, Youth & Sports	Attendance at the meeting of Southern Cultural Industries	63
Total for 2017		145,578
2016 Payments		
Guyana Tourism Authority	Hosting of Caribbean Premier League T20	157,500
Ministry of Education, Department of Culture, Youth & Sports	Funding for the 5 <sup>th</sup> May Arrival Monument	29,458
Ministry of Education, Department of Culture, Youth & Sports	Funding for Young Men and Women Guyana	20,000
J & B Construction Services	Support to rural communities' sports and recreational facilities	15,625
Ministry of Education, Department of Culture, Youth & Sports	Funding for Goodwill Games Swimming Championship	3,670

Receiving Agency	Activities	Amount \$'000
Ministry of Education, Department of Culture, Youth & Sports	Participation in the 3 <sup>rd</sup> International Bhakti Festival (India)	2,544
Ministry of Education, Department of Culture, Youth & Sports	Funding for Guyana CARIFTA Track & Field (Grenada)	1,520
Ministry of Education, Department of Culture, Youth & Sports	Attendance to the 7 <sup>th</sup> World Summit on Arts & Culture, Malts	1,470
Ministry of Indigenous Peoples Affairs	Participation at Santa Rosa First Peoples Community Heritage (Trinidad)	1,191
	Miscellaneous	1,809
Total for 2016		234,787

102. In the absence of audited financial statements for the years 2015 to 2017 it was not possible to verify the completeness, accuracy and validity of the revenue and expenditure for the Guyana Lottery Commission for those years. It was noted that a special investigation was being conducted by Special Organised Crime Unit (SOCU) into the Lotto Fund.

**Ministry's Response:** The Head of the Budget Agency indicated the Finance Secretary will write the current Chairman of the Lotteries Commission requesting the signing of the financial statement.

**Recommendation:** The Audit Office recommends that the Finance Secretary follow-up with the Guyana Lottery Commission to have the signed financial statements for the year 2014 submitted in order to finalise the 2014 audit and financial statements for the years 2015 - 2017 be submitted to the Audit Office for audit (2017/14)

## Programme 2 - Public Financial Management

### Employment Cost

103. Examination of the Appropriation Accounts revealed that the sum of \$399.711M was expended on employment cost for the period under review. The table below shows the staffing details at the time of preparation of 2017 National Estimates versus actual staffing as at 31 December 2017.

Chart of Account	Description	National Estimates 2017	Actual as per Payroll 31.12.2017	Difference
6111	Administrative	18	20	2
6112	Senior Technical	2	2	0
6113	Other Technical and Craft Skilled	13	17	4
6114	Clerical and Office Support	28	42	14
6115	Semi-Skilled Operatives	0	0	0
6116	Contracted Employees	94	81	(13)
6117	Temporary Employees	1	1	0
6321	Subsidies & Contribution to Local Org.	0	0	0
Total		156	163	7

104. During the period under review, of the \$399.711M expended on employment cost amounts totalling \$314.543M were paid to eighty-one contracted employees of which seventy-four employees received basic salary. The remaining seven received arrears in vacation allowance and gratuity. The Public Service Commission Circular №. 1/2017 dated 7 February 2017 stated that Permanent Secretaries, Heads of Departments and Regional Executive Officers are required to submit a list of all officers on Contract/Gratuity to be appointed on the pensionable establishment. For 2017, there were a total of fifty-three contracted employees below the age of forty-five who should have been transferred to the fixed establishment. Shown in the table below are the salary ranges of the seventy-four contracted employees receiving basic salaries according to the December 2017 payroll:

Salary Range	№. of Employees	Amount \$'000
Below \$100,000	5	297
\$100,000 - \$200,000	38	5,492
\$200,001 - \$300,000	10	2,389
\$300,001 - \$400,000	13	4,574
Above \$400,000	8	5,601
Total	74	18,353

**Ministry's Response:** The Head of Budget Agency stated that all personnel on contract under this programme were issued with the requisite approval from the Department of Public Service.

**Recommendation:** The Audit Office urges that the Ministry of Finance comply with the instructions of the Public Service Commission's Circular. (2017/15)

#### Current Revenue

105. The sum of \$21.816 billion represents current revenue estimated to be collected for the fiscal year 2017. Examination of the Statement of Receipts and Disbursements (Current) revealed that total revenue actually collected and paid into the Consolidated Fund was \$22.214 billion. This represents an increase of 2% in actual collections when compared with the amounts estimated. Amounts estimated and collected under the various categories are as follows:



Description	Approved Estimates \$'000	Amount Collected and paid into Consol. Fund \$'000	(Under)/Over the Estimates \$'000
<u>Stamp Duties:</u>	<u>14,837</u>	<u>366,462</u>	<u>351,625</u>
Revenue Stamps	14,280	364,648	350,368
Cheques	557	1,814	1,257
<u>Other Tax Revenue</u>	<u>3,325</u>	<u>313</u>	<u>(3,012)</u>
Rice Levy	0	0	0
Auction Duty	3,325	313	(3,012)
<u>Interest:</u>	<u>1,002,427</u>	<u>1,001,934</u>	<u>(493)</u>
Other Loans and Advances	2,427	1,934	(493)
Loans to Public Corporations	1,000,000	1,000,000	0
<u>Rents and Royalties</u>	<u>4,308,600</u>	<u>3,840,922</u>	<u>(467,678)</u>
Fees	0	0	0
Royalties	4,308,600	3,840,922	(467,678)
<u>Dividends and Transfers:</u>	<u>14,800,000</u>	<u>14,251,448</u>	<u>(548,552)</u>
Bank of Guyana Profits	3,500,000	3,751,154	251,154
Dividend from Non – Financial Institutions	1,200,000	1,200,000	0
Special Transfers from Statutory and Non – Statutory Bodies	10,100,000	9,300,294	(799,706)
<u>Miscellaneous :</u>	<u>1,686,769</u>	<u>2,752,813</u>	<u>1,066,044</u>
Guyana R.E.D.D Investment Fund	0	0	0
Sundries	1,163,269	2,377,114	1,213,845
Lottery Receipts	500,000	334,000	(166,000)
Pension Contributions – Seconded Officers	0	284	284
Pension Contributions - Legislators	23,500	41,415	17,915
<b>Total</b>	<b>21,815,958</b>	<b>22,213,892</b>	<b>397,934</b>

106. The amount of \$1.200 billion reflected as Dividends from Non-Financial Institutions was received from the National Industrial and Commercial Investment Limited for the year 2017 on behalf of Guyana Oil Company.

107. The amount of \$9.300 billion reflected as Special Transfers from Statutory and Non-Statutory Bodies was received from the Guyana Geology and Mines Commission and Deeds and Commercial Registries Authorities.

108. The sum of \$1.163 billion was recorded in the 2017 Statement of Receipts and Disbursements (Current) as estimated Sundries Receipts while the sum of \$2.377 billion was paid into the Consolidated Fund, which includes refunds from releases issued for employment cost and other operational expenses, refund of unused capital releases fund for project, funds transfer from Pension contributions, refund of cheques, refund on gratuity, farm produce from GDF, rental of Durban Park, sale of Mash spots, National Cultural Centre proceeds, rental of Stadium & Umana Yana.

### Capital Revenue

109. In keeping with the cash basis of accounting, revenues must be recognised when it is received. However, significant differences were observed between the amounts shown as receipts in respect of external loans on the Statement of Public Debt and those recorded in the Statement of Receipts and Disbursements for the year 2017 as shown in the table below:

Loan	Statement of Public Debt \$'000	Statement of Receipts and Disbursements \$'000	Difference \$'000
Caribbean Development Bank	2,271,500	2,173,277	98,223
Export-Import Bank of China	9,519,712	9,368,294	151,418
Inter-American Dev. Association	1,941,111	1,659,126	281,985
Inter-American Dev. Bank	5,186,661	3,928,229	1,258,432
Caribbean Development Fund	478,874	157,186	321,688
Republic Bank Trinidad & Tobago (AHI)	3,573,896	0	3,573,896
<b>Total</b>	<b>22,971,754</b>	<b>17,286,112</b>	<b>5,685,642</b>

**Ministry's Response:** The Head of Budget Agency stated the Revenue Statement figures are reflective of the recognition of Capital Revenue at posting in IFMAS based on "*Dummy Transactions entered during the fiscal year, which reflect the current utilization of funds.*" On the other hand, figures of the Public Debt Statement represent disbursements received from our development partners of the international lending institutions. These differences are expected because the recordings are done at different times and at different exchange rates. This explanation will be repeated as long as the processes governing the treatment of disbursements and their recordings in the country's accounts remain unaltered.

110. With respect to External Grants, the sum of \$110M was budgeted as Grant from India. As at December 2017, no monies were received. There were two projects scheduled for this Grant, these are:

- a) Centre of Excellence - The project was not brought on stream due to delays in completion of buildings at the University of Guyana to accommodate classrooms and delays in commencement of training; and
- b) Ferry Vessel - Delays in finalising tender document including designs.

#### Overseas Conference and Official Visits

111. The Accountant General's Department continues to be involved in a joint reconciliation with the respective Agencies in clearing of conference advances, since it is incumbent on the latter to ensure that the public officers within their employ submit the necessary clearance documents. However, despite the on-going efforts for 2017 there were thirty-eight advances totalling \$9.465M while forty-eight advances totalling \$13.391M for 2016 were still outstanding at the time of reporting.

**Ministry's Response:** The Head of Budget Agency indicated that the records at the Accountant General's Department show that there are thirty-eight advances amounting to \$9.465M that are still outstanding for 2017 while forty-eight advances totalling \$13.391M remained outstanding for the period ending 31 December 2016. In an effort to have these advances cleared the Accountant General's Department has, with effect from March 2018, begun to write the Agencies indicating that same would be recoverable from the defaulting official's salary if they fail to respond within the stipulated time frame offered to them.

**Recommendation:** The Audit Office recommends that the Ministry continue in its efforts to have the outstanding advances cleared within the stipulated time-frame. (2017/16)

### Capital Expenditure

112. The sum of \$3.196 billion was budgeted for in 2017 to execute the capital programme of the Ministry. Supplementary Allotments totalling \$369.703M were approved increasing the budgetary allocation to \$3.565 billion. According to the Appropriation Accounts, the sum of \$3.421 billion was expended, leaving an unspent amount of \$144.309M. Shown in the table below is the shortfall in capital expenditure for 2017:

Description	Total Funds Available \$'000	Expenditure \$'000	Shortfall \$'000
Technical Assistance	160,000	101,032	58,968
National Payment System	50,000	0	50,000
Institutional Strengthening	20,000	0	20,000
Fiscal Management Modernisation	15,000	0	15,000
Statutory Bodies	1,817,069	1,816,851	218
Buildings/Minor Works	150,000	149,908	92
Loans to Public Corporations	100,000	100,000	0
Others	1,253,166	1,253,135	31
<b>Total</b>	<b>3,565,235</b>	<b>3,420,926</b>	<b>144,309</b>

### Technical Assistance

113. The sum of \$160M was budgeted in 2017 to facilitate two Technical Assistance (TC) Projects. One TC was funded by the Inter American Development Bank and the sum of \$150M was budgeted for in 2017 for: (i) strategic planning, results-based budgeting and monitoring and evaluation; (ii) modernisation of public procurement system; and (iii) strengthening of public financial management systems. However, only amounts totalling \$101.032M were expended, resulting in a shortfall of \$48.968M. The other TC was to be financed by European Union (EU) and the sum of \$10M was budgeted in 2017 for the development of procurement plans for selected sectors. However, as at 31 December 2017, the budgetary allocation was not expended.

**Ministry's Response:** The Head of Budget Agency explained that the Project's pace of execution is tied to development partners and donors' procedures and systems.

**Recommendation:** The Audit Office recommends that the Ministry undertake projects during the earlier part of the year so that any problem or issues encountered can be detected in a timely manner, so as to avoid delays and ensure amounts are expended as budgeted. (2017/17)

*National Payments System*

114. The sum of \$50M was budgeted for: (i) establishment of national payments system infrastructure at Bank of Guyana, Guyana Revenue Authority, National Insurance Scheme and Accountant General's Department; and (ii) legislative and policy reform. The allocation for the year 2017 was to be financed by International Development Association (IDA). However, as at 31 December 2017, the budgetary allocation was not expended.

**Ministry's Response:** The Head of Budget Agency indicated that the agreement was only signed in June 2017 and conditions precedent to draw down had to be met, the project was reintroduced in the 2018 Budget.

**Recommendation:** The Audit Office recommends that the Ministry undertake projects during the earlier part of the year so that any problem or issues encountered can be detected in a timely manner, so as to avoid delays and ensure amounts are expended as budgeted. (2017/18)

*Institutional Strengthening*

115. The sum of \$20M was budgeted for studies to re-establish capacity for national planning and the National Development Bank. The allocation for the year 2017 was to be financed by Caribbean Development Bank (CDB). However, as at 31 December 2017, this budgetary allocation was not expended.

**Ministry's Response:** The Head of Budget Agency indicated that the CDB through its process was unable to source a qualified consultant during the fiscal year and as such this project had to be reintroduced in the 2018 budget.

**Recommendation:** The Audit Office recommends that the Ministry undertake projects during the earlier part of the year so that any problem or issues encountered can be detected in a timely manner, so as to avoid delays and ensure amounts are expended as budgeted. (2017/19)

*Fiscal Management Modernisation*

116. The sum of \$15M was budgeted for: (i) strengthening Guyana Revenue Authority; (ii) modernisation of Valuation Division; and (ii) capacity building and change management. The allocation for the year 2017 was to be financed by Inter-American Development Bank (IDB). However, as at 31 December 2017, the budgetary allocation was not expended.

**Ministry's Response:** The Head of Budget Agency indicated the project was approved in 2017 but precondition regarding accessing a consultant was not met. Hence, this project was reintroduced in the 2018 Budget.

**Recommendation:** The Audit Office recommends that the Ministry undertake projects during the earlier part of the year so that any problem or issues encountered can be detected in a timely manner, so as to avoid delays and ensure amounts are expended as budgeted. (2017/20)

Statutory Bodies - Statistical Bureau

117. Included in the amount of \$1.817 billion shown as expenditure under statutory bodies is the sum of \$122.473M which was budgeted for support to Bureau of Statistics for: (1) (a) Labour Force Survey; (b) Institutional Strengthening; and (2) capacity building and purchase of vehicle, furniture and equipment. A supplementary provision of \$67.757M was approved taking the revised allocation to \$190.230M. As at 31 December 2017, amounts totalling \$27.473M were given as Capital Releases and the difference of \$162.757M was disbursed by the Inter-American Development Bank.

118. Included in the amount of \$27.473M is a contract for the sum of \$9.419M which was awarded by NPTAB on 2 January 2017 to purchase an Eaton 9330 40KV UPS. Amounts totalling \$7.535M were paid to the contractor as at 31 December 2017 while the balance of \$1.884M was paid in June 2018. The 40KV UPS was delivered on 21 June 2017; however, it was not installed until May 2018. Physical verification of the UPS revealed that it was installed on the ground floor of the building and since this area is susceptible to flooding the UPS may be at risk.

**Ministry's Response:** The Head of Budget Agency indicated that the building was wired to accommodate the UPS on the second floor; however, the Bureau was advised against placing that size of UPS on wooden floor since it would be unable to withstand the weight on a permanent basis. Consequently, the electrical wiring had to be reconfigured to accommodate the UPS on the ground floor. As a result of the foregoing the UPS was installed in May 2018.

**Recommendation:** The Audit Office recommends that the Bureau of Statistics safeguard its IT equipment against the possibility of flooding. (2017/21)

119. The Bureau of Statistics is also subjected to separate financial reporting and audit. However, at the time of reporting, financial statements for the years 2011 to 2017 were not submitted for audit.

**Ministry's Response:** It was explained that the Bureau is seeking an accounting firm to prepare financial statements for the years 2011 to 2017.

**Recommendation:** The Audit Office recommends that the Bureau of Statistics ensure that all outstanding financial statements are prepared and submitted for audit promptly. (2017/22)

Guyana Revenue Authority

120. Also included in the amount of \$1.817 billion shown as expenditure under statutory bodies, is the sum of \$891M which was budgeted for: (i) provision for implementation of Total Revenue Integrated Processing System (TRIPS); (ii) completion of regional tax offices; and (iii) provision for software, furniture and equipment. As at 31 December 2017, the full amount was issued to Guyana Revenue Authority (GRA) as Capital Releases. The GRA is subjected to separate financial reporting and audit. At the time of reporting, the audit for the years 2014 and 2015 were in progress. However, financial statements for the years 2016 and 2017 were not submitted for audit.

**Ministry's Response:** The Head of Budget Agency indicated that this matter is engaging the attention of the Ministry of Finance.

**Recommendation:** The Audit Office recommends that the Guyana Revenue Authority ensures that all outstanding financial statements are prepared and submitted for audit promptly. (2017/23)

Prior Year Matters, which have not been resolved

121. As mentioned in previous reports, the amounts of US\$2M and US\$900,000 remained outstanding from the sale of the Guyana Stores Ltd. and the Guyana National Paints Company, respectively. The Guyana Stores Ltd. was privatised in October 2000 at a sale price of US\$6M while the National Paints Company was privatised in July 1991 at a sale price US\$1.150M. These matters are still engaging the attention of the Court.

122. In my previous report, mention was made of a loss of cash amounting to \$206.379M at the Accountant General's Department Head Office. This fraud was uncovered where payments of arrears of pension and gratuity were made to sixty-one inactive, deceased and fictitious pensioners. At the time of reporting the matter is on-going in the Court.

123. NICIL was the registered holder of 4,125 shares valued at \$474.375M in Guyana Telephone and Telegraph Company (GT&T) and which was equivalent to 20% holding. GT&T was treated as an Investment (Associate) in the financial statements for the years 2002-2011. An amount of \$5.442 billion was paid over as dividend to NICIL. On 6 November 2012 the Government 20% shareholding which was valued at \$6 billion or US\$30M was sold to an overseas company. On 8 November 2012, upon signing of the agreement, an amount of \$5 billion was transferred to NICIL. The balance of US\$5M remaining should have been paid by the company within two years. At the time of reporting, this matter was engaging the attention of Cabinet.

### Integrated Financial Management and Information System

124. In modernising the public administration sector and improving public financial management and accountability, the Government of Guyana introduced the Integrated Financial Management and Accounting System (IFMAS), in January 2004. IFMAS is an electronic financial application software suite developed by Free Balance in 1984. The IFMAS project was funded by the Canadian International Development Agency (CIDA), the Inter-American Development Bank (IDB), the World Bank, and the International Monetary Fund (IMF).

125. With the introduction of IFMAS, the Financial Management and Accounting Systems of all Government agencies were integrated and a standard system configuration activated a new Chart of Accounts (COA) divided into funds, organisations, programs, projects, locations, and objects. Also, the Smart Stream application used to process payroll from all the agencies was interfaced with IFMAS to automate the processing of cheques and enhance the security of printing. The IFMAS also operates a single Bank Account which was reconciled for the period under review.

126. Eight modules were acquired of which six have been implemented prior to 2016. Details of the modules are as follows:

№.	Name of Module	Purpose	Remarks
1	Controls	Management of the IFMAS	Implemented in 2004
2	Appropriation	Budget Execution & Monitoring	“
3	Expenditure	Executing Payments	“
4	General Ledger	Financial Reporting & Adjustments	“
5	Revenue	Processing Receipts	Implemented in 2007
6	Treasury Management	Bank Reconciliation	“
7	Purchasing	Processing Purchases	Not yet implemented
8	Asset & Inventory	Management of Fixed Assets	“

127. During the first quarter of 2016 the Ministry of Finance in collaboration with FreeBalance Software Company commenced the upgrading of the Government Accounting System from its current version of Financial Management System (FMS) version 6.5 Classic to the new version 7 - Integrated Financial Management and Information System (IFMIS). The upgrade is geared to support public sector functions in order to improve public transparency and accountability. The first phase of implementation commenced in 2017 and it included the implementation of a budget preparation system and the implementation of an interim procurement system in preparation for e-Procurement. In January 2018, an upgraded budget execution and monitoring system was implemented.

128. The new version (IFMIS) is a fully integrated and web-based version of the FreeBalance Accountability Suite. Each central government agency (Ministries, Department and Regions) are given access to the system and this is provided via a web browser, e.g. Microsoft Explorer/Edge over the Ministry of Finance IFMIS Secure Wide Area Network (IFMIS WAN). The IFMIS WAN is ungraded by eGov/National Data Management Authority to make the system more secure and reliable.

129. While the previous version (IFMAS) placed more emphasis on accounts and accounting analysis, the new version (IFMIS) has a much broader scope and it focuses on budget planning, monitoring & execution, core accounting, asset management, sovereign debt management, Public Sector Investment Program performance, National Procurement Tender Administration, Guyana Revenue Authority functionality (customs/taxation), Student Loan Agency, Bureau of Statistics, etc.

130. With the upgrade, the core modules that existed under the previous version in IFMAS (i.e. Controls, Appropriations, Expenditure, General Ledger, Revenue and Treasury Management modules) will be configured and enhanced to include new and additional functions and reports. The functions that will be incorporated include the following:

- Sector Policy and Planning;
- Multi-Year Sector Performance Monitoring;
- purchasing & Procurement (Increase control and efficiency in government procurement, vendor management, and related transparency initiatives);
- Assets Management (improved monitoring and management of government assets);
- Budget Preparation (capture budget agency's Department/Unit budget submissions within budget agencies);
- Budget Execution (including budget releases, virements, and supplementary budgets);
- Treasury Management;
- Accounts Payable (contracted procurement payment schedule/debt service budget projections);
- Accounts Receivable (Revenue projections; loans, grants, taxes);
- Sovereign Debt;
- Capacity Building;
- Administration & Secure Document Management (electronic copies of supporting documents attached to IFMIS transactions, and physical file registry where physical files are held and maintained together with electronic files);
- Tools for efficient data management, transparency, and reporting purposes; and
- Tools for managerial decision-making and performance management.

**Ministry's Response:** The Head of Budget Agency explained that the Ministry of Finance has moved ahead with the upgraded version of Government's Public Financial Management software-Integrated Financial Management and Accounting Systems (IFMAS), currently renamed Integrated Financial Management and Information Systems (IFMIS), from Version 6.5 to Version 7.0.

Additionally, an IFMIS Committee has been established with one of its responsibilities being to strengthen overall Public Financial Management while identifying and setting short, medium and long-term achievable targets.

The Ministry of Finance also started the piloting of the Asset Module as well as large scale procurement where the NPTAB is involved. The latter is intended to have a direct link to the Purchases Module.



**Recommendation:** The Audit Office recommends that the Accountant General’s Department continue in its efforts to have the Government Accounting System business processes updated and implemented to ensure transparency and accountability of public finances. (2017/24)

Review of the Operations of the National Board and the  
National Procurement and Tender Administration

131. The Procurement Act №. 8 of 2003 makes provision for the regulation of the procurement of goods, services and the execution of works, the promotion of competition among suppliers and contractors and the promotion of fairness and transparency in the procurement process. Section 16(1) of the Act provides for the establishment of a National Board and the National Procurement and Tender Administration (NPTA). This Administration will be managed by the National Board and will report to the Minister of Finance.

132. Section 16 of the Act empowers the Minister of Finance to appoint persons to serve on the National Board. According to the Act, the Board shall comprise of seven members, not more than five persons from the Public Service and not more than three persons from the Private Sector after consultation with their representative organisations. The Act makes provision for two members of the Board to serve on a full time basis, with the Minister also appointing one of the two full-time members as Chairman. At the time of reporting, the Board was constituted with all seven members.

133. The National Board shall have responsibility for exercising jurisdiction over tenders as prescribed by regulations and maintaining efficient record keeping and quality assurance systems. Further, Article 212(W) of the Constitution provides for the establishment of a Public Procurement Commission (PPC) to monitor public procurement and procedures in order to ensure that the procurement process is conducted in a fair and transparent manner. In the absence of a PPC, the Board will also have responsibility for: (i) the making of regulations governing the procurement of goods and services; (ii) determining the forms of documents for procurement; (iii) reporting annually to the Minister of Finance on the effectiveness of the procurement process; (iv) organising training seminars regarding procurement; and (v) adjudicating debarment proceedings.

134. On 28 October 2016, five members for the Public Procurement Commission who were identified and approved by Parliament were sworn in by the President. With respect to the making of Regulations, the National Board had examined and reviewed certain aspects of the Procurement Act and its Regulations and had identified and reported on areas to be addressed through the Regulations to make the procurement system more effective. These included the following:

- a) debarment (Section 17 (1), (f) and (3) of the Procurement Act); and
- b) increases in the threshold limits, for Regional/Ministerial/Agency Tender Boards
  - a. (Schedule 1 of the Regulations).

135. In this regard, a consultancy firm was contracted to:

- a) draft Regulations under the Procurement Act, setting out the procedures to be followed by the Public Procurement Commission/NPTAB in adjudicating debarment proceedings; and
- b) examine and make recommendations on revisions to the Regulations, with a view to increasing the threshold limits in light of current prices.

136. During 2016, regulations were passed to increase the threshold values in Schedules 1 and 2 of the Procurement Act.

137. It is a requirement under Section 11(1) of the Act for each procuring entity to publish notice of procurement contracts awarded within seven days of awarding such contracts. In addition, Part II (4) of the Procurement Regulations requires each procuring entity to provide within five days of publishing notice of the award, a report to the Administration of all contracts awarded in excess of \$1.5M. On receipt of the report, the Administration shall publish the information on its website. There were noted non-compliance of the reporting provisions of the Procurement Act and its Regulations. In particular, procuring agencies were not reporting to the National Board all contracts awarded in excess of \$1.5M thereby restricting the National Board from publishing on its website all contracts awarded.

**Ministry's Response:** In its continued efforts to have all procuring entities adhere to the Procurement Act, in respect of reporting to the NPTA all contracts exceeding \$1.5M, the NPTA has issued a reminder circular and proposed scheduled visits to Agencies with a view to ensuring that steps are taken to comply with the Act.

There has not been a marked increase in reporting to the NPTA of all contracts exceeding \$1.5M, following the issuance of the reminder circular, but the National Procurement and Tender Administration continues to publish on its website, contracts exceeding \$1.5M for which it has issued approval letters. To date, the National Procurement and Tender Administration have posted information on contracts, in excess of 1,200, on its website, as a result of this initiative.

Scheduled visits to procuring entities, aimed at, among other things, making them comply with the reporting requirements of the Procurement Act, commenced in January, 2018 and is expected to cover most procuring entities before the fourth quarter of this year. This approach is expected to yield greater results regarding the publication of contract award information on the NPTA's website.

In addition, the said website will be upgraded in 2018 and this will result in considerable improvement regarding the uploading of contract information, which has been affected by deficiencies in the current system.

**Recommendation:** The Audit Office recommends that the NPTAB continue its efforts to have all agencies adhere to the Procurement Act. (2017/25)

138. Each Ministerial, Departmental and Agency Tender Board shall nominate for consideration by the National Board, qualified evaluators to serve on Evaluation Committees. It was noted that a pool of evaluators was created and evaluation committees were formed to adjudicate on procurement subject to its jurisdiction. The National Board however, had not exercised due diligence to ensure that the persons appointed as evaluators had the expertise and experience as specified in the Procurement Act.

**Ministry's Response:** Persons nominated by the NPTAB to serve on Evaluation Committees are selected from a pool of evaluators who meet the requirements contained in the Procurement Act. It is also a policy of the NPTA to ensure that the evaluators and persons who hold procurement related positions benefit from training yearly.

**Recommendation:** The Audit Office recommends that the NPTAB continue its efforts to have all agencies adhere to the Procurement Act. (2017/26)

139. As part of its mandate, the NPTAB was required to establish a Bid Protest Committee to deal with alleged breaches of the Act by procuring entities. This Committee's role also included the review of complaints by aggrieved suppliers and contractors who were dissatisfied with a procuring entity's response to a complaint. It was noted this committee was established in June 2016.

#### Follow-Up on the Implementation of Prior Year Audit Recommendations

140. The table below shows the prior year matters as contained in the Auditor General's 2016 Report and action taken by the Head of the Budget Agency regarding the recommendations made by the Audit Office.

Rec. №.	Category of Findings	Recommendations		
		Fully Implemented	Partially Implemented	Not Implemented
2016/15	Revenue Accounting		√	
2016/16	Non-submission of financial statements			√
2016/17	Non-submission of financial statements	√		
2016/18	Non-submission of financial statements		√	
2016/19	Outstanding Conference Advances		√	
2016/20	Breach of FMA Act - Cheques on hand	√		
2016/21	Forensic Audit - Cheques on hand	√		
2016/22	Outstanding Cheque Orders	√		
2016/23	Misclassification of Expenditure	√		
2016/24	Breach of Stores Regulations - Log Books	√		
2016/25	Breach of FMA Act - advance payments	√		
2016/26	Breach of FMA Act - No supporting documents			√
2016/27	Breach of the Procurement Act – Non- functioning of the MTB	√		
2016/28	Breach of FMA Act - Cheques on hand	√		
2016/29	Breach of FMA Act - No supporting documents	√		
2016/30	Generator purchased not put into use	√		

Rec. No.	Category of Findings	Recommendations		
		Fully Implemented	Partially Implemented	Not Implemented
2016/31	Breach of FMA Act - non refund of unspent balance	√		
2016/32	Breach of FMA Act - No supporting documents	√		
2016/33	Non installation of elevator	√		
2016/34	Non implementation of IFMAS Modules		√	
2016/35	Breach of the Procurement Act - Publishing of contract on NPTAB website		√	
2016/36	Breach of the Procurement Act - Qualified Evaluators		√	

### GUYANA REVENUE AUTHORITY

141. The Guyana Revenue Authority was established under Chapter 79:04 of the Laws of Guyana and came into operation on the 27 January 2000. The new entity resulted in the transfer of the functions and powers of two departments: (i) the Customs and Excise Department; and (ii) the Inland Revenue Department; and later, the addition of the Value Added Tax Department in 2007. The Customs Acts 82:01 governs the customs function of the Authority.

142. The Authority is responsible for the assessment, charge, levy and collection of all revenue due to the Government of Guyana under the relevant laws, and for the subsequent transfer to the Consolidated Fund. It is also responsible for promoting compliance with the written laws relating to revenue and for creating in the society, full awareness of the obligations and rights of revenue payers.

143. The Authority computerised part of its operation in April 1996 with the Automated System for Customs Data (ASYCUDA). It was later upgraded in January 2003 to Version 3 (ASYCUDA++) however, the functioning of the system was limited and needed improvement and this led to the implementation of the Total Revenue Integrated Processing System (TRIPS) on 1 January 2007. Presently, the Authority operation uses TRIPS and is about to embark on the implementation of ASYCUDA World (AW) for its customs functions.

### Customs and Trade Administration

#### Revenue Collection

144. The following table provides a comparative analysis of estimated and actual amounts collected and paid into the Consolidated Fund as reflected on the Statement of Receipts and Disbursements - Customs and Trade Administration, for the fiscal year ended 31 December 2017.

Line Items	Description	Approved Estimates \$'000	Amount Collected & Paid into Consol. Fund \$'000	(Under)/Over Estimates \$'000
5011	Import Duties	14,354,652	16,272,912	1,918,260
5021	Export Duties	25,969	22,646	(3,323)
5031	Stamp Duties	24,360	22,102	(2,258)
5051	Alcoholic Beverages	0	300,000	300,000
5063	Betting Shops	0	4,756	4,756
5072	Environmental Levy	1,033,000	1,703,396	670,396
5079	Misc. & Other Taxes	129,791	253,517	123,726
5081	Overtime Fees	171,081	144,766	(26,315)
5082	Departmental Fines	36,933	121,232	84,299
5083	Warehouse Rent & Charges	21,970	20,941	(1,029)
5084	Liquor Licence	39,597	23,716	(15,881)
Total		15,837,353	18,889,984	3,052,631

145. As shown in the table above, amounts totalling \$15.837 billion were estimated to be collected from customs duties, trade and other taxes, fees, fines and licences for the period under review while actual collections paid into the Consolidated Fund totalled \$18.890 billion. This represents a positive variance of 19%, equivalent to \$3.053 billion. Notwithstanding the positive performance, there were substantial shortfalls for the revenue categories of Export Duties, Stamp Duty, Overtime Fees, Warehouse Rent and Charges and Liquor Licence totalling \$48.806M.

**Authority's Response:** The Head of the Authority explained that the negative variance in stamp duties indicates that fewer commodities which require regulating for importers were traded, more commodities which are exempt from duties, such as rice, were exported and warehouse renting charges were reduced as a result of reduced storage time for some consignments.

#### Import Duties

146. Import Duties contributed significantly to the positive variances. The total Import Duties collected in the period January to December 2017 is \$16.3 billion or 86.3% of the total revenue collected by Customs. This represents positive variances of \$1.9 billion or 13% above the Approved Budgeted collections for the period January to December 2017 and \$1.4 billion or 9% above the Import Duties collected in the corresponding period of 2016.

**Authority's Response:** The Head of the Authority explained that increased scrutiny of the valuation and classification of goods by the Revenue Protection Unit contributed to higher base values for the collection of the revenue. This is reflected in the higher collection of the Revenue and this was reflected in the increased duty collection.

#### Environmental Levy

147. The Customs (Amendment) Bill was passed on 5 January 2017, paving the way for the imposition of an environmental levy of \$10 per unit on the importers and local manufacturers of products using non-returnable metal, plastic or glass container to package any alcoholic or non-alcoholic beverage. This policy became effective 1 February 2017.

148. The total environmental levy collected for the period January to December 2017 amounted to \$1.7 billion or 9% of the total revenue collected by Customs. It represents a positive variance of \$670.4M or 65% above the approved estimates. Collections from local manufacturers accounted for \$865.1M of the total collected.

**Authority’s Response:** The Head of the Authority explained that local manufacturers were excluded in the last iteration of the levy but there were aggressive efforts to include them in the tax net and monitoring of payments for consistency in compliance. In addition, local beverages make up a considerable share of the local market and this is reflected in the levy collection.

Seizures

149. Standard Operating Procedures that was established in accordance with the Customs Act 82:01, Section 223 – 227, require that a file be opened and maintained for all cases of seizures until the matter is finalised. At the time of reporting, for the years 2013 to 2016, a total of 181 seizure files remained opened. For the year 2017, Management failed to close 118 files out of 361. Of the 118 files not closed two were awaiting legal action and the other 116 files were pending sale of seizures, disposal of assets and the payment of fines and taxes estimated at \$18.258M. The table below shows the status of the files:

Year	No. of Seizures	No. of Files Closed	No. of Files Not Closed
2013	206	166	40
2014	236	209	27
2015	306	276	30
2016	412	328	84
Sub-Total	1,160	979	181
2017	361	243	118
Total	1,521	1,222	299

**Authority’s Response:** The Head of the Authority explained that the Law Enforcement and Investigation Division (LEID) has managed to close 1,222 investigation files which have a balance of 299 files to be closed as required by law. These files are pending sale of seizure, destruction of goods, and payment of Customs duty, taxes and fine. LEID will continue to make efforts to close these outstanding investigation files. In addition, LEID will continue to locate the offenders regarding payment of the outstanding tax liability and fines in an effort to have the investigation files closed and dispose of goods in a timely manner. Several matters are pending legal advice and are engaging the court’s jurisdiction.

**Recommendation:** The Audit Office recommends that Management continue in its efforts to ensure seizure cases are addressed promptly so that all outstanding revenue are promptly collected and files are closed within a reasonable time frame. (2017/27)

150. The Authority continues to experience significant delays in dealing with seized items from taxpayers. The delay in processing seizures can result in the deterioration of related goods and subsequent loss in revenue. During 2017, amounts totalling \$180.695M, \$52.186M and \$9.039M were collected as additional duties and taxes, fines and conveyances and sale of seizures, respectively.

**Authority's Response:** The Head of the Authority recognised the delay in processing seizures; however, this is as a result of, inter alia, on-going investigations, on-going court matters, awaiting payment of outstanding liabilities, and in some cases not being able to locate offenders after they were placed on bail. Notwithstanding same, steps are generally taken to prevent loss of revenue; since LEID continues to dispose of seized goods expeditiously in accordance with the provisions of the Customs Act, Chapter 82:01.

**Recommendation:** The Audit Office once again recommends that the Authority take steps to ensure the processing of seizures is done as soon as possible since the delay to do so can result in the deterioration of the related goods and subsequent loss in revenue. (2017/28)

151. The Corriverton Integrated Tax Office continues to experience difficulty in accounting for seizures and detention. The 2016 Seizure Register was examined and physical inspection of the bond was conducted in June 2017. Sixteen packages were physically verified in the bond however, they were not properly labelled with Seizure Notices and were not traced to the Seizure Register.

152. In addition, from a sample of thirty-five packages selected from the register, thirty-five were not physically verified. Of the thirty-five packages not physically verified, fourteen was in relation to seizures of Rockingham Brand chicken. It was explained by the Officer-in-charge that, the cold storage facility, which was not owned by the Authority, could not have accessed since the owner was out of the country. At the time of reporting, no updates were presented by the Authority.

**Authority's Response:** The Head of the Authority indicated that the Regional Office maintains Seizures File that contains copies of the Seizure Slips for items in the Bond. Subsequent to the audit, copies were reproduced and affixed to each item in the Bond. Thus, the labelling is intact and all items can be verified and traced to the Register.

153. A similar procedure was scheduled for 2017 seized items in July 2018, however, permission was not granted by LEID at the Corriverton Integrated Tax Office for the examination of the Seizure Register and to conduct a physical verification of the available items listed in the said register. As a result, it was not possible to determine the number of seizures done and if all of the items in the Seizure Register physically exist.

**Authority's Response:** The Head of the Authority indicated that LEID was not informed of the visit to the Corriverton location by the auditors and the junior staff assigned to the location for LEID operations, did not communicate to management of LEID that the auditors visited the location, however, the verification exercise can be conducted at any time by the auditors.

**Recommendation:** The Audit Office recommends that the Authority ensure that all registers are updated and presented for audit examination. (2017/29)

Private Warehouses

154. During 2016, there were thirty-six private warehouses in operation of which, eight were subsequently closed during the year. Five of these warehouses closed were temporarily restricted due to on-going matters with the Authority. At the time of reporting, the matter was resolved. However, evidence to support the payment of duties and taxes estimated at \$33.214M in respect of the seventeen vehicles, which were valued at \$17.879M, was not presented for audit. In addition, checks with the Licence Revenue Office (LRO) revealed that sixteen of the seventeen vehicles were registered to various individuals during the years 2002-2007. The receipts for the sixteen vehicles were not presented. Hence, we were unable to determine that the warehouse owner paid all outstanding duties and taxes.

**Authority's Response:** The Head of the Authority indicated that one vehicle was located within the LRO records as registered to the GRA and was subsequently sold to a private citizen; details and copies of the records were submitted to the AG's officers.

**Recommendation:** The Audit Office once again recommends that the Authority present for audit all documentations in support of the payment of duties and taxes estimated \$33.214M in respect of these vehicles. (2017/30)

155. Bonds are required to be established in accordance with the Section 99 of the Customs Act Chapter 82:01, by the owners of private warehouses for warehousing of goods without the payment of duty and taxes on their first entry. In 2017, one hundred bonds valued \$3.960 billion were in existence with five commercial banks, four insurance companies and the trust corporation by the owners of the warehouses. At the time of reporting, confirmation was received for nine bonds totalling \$545M. Similarly, in 2016 ten bonds valued \$827M were not confirmed. In the absence of the confirmations, the existence of the bonds could not be ascertained.

**Authority's Response:** The Head of the Authority indicated that letters requesting confirmation of the bonds were written using the template provided by the Auditor General, and were dispatched to the financial institutions. The format letter directed that the responses be sent directly to the Auditor General's Office. Under the Customs laws, bonds may only be revoked with the consent of the Commissioner General. All bonds from previous years remain in force unless so cancelled.

156. Examination of the one hundred bonds revealed the following:

- nineteen original bonds valued \$822.860M were not in the possession of the Authority, however, photocopy bonds were presented.

**Authority's Response:** The Head of the Authority indicated that photocopied bonds presented were obtained from the copies kept by the bond holders or the copies already in the files. These bonds were still in effect. Letters were written to the banks indicating that under the customs laws, the Commissioner General's permission was required before any bonds could be cancelled:



- revenue stamps at a value of two percent of the bond value should be attached to the bond. However, thirty-seven bonds valued \$2.571 billion did not have the required revenue stamps attached.

157. As a result, the Authority is in breach of the Customs Act, related standard operational procedures and the validity of the bonds are compromised.

**Authority's Response:** The Head of the Authority indicated that during the transition from Main Street in 2013 some original bond documents went missing. Copies were presented and shown to the auditors who indicated they were satisfied. The validity of the bonds at issue was verified with the financial institutions.

It should be noted that all the bonds verified in 2016 would be in effect unless cancelled at the direction of the Commissioner General, since all bonds are indefinite.

**Recommendation:** The Audit Office once again recommends that the Authority take the necessary steps to verify that all warehouse owners have valid bonds in place and a report of same should be submitted to the Audit Office. Follow-up action should also be taken with the commercial bank, insurance company and the trust corporation to have the confirmations submitted promptly. (2016/31)

#### Ship Files

158. Standard operating procedures require files to be opened and closed for all incoming and outgoing vessels within forty-two days. If files are still opened at a transit shed after this period, a report is prepared stating the reasons for the incompleteness. For the years 2012 to 2016, the Authority's was still to close a total of 969 ship files. An examination of the Ships' Rotation Registers for 2017 revealed that a total of 2,098 vessels arrived at the various Ports for which files were opened. However, only 1,398 files were completed, resulting in a failure to close 700 files.

Transit Shed	№. of Files Opened	№. of Files Closed	№. of Files Not Closed
<u>Georgetown</u>			
Boathouse	744	425	319
D.S.C.L.	121	26	95
G.N.I.C.	94	12	82
G.N.S.C.	39	29	10
J.F.L.	347	203	144
Muneshwer's	72	22	50
Sub-total	1,417	717	700
<u>Out-of-town</u>			
Anna Regina	29	29	0
Corriverton	505	505	0
New Amsterdam	61	61	0
Linden	86	86	0
Sub-total	681	681	0
Total	2,098	1,398	700

**Authority’s Response:** The Head of the Authority explained that efforts are on-going to retrieve the relevant documents to close the remaining files. Reasons for outstanding ship files are unperfected Prior-to-Processing declarations, unperfected PIDs and outstanding C25s. The remaining files shall be addressed using the 42 days reports as most of which are available.

**Recommendation:** The Audit Office once again recommends that the Authority take appropriate action to have all ship files closed within the stipulated time frame and ensure that established procedures are fully complied with. (2017/32)

Aircraft Files

159. In accordance with Standard Operating Procedures (SOPs), files must be opened and closed for all incoming and outgoing aircrafts, and all closed files must be submitted to the filing room of the Authority. At the time of audit in June 2018, the Authority failed to close files for the years 2015, 2016 and 2017. In a follow-up audit of prior year matters, it was reported that all files for 2015 are now closed; however, the closed files were not presented for audit examination. The table below provides information of the total files not closed.

Year	№. of Files Not Closed	
	In-coming	Out-going
2015	509	9
2016	154	23
2017	372	179
Total	1,035	211

**Authority’s Response:** The Head of the Authority acknowledged the comments of the Auditor General. Due to the expansion works at the airport, all documents and files not in current use were stored in metal cargo containers and are not easily accessible. However, the airport project is approaching completion and arrangements for access to the documents shall be completed as soon as conditions allow. The files for 2015 shall be available once the containers become accessible. Arrangements for their relocation to the filing room shall be completed at the earliest opportunity.

**Recommendation:** The Audit Office once again recommends that the Authority take appropriate action to have all aircraft files closed within the stipulated time frame and ensure that established procedures are fully complied with. In addition, a schedule of the closed files stored at the airport should be submitted for audit. (2017/33)

Permits for Immediate Delivery

160. In relation to import duties, 683 transactions with estimated duties and taxes totalling \$30.198 billion were facilitated through the Permit for Immediate Delivery (PID) system. Regulation 50 (9) made under the Customs Act requires that goods for immediate delivery be entered within ten working days from the date of the permit for the delivery of such goods, excluding Sundays and public holidays.

161. Examination of the PID Register for the year 2017 revealed that the dates perfected for twenty-eight PIDs with assessed tax and duties totalling \$827.886M issued were not recorded. Similarly, in 2016, three hundred and seventy-one entries with estimated duties and taxes totalling \$12.526 billion the dates were not recorded in the register. As a result, it was difficult to ascertain whether the PIDs were perfected in the stipulated time frame.

**Authority's Response:** The Head of the Authority acknowledged the comments of the Auditors. The printed formatted register does not carry a date column for endorsement. However, the transaction details may be traced in the system using the recorded transaction document number. As recommended by the auditors, dates of the perfected transactions are currently entered into the register; this commenced after their 2017 audit of the activities for year 2016.

**Recommendation:** The Audit Office once again recommends that the Authority ensure that the PID Register is updated with all necessary information. (2017/34)

162. In addition, 655 PIDs were issued with assessed taxes totalling \$29.370 billion and were entered on an average of forty-two days over the stipulated period. Similarly, in 2016, two hundred and thirty-two entries with assessed duties and taxes totalling \$7.361 billion were entered on an average of eighteen days over the stipulated time frame. Failure to ensure that the PID facility is operated within the stipulated framework constitutes a serious breach of the Customs Regulations and can result in loss of revenues and long delays in completing ship and aircraft files.

**Authority's Response:** The Head of the Authority acknowledged the comments of the Auditors. Transactions in which parts of the consignments are given remissions of taxes are sometimes delayed as a result of the prolonged delivery periods for the product and the requirements that the importers present documentation from agencies external to the GRA. The TRIPs system was incapable of managing partial sales related to exemptions. Improvements in processing times are anticipated with the introduction of the ASYCUDA World software and its implementation, which has commenced.

**Recommendation:** The Audit Office recommends that the Authority put systems in place to ensure that the requirements of the Customs Regulations as it relates to PIDs are fully complied with. (2017/35)

163. The Authority continues to experience difficulty in having PIDs perfected in the stipulated time frame. Over a three years period 2015-2017, the Authority failed to perfect seventeen PIDs with estimated duties and taxes totalling \$13.404M, which constitutes a serious breach of the Customs Regulations and can result in loss of revenues and long delays in completing ship and aircraft files.

**Authority's Response:** The Head of the Authority acknowledged the comments of the Auditors. These files relate to one Government Ministry and private companies.

**Recommendation:** The Audit Office once again recommends that the Authority put measures in place to have PID perfected within the stipulated time frame. (2017/36)

Prior-to-Processing (PTPs)

164. Section 270 of the Customs Act gives the Commission-General discretionary power to permit the entry, unloading, removal and loading of goods, and the report and clearance of aircrafts and ships in such form and manner as he may direct to meet the exigencies of any case to which the customs laws may not be conveniently applicable. As such, it is the policy of Authority to allow the release of goods under the Prior-to-Processing (PTP) facility based on the urgency of the goods and /or expediency of shipping arrangements as in the cases of exports.

165. Also, PTP documents are required to be fully processed immediately following the release of cargo. For the year 2017, a total of 4,080 declarations were processed under the PTP facility. Of the 4,080 declarations processed, five motor vehicles and three tractors were processed using the PTP facility. Similarly, in 2016, twenty-five were in relation to motor vehicles, heavy-duty equipment and ATVs. However, the exigencies of these cases could not have been ascertained since pertinent documentation was not located in the PTP files.

**Authority's Response:** The Head of the Authority acknowledged the comments of the Auditors. The motor vehicles were released to Government Agencies, including law enforcement. This was done to reduce storage cost to these agencies at the wharves and pending completion of the processing of the documents which were delayed for multiple reasons. The heavy-duty equipment released in 2016 was to avert shutdown of local mining operations pending the completion of documentation. No tractors were released but the records showed release of tractor parts – the transaction related to the breakdown of mining equipment in Region 1.

The issue of PTP transactions is projected to be discontinued with the introduction of the new ASYCUDA World system, which will replace TRIPS and incorporate all transactions. The system is currently being rolled out in phases.

**Recommendation:** The Audit Office recommends that the Authority put systems in place to ensure that the requirements of the Customs Policies as it relates to PTPs are fully complied with. (2017/37)

166. One of the main reported reasons for ship and aircraft files not being closed in a reasonable time is none perfection of PTP entries. However, the Authority continues to neglect the importance of having PTP entries perfected within the stipulated ten working days. Examination of the PTP registers for the year under review revealed that 583 PTPs entries with estimated taxes and duties totalling \$6.868 billion were not perfected at the time of audit in June 2018. Similarly, in 2016, three hundred and ninety-five entries with assessed duty and taxes totalling \$464.456M remain outstanding. As a result, the Authority may continue to lose revenues and there will be a long delay in completing ship and aircraft files. The table below provides details for 2017.

Type of Importers	Nº. of Importers/ Exporters	Nº. of PTPs Outstanding	Estimated Duties & Taxes Outstanding \$'000
Government Agencies	16	84	36,741
Ministries	13	68	122,101
NGOs	12	20	39,407
Embassy/Caricom	3	20	152
Companies	78	385	6,667,270
Individuals	6	6	2,773
<b>Total</b>	<b>128</b>	<b>583</b>	<b>6,868,444</b>

**Authority's Response:** The Head of the Authority indicated that there is a database that which is monitored and updated daily. Monthly reports are provided with a year to date summary of all transactions. Delays are generally related to compliance with requirements of regulatory agencies, in many instances related to investment and finance issue. It should be noted that a significant number of outstanding documents relate to temporary importation of materials and supplies for oil and gas exploration, most of which was re-exported using the PTP facility, medical supplies, including perishables such as reagents are also included in the consignments mentioned. In addition, exports with no liability for duties and taxes are included in the transactions mentioned above.

File management shall be improved with the introduction of the ASYCUDA World system as all transactions shall be entered therein, using re-engineered procedures. It is envisaged that issue of PTPs shall be discontinued as a result.

**Recommendation:** The Audit Office once again recommends that the Authority put systems in place to ensure that the requirements of the Customs Policies as it relates to PTPs are fully complied with. (2017/38)

Merchant's Overtime

167. The revenue statement and overtime records maintained by the various responsible units continue to reflect substantial variances. Over a three years period 2015-2017, the revenue statements reflected amounts of \$314.765M and the various registers as cash payments and payments made on demand reflected amounts totalling \$193.680M, resulting in variances of \$121.085M. The following table provides details:

Year	Revenue Statement \$'000	Authority's Records \$'000	Variances \$'000
2015	77,387	64,978	12,409
2016	92,613	64,978	27,635
Sub-Total	170,000	129,956	40,044
2017	144,765	63,724	81,041
<b>Total</b>	<b>314,765</b>	<b>193,680</b>	<b>121,085</b>

168. Management had explained over the three years period that efforts were on-going to determine the reasons for the variances and a computerised system of sub-codes to identify taxpayers making payments will be implemented to assist in the reduction of these variances. However, at the time of audit in June 2018, an updated position on the matter was not presented.

**Authority's Response:** The Head of the Authority indicated that based on the review of the accounting statements and of the books will show variances since, the payment of government revenues for GRA can be made at any location where a cashing system is operational.

**Recommendation:** The Audit Office once again recommends that the Authority seek to implement the computerised system as soon as possible so as to properly account for overtime payments received from Merchants. In addition, a reconciliation of payments received against the respective demands should be carried out to determine whether all demands issued were fully honoured by the merchants. (2017/39)

169. A detailed breakdown of the variances between the revenue statement and overtime records maintained by the Authority for the year under review is reflected in the table provided below:

Location	Amount Collected as per Revenue Reports \$'000	Collection as per Registers			Variance \$'000
		Cash Payments \$'000	Payments on Demand \$'000	Total Paid \$'000	
Customs House	41,653	0	0	0	41,653
Goods Exam Unit	0	0	0	0	0
Boathouse	24,399	0	0	0	24,399
D.S.C.L.	0	0	7,281	7,281	(7,281)
G.N.I.C.	993	0	9,946	9,946	(8,953)
G.N.S.C.	8,181	0	2,097	2,097	6,084
G.P.O.C.	46	0	0	0	46
J.F.L.	62,707	0	30,815	30,815	31,892
Muneshwer's	0	0	9,446	9,446	(9,446)
Q-TREX	0	243	0	243	(243)
Ogle Airport	2,674	0	0	0	2,674
CJIA	0	0	0	0	0
Anna Regina	79	0	594	594	(515)
Corriverton	435	0	422	422	13
New Amsterdam	1,970	0	1,179	1,179	791
Linden	1,628	0	1,650	1,650	(22)
Lethem	0	51	0	51	(51)
Total	144,765	294	63,430	63,724	81,041

**Authority's Response:** A review of the registers maintained by the Wharves and Boathouse shows that all moneys have been received for overtime work executed by officers. The system is such where the C43 are approved by the Assistant Commissioner and vouchers prepared. The merchant is allowed to choose the location convenient to them to make payment. As such the revenue statement will show variances as a result of this feature.

**Recommendation:** The Audit Office once again recommends that the Authority seek to implement the computerised system as soon as possible so as to properly account for overtime payments received from Merchants. (2017/40)

170. Examination of the Revenue Accounting Reports, Demand Registers and other subsidiary records maintained for the period under review revealed that the Merchant overtime totalling \$63.724M was recorded as being collected during 2017 for demands issued to Merchants and was recorded in the Collections Registers of which evidence of receipts to support these payments were verified. However, the Revenue Reports maintained by the Authority records no payments for six of these Merchants.

**Authority's Response:** The Head of the Authority indicated that the registers at the Wharves and Boathouse shows receipts that were paid under the correct heading which is overtime. As such the revenues for the merchant would have been paid at other locations, since the vouchers would have been issued by the Office of the Assistant Commissioner.

**Recommendation:** The Audit Office once again recommends that the Authority seek to implement the computerized system as soon as possible so as to properly account for overtime payments received from Merchants. (2017/41)

#### Tax Exemptions

171. Exemptions from duties and taxes totalled \$64.312 billion for the period under review, as compared to \$56.073 billion in 2016. This represents an increase of \$8.239M over the corresponding period. It should be noted that the value of revenue foregone for the year 2017 represents 37.52% of the actual revenue collections by the Authority. The table below gives details of tax exemptions granted according to concession categories.

Type of Exemption	2017		2016		Variance
	No. of Entries	Amount \$'000	No. of Entries	Amount \$'000	Amount \$'000
<u>Conditional Tax Exemptions</u>					
Companies/Businesses	7,740	36,446,524	7,684	30,286,629	6,159,895
Ministries/Government Depts.	1,031	5,205,677	1,309	3,858,513	1,347,164
Re-migrants	175	825,763	229	998,804	(173,041)
Churches/Charitable Organisations	165	1,566,391	153	1,451,342	115,049
Diplomats	324	1,437,089	391	1,711,798	(274,709)
Public/Contract Officers	521	495,104	594	654,738	(159,634)
Foreign Funded Projects	217	1,780,900	282	1,469,553	311,347
Hospitals	505	141,735	581	317,290	(175,555)
Others	08	64,207	32	5,669	58,538
Sub-Total	10,686	47,963,390	11,255	40,754,336	7,209,054
Unconditional Tax Exemptions	2,260	16,348,769	5,962	15,318,516	1,030,253
Total	12,946	64,312,159	17,217	56,072,852	8,239,307

172. As shown in the table above, tax exemptions granted to companies and businesses represented 57% equivalent to \$36.447 billion of the total exemptions granted. However, the total value of tax exemptions granted in respect of Investment Agreements facilitated through the Guyana Office for Investment (Go-Invest) and the Guyana Geology & Mines Commission (GGMC) could not have been determined. A review of the records of the Authority revealed that a total of fifty-eight agreements in which fifty-five agreements were approved and three denied during the year 2017. In the 2016 Auditor General's Annual Report, Management assured that the IT Division is in the process of implementing a system that will facilitate a breakdown of the 'Companies/Businesses' category so that more informative reports can be generated. However, at the time of reporting in 2018, the Authority failed to provide these breakdowns.

173. Further, it should be noted that in accordance with the Investment Act №. 1 of 2004, a procedural audit of the incentives granted to an investor or an investment enterprise is required to be carried out annually by the Auditor General.

174. At the time of reporting, schedules were presented for various companies that benefited from exemptions through GO-INVEST and GGMC. It was agreed that other related documentations would be sorted and presented for audit review.

**Authority's Response:** The Head of the Authority acknowledged the comments of the Auditors. The categories (Companies/Businesses) of tax exemptions in the report are those that were built into the system several years ago and are subject to limitations. However, the breakout feature was implemented on 17 April 2018 to facilitate the value of tax exemption granted in respect of Investment Agreements through Guyana Geology & Mines (GGMC) and Guyana Office Investment (GO-Invest).

Nonetheless, it must be noted that although the breakout feature was implemented in 2018, it cannot provide previous data thus, the value of tax exemption for the year 2017 would not be available.

The reports on the tax exemption granted in respect of Investment Agreements through GO-Invest and GGMC for the year 2017 was submitted to the Auditors (on 10 September 2018) thus facilitating the audit procedures.

**Recommendation:** The Audit Office recommends that the Authority continue in its efforts to have the other documentation presented to facilitate audit procedures. (2017/42)

#### Other Matters

175. In May 2010, the Authority acquired an electronic container scanner at a cost of US\$1M for the purpose of 100% container scanning. The scanner which was placed into operation on 23 May 2011 was determined to be inoperable on 18 October 2014 due to a loss of power to the electrical cabinet. Management indicated that this scanner was not cost-effective to repair.



176. Another scanner which was acquired in November 2013 at a total cost of US\$5.3M and placed into operation on 4 January 2014 also became inoperable on 18 June 2016. In a follow-up response to this matter, Management indicated that the scanner was repaired but the reason it had malfunctioned was because of its constant exposure to weather conditions and not having a permanent suitable location for the operation of the scanner. At the time of reporting, the Authority was able to enter into a Public Private Partnership Agreement with the Guyana National Industrial Company, Lombard Street, Georgetown. The scanner operation was launched on Monday 16 July 2018. At the time of reporting the scanner is operational, exports containers are being scanned presently.

**Authority's Response:** The Head of the Authority acknowledged the comments of the Auditors. The scanner site commenced operations on Tuesday 17 July 2018 and is functioning to date.

177. In addition, the Authority has received a donation of another mobile scanner and baggage scanner through the Government of China initiative. Efforts to verify the date of agreement and the location of the scanner could not be determined since limited information was provided.

**Authority's Response:** The Head of the Authority indicated that the new baggage scanner is due to arrive in November 2018 for completion of installation towards the end of December 2018. The new baggage scanner is already installed in the new Customs area of the CJIA which has not commenced operations. The officers have already been trained in the use of the equipment.

**Recommendation:** The Audit Office recommends that the Authority continue in its efforts to improve customs enforcement operations across Guyana and to comply with international regulations. (2017/43)

### **Value Added Tax (VAT)**

178. The Value-Added Tax Act No. 10 of 2005 (subsequently renamed 'The Value-Added Tax Act, Chapter 81:05') came into operation on the 1 January 2007, by Order No. 1 of 2006 signed by the Minister of Finance on 16 January 2006 and amended by Act No. 6 of 2007 signed by the President on 25 January 2007. The Act provides for the imposition and collection of Value-Added Tax on goods and services. The tax is levied at the rate of 16% on the value of every taxable supply by a taxable person in Guyana and every taxable import of goods or import of services, other than an exempt import. This rate was reduced to 14% by Amendment No. 08 of 2016 to the Principal Regulations made under the Act and came into effect on 1 February 2017.

#### **Revenue Collection**

179. The table below provides a comparative analysis of estimated and actual amounts collected and paid into the Consolidated Fund as reflected on the Statement of Receipts & Disbursements – Value Added Taxes.

Line Items	Description	Approved Estimates \$'000	Amount Collected & Paid into Consol. Fund \$'000	(Under)/Over Estimates \$'000
<b>Value Added Tax (VAT)</b>				
5911	Import Goods	22,890,372	23,123,842	233,470
5912	Import Services	0	136,999	136,999
5921	Domestic Supplies	22,289,430	19,162,063	(3,127,367)
5981	Interest – VAT	116,084	90,849	(25,235)
5982	Penalties – VAT	34,521	42,109	7,588
<b>Sub-Total</b>		<b>45,330,407</b>	<b>42,555,862</b>	<b>(2,774,545)</b>
<b>Excise Tax</b>				
5951	Imports – Motor Vehicle	9,170,862	5,442,870	(3,727,992)
5952	Imports – Petroleum Products	19,210,145	21,745,357	2,535,212
5953	Imports – Tobacco	1,256,552	1,078,296	(176,256)
5954	Imports – Alcoholic Beverage	927,056	844,285	(82,771)
5961	Domestic Supp – Alcoholic Beverage	3,804,786	4,347,757	542,971
<b>Sub-Total</b>		<b>34,369,401</b>	<b>33,458,565</b>	<b>(910,836)</b>
<b>Grand Total</b>		<b>79,699,808</b>	<b>76,014,427</b>	<b>(3,685,381)</b>

180. The VAT estimate for the period January to December 2017 is \$45.330 billion; however, VAT collected during the period was \$42.556 billion. This amount represents a negative variance of \$2.775 billion or 6% below the budgeted collections. Similarly, the Excise Tax estimate for the period January to December 2017 is \$34.369 billion. Total revenue collected in the period January to December 2017 was \$33.459 billion. This amount represents a negative variance of \$910.836M or 3% below the approved budgeted collections. Both the VAT and Excise Tax collections showed a positive variance of \$6.1 billion or 17% and \$2.4 billion or 8% above the total collected in the period January to December 2016. VAT refund payments made during the period January to December 2017 when compared with the same period in 2016 decreased by \$2.4 billion or 59%. In addition, notwithstanding the positive variance, the Authority under-performed on five of the ten revenue tax types totalling \$7.140 billion.

**Authority's Response:** The Head of the Authority acknowledges the comments of the Auditor General. Notwithstanding the differences, explanations for the variances in the five tax types are proffered below:

- Domestic Supply - Goods - The negative variance below the approved budget resulted from a marginal over-estimation of the expected VAT collections from the sale of goods by the wholesale and retail traders for the period January to December 2017;
- Miscellaneous VAT - Interest - The negative variance was as a result of lower than projected interest payments in 2017. This variance was intensified by substantial interest payments in 2016 (for the years 2007 and 2008) which were made by a major local manufacturing company while that company did not incur interest payments in 2017;

- Imports - Motor Vehicles - The decrease in collections resulted from:
  - i. The policy change which amended the Excise Tax Regulation specifically relating to prohibiting the importation of used and/or re-conditioned vehicles older than eight years old from the date of manufacture to the date of importation which took effect from 1 May 2016; and
  - ii. Significant decreases in the numbers and values of several categories of imported motor vehicles for which Excise Tax was paid for the period January to December 2017 when compared with January to December 2016. The most significant category is “Other vehicles of a cylinder capacity exceeding 1000cc but not exceeding 1500cc” where the total number of vehicles decreased by 1,288 or 29% and the value of the vehicles decreased by \$303M or 8%; this resulted in Excise Tax collections decreasing by \$1.3B or 30%.
- Imports - Tobacco Products - The negative variance below the Budget resulted from a lower than expected level of imports in the period January to December 2017; and
- Imports - Alcoholic Beverages - The negative variances resulted mainly from a decrease of \$159.4M or 11% in the value of ‘Beer’ imported during the period January to December 2017; resulting in Excise Tax collections on this commodity decreasing by \$67M or 9% when compared with the same period in 2016.

181. According to the Statement of Receipts and Disbursements for VAT produced by the Ministry of Finance, amounts totalling \$45.330 billion were estimated to be collected from value-added taxes, interest and penalties during the year 2017. Actual collections paid into the Consolidated Fund totalled \$42.556 billion, representing a negative variance of \$2.774 billion. The categories Domestic Supplies and Interest reflected significant negative variance of \$3.127 billion and \$25.235M, respectively, while the other three categories reflected positive variances.

182. On the contrary, the Revenue Collection Statement produced by the Authority, reflected four categories with negative variances of \$2.782 billion while one category reflected a positive variance. As a result, the variances were reflected on different categories on the two statements instead of the same categories, as shown in the table below:

Line Items	Description	Variances as per	
		GRA’s Revenue Collection Statements \$’000	Statement of Receipts and Disbursements \$’000
5911	Import Goods	(1,292,080)	233,470
5912	Import Services	(5,284)	136,999
5921	Domestic Supplies	(1,459,533)	(3,127,367)
5981	Interest - VAT	(25,235)	(25,235)
5982	Penalties - VAT	7,588	7,588
Total		(2,774,545)	(2,774,545)

183. Similar observations were made in the 2016 Audit Report. According to the Statement of Receipts and Disbursements for VAT produced by the Ministry of Finance, amounts totalling \$38.982 billion were estimated and \$36.424 billion collected, representing a negative variance of \$2.558 billion. The category Domestic Supplies reflected a significant negative variance of \$4.163 billion while all other categories reflected positive variances. However, according to the Revenue Collection Statement produced by the Authority, the significant variance was reflected on the category Import - Goods.

**Authority's Response:** The Head of the Authority acknowledged the comments of the Auditor General. When the National Estimates are prepared, VAT refunds are deducted from VAT on Imports. However, in order to meet the cash flow needs of the Ministry of Finance, VAT collected at the import stage is transferred to the Consolidated Fund in full. VAT refunds are therefore deducted from collections emanating from Domestic Supplies, the net of which, is then transferred to the Consolidated Fund as stipulated by the VAT Act. This would explain why overall variances are the same but dissimilar among the various Line Items.

VAT Registrants

184. As at 31 December 2017, the TRIPS database recorded 4,874 VAT registrants of which, 264 and 249 were new registrants for the years 2017 and 2016, respectively. A comparison between the numbers of new registrants for the years 2015 to 2017, shows a decrease by forty-four or 75% of new registrants.

Year	New Registrants	Comparative Increase
2015	190	
2016	249	59
2016	249	
2017	264	15

**Authority's Response:** The Head of the Authority indicated that the figures in the report presented for total VAT registrants in the years 2015, 2016 and 2017 were using effective date of registration. Based on manual reports provided by the Registration Section the total VAT registrants were 187, 229 and 370 for the years 2015, 2016 and 2017 respectively as opposed to 190, 249 and 264 as reported by the AG. Therefore, there was a significant increase in VAT registration by 141 or 61% in 2017 when compared to 42 or 22% in 2016.

185. At the time of reporting, the Authority is compiling a report to present for audit review.

**Recommendation:** The Audit Office recommends that the Authority present the reports when completed for audit review. (2017/44)

186. The Value Added Tax Act (Amendment) Regulations that took effect from 1 February 2017, provides for an increase in the VAT threshold from \$10M to \$15M. Every person who carries on a taxable activity and where the taxable activity: (i) equals or exceeds the threshold of \$15M in less than or at the end of twelve months or; (ii) is expected to exceed the threshold in any period during the next twelve months must be registered for VAT. During the year 2017, there were a total of 206 individuals and companies with total import values that exceeded \$15M who were not registered for VAT. However, it could not have been ascertained what actions were taken by Management to determine whether those individuals were potential VAT registrants.

**Authority's Response:** The Head of the Authority acknowledges the comments of the Auditor General. As previously reported in the 2016 response to this concern raised, the VAT Act provides for mandatory registration where annual taxable supplies are \$15M (effective February 2017) and above. Therefore, importation in excess of \$15M is just a trigger/red flag for further profiling of the TP to determine the value of taxable supplies made by the TP. The Revenue Authority continuously monitors imports and other information reflected on our database along with third party information to profile and register taxpayers for VAT. In 2017, 86 taxpayers were identified for VAT registration from information reflected in our database, which included reports on importers.

187. Similarly, in 2016, the Regulations made under the VAT Act require that every person who carries on a taxable activity and where the taxable activity equals or exceeds the threshold of \$10M in less than or at the end of twelve months must be registered for VAT. However, there were 314 individuals and companies with import values that exceeded \$10M who were not registered for VAT.

**Authority's Response:** The Head of the Authority acknowledges the comments of the Auditor General. As previously stated in the 2016 report on this matter, based on profiling of the 314 importers, in excess of thirty-one importers do not conduct taxable activities or were not eligible for registration, 21 were registered for VAT and the remainders were being profiled.

**Recommendation:** The Audit Office once again recommends that the Authority continue in its efforts to identify all taxpayers who are potential VAT registrants with a view of having them register with the Authority. (2017/45)

#### VAT Returns

188. Section 31 (1) of the VAT Act requires every taxable person to lodge a tax return for each tax period with the Commissioner-General within fifteen days after the end of the period, whether or not, tax is payable in respect of that period. Out of the 4,874 VAT registrants in the TRIPS database 4,619 were identified as active as at 31 December 2017. Of this amount, 2,893 taxpayers filed 37,130 returns with the Authority while the remaining 1,726 registrants were not fully compliant. As a result, it was not possible to ascertain the tax liabilities in the absence of the tax returns.

189. An analysis of the 1,726 taxpayers who failed to submit their returns revealed that there were no submissions from 1,145 taxpayers while 581 taxpayers made partial submissions. A similar observation was made in the year 2016 where there were 1,413 defaulting VAT registrants.

**Authority’s Response:** The Head of the Authority acknowledges the comments of the Auditor General. It should be noted that these taxpayers previously filed returns but have missing returns for some periods. In the year 2017, 10,222 VAT returns were demanded from approximately 1600 defaulting VAT Registrants. In addition, seventy-five cases were forwarded to the Legal Services Division to take appropriate action for non-compliance.

**Recommendation:** The Audit Office once again recommends that the Authority continue in its efforts to ensure that all taxpayers comply fully with the requirements of the VAT Act as it relates to filing of tax returns. (2017/46)

190. Management has still not taken steps to ensure that all queried VAT returns are promptly corrected and entered into the TRIPS database. At the time of reporting, one hundred and four VAT returns in respect of the year 2017 and 356 VAT returns for the years 2011 to 2016, that were queried by the Authority were still not finalised and entered into the database. The following table gives a breakdown:

Year	VAT Returns not entered in TRIPS as at August 2017
2011	112
2012	50
2013	38
2014	48
2015	43
2016	65
Sub-Total	356
2017	104
Total	460

**Authority’s Response:** The Head of the Authority acknowledges the comments of the Auditor General. Work is on-going to have the un-posted VAT returns with queries finalised.

**Recommendation:** The Audit Office once again recommends that the Authority continue in its efforts to have VAT returns with queries finalised and enter into the TRIPS database in a timely manner. (2017/47)

### VAT Refunds Paid

191. Over the years, TRIPS Report №. 276 - Listing of Paid Refundable Vat Returns and related records presented for audit continues to reflect variances from the Revenue Collection Statement prepared by the Authority. During the period under review January to December 2017 the TRIPS Report №. 276 reflected refunds as \$1.477 billion while the Revenue Collection Statement prepared by the Authority reflects \$1.668 billion, resulting in a variance of \$191M. A VAT Refunds Reconciliation was submitted for audit of which \$22.789M represents “*Refunds not posted in TRIPS.*” It was reported by the Authority that updates are continually being done.

**Authority’s Response:** The Head of the Authority indicated that the variance of \$191M between the Revenue Collection Statement and the TRIPS report 276 is as a result of VAT refunds of \$164,626,032 paid to diplomatic mission during 2017 and Refunds not posted in TRIPS. Diplomatic mission refunds are not usually posted to TRIPS as the recipients are not registered as taxpayers for VAT and VAT refunds not posted in TRIPS is due to the limitation of TRIPS that does not allow for refunds to be posted unless there is an overall credit balance for the taxpayer.

**Recommendation:** The Audit Office once again recommends that the Authority take the necessary steps to finalise the reconciling items and make the necessary adjustments to the related records. (2017/48)

192. For the years 2014 – 2016, refunds to taxpayers reflected variances amounting to \$470M, \$16M and \$235M respectively. In response to the finding in the prior year report, the Authority explained that reconciliations to account for the differences were on-going. These reconciliations were completed and submitted for audit, however, it was observed that they are a number of reconciling items amounting to \$1.8M, \$3.9M and \$19.2M in respect of the years 2016, 2015 and 2014 that needs corrective action. Some of the reasons noted for the reconciling items include: (i) refunds paid but not posted in TRIPS; (ii) refunds posted in TRIPS but not included in Report №. 276; (iii) refunds paid to non-registrants; and (iv) refunds keyed with incorrect cheque dates. At the time of reporting, reconciling items for the years 2014 to 2016 were \$113.456M, \$9.681M and \$5.816M, respectively.

**Authority’s Response:** The Head of the Authority acknowledges the comments of the Auditor General. Reconciliation completed for years 2014-2016, corrective action will be undertaken to have the reconciling items identified removed.

**Recommendation:** The Audit Office once again recommends that the Authority take the necessary steps to finalise the reconciling items and make the necessary adjustments to the related records. (2017/49)

### Refundable Vat Returns

193. During the year 2017, the sum of \$1.477 billion was paid to 122 taxpayers as VAT refunds in respect of the years 2012 to 2017. However, according to TRIPS Report №. 213 – Listing of Refundable VAT Returns for the year 2017, there were still 8,098 refundable VAT returns valuing \$6.238 billion on hand. In addition, the total number of refundable VAT returns for prior years could not have been determined. It should be noted that the bank reconciliation statements in respect of the VAT Revenue bank account №. 162500447003 held at the Bank of Guyana reflected a reconciled balance of \$2.304 billion as at 31 December 2017. Similarly in 2016 the sum of \$3.874 billion was paid to 188 taxpayers as VAT refunds in respect of the years 2010 to 2016, while TRIPS Report №. 213 – Listing of Refundable VAT Returns for the year 2016, there were still a total of 8,399 refundable VAT returns valuing \$7.304 billion on hand.

**Authority's Response:** The Head of the Authority acknowledges the comments of the Auditor General. As previously stated in response to this issue raised in the 2016 report, the schedule presented to the Audit Office personnel details the credit returns filed by VAT registrants during 2017. Due to the nature of VAT, credits reflected on VAT returns may either be set off against subsequent returns (self refunded) or may be refunded by the GRA subsequent to application for same as provided by the VAT legislation. Therefore, in determining the VAT refunds payable for a specific period, the total VAT refundable applications are used rather than the total apparent refundable VAT returns (VAT returns with credits).

**Recommendation:** The Audit Office once again recommends that the Authority take the necessary steps to ensure that applications for VAT refunds are processed in a reasonable time frame. (2017/50)

## Internal Revenue

### Revenue Collection

194. According to the Statement of Receipts and Disbursements - Internal Revenue, amounts totalling \$67.055 billion were estimated to be collected for the fiscal year ended 31 December 2017. Actual amounts collected and paid into the Consolidated Fund totalled \$76.514 billion, a positive variance of 14% or \$9.459 billion when compared with the Approved Estimates. Notwithstanding the positive variance, the Authority under-performed by \$614.973M on ten of the twenty-two Internal Revenue tax types as indicated in table below.



Line Items	Description	Approved Estimates	Amount Collected & Paid into Consol Fund	(Under)/Over Estimates
		\$'000	\$'000	\$'000
5113	Premium Tax	229,303	208,404	(20,899)
5115	Professional Fees	6,667	5,563	(1,104)
5132	Capital Gains Tax	328,907	132,310	(196,597)
5141	Property Tax - Public Sector Companies Estate	120,489	0	(120,489)
5143	Duty (Process Fees)	42,794	38,960	(3,834)
5151	Travel Voucher Tax	1,320,334	1,232,282	(88,052)
5152	Travel Tax	1,011,811	968,945	(42,866)
5171	Licences - Motor Vehicles	1,060,364	1,038,105	(22,259)
5173	Licences - Trading	34,549	31,619	(2,930)
5182	Miscellaneous Inland Revenue	183,000	67,057	(115,943)
Total		4,338,218	3,723,245	(614,973)

**Authority's Response:** The Head of the Authority acknowledged the comments of the Auditor General. The Internal Revenue estimate for the period January to December 2017 is \$67.1 billion. Total revenue collected in the period January to December 2017 amounted to \$76.2B. This amount represents increases of \$9.2 billion or 14% above the approved budgeted collections and \$8.4B or 12% above the total collections for the corresponding period in 2016.

The Revenue categories that mainly contributed to the increases over the approved budgeted and 2016 collections are Withholding Tax, Corporation Tax – Private Sector, Income Tax Self-Employed, Net Property Tax, Miscellaneous, Motor Vehicles & Road Traffic Act, Corporation Tax – Public Sector, Licence Motor Vehicles and Travel Tax.

Other revenue categories which reported significant revenue variance are Income Tax – PAYE (Net of MIR), Capital Gains Tax, Travel Voucher Tax, Premium Tax and Licence Miscellaneous.

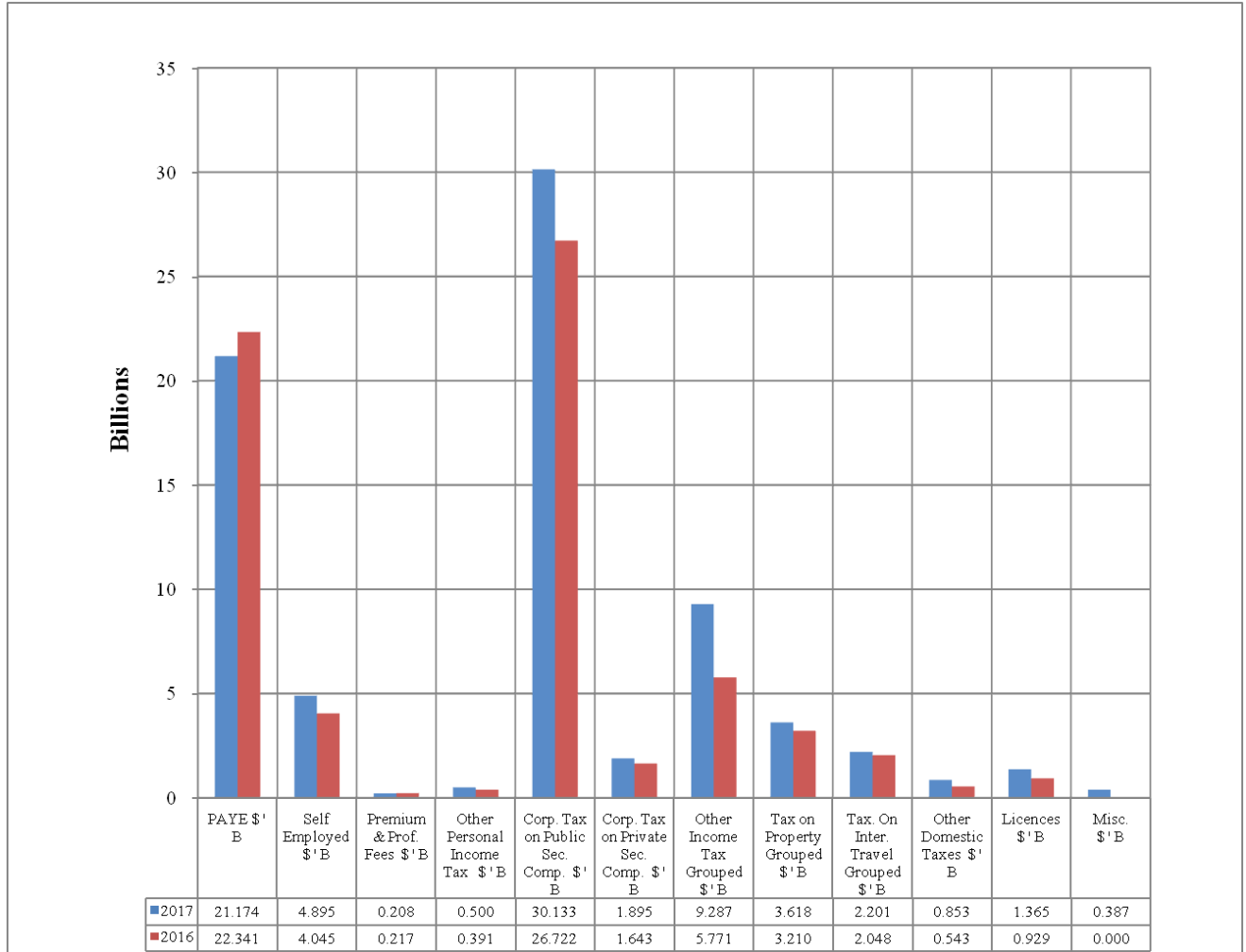
195. According to the Statement of Receipts and Disbursements for Internal Revenue produced by the Ministry of Finance, amounts totalling \$42.159M were estimated to be collected from 5174 - Licences Miscellaneous during the year 2017. Actual collections paid into the Consolidated Fund totalled \$290.326M, representing a positive variance of \$248.167M. However, according to the Revenue Collection Statement produced by the Authority, the amount collected and paid into the Consolidated Fund totalled \$22.099M, representing a negative variance of \$20.06M.

196. In addition, the Statement of Receipts and Disbursements for Internal Revenue produced by the Ministry of Finance under Line Items 5174 – Licences Miscellaneous reflected actual collections as \$290.326M and the Revenue Collection Statement produced by the Authority reflected actual collections \$22.099M resulting in a variance of \$268.227M. As a result, the variances were reflected differently on the two statements.

**Authority's Response:** The Head of the Authority acknowledged the comments of the Auditor General. The difference observed represent deposits made to Consolidated Fund by other Government Agencies. A reconciliation of this difference was submitted to the Ministry of Finance during the confirmation process is set out below:

5174 – LICENCES - MISCELLANEOUS		G\$
GRA Revenue Transfers		22,099,076
IFMAS		290,325,872
Difference		<u>(268,226,796)</u>
Made up of :		
Ministry of Finance - Casino Licence	81,150,796	
Ministry of Public Security - Firearm & Misc Licences	<u>187,076,000</u>	
		<u>268,226,796</u>

**COMPARATIVE ANALYSIS OF INTERNAL REVENUE PAID INTO THE  
CONSOLIDATED FUND FOR THE YEARS 2017 AND 2016**



**Figure 7**

197. For the year 2017, the TRIPS database recorded 105,522 active registered self-employed persons of which 18,351 filed returns and paid taxes totalling \$4.895 billion. Hence, 87,171 active self-employed persons did not file returns. As a result, the Authority continues to lose revenue due to the non-submission of returns and payments by self-employed taxpayers.

Self-Employed Tax

198. Total income tax collected from self-employed taxpayers for the period January to December 2017 amounted to \$4.9 billion, which is equivalent to \$338.1M above the approved budgeted collections.

199. Over the years, the Authority continued to experience difficulties in having delinquent self-employed persons comply with the requirements of the Income Tax Act. As at 31 December 2017, there were 105,522 active registered self-employed persons in the TRIPS database of which only 18,351 persons or 17% of the active registrants filed returns. Resulting, in a total of 87,171 persons or 83% of the active registrants not filing their tax returns. Similarly, in 2016, 73,989 or 80% of the active registrants did not file their returns.

**Authority's Response:** The Head of the Authority acknowledged the comments of the Auditor General; however, the list provided does not represent an accurate number of active taxpayers. Preliminary data cleansing activity have uncovered various categories of taxpayers to be removed. Work is currently on-going in this area.

The Guyana Revenue Authority issues demand notices to defaulting self-employed taxpayers on a continuous basis and in addition, raises assessments in the absence of the returns in some instances:

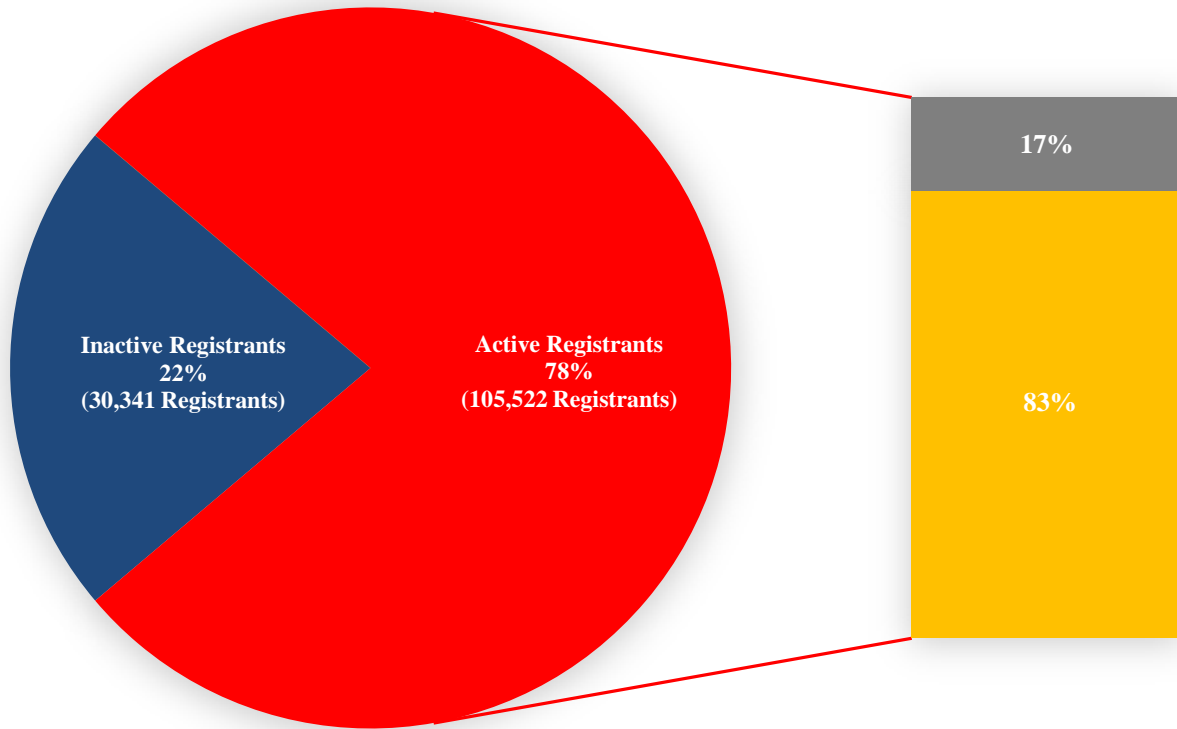
- number of demands issued during 2017 31,091
- number of demands continued to be issued in 2018 22,031

Two cases were referred for legal action to be taken for failure to submit tax returns.

In light of the number of self-employed taxpayers not filing returns and the limited resources at the disposal of GRA, the Authority has adopted a risk management approach to prioritize the high risk taxpayers with great revenue implications

**Recommendation:** The Audit Office once again recommends that the Authority pursue all possible avenues to have delinquent self-employed persons comply with the requirements of the Income Tax Act with a view of maximising revenue collections. (2017/51)

COMPARATIVE ANALYSIS OF SELF-EMPLOYED TAXPAYER  
FILINGS OF RETURNS FOR THE YEAR 2017.



<b>17%</b>	Active Registrants who filed Tax Returns	18,351
<b>83%</b>	Active Registrants who did not file Tax Returns	87,171
	Total Active Registrants	105,522

**Figure 8**

Pay As You Earn

200. Income Tax - PAYE collected for the period January to December 2017 amounted to \$21.7 billion or 28.4% of the total revenue collected by Internal Revenue. This amount is equivalent to \$2.3 billion or 12% above the approved estimates. The Authority made payments totalling \$134.614M as Mortgage Interest Relief, which is net of PAYE.

**Authority's Response:** The Head of the Authority acknowledged the comments of the Auditor General. An overall analysis of Income Tax - PAYE payments revealed that:

- There was an increase of \$51.1M or 10% in arrears payment, decrease of \$940M or 4% in current payments and a decrease of \$186.7M or 38% in early payments for the period January to December 2017 when compared with the corresponding period in 2016; and
- A total of 1,956 employers made payments with respect to Income Tax – PAYE during the period January to December 2017 as compared with a total of 1,865 that made payments during the same period in 2016. This represents an increase of 91 or 5%. Below is a summary of PAYE payments made by the major sectors.

201. In accordance with the Income Tax Act, a Form II is required to be submitted each year for the previous year, on the total tax deductions made by each employer. However, examination of the Forms II Register for the year 2017 revealed that of the 1,997 returns submitted by employers the Authority examined 1,544 returns resulting in 453 returns not examined. An analysis of the 1,544 examined returns submitted revealed that there were 993 instances where the returns had variances. These returns reflected over-deductions and/or under-deductions totalling \$71.182M and negative \$158.354M, respectively as reflected in the table below:

Description	№. of Instances	Amount on		Variance \$'000
		Forms II \$'000	Forms V \$'000	
Forms II greater than Forms V	127	1,767,622	1,696,440	71,182
Forms V greater than Forms II	204	3,349,062	3,507,416	(158,354)
Forms II equal to Forms V	662	2,670,428	2,670,428	0
Total	993	7,787,112	7,874,284	(87,173)

202. For returns received in the year 2016, the Authority was still to reconcile seventy-two returns with assessed variances of \$52.492M where Forms II were greater than Form V and 107 returns with assessed variances of \$44.035M in relation to Form V greater than Form II. In addition of the ninety-six over-deductions and/or under deductions, forty-six with assessed variances totalling \$45.213M remain outstanding.

**Authority's Response:** The Authority acknowledges the comments of the Auditors. The remaining cases are being closely monitored to ensure Form IIs and Form Vs are reconciled.

**Recommendation:** The Audit Office once again recommends that the Authority continue to investigate and reconcile the returns as soon as possible to have differences identified, clarified and corrected so that all outstanding liabilities can be collected. (2017/52)

### Tributors

203. The Income Tax (Amendment) Act 2017 №. 1 of 12 requires that any payment of emoluments made by an employer to a tributor; the employer shall withhold 20% of the gross amount instead of 10%. The employer shall account for and pay over the Authority on or before the 1 April, 1 July, 1 October and 31 December, respectively.

204. During the year under review, the Authority collected amounts totalling \$306.099M as Tributors Tax. A sample of nineteen tributors tax returns were examined during the year under review. It was observed that nine returns had underpayments totalling \$3.732M. As a result, the authority failed to collect the said amounts. At the time of reporting, adjusted returns were presented by two companies amounting to \$1.873M in June 2018. As a result, seven returns have underpayments totalling \$1.895M.

**Authority's Response:** The Head of the Authority acknowledged the comments of the Auditor General. Seven tributors returns have underpayments totalling \$1,855,471. Amended returns were submitted and are available for verification. Letters were issued to the seven Tributors taxpayers to remit the outstanding taxes. Follow-up actions are taken to monitor for payments.

**Recommendation:** The Audit Office recommends that the Authority continue in its efforts to have all outstanding tributors liabilities paid to the Authority. (2017/53)

### Corporation Tax

205. During the period under review, amounts totalling \$32.028 billion and \$50.123M were received as corporation tax, and interest and penalties, respectively from public and private sector companies in respect of the years of assessment 1995 - 2017. As at 31 December 2017, there was 3,750 registered companies in the TRIPS database of which, 3,685 were identified as active. However, only 1,008 companies filed returns for the year of assessment 2017 resulting in 2,677 companies not filing their returns as required by the Income Tax Act and applied by the Corporation Tax Act. Similarly, in 2016, out of 3,183 companies, which were deemed active, 2,366 did not file their tax returns.

**Authority's Response:** The Head of the Authority acknowledged the comments of the Auditor General. The Authority continues to issue demands to defaulting companies. In addition, assessments in the absence of returns submitted are issued to defaulting companies and legal action is instituted against chronic non-filers:

- number of demands issued during 2017 - 2,919
- number of demands continued to be issued in 2018 - 1,144

Nine cases were referred for legal action to be taken for failure to submit tax returns.

In light of the number of companies not filing returns and the limited resources at the disposal of GRA, the Authority has adopted a risk management approach to prioritize the high-risk taxpayers with great revenue implications.

**Recommendation:** The Audit Office once again recommends that the Authority pursue all possible avenues to have defaulting companies comply with the requirements of the Corporation Tax Act with a view of maximising revenue collections. (2017/54)

206. The Authority continues to have difficulties in retrieving taxpayers' personal files. A request was made on the 14 March 2018 for a sample of sixty files in respect of companies making payments for corporation tax during the period under review. At the time of reporting the files were not presented for audit.

207. Alternatively, scanned returns were requested for examination and it was reported that recent changes require returns to be examined before entering into the system. At the time of audit in July 2018, the returns remain un-presented for audit.

**Authority's Response:** The Head of the Authority acknowledged the comments of the Auditor General. The state of the filing room does not allow for the timely fulfilling of these requests. Measures have been put in place to remedy this situation such as scanning returns upon receipt, corporate and self-employed returns being filed separately and all statute-barred years taken out of tax payers' files.

**Recommendation:** The Audit Office recommends that the Authority continue in its efforts to adequately account for records and to enhance the condition of the filing room. (2017/55)

#### Property Tax

208. Amounts totalling \$3.618 billion were collected and paid into the Consolidated Fund as property taxes from private and public sector companies for the period January to December 2017. This amount is equivalent to \$91M above the approved estimates and \$406.4M or 13% above the total Net Property Tax collected during the period January to December 2016.

**Authority's Response:** The Head of the Authority acknowledged the comments of the Auditor General. The primary reason for the positive variances is increased payments made by companies and individuals during the period January to December 2017 that made smaller or no payments during the same period in 2016 with respect to Property Tax for the years 2003 to 2016. In addition, during the period January to December 2017:

- a total of 384 companies made payments in 2017 compared with 366 companies in 2016; an increase of eighteen or 5%;
- there were increases of \$174.1M or 7% in current payments, \$112.7M or 81% in arrears payments and \$480,355 or 46% in early payments by companies;
- a total of 1,250 individuals made payments with respect to Individual Property Tax during the period in 2017. When compared with a total of 1,236 who made payments during the same period in 2016. This represents an increase of fourteen or 1%; and
- current payments for individuals increased by \$68.4M or 14% while arrears payments increased by \$50.7M or 31%.



209. The Authority continued to have difficulties in retrieving taxpayers' personal files. A request was made on the 20 March 2018 for a sample of forty files in respect of taxpayers making payments of property tax and only twenty files were presented for audit examination. Similarly, for 2016, seventy files were requested and only thirty were presented for audit. At the time of audit in June 2018 these files remain un-presented.

210. Alternatively, scanned returns were requested for examination; however, at the time of audit in June 2018, the files remain un-presented. Management notified the Auditor on 23 July 2017 that efforts will be made to have the files or returns available for audit. At the time of reporting, the scanned returns are being examined by the Auditors. Therefore, we could not determine whether a return and the required supporting documentations were submitted by the taxpayers, returns were assessed by the Authority and the correct amount of taxes paid over to the Authority.

**Authority's Response:** The Head of the Authority acknowledged the comments of the Auditor General. The state of the filing room does not allow for the timely fulfilling of these requests. Measures have been put in place to remedy this situation such as scanning returns upon receipt, corporate and self-employed returns being filed separately and all statute-barred years taken out of tax payers' files.

**Recommendation:** The Audit Office recommends that the Authority continue in its efforts to adequately account for records and to enhance the condition of the filing room. (2017/56)

#### Professional Fees

211. The Authority continued to experience difficulties in having practicing professionals to comply with Section 37, Chapter 81:01 of the Income Tax Act. Total revenue collected from Professional Fees for the period January to December 2017 amounted to \$5.6M or 0.01% of the total revenue collected by Internal Revenue. This amount is equivalent to \$1.1M or 17% below the approved estimates. When compared to 2016 collections, this tax type is 6% below the collections during the same period.

**Authority's Response:** The Head of the Authority indicated that due to the conservatory order still in place a number of professionals failed to take out their Tax Practice Certificates and pay the rates required, thus revenue for professional fee would be negatively affected.

212. Over the years, the Authority experience difficulties in having professionals comply with the requirements of the Income Tax Act. As at 31 December 2017, there were 605 active registered professionals in the TRIPS database of which only 260 professionals or 43% purchased Professional Certificates. As a result, 345 or 57% of the active professionals had not purchased Professional Certificates. Despite the constant decline in professionals complying with Section 37 of the Tax Act, the Authority failed to conduct any field visits during the year.

**Authority's Response:** The Head of the Authority indicated that field visits were not conducted during 2017, but for 2018 calls are being made to persons listed in the system as professional to enquire whether they are working, where they are working and to advise them of their need to take out Tax Practice Certificates once required. It was observed that more persons took out their Tax Practice Certificates for this year when compared to the same period last year, thus showing our action was successful.

**Recommendation:** The Audit Office recommends that the Authority continue in its efforts to have professionals comply with the Tax Act. (2017/57)

213. In accordance with Section 37 of the Chapter 81:01, professionals practicing for a reward in any year are required to be the holder of a Practice Certificate issued by the Commissioner-General in respect of that year. The fee for the certificate is payable on or before the last day of February each year. At the time of reporting, eighty-six professionals paid for certificates after the stipulate date. Similarly, in 2016, two hundred and one professionals paid for certificates after the stipulate date.

**Authority's Response:** The Head of the Authority indicated that to date (17 August 2018) 187 professionals were issued with Tax Practice Certificates as compared with 176 for the same period in 2017.

**Recommendation:** The Audit Office once again recommends that the Authority put measures in place to ensure that professionals pay for certificates on or before the stipulated date. (2017/58)

214. Requests were made for the lists of registered professionals from the various professional bodies and a list of all certificates printed for the year 2017. However, at the time of audit in June 2018, only one list (the Dental Council) was presented for audit. Similarly, in 2016, only two professional bodies (the Dental Council and the Guyana Institute of Architects) were presented for audit.

**Authority's Response:** The Head of the Authority indicated that to date the department was only in receipt of the list from the Dental Council. Unsuccessful requests were made to the other professional bodies for their list of professionals.

**Recommendation:** The Audit Office once again recommends that the Authority continue in its efforts to have the non-compliant professional bodies submit the outstanding list of registered professionals. (2017/59)

215. Additionally, a sample of thirty professional certificate applications were requested for audit review, however, at the time of audit these applications remain un-presented. As a result, the number of registered professionals in practice that had not purchased certificates and whether certificates were issued only to professionals who met the requirements could not have been ascertained. At the time of reporting in 2018, efforts are being made to have the files presented for audit review.

**Authority's Response:** The Head of the Authority acknowledged the comments of the Auditor General. Presently files are being retrieved and will be presented for audit review.

**Recommendation:** The Audit Office recommends that the Authority put systems in place to ensure that these are produced for audit in a timely manner. (2017/60)

216. Examination of the records maintained by the Authority for Professional Fees revealed that professionals were making payments but the application process was not followed. During the year under review, thirty-seven professional certificates were issued; however, they were not entered into the Professional Fees Register. As a result, professionals may not have been compliant with the established criteria as outlined by the Authority.

**Authority's Response:** The Head of the Authority indicated that at this time the Revenue Authority performance was hampered in collecting additional Professional Fee since, the Conservatory Order put in place in 2003 is still in effect.

**Recommendation:** The Audit Office recommends that the Authority put measure in place to have professionals comply with the application process before issuing of Professional Certificates. (2017/61)

217. A Conservatory Order instituted in October 2003 restraining the Guyana Revenue Authority from assessing and collecting increased fees from all professionals was still in effect and the matter had not been finalised. Because of this Order, the Authority was barred from collecting an additional sum of \$53.895M in professional fees for 2017. Similarly, in 2016, the Authority was barred from collecting an additional sum of \$80.475M in professional fees. At the time of reporting, the matter was still engaging the attention of the Court.

**Authority's Response:** At this time the Revenue Authority performance is hampered in collecting additional Professional Fee since, the Conservatory Order put in place in 2003 is still in effect.

#### Travel Tax

218. Amendment to Section 56(2) of the Tax Act, Cap. 80:01 states "*Every traveller in respect of each occasion on which he leaves Guyana shall pay a travel tax of three thousand five hundred dollars in pursuance of Section 56(2).*" This Act took effect on 1 February 2017.

219. Despite the increase in travel tax rate during the year 2017 the Authority recorded a negative variance of \$42.866M when compared to the approved estimates. It was estimated that \$1.012 billion in Travel Tax will be collected, however only \$968.945M were collected and paid into the Consolidated Fund.

**Authority's Response:** The Head of the Authority indicated that one airline was experiencing difficulties in 2017 following the requirement for airlines to collect and remit Travel Tax, thus the airline underpaid Travel Tax for 2017. In the year 2018, the airline has submitted amended returns and made additional travel tax payments for the period April to September 2017 in the sum of \$38.312M, hence the negative variance of \$42.866M should be reduced to \$4.55M.

### Travel Voucher Tax

220. Act №. 9 of 2017, Tax (Amendment) Act 2017 came into operation on 1 February 2017. Section (2A) (a) states that “*The Commissioner may appoint such number of collection agents as he deems necessary for the purpose of collecting and remitting travel tax.*” Section (2A) (b) Travel Tax may be paid to the Commissioner or to the agent of the Commissioner in accordance with Section 10 (1) of the Travel Voucher Tax Act.

221. Total Travel Voucher Tax collected for the period January to December 2017 amounted to \$1.2 billion or 1.6% of the total revenue collected by Internal Revenue. This amount is equivalent to \$88.1M or 7% below the approved estimate and \$86.1M or 7% below the collections during the period January to December 2016. Nevertheless, the Authority noted that the negative variances were as a result of several airlines making smaller or no payments in 2017 compared with payments made during the period January to December 2016 with respect to taxes collected on the sale of tickets for overseas travel originating from Guyana. However, the Authority continues to fail in applying the disciplinary actions highlighted in the Travel Voucher Tax Act to delinquent airline operating from Guyana.

**Authority’s Response:** The Head of the Authority acknowledged the comments of the Auditor General. It is agreed that the total Travel Voucher Tax collected for the period January to December 2017 was \$86.1M or 7% below the collections during the period January to December 2016. Note worthily, the following circumstances exist and necessary actions were taken by the Authority as stated below:

- two airlines that paid Travel Voucher Tax ceased operations in early 2017;
- another airline made smaller payments in 2017 as compared to 2016. This was as a result of the airline encountering difficulties in generating the returns following the requirement to include Travel Tax in airline tickets;
- it should be noted that Guyana Revenue Authority did take the necessary steps to remedy this situation by issuing the requisite letters to the airline and to further forward the matter to our Legal Division;
- consequently, in 2018, the airline was able to submit amended returns and paid additional Travel Voucher Tax totalling \$26.018M for the period April to September 2017. Receipts are available for verification by auditors; and
- this additional collection has therefore reduced the variance for the period January to December 2017 from \$86.1M or 7% to \$60.1M or 4% as compared to the Total Travel Voucher Tax collected for January to December 2016.

222. The Travel Voucher Tax (Amendment) Act №. 10 of 2017 came into operation on 16 January 2017. The Act states, “*No carrier or charterer shall operate an aircraft in Guyana unless a bond to ensure payment of travel voucher tax is given in a sum determined by the Commissioner-General.*” Eight airlines operated flights originating from Guyana during the year under review. At the time of reporting, only one airline confirmed to the requirement of the Travel Voucher Tax (Amendment) Act 2017 as having a bond in place. Additionally, the one airline that confirmed to this requirement did not submit the bond to the Authority but a letter of confirmation from the commercial bank.

**Authority’s Response:** The Head of the Authority indicated that eight airlines operated flights originating from Guyana during the year under review and therefore are required to remit Travel Voucher Tax and Travel Tax. Only one airline confirmed to the requirement of the Travel Voucher Tax (Amendment Act) 2017, since that airline came into operation after the amendment was enacted. The bond is presently in process with the legal division for finalising and take further action.

**Recommendation:** The Audit Office recommends that the Authority make every effort to have the other airlines confirm with the Travel Voucher Tax (Amendment) Act 2017. (2017/62)

223. The Travel Voucher Tax Act requires airlines to furnish the Commissioner-General with a return disclosing pertinent details such as, the number of tickets sold, the cost of each ticket, the period to which the return relates, the name of the carrier, etc., no later than twenty-two days following the end of the period to which the return relates.

224. In addition, the airlines are required to pay taxes of 15% on the value of all tickets sold at the same time the returns are lodged. Failure to comply with this requirement will result in a 15% penalty on the unpaid gross amount in addition to interest charges for every day late. At the time of audit in June 2018, amounts totalling \$948,408, \$1.800M and \$2.896M representing penalties and interest in respect of the years 2014, 2012 and 2011 respectively, remained outstanding.

**Authority’s Response:** The Authority acknowledges the comments of the Auditor General. The following are an updated position as it relates to the observations:

- the airline with outstanding penalty for 2014 is in liquidation and a claim for payment was filed with the liquidator on 6 June 2017;
- for the year 2012 penalties amounting to \$1.8M is due by an airline that ceased operations and the penalty may not be recovered; and
- for the year 2011, penalties of \$2.896M is outstanding by one airline. The airline has filed for bankruptcy in Barbados. The GRA has filed a claim in Barbados for payment.

**Recommendation:** The Audit Office once again recommends that the Authority continue in its efforts to collect all outstanding liabilities due to the Authority. In addition, the Authority should put systems in place to avoid recurrence of same. (2017/63)

225. An airline, which had its inaugural flight on the 6 July 2013 and ceased all operations on 6 June 2015, had not remitted Travel Voucher Tax for the entire period of operation. It was explained that Management is actively pursuing the liability however; no payments have been made at the time of reporting.

**Authority's Response:** The Authority acknowledged the comments of the Auditor General. This airline ceased operations in June 2015; however, the management of the Guyana Revenue Authority is actively pursuing the liability. No payments have been made to date.

**Recommendation:** The Audit Office once again recommends that the Authority continue in its efforts to collect all outstanding taxes due to the Authority. (2017/64)

226. An airline which began operations in December 2014 was not submitting Travel Voucher Tax returns in the required format. At the time of the audit, this airline is now in compliance hence, travel voucher tax, penalties and interest totalling \$44.259M is outstanding for the years 2014-2016. An agreement was signed in October 2016 and the amount was to be settled in twelve monthly installments of \$3.688M. However, at the time of reporting, the amount remained outstanding.

**Authority's Response:** The Authority acknowledged the comments of the Auditor General. The airline with outstanding penalty and interest is in liquidation. A claim for payment was filed on 6 June 2017 with the liquidator.

**Recommendation:** The Audit Office once again recommends that the Authority continue in its efforts to collect all outstanding taxes due to the Authority. (2017/65)

227. In addition, the Travel Voucher Tax (Amendment) Act 2017 emphasises that carrier or charterer who fail to remit travel voucher tax when it becomes due and payable commits an offence and shall be liable to a fine under Section 10 (2A) (a) and the forfeiture of the bond executed under paragraph (e). Audit examination of the records pertaining to the airlines revealed that the carriers and charterers are not adhering to the Act and the Authority fail to enact the penalties highlighted in the Act. It was noted that two airlines failed to submit the travel voucher tax on the required deadlines and the Authority failed to collect \$3.770M in penalties and interest.

**Authority's Response:** The Head of the Authority indicated that of the total amount computed by the auditor indicate that the amount of \$1.964M is currently outstanding. Demand for payment of this amount was dispatched and is currently being monitored.

**Recommendation:** The Audit Office recommends that the Authority submit this information when received for audit scrutiny. (2017/66)

Objections and Appeals

228. Management has still not taken appropriate measures to monitor the status of all default matters and to ensure that cases pending are finalised in a timely manner. An examination of the Objections and Appeals Registers presented for the year 2017 revealed that 1,010 cases were received by the Authority whereby taxpayers objected to taxes totalling \$20.313 billion and penalties amounting to \$685.802M. At the time of reporting, Management was still to finalise 476 of the cases, which resulted in the inability to collect potential taxes and penalties amounting to \$14.004 billion and \$386.923M, respectively. Similarly, for years 2008 to 2016, Management is still to finalise 336 cases where taxes and penalties in dispute amounted to \$3.883 billion and \$82.927M, respectively. The table below summarises the amounts in dispute.

Year	№. of Cases Received	№. of Cases to be finalised as at 30 June, 2018	Taxes in Dispute \$'000	Penalties in Dispute \$'000
2008	1,388	17	39,157	1,088
2009	762	7	3,472	296
2010	962	17	2,817,851	3,200
2011	809	30	43,031	0
2012	327	20	54,612	5,399
2013	345	10	6,568	261
2014	408	16	516,251	26,470
2015	682	32	48,513	34,622
2016	1,028	187	353,765	11,591
Sub-Total	6,711	336	3,883,220	82,927
2017	1,010	476	14,004,399	386,923
Total	7,721	812	17,887,619	469,850

229. It must be noted that of the \$3.966 billion in taxes and penalties in dispute for the years (2008-2016), \$2.818 billion is in relation to one company. In addition, of the \$14.391 billion in taxes and penalties in dispute in 2017, \$10.749 billion and \$2.342 billion is in relation to one Government Agency and four companies respectively.

**Authority's Response:** The Head of the Authority acknowledged the comments of the Auditor General. The Objections & Appeals Section continues to work assiduously to finalize objection cases on hand in a timely manner.

**Recommendation:** The Audit Office once again recommends that the Authority continue in its efforts to have all outstanding cases finalised as soon as possible. (2017/67)

Trade and Miscellaneous Licences

230. Despite the increase in Miscellaneous Licences penalties during the year 2017, the Authority recorded a negative variance of \$20.1M or 48% below the approved estimates and \$2.5M or 10% below the collections during the period January to December 2016. It was estimated that \$42.159M in Miscellaneous Licences will be collected, however only \$22.099M were collected and paid into the Consolidated Fund.

**Authority's Response:** The Head of the Authority indicated that the negative variance below the approved budgeted collections resulted from the over estimation of the expected collections.

231. In addition, total revenue collected from Licence - Trading for the period January to December 2017 amounted to \$31.6M or 0.04% of the total revenue collected by Internal Revenue. This amount is equivalent to \$2.9M or 8% below the approved estimates.

**Authority's Response:** The Head of the Authority indicated that the negative variance below the approved budgeted collections resulted from the overestimation of the expected collections.

232. As at 31 December 2017, there were 6,435 registrants for Trade and Miscellaneous Licences. However, only 2,951 renewed their licences resulting in 3,484 defaulters. As a result, the Authority did not collect licences fees estimated in the sum of \$21.071M. Similarly, in 2016, there were 2,713 defaulters resulting in lost estimated revenue of \$18.504M.

**Authority's Response:** The Head of the Authority acknowledged the comments of the Auditor General. However, of the 6,435 registrants for Trade and Miscellaneous Licences 2,463 were for Hucksters and 3,972 Other Trade and Miscellaneous Licences of which licence fees were collected for 1,451 and 2,964 for Hucksters and Other Trade and Miscellaneous Licences respectively. This resulted in 2,020 defaulters, 1,012 for Hucksters and 1,008 for Other Trade and Miscellaneous Licences.

The reasons for the number of defaulters were:

- it was observed that a number Registrants who had taken out Hucksters Licences in 2016 were not required to do so; and
- a number of businesses have difficulties in obtaining some of the requirements for the licences.

It is for this reason that Section 71 of the Tax Act, Chapter 81; 01 was amended in 2018, to include a provision for the issuance of a provisional licence for some of these businesses.

**Recommendation:** The Audit Office once again recommends that the Authority continue its efforts to have all defaulters comply with the applicable laws. (2017/68)

233. Despite the continuous decline in revenue collection and increase in the number of businesses not renewing their Trade and Miscellaneous Licences the Authority have not implemented measures to have defaulters renew their licences.

**Authority's Response:** The Head of the Authority indicated that a number of businesses have difficulties in obtaining some of the requirements for the licences. As such Section 71 of the Tax Act, Chapter 81:01 was amended in 2018, to include a provision for the issuance of a provisional licence for some of these businesses. In addition, the department will continue to actively pursue the defaulters when conducting compliance control visits and will also issue reminder letters.

**Recommendation:** The Audit Office once again recommends that the Authority continue its efforts to have all defaulters comply with the applicable laws. (2017/69)



### Liquor Licence

234. Examination of the various TRIPS reports presented for audit revealed that there were 2,609 registrants in the Liquor Licence database as at 31 December 2017. Of this amount, 2,502 registrants purchased and renewed their licences resulting in 107 defaulters, resulting in the Authority failing to collect \$359,050. In 2016, the Authority failed to collect \$675,100 from Liquor Licence defaulters.

**Authority's Response:** The Head of the Authority indicated that 107 defaulters were identified resulting in estimated revenue of \$359,050. The department will continue to actively pursue the defaulters when conducting compliance control visits and will also issue reminder letters.

**Recommendation:** The Audit Office once again recommends that the Authority continue its efforts to have all defaulters comply with the applicable laws. (2017/70)

### Legal Confirmations

235. A request was made on the 20 April 2017 to have all legal counsels contracted by the Guyana Revenue Authority submit confirmations in respect of all judgments, litigations and claims involving the Authority for the period 1 January to 31 December 2017.

**Authority's Response:** The Head of the Authority indicated that this information is being compiled and will be presented for audit review.

## Revenue Accounting and Control

### Bank Reconciliation

236. One commercial bank reconciliation statement was not presented for the months September to December 2017. In addition, bank reconciliations presented for April to August 2017 bore no evidence of supervisory checks. As a result, the authenticity of the bank reconciliations could not be ascertained. The closing balance as at 31 December 2017 was \$34.094M.

**Authority's Response:** The Head of the Authority acknowledged the comments of the Auditor General. Reconciliations for September to December 2017 are under preparation. Reconciliations for April to August 2017 have been reviewed and signed off.

**Recommendation:** The Audit Office recommends that the Authority reconciles all bank accounts in a timely manner. (2017/71)

237. Audit review of the Authority's bank reconciliation statement and other related records for one bank account Line Items - Deposit not on bank statement valued \$3.864M could not be verified.

**Authority's Response:** This amount was deposited to the Guyana Police Force's account instead of the Authority's account in error. The Head of the Authority indicated that a letter was written to the Guyana Police Force in September 2018 to have this matter resolved.

**Recommendation:** The Audit Office recommends that the Authority pursue this matter with the Guyana Police Force so as to bring closure to this matter as soon as possible. (2017/72)

#### Dishonoured Cheques

238. Examination of the Dishonoured Cheques Register revealed that 190 cheques valued \$256.039M were dishonoured during the year 2017 of which sixty cheques valued at \$133.987M were referred to the drawer. At the time of reporting, three cheques valued \$125,206 remained dishonored for the year under review. Similarly, four cheques for the years 2011, 2013 and 2015 valued at \$3.359M were still dishonoured at the time of reporting.

**Authority's Response:** The Head of the Authority acknowledged the comments of the Auditor General. Three outstanding cheques for 2017 were forwarded to LEID. However, no positive outcome has been achieved relating to recovery of amounts outstanding. Continued efforts will be made to recover sums outstanding.

**Recommendation:** The Audit Office once again recommends that the Authority follow-up with the Police so as to recover all outstanding moneys due to the Authority and bring closure to this matter. (2017/73)

#### Other Matters

239. The Guyana Revenue Authority computerised part of its operations in April 1996 with the introduction of the Automated System for Customs Data (ASYCUDA). The new system was designed to administrate the customs process and covered most foreign trade procedures. It processed manifests, customs declarations, and other forms while ensuring tariffs on imports and exports were assessed according to governing regulations. It was later upgraded in January 2003 to Version 3 (ASYCUDA++) however, the functioning of the system was limited and needed improvement and this led to the implementation of the Total Revenue Integrated Processing System (TRIPS) on 1 January 2007.

240. TRIPS, a fully integrated modular system to manage government revenues, was designed and produced by Crown Agents, a private limited company incorporated and registered in England. It was introduced with the aim of boosting efficiency in the assessment, collection and accounting for revenue. It comprises two core applications: Taxes and Customs, which share information with each other and each application encompasses a total of thirteen modules as follows:

№.	Name of Module	Purpose
Customs Modules		
1	Lodgement	Lodgement of customs declarations
2	Data Entry	Entry of data from customs declarations
3	Goods Inspection/ Enforcement, Valuation & Document Check	Checkpoints
4	Risk Profiling	Identification & treatment of risks
5	Cashiering	Collection and accounting for all receipts
6	Release	Release of goods
7	Remissions	Processing remissions
8	Warehouse	Warehousing of goods via declarations
Tax Modules		
9	Taxpayer Identification	Creation of TIN, registration & de-registration
10	Tax	Processing Tax Returns
11	Accounting	Allocation & adjustment of Taxpayers payments
12	Audit	Processing of Tax Compliance certificates
13	Reports/Notices/Certificates	Printing of reports, notices and certificates

241. In addition to TRIPS, there are other software applications that were developed by the Authority's Information Technology Division to provide support to the core system. These applications use information from TRIPS or transfer information to TRIPS.

242. The Authority has embarked on the implementation of ASYCUDA World (AW). The AW programme is an integrated customs management system, which was developed by the United Nations Conference on Trade and Development (UNCTAD) to aid with the modernization of manifests, customs declarations, accounting procedures, transit, suspense procedures, etc. It comprises two core Modules – e-Manifest and the Single Administrative Document (SAD) that is scheduled for March and September 2018 respectively, after which the full deployment is slated for January 2019. However, at the time of reporting the Authority was behind schedule.

243. Within the AW programme the e-Manifest processing function accounts for all types of transport documents. The primary purpose of the manifest is to provide information relevant to the transported cargo for commercial, non-commercial or other regulatory purposes. Presently, training and development is being conducted by the Authority for its' staff and the relevant stakeholders. Fifty pilots will be used during the testing period; these fifty companies will be the most updated and most compliant traders.

244. With the implementation of the ASYCUDA (ASYCUDA World), stakeholders (Businesses, Brokers and Individuals) will need recommended operating computer systems that are compatible and have the technical requirements and internet connection before accessing and using the ASYCUDA (ASYCUDA World).

245. In 2016, the Authority stated that it was considering the upgrading of TRIPS (TRIPS II) with the modification that it focuses only on taxation. The project was therefore expected to address the majority of existing issues and introduce new features towards improved tax operations. At the time of reporting, the Authority is considering to redirect its resources otherwise and cease the upgrading of the TRIPS.

### Regional Integrated Tax Offices

#### Anna Regina

246. On 13 October 2017, Summary of Cash Details of Method of Payments for Customs Report recorded \$17.711M, however; receipts were only seen for \$34,400, resulting in a variance of \$17.677M. Similarly, the Summary of Cash Details of Method of Payments for Internal Revenue Report recorded \$19.253M, however; receipts were only seen for \$1.576M, resulting in a variance of \$17.677M. Management at the Regional Office could not provide information concerning the variances. At the time of reporting, the Anna Regina Office is retrieving the same report and the unexplained variances are no longer seen. The Revenue Accounting Department is investigating these variances.

**Authority's Response:** The Head of the Authority acknowledged the comments of the Auditor General. The variance of \$17.711M recorded on the Summary of Cash Details of Method of Payments for Customs and Internal Revenue Reports for 13 October 2017 when compared to actual receipt was as a result of LRO information appearing on the reports, which should not be. Apparently, there was a glitch in the system when the report was printed, since current retrieval of the said reports for the said day reflects collections with actual receipts. Explanation should be provided by the Information Technology Department.

#### Corriverton

247. An examination of a sample of daily receipts, the Cash Composition Book and the deposit slips revealed inconsistencies between the amount collected and the amount deposited. On 15 March 2017 the daily collection was recorded as \$151.771M; however, deposits slips were only seen for \$1.142M resulting in a variance of \$150.629M. The Internal Revenue Accounting Report for 15 March records a payment for Corporation Tax totalling \$150.732M but no deposit was seen for this amount.

**Authority's Response:** Efforts are being made to locate the deposit slips to present to the Auditors.

**Recommendation:** The Audit Office recommends that the Authority investigate this variance and present the necessary documentation for audit review. (2017/74)

Temporary Importation of Motor Vehicles

248. Examination of the register for the period March to December 2017 revealed that a total of 2,561 motor vehicles were recorded as entering Guyana under temporary importation conditions. However, only 2,470 were recorded as leaving. As a result, ninety-one motor vehicles did not return.

**Authority's Response:** According to the records at Corriverton Branch Office, thirty-four vehicles did not return for the period March to December 2017. This record was sent to the State Auditors.

**Recommendation:** The Audit Office recommends that the Authority put systems in place to closely monitor the temporary importation and subsequent re-exportation of vehicles. (2017/75)

249. In addition, the total number of vehicles temporarily entering for the period January and February 2017 and whether they returned on expiration of the approved period, could not have been determined since the related register was not presented for audit. Similarly, in 2016 the Regional Office failed to present the related register for the period October to December 2016, with the explanation that the register was handed over to the Guyana Police Force to facilitate an on-going investigation.

**Authority's Response:** The 2017 register was handed over to the State Auditors for examination.

**Recommendation:** The Audit Office once again recommends that the Authority locate the register and present for audit review. (2017/76)

250. An examination of a sample of documents in relation to twenty-four vehicles temporarily imported revealed that three motor vehicles overstayed the authorised fourteen days' time period and no evidence to support approval of requests for extension of stay were seen. In addition, it could not have been ascertained what action, if any, was taken by the Authority. Similarly, in 2016, six motor vehicles overstayed the authorised fourteen days' time period.

**Authority's Response:** The Head of the Authority indicated that approval for extensions are done at Head Office and subsequently sent to the Regional Offices. Please note a list of delinquent vehicles is updated and sent to LEID on a fortnightly basis.

**Recommendation:** The Audit Office recommends that the Authority put systems in place to closely monitor the temporary importation and subsequent re-exportation of vehicles. In addition, a report on the status of the three motor vehicles that overstayed should be presented for audit as soon as possible. (2017/77)

Lethem

In-coming & Out-going Vehicle (Foreign)

251. Examination of the In-coming and Out-going Foreign Vehicles Registers revealed that there were no checks done to monitor the amount of days that vehicles are actually spending in Guyana. In addition, these registers are the only form of record maintained by the Regional Office for Foreign Vehicles entering and exiting the country. For the year under review, examination of the respective Foreign Vehicles Registers revealed that there were 30,669 Vehicles entering Guyana and only 29,023 vehicles exiting Guyana resulting in 1,646 not exiting Guyana as at 31 December 2017. The average number of Foreign Vehicles entering and exiting Guyana per day is eighty.

**Authority's Response:** The Head of the Authority indicated that, there are two categories of vehicles traversing the Guyana/Brazil Border as follows:

- vehicles traversing within the 'Define Area' as per the Memorandum of Understanding (MOU) by Guyana/Brazil; and
- vehicles exiting the defined area.

Vehicles traversing within the 'Define Area'

- vehicles exiting the Multi-Purpose Complex before 7am and after 7pm (Customs Operations are from 7AM to 7PM). Checks of the Outgoing and Incoming Registers for the period revealed a number of vehicles not listed at exiting Guyana previously were recorded as incoming after the said period. This was notable in a recent case where Policemen that are providing security before 7am and after 7pm are allowing vehicles through the Multi-Purpose Complex. The main gate for the movement of vehicles to traverse the Guyana/Brazil Border is controlled by the Brazilian Federal Authorities; and
- recording of the movement of vehicles at the location is a manual process and as such, there are some element of human errors with the recording of same.

It must be noted that Foreign Incoming vehicles traversing within the 'Define Area' cannot exit the defined area, which ends at the Kurupukari Crossing without Temporary Importation Documentation, which is granted by Lethem Integrated Regional Tax Office-Customs Operations.

Efforts are now in place for Customs to conduct periodic surveillance exercises of the Multi-Purpose Complex and the Township of Lethem to ensure that Foreign Incoming and Outgoing Vehicle are exiting the Guyana/Brazil Border from 7am to 7pm.

It should be noted that the IT Division is currently developing an application, which will be able to track vehicles at the borders. This will be deployed shortly.

AGENCY 04  
MINISTRY OF FOREIGN AFFAIRS

Current year matters, with recommendations for improvement in the existing system

Unspent Balances

252. Section 43 of the Fiscal Management and Accountability Act 2003, requires any unexpended balance of public moneys out of the Consolidated Fund to be returned to the Consolidated Fund at the end of each fiscal year. It was noted that unspent balances approximating to G\$153.081M as at 31 December 2017 were paid over in January, February and March 2018 to the Consolidated Fund. As a result, the Appropriation Accounts of the Ministry of Foreign Affairs Programme 2 - Foreign Policy Promotion was overstated by the said amount. This was not in keeping with the requirements of FMA Act 2003. The following are details:

List of Missions	Date of Refund	Foreign Currency	Refunds made under			Total G\$
			Current G\$	Capital G\$	Warrants G\$	
Guyana Permanent Rep, New York	19/01/2018	USD \$30,998	3,351,602	10,651	3,038,849	6,401,102
Guyana Embassy, Beijing	22/01/2018	USD \$106,866	21,358,930	0	708,866	22,067,796
Guyana High Commission, Ottawa	22/01/2018	CAD \$69,249	8,552,873	1,594,501	884,699	11,032,073
Guyana Consulate, Toronto	23/01/2018	CAD \$31,480	4,740,685	252,441	21,956	5,015,082
CG New York	24/01/2018	USD \$110,558	0	0	22,830,246	22,830,246
Guyana High Commission, South Africa	24/01/2018	USD \$2,785	539,158	0	35,956	575,114
Guyana Consulate, Barbados	25/01/2018	USD \$20,888	3,539,766	25,880	747,775	4,313,421
Guyana Honorary Consulate, Boa Vista	26/01/2018	USD \$4,336	(647,196)	1,190,227	352,394	895,425
Guyana Embassy, Brussels	30/01/2018	USD \$35,776	4,449,971	21,524	2,916,220	7,387,715
Guyana Embassy, Kuwait	31/01/2018	USD \$10,343	1,587,205	8,641	539,938	2,135,784
Guyana High Commission, Trinidad and Tobago	31/01/2018	USD \$23,724	4,183,575	0	715,405	4,898,980
Guyana Embassy, Havana	2/2/2018	CAD \$36,389	3,965,978	34,051	1,797,068	5,797,097
Guyana Consulate, Nickerie	05/02/2018	USD \$12,911	2,078,844	0	587,218	2,666,062
Guyana Embassy, Brazil	06/02/2018	USD \$67,980	11,080,586	0	2,957,386	14,037,972
Guyana Embassy, Geneva, Switzerland	13/02/2018	USD \$2,743	337,753	0	228,766	566,519
Guyana High Commission, London	15/02/2018	GBP \$28,033	7,505,562	0	0	7,505,562
Guyana Embassy, Paramaribo	19/02/2018	USD \$36,835	7,510,331	50,786	45,411	7,606,528
Guyana Embassy, Washington	28/02/2018	USD \$77,568	4,043,337	0	11,974,512	16,017,849
Guyana Embassy, Caracas	28/02/2018	USD \$19,175	3,900,872	0	58,852	3,959,724
Guyana High Commission, India	09/03/2018	USD \$35,696	8,038,991	(894,618)	226,806	7,371,179
Total			100,118,823	2,294,084	50,668,323	153,081,230

**Ministry's Response:** The Head of the Budget Agency explained that the Missions have been advised by Head Office about the amount of unspent balances to return. This is done after the Missions submit all the required documentations to Head Office for completion of the reconciliation of their respective accounts. This is necessary to ensure accuracy in exchange used and correct any formula issues.

The Ministry has put the following systems in place to have earlier refunds of unspent balances by the Missions:

- a database was created by the Expenditure Planning and Management Unit to report on releases, expenditure and unspent balances at the end of every month;
- except for Nickerie, Kuwait and Boa Vista, all Missions have now been staffed with home based Accountants; and
- there were also visits by Head Office staff to Missions to provide some guidance on the accounting and financial systems and to provide some assistance where necessary, in setting up the systems.

**Recommendation:** The Audit Office recommends that the Ministry take steps to ensure that the Missions comply with Section 43 of the Fiscal Management and Accountability Act 2003 as it relates to unexpended balances. (2017/78)

Outstanding Advances

253. Twenty-nine advances totalling \$12.590M and related to Missions/Embassies remained outstanding at the time of the audit in August 2018. Of the advances, a significant amount was in relation to Heads of Missions' attendance at official conferences overseas. The issuing of such advances from the operational funds of the Missions was not in keeping with established procedures, which require the Accountant General's Department of the Ministry of Finance, under which funds were allocated for such purposes, to issue such advances and account for the transactions.

List of Missions	No. of Advances	Foreign Currency	Amount G\$
Guyana Permanent Representative, New York	19	USD \$50,716	10,472,854
Guyana Embassy, Washington	10	USD \$14,310	2,117,453
Total	29		12,590,307

**Ministry's Response:** The Head of the Budget Agency explained that the Ministry will continue to work with the Ministry of Finance towards clearing the remaining outstanding advances for Guyana's Permanent Representative, New York and the Guyana Embassy, Washington.

**Recommendation:** The Audit Office recommends that the Ministry advice the Missions to submit all documents to clear advances promptly and follow-up with the Accountant General's Department to bring closure to the other outstanding advances. (2017/79)



### Employment Cost

254. Amounts totalling \$1.152 billion were expended for the payment of salaries within the Ministry. Audit checks revealed that the sum of \$510.616M or 44% of the total employment cost was paid to employees who were employed on a contractual basis. In addition, the Ministry had a total of 319 employees of which contracted employees were 25% of the total employees. Details are shown in the table below:

Line Items	Description	Total Paid \$'000	Percentage %	No. of Employees	Percentage %
6111	Administrative	124,688	11	70	22
6112	Senior Technical	52,348	5	9	3
6113	Other Technical and Craft Skilled	217,458	19	44	14
6114	Clerical and Office Support	135,199	12	63	20
6115	Semi-Skilled Operatives and Unskilled	95,724	8	44	14
6116	Contracted Employees	510,616	44	81	25
6117	Temporary Employees	16,086	1	8	2
Total		1,152,119	100	319	100

### Stores and Other Public Property

255. The Stores Regulations 1993, specifically Section 24 states “*The Permanent Secretary shall ensure that Master and Sectional Inventories in Forms 11 and 13 of permanent stores are kept and are properly maintained and that quarterly and physical inspections and reconciliation are carried out.*” It was noted that the Ministry did not maintain Master and Sectional inventories for the year under review.

**Ministry’s Response:** The Head of the Budget Agency explained that the Ministry has commenced the process of creating a “*fixed assets*” database to capture the type of assets, marking and location of assets. In addition, sectional inventory will be prepared and placed in all departments and monthly inspections will be carried out. The fixed assets register will be reviewed for accuracy in terms of the date of acquisition, invoice number, supplier, assets code, description, location, cost and remarks.

**Recommendation:** The Audit Office recommends that the Ministry adhere strictly to the requirements of the Stores Regulations 1993. (2017/80)

### Capital Expenditure

#### Office Equipment & Furniture

256. The sum of \$21M was allocated for the purchase of furniture and equipment for Head Office and the purchase of air conditioning unit, refrigerator, fax machine, shredder, filing cabinets, desks and chairs. Amounts totalling \$20.787M were expended as follows:

Description	Amount \$'000
1 Scanner and 1 Projector	4,254
1 Cisco Hardware	4,226
25 Air Conditioning Units	3,735
15 Office desk and tables	3,191
4 Photocopiers	1,365
Office Chair and Sofa	924
14 Cubicles and Chairs	832
16 Filing Cabinets	803
4 Refrigerators and 8 microwaves	590
2 Carpets, 1 shredder and 1 table lamp	552
Re-upholstered Office Furniture	205
3 Wall Art and Decorating Accessories	110
<b>Total</b>	<b>20,787</b>

257. A physical verification exercise was carried out to determine the receipt, marking and location of the items purchased and it was found that the assets acquired were not marked so as to easily identify them as the property of the Government. In addition, these assets were not inventorised which is a breach of the Stores Regulations 1993.

**Ministry's Response:** The Head of the Budget Agency explained that due to the on-going refurbishing of the departments and the construction of the new protocol building, the fixed assets are not in their designated departments. On completion of the refurbishment exercise the inventories will be place in each department and also the fixed assets will be marked accordingly.

**Recommendation:** The Audit Office recommends that the Ministry adhere strictly to the requirements of the Stores Regulations 1993. (2017/81)

#### Follow-Up on the Implementation of Prior Year Audit Recommendations

258. The table below shows the prior year matters as contained in the Auditor General's 2016 Report and action taken by the Head of the Budget Agency regarding the recommendations made by the Audit Office.

Recommendation №.	Category of findings	Recommendations		
		Fully Implemented	Partially Implemented	Not Implemented
2016/78	Breach of the FMA Act		√	
2016/79	Breach of the FMA Act		√	
2016/80	Non submission of personal files and contracts not entered into for local base employees.	√		
2016/81	Breach of FMA Act	√		
2016/82	Breach of the Stores Regulations	√		
2016/83	Non-compliance with circularised instructions	√		

AGENCY 05  
MINISTRY OF PRESIDENCY

Current year matters, with recommendations for improvement in the existing system

Current Expenditure

259. Amounts totalling \$1.219 billion were budgeted for employment costs under Programmes 1, 2, 5 and 6 of the Ministry of the Presidency during the period under review. Allotment transfers totalling (\$55.216M) were made while supplementary allotments totalling \$11.067M was received giving a revised budgetary allocation of \$1.175 billion. According to the Appropriation Accounts, the sum of \$1.112 billion was expended, which represented 32% of the total current expenditure for the four Programmes. The table below shows the staffing details at the time of preparation of the 2017 National Estimates versus actual staffing according to the payroll as at 31 December 2017.

Chart of Account	Description	National Estimates 2017	Actual as per Payroll 31.12.2017	Difference
6111	Administrative	7	6	(1)
6112	Senior Technical	0	1	1
6113	Other Technical & Craft Skilled	5	6	1
6114	Clerical and Office Support	32	120	88
6115	Semi-Skilled Operatives	12	29	17
6116	Contracted Employees	452	309	(143)
6117	Temporary Employees	1	3	2
Total		509	474	(35)

260. Included in the sum of \$1.112 billion expended on employment costs are amounts totalling \$969.323M, which were paid to 309 contracted employees for 2017, which represents 87% of the total employment cost for the four Programmes. The Public Service Commission Circular №. 1/2017 dated 7 February 2017 stated that Permanent Secretaries, Heads of Department and Regional Executive Officers are required to submit a list of all officers on Contract/Gratuity to be appointed on the pensionable establishment. However, as at 31 December 2017, the Ministry still had 309 contracted employees on its payroll. Shown in the table below are the salary ranges of these contracted employees according to the December 2017 payroll:

Salary Range	№. of Employee	Amount \$'000
Below \$100,000	137	10,068
\$100,000 - \$250,000	115	18,021
\$250,001 - \$400,000	29	9,032
Above \$400,000	28	15,704
Total	309	52,825

**Ministry's Response:** The Head of Budget Agency indicated that the Ministry has taken action to have eligible contracted employees transferred to the fix establishment as required. However, due to the expiration of the tenure of the Public Service Commission, the process was put on hold. Given that the Commission has been reactivated, the process for transferring the remaining staff will be actively pursued.

**Recommendation:** The Audit Office recommends that the Ministry minimise the number of staff being employed on a contractual basis and continue with the process of moving its current eligible employees over to the pensionable establishment in keeping with circularised instructions. (2017/82)

### Goods and Services

261. The sum of \$470.769M was budgeted for the procurement of goods and services, of which amounts totalling \$416.024M were expended during the year under review. Included in this amount is the sum of \$67.661M, which was expended on the purchase of fuel and lubricants. Circularised instructions and Section 29 of the Stores Regulations 1993 require Log Books be maintained for all motor vehicles, plant, machinery, and equipment, except motor vehicles assigned to Ministers of the Government, holders of Constitutional Offices and persons of similar status.

262. An examination of the list of seventy-seven serviceable vehicles/motor cycles owned and controlled by the Ministry revealed that thirty-nine vehicles were exempted from maintenance of Log Books, leaving thirty-eight for which Log Books are required to be kept and maintained. However, Log Books were only presented for twenty-eight, leaving ten still to be presented. In addition, it was noted that there were nineteen unserviceable vehicles however, there were no evidence that action was taken to dispose of them by the Ministry.

**Ministry's Response:** The Head of Budget Agency indicated that efforts are being made to locate these Log Books and have same presented for audit examination. The process for disposal of the unserviceable vehicles is currently on-going.

**Recommendation:** The Audit Office recommends that the Ministry ensure that the Stores Regulations are complied with at all times. (2017/83)

### Subsidies and Contributions to Local Organisations

263. The sum of \$407.657M was budgeted for Subsidies and Contributions to Local Organisations. According to the Appropriation Accounts amounts totalling \$402.115M were expended during the year under review. Of this amount, the sum of \$355.374M was released to three statutory entities that are under the control of the Ministry. These entities are subjected to separate financial reporting and audit. The table below summarises the status of related audit reporting, including details on the progress of outstanding audits.

Entity	Current Amount \$'000	Year of Last Audit	Year Laid in National Assembly	Remarks
Institute of Applied Science & Technology	186,559	2013	2013	2014 - Audit to be finalised. 2015 - Audit plan reviewed and returned to contracted auditor. 2016 - Financial statements received 2017 - Financial statements not received
Guyana Lands & Surveys Commission	167,277	2011	2010	2012 - 2013 Audit in progress 2014 - 2017 Financial statements received
Integrity Commission	1,538	2014	2014	2015 - Audit in progress 2016 - 2017 Financial statements not received
Total	355,374			

**Ministry's Response:** The Head of Budget Agency indicated that financial statements for Institute of Applied Science & Technology for 2017 will be submitted to the Audit Office no later than end of September 2018 and audited financial statements for Guyana Lands & Surveys Commission for 2011 will be laid in National Assembly by end of September 2018.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency follow-up with the Institute of Applied Science & Technology to have the outstanding financial statements submitted for audit and ensure that outstanding audited accounts for the Guyana Lands & Surveys Commission is laid in the National Assembly. (2017/84)

#### Programme 7- Environmental Management

264. The sum of \$322.294M was allotted and transferred to four agencies under the control of the Ministry as capital subventions during the period under review. The amounts were verified as having been received by the respective agencies. These agencies are subject to separate financial reporting and audit. The table below gives the status of related audit reporting, including details on the progress of audits.

Entity	Amount \$'000	Year of Last Audit	Years Laid in National Assembly	Remarks
Environmental Protection Agency	234,294	2015	2014	2016 - Management letter being drafted 2017 - Audit in progress
Wildlife Management and Compliance	15,000			
National Parks Commission	55,000	2008	2008	2009-2012 - Audits being finalised. 2013-2017 - Financial statements not received.
Protected Area Commission	18,000	2012	2012	2013-2014 - Audits being finalised 2015-2016 - Audits to be planned. 2017 - Financial statements not received.
Total	322,294			

**Ministry's Response:** The Head of Budget Agency indicated that the amended financial statements for National Parks Commission for the years 2013-2016 will be submitted by end of October 2018. Financial statements for Protected Area Commission for the year 2017 will be submitted by end of September 2018.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency follow-up with the Agencies to have the outstanding financial statements submitted for audit and to ensure that all audited accounts are laid in the National Assembly. (2017/85)

Prior year matters, which have not been resolved

Current Expenditure

Programme 5 - Citizenship & Immigration Services

265. During the year 2016, overpaid salaries were identified in five instances totalling \$593,554, which includes \$87,370 in respect of deductions not recovered from the respective agencies. At the time of reporting, recoveries were still not made.

**Ministry's Response:** The Head of Budget Agency indicated that due to unsuccessful attempts to retrieve the overpaid sums from the former staff members, the Ministry is seeking an alternative method and has written the Accountant General with the names of the persons who received overpaid salaries. In addition, letters will be submitted to the National Insurance Scheme and the Guyana Revenue Authority for a refund of the deductions.

**Recommendation:** The Audit Office once again recommends that the Head of Budget Agency ensure the overpayments are recovered and implement systems to prevent a recurrence. (2017/86)

Capital Expenditure

266. The CCTV system with a cost of \$19.108M, which was purchased during 2015 for the National Intelligence Center, has still not been delivered at the time of reporting.

**Ministry's Response:** The Head of Budget Agency indicated that the Attorney General's Office has informed that a background check is being carried out on the Company locally and then overseas.

**Recommendation:** The Audit Office once again recommends that the Head of Budget Agency follow-up this matter with a view to ensuring the items is delivered or the money refunded. (2017/87)

267. Overpayment in the sum of \$2.308M was still not recovered by the Ministry at the time of reporting. This occurred on seven items in the bill of quantities for erecting of fence and security lights at building E - Castellani Compound.

**Ministry's Response:** The Head of Budget Agency explained that the Attorney General's Office has informed that a letter of demand will be forwarded to the contractor.

**Recommendation:** The Audit Office once again recommends that the Head of Budget Agency follow-up this overpayment with a view of recovering the amount overpaid. (2017/88)

Follow-Up on the Implementation of Prior Year Audit Recommendations

268. The table below shows the prior year matters as contained in the Auditor General's 2016 Report and action taken by the Head of the Budget Agency regarding the recommendations made by the Audit Office.

Rec. №.	Category of Findings	Recommendations		
		Fully Implemented	Partially Implemented	Not Implemented
2016/85	Breach of Stores Regulations – un-presented Log Books		√	
2016/86	Overpayment on invoice	√		
2016/87	Non-submission of financial statements		√	
2016/88	Breach of Stores Regulations - Historical Records	√		
2016/89	Breach of Stores Regulations - Inventories	√		
2016/90	Breach of the FMA Act - Cheques on hand	√		
2016/91	Non-submission of financial statements	√		
2016/92	Overpayment of salaries			√
2016/93	Overpayment of salaries	√		
2016/94	Breach of Procurement Act - awarding of contract	√		
2016/95	Non-delivery of items	√		
2016/96	Non-delivery of items			√
2016/97	Non-submission of financial statements	√		
2016/98	Non-delivery of items	√		
2016/99	Breach of Stores Regulations - Inventories, marking of assets, updating of records	√		
2016/100	Breach of Stores Regulations - Accounting for assets	√		
2016/101	Overpayment on construction		√	
2016/102	Court Matter/Special Investigation - Financial Assistance	√		

AGENCY 17  
MINISTRY OF INDIGENOUS PEOPLES' AFFAIRS

Current year matters, with recommendations for improvement in the existing system

Current Expenditure

Employment Cost

269. According to the National Estimates, the Ministry was authorised to have sixty-two contracted employees. However, there were fifty-five contracted employees on the December 2017 payroll. The details of the contracted employees are as follows:

Salary Scale \$	No. of Employee	Amount \$'000
Below 100,000	33	2,523
100,00-250,000	19	2,712
250,000-400,000	0	0
Above 400,000	3	1,486
Total	55	6,721

**Ministry's Response:** The Head of Budget Agency validated the information captured; however, the difference between the sixty-two contracted staff and the fifty-five recorded on the 2017 payroll included staffs that were placed on the pensionable establishment during the 2016/2017 period.

**Recommendation:** The Audit Office recommends that the Ministry continue the process of moving its contracted employees over to the permanent establishment in keeping with the circularised instructions. (2017/89)

Stores and Other Public Property

270. Examination of the Store Records revealed the following:

- a) Bin Cards were not properly written to reflect the actual balances. Several items had nil balances and the stores department continued to issue items. In addition, relevant information was omitted from the Bin Cards and supervisory checks were not seen on the sample of Bin Cards examined;
- b) Stock Ledger balances were incorrectly stated for several items and items received were not brought to account in the ledger further the description of items was written in pencil; and
- c) in accordance with the Stores Regulations - Entries and Corrections 7 (2): "Any correction to a figure or word shall be made by ruling out the wrong figure or word above it. All corrections shall be initialled by the storekeeper or other person making such corrections; corrections made by the stores ledger clerk shall in addition be initialled by his supervising officer." However, it was observed that corrections made by the Stock Ledger clerk were not initialled by the supervising officer.



**Ministry's Response:** The Head of the Budget Agency acknowledged this finding and initiated a comprehensive reconciliation of all associated Stores records; this exercise will include the following supervisory checks: (i) analysing and initializing corrections; and (ii) updating Bin Cards, to include details such as sizes, types and reorder levels.

**Recommendation:** The Audit Office recommends that the Ministry ensure strict adherence to the requirements of the Stores Regulations. (2017/90)

#### Other Matters

271. The Ministry has still not taken the necessary steps to ensure that Cheque Orders are cleared within sixteen days of their issue through the submission of bills/receipts and other documents in support of the payments made. Thirty-eight Cheque Orders totalling \$16.149M, seventy totalling \$272.830M and thirty-eight totalling \$57.690M remained outstanding for the years 2015, 2016 and 2017 respectively, at the time of reporting. The table below details the missing Cheque Orders for 2017 according to Line Items.

Line Items	Description	No. of Cheque Orders	Amount \$'000
6301	Education, Subvention & Grants	5	24,382
6291	National & Other Events	5	4,897
6265	Other Transport, Travel & Postage	3	805
6281	Fuel & Lubricants	2	799
6272	Electricity Charges	1	549
6302	Training (Including Scholarship)	1	540
6321	Subsidy & Cont to Local Organisation	1	440
6294	Other	1	80
6222	Field Materials & Supplies	1	74
14054	Amerindian Development Project (ADP)	17	24,360
24054	Land & Water Transport	1	764
Total		38	57,690

**Ministry's Response:** The Head of Budget Agency has acknowledged this finding and would put systems in place to improve the internal controls so as to better manage the system of accounting for Cheque Orders.

**Recommendation:** The Audit Office recommends that the Ministry take the necessary action to locate these Cheque Orders and have them presented for audit examination. (2017/91)

272. The Ministry is required to maintain a contract register to record the details of all contracts awarded, so that the Ministry can monitor the progress and payments on contracts. Examination of the contract register for the year 2017 revealed the following unsatisfactory features:

- a) contract sums were incorrectly stated in eight instances;
- b) there were thirteen instances where contract numbers were incorrectly stated;
- c) contract payments were also incorrectly stated;

- d) there were two instances where payment amounts were omitted;
- e) balances on contract were omitted for four contract;
- f) Line Items were also omitted in several instances in the registers;
- g) there were nine instances where Payment Voucher numbers were either omitted or entered incorrectly;
- h) at the time of audit examination in February 2018, the contract registers revealed a total of 783 contracts. Subsequently thirteen additional contracts were added to the register;
- i) supervisory checks were not seen throughout the contract registers; and
- j) pertinent information was omitted from the contract register for example NPTAB numbers and MTB numbers.

**Ministry's Response:** The Head of the Budget Agency acknowledged these findings and is currently taking steps to correct the highlighted areas. During this exercise the Ministry will also redesign the contract register to capture NPTAB and MTB numbers and this is presently a work in progress. The Ministry also wishes to explain that the inclusion of contracts was as a consequence of the register not being updated at the time of the auditor's examination. However, to date all contracts are now being recorded in the register before entering in our IFMAS.

**Recommendation:** The Audit Office recommends that the Ministry ensure that there is full compliance with circularised instructions. (2017/92)

#### Sale of Vehicle

273. The Ministry received approval for the sale of six unserviceable vehicles on 23 June 2017 from the Ministry of Finance. At the time of audit three vehicles were sold, a Toyota pick-up, a Nissan Frontier and a Toyota Coaster bus.

- a) the Toyota Pick-up was valued at \$50,000 and was sold for \$50,000. This vehicle was not advertised for sale; hence no bids were received from bidders;
- b) the Nissan Frontier valued at \$100,000 was sold for \$50,000 however, the highest bid for this vehicle was \$500,000. In addition, this vehicle was sold to an individual who did not bid for the vehicle; and
- c) the Toyota Coaster bus was valued at \$950,000 and sold for \$301,000 to the third highest of the seven bidders, the highest bidder being \$1.010M.

**Ministry's Response:** The Ministry regrettably acknowledged this finding but can assure that all procedures were followed in accordance with the Procurement Act/Financial Circular.

**Recommendation:** The Audit Office recommends that the Ministry ensure that there is full compliance with the Procurement Act/Financial Circular. (2017/93)

274. During the period under review, a sample of 453 Payment Vouchers were requested, 101 of these vouchers with a value of \$201.118M were not presented for audit examination. The table below reflects the missing vouchers according to Line Items.

Line Items	Description	№ of Vouchers	Amount \$'000
6291/6292/ 6293	National and Other Events/Dietary /Refreshment and Meals	17	38,267
6301/6302/ 6321	Education Subvention and Grants/ Training/Subsidies and Contribution to Local Organisation	14	25,957
6281/6284	Security Services/Others	7	12,069
6265/6261/ 6264	Other Transport Travel and Postage/Local Travelling/Vehicle Spares	6	3,151
6271/72/73	Utility Services	6	1,285
6241/6231	Rental of Building/Fuel and Lubricant	2	692
6243/6293	Refreshment & Janitorial	4	48
12145	Building	13	57,930
14037	Amerindian Development Project	17	36,781
24054	Land and Water Transport	9	23,614
25083	Office Furniture and Equipment	6	1,324
Total		101	201,118

**Ministry's Response:** The Head of Budget Agency has acknowledged this finding and would put systems in place to improve the internal controls so as to better manage the system of accounting for Payment Vouchers.

**Recommendation:** The Audit Office recommends that the Ministry in collaboration with the Ministry of Finance take steps to locate and present the outstanding Payment Vouchers for audit examination. (2017/94)

#### Inter-Departmental Warrant

275. The Ministry issued 173 Inter-Departmental Warrants (IDW) totalling \$741.586M to Regions №. 1, 2, 3, 6, 7, 8, 9 & 10 for stipends and allowances during the period under review. At the time of reporting, financial returns for nine of these IDWs totalling \$64.749M were not submitted to the Ministry as reflected in the table below. Hence, it could not be determined if the funds were utilised for the purpose intended.

Region	№. of Warrants	Value \$'000
1	3	45,897
9	3	7,802
10	3	11,050
Total	9	64,749

**Ministry's Response:** The Ministry acknowledged this finding and is presently making efforts by way of letters and personal contact with Regional Executive Officers for their submission of 'returns'.

**Recommendation:** The Audit Office recommends that the Ministry ensure that all financial returns in respect of warrants issued are submitted. (2017/95)

Revenue

276. The sum of \$31.890M was collected by the Ministry as revenue for the period under review. However, an examination of the Revenue Statement revealed that cheques for sixty Payment Vouchers totalling \$30.742M were refunded as revenue in 2017. In addition, cheque payments totalling \$18.790M in relation to 112 vouchers for 2017 were refunded in 2018 as revenue hence, the Appropriation Accounts are overstated by \$18.790M since these Payment Vouchers should have been reversed in the IFMAS. Detailed in the table below is a summary of the amounts paid into revenue.

Line Items	Description	No. of vouchers	Amount \$'000
14037	Amerindian Development Project	31	8,224
24054	Land & Water Transport	1	425
25083	Office Furniture and Equipment	1	14
6302	Training (including Scholar's)	30	3,424
6265	Other Transport Travel & Post.	6	1,840
6301	Education Subvention and Grants	8	1,740
6291	National & Other Events	15	1,273
6261	Local Travel & Subsistence	4	1,036
6231	Fuel and Lubricants	4	421
6284	Other	9	242
6291	Dietary	1	119
6294	Others	1	20
6243	Janitorial & Cleaning Supp	1	12
Total		112	18,790

**Ministry's Response:** The Head of the Budget Agency accepts this finding and promise to be more efficient in the future.

**Recommendation:** The Audit Office recommends that the Ministry ensure full compliance with Section 43 of the FMA Act, which requires unexpended balances to be refunded to the Consolidated Fund at the end of each fiscal year. (2017/96)

Capital Expenditure

Capital Purchases

277. At the time of the audit in July 2018 two cheques totalling \$1.764M for the supply of an aluminum boat and a cargo boat were still on hand. These cheques should be paid into the Consolidated Fund.

**Ministry's Response:** The Head of the Budget Agency acknowledged this finding and considered this an oversight. However, the Village Councils were immediately contacted and efforts are made to have one of the cheques renewed and issued for its intended purpose and the other returned to the Consolidated Fund.

**Recommendation:** The Audit Office recommends that the Ministry ensure that there is full compliance with the requirements of the FMA Act. (2017/97)

Buildings

278. The sum of \$87.890M was budgeted for the: (i) construction of dormitory at Liliendaal; (ii) extension of dining hall at Amerindian Hostel, Georgetown; and (iii) provision of consultancy. As at 31 December 2017, amounts totalling \$87.889M were expended as follows:

Description	Amount \$'000
Construction of Student Dormitory	75,798
Extension Dining Area Hostel	4,777
Male & Female Living Quarters - Hostel	3,979
Consultancy Services	1,568
Withholding Tax	1,865
TO ADJ EV# 1702746 INC PSCOMP	(98)
<b>Total</b>	<b>87,889</b>

279. A contract was awarded on 28 April 2017 by the NPTAB in the sum of \$186M for the construction of student dormitory at Liliendaal Greater Georgetown. According to an article of agreement between the Ministry and the contractor the project had a start date of 3 June 2017 with an expected completion date of 3 June 2018. The Tender Evaluation Report was not presented for audit scrutiny hence, the number of tenders, and the basis of awards could not be determined. Notwithstanding, the works were physically verified on 26 July 2018 and it was observed that the contractor was on site and the works were on-going.

**Ministry's Response:** The Head of the Budget Agency explained that efforts are being made to locate the Tender Evaluation Report, while a copy of the extension approval is available for audit examination.

**Recommendation:** The Audit Office recommends that the Ministry ensure that copies of the Tender Evaluation Report and the approved extension are submitted for audit examination. (2017/98)

280. A cheque was drawn for the sum of \$3.979M for the rehabilitation of male and female living quarter's hostel at Liliendaal, greater Georgetown by voucher number 1703485. This cheque was refunded and further investigation revealed that the transaction was processed pending the National Procurement and Tender Administration Board's approval. However, the approval was not granted and the cheque was deposited into revenue on 3 July 2018. Based on the afore-mentioned, it was noted that the Ministry processed payment to the contractor before any tendering process or award of a contract being done by the relevant authority. In addition, a Payment Voucher was prepared and processed without a signed contractual agreement in place. It was unclear on what basis this particular contractor was selected for the project.

**Ministry's Response:** The Head of the Budget Agency acknowledged this finding and promised to desist from this approach in the future; however, this transaction was cancelled.

**Recommendation:** The Audit Office recommends that the Ministry comply with the Tender Board Procedures. (2017/99)

Amerindian Development Projects

281. The sum of \$1.315 billion was budgeted for the: (i) completion of Tomato Project at Paramakatoi; (ii) provision for Hinterland Employment and Youth Service Project; (iii) construction of dormitories, living quarters, workshop, sanitary block and trestle at Bina Hill Institute; and (iv) provision for Presidential Grants and support to other programmes and projects. As at 31 December 2017, amounts totalling \$1.176 billion were expended as follows:

Description	Amount \$'000
Hinterland Employment and Youth Service (HEYS)	865,111
Presidential Grants	210,331
Construction	65,801
Capital Grant	13,166
Purchase of Solar Systems	11,273
Miscellaneous	8,476
Tomato Project	678
Boat for Kaibarupai village	1,200
<b>Total</b>	<b>1,176,036</b>

282. The sum of \$865.111M was expended to pay HEYS stipend to 1,900 students for the period January to December 2017, 230 staff of HEYS, business grants to individual/community to set up small projects, purchase of equipment and items for training, printing of training documents, launching of HEYS Phase II, meals and accommodations and travelling for the execution of training program. The Ministry did not present progress reports for these projects; therefore it could not be determined whether the funds were utilised for the intended purposes. See details in table below:

Description	Amount \$'000
HEYS Stipend (Jan-Dec 2017)	576,052
HEYS Staff (facilitators)	81,814
Business Grant to start new initiatives	81,350
Items and Equipment for training	44,262
Print and Non-Print	35,602
Phase 2 Launching of HEYS	18,540
Meals & Accommodations	16,366
Travelling	11,125
<b>Total</b>	<b>865,111</b>

283. The sum of \$210.331M was expended to pay grants ranging from \$500,000 to \$2M to 215 Amerindian villages in Regions №. 1 to 10 to execute various projects. It was observed that there was a duplication of payment in the sum of \$800,000 to one of the community village. The Ministry did not present progress reports for these projects; therefore it could not be determined whether the funds were utilised for the intended purposes.

**Ministry's Response:** The Head of the Budget Agency noted this finding, but however, explained that after this payment was processed twice in IFMAS, the second cheque was refunded to the Consolidated Fund.

**Recommendation:** The Audit Office recommends that the Ministry put systems in place to ensure that all such progress reports are prepared and submitted at the completion of each project. (2017/100)

284. The Audit Office conducted the audits of thirty-two Amerindian Villages in February of 2018 and the following observations were noted:

- a) at the time of the audit the works were in progress for eight Village Councils. In addition, for Karasabai Village Council the unspent balance of \$568,660 was not presented as cash on hand during the cash survey process;
- b) ten Village Councils executed projects according to plan;
- c) Kanapang and Kamarang Village Councils uplifted their cheque from the Ministry but it was not accounted for in the records of the councils;
- d) three of the councils did not uplift their cheques from the Ministry at the time of the audit in February of 2018;
- e) Tuseneng Village Council expended the full amount however, at the time of the audit in February 2018 the project remained incomplete;
- f) Annai Village Council uplifted their cheque, however no works had commenced on the project and the cash was verified on hand;
- g) Great Fall and Wiki Calcuni Village Councils received grants of \$1M each. These amounts were deposited in the Council's bank account. However, no documentation nor the bank statements were presented for audit scrutiny;
- h) the sum of \$1M was expended by Hururu Village Council to procure a portable sawmill and the Council is awaiting the delivery of the item;
- i) the sum of \$1.3M was provided for the construction of benabs and improved the beach area for the Mainstay/Whayaka Village Council. However, the sum was utilised to rehabilitate a fence instead; and
- j) grants for Achiwib and Wiruni Village Councils were refunded to the Ministry and no amount was allotted to Chinese Landing Village Council.

**Ministry's Response:** The Head of the Budget Agency noted the Audit Office finding and explained that based on the geographic locations of these villages and our limited human and financial resources we are unable to conduct adequate monitoring within the fiscal year. However, to reduce such, the Ministry will improve its monitoring with the addition of ten Community Development Officers (CDOs), paying more emphasis on Village Councils that has accountability history.

**Recommendation:** The Audit Office recommends that the Ministry monitor these Village Councils to ensure proper accountability of funds receive. (2017/101)

285. Two contracts were awarded by the National Procurement and Tender Administration Board (NPTAB) on 2 August 2017 and 13 September 2017 in the sum of \$33.662M and \$36.108M respectively, for the construction of a female dormitory and a male dormitory at Bina Hill. For the period under review the sum of \$17.603M and \$16.830M were paid to the contractor respectively. The duration for each contract was six months however; extensions were granted that revised the completion date to 30 May 2018 and 7 May 2018 respectively. The Tender Evaluation Reports and the order of commencement were not presented for audit scrutiny. In addition, the defects liability for the works could not be confirmed. Notwithstanding the works were physically verified on 17 July 2018 and it was observed that the contractor was on site and works were on-going.

**Ministry's Response:** The Head of the Budget Agency noted the Audit Office finding and explained that the Ministry's Engineer is presently trying to locate the Evaluation Report and the Commencement Order.

**Recommendation:** The Audit Office recommends that the Ministry ensure that copies of the Tender Evaluation Report and the Commencement Order are submitted to the Audit Office for examination. (2017/102)

#### Land and Water Transport

286. The sum of \$58.600M was budgeted for the purchase of boats, outboard engines, buses, motorcycle and All Terrain Vehicles (ATVs). As at 31 December 2017, amounts totalling \$58.465M were expended for the purchase of mini buses, ATVs, boats, motorcar, outboard engine and motorcycle.

287. The Ministry received a change of programme to purchase a motor car, five ATVs and six bicycles and the sum of \$11.400M was expended to acquire these additional items.

288. A CB 125 CC Honda motorcycle was purchased for the sum of \$285,000 for the Community Development Officer (CDO) in Region №. 10, which was subsequently transferred to Region №. 2. Audit checks revealed that the motorcycle was not bought from the lowest quoted supplier of \$215,000.

**Ministry's Response:** The Head of the Budget Agency validated the motor cycle number as 'CJ 2434' and explained that as a consequence to the resignation of the Community Development Officer (CDO) in Region №. 10, the cycle was transferred to CDO of Region №. 2.

**Recommendation:** The Audit Office recommends that the Ministry adhere to Procurement Act of 2003. (2017/103)



Amerindian Purposes Fund

289. The Amerindian Purposes Fund (APF) was established in the year 2000 in keeping with Section 28 of the Amerindian Act Chapter 29:01. This Act was later repealed by Section 84 of the Amerindian Act (2006), which had not in itself provided for the operation of the Fund. Nonetheless, the original Act, at Section 29, required the preparation of financial statements and an audit by the Auditor General. These, even though not captured in the current Act, are best practice requirements of any accounting process, but were never satisfied since the establishment of the Fund.

290. Over the years, observations were made in relation to the significant sums of moneys which was received and expended from the APF and the Ministry's continued poor financial management of the Fund. While the current Act has no provision for the operation of the APF, the Ministry failed to put measures in place for the proper use, record keeping and management of the Fund.

291. For the period under review the Ministry's cash book was written up to May of 2017. However, the cash book was not balance since an opening balance as at 1 January 2017 was not reflected in the cash book of the Ministry. An analysis of the receipts and Payment Vouchers presented for audit examination revealed that the sum of \$68.089M was received as revenue and the sum of \$53.936M was expended as at 31 December 2017. The bank statements however, showed an opening balance of (\$716,252) as at 1 January 2017 and a closing balance as at 31 December 2017 of \$20.240M. The Ministry did not perform any reconciliation of the cash book balance with the bank statement balance in respect of the APF bank account. The bank account was last reconciled in November 2009. Details of the movement in the Fund are as follows:

BOG Account №. 01626004050	Bank Statements \$'000	Receipts and Payment Vouchers \$'000	Difference \$'000
Opening Balance – 01/01/2017	(716)	0	(716)
Total Receipts	75,304	68,089	7,215
Total Expenditure	(54,348)	(53,936)	(412)
Closing Balance - as at 31/12/2017	20,240	14,153	6,087

**Ministry's Response:** The Head of the Budget Agency explained that the State Asset Recovery Unit (SARU), the Special Organised Crime Unit (SOCU) and the Ministry of Finance Internal Auditor have commenced investigation and audits on this account, this activity started in June 2017 and at the conclusion, the Ministry will forward their finding to the Audit Office.

**Recommendation:** The Audit Office recommends that the Ministry ensure that this Fund is reconciled, earliest. (2017/104)

Revenue

292. The sum of \$3.472M was inadvertently deposited into the bank account operated by the Fund. This amount represents sale of tender and performance bond for a contract. These amounts are still in the account at the time of reporting.

Expenditure

293. Listed below is a breakdown of the expenditure for the APF incurred for the period under review:

Expenditure	Amount \$'000
Hururu Village Expenses	25,675
CSO Stipend	11,594
Project Building and Rehab	5,500
Advances	4,865
Assets Purchased	3,817
Events Expenses	1,226
Other Expenses	578
Projects – Others	441
Salary	240
Total	53,936

Hururu Village Expenses

294. The sum of \$25.675M was expended for Hururu Village expenses, the table below summarized the expenditure for Hururu Village;

Description	Amount \$'000
Salary (for 11 Persons)	7,413
Grants (fuel, Sports, Monthly)	7,178
Grants (Incapacitated children, Pensioners, Assistance, Children Assistance, Widow & Sickness)	2,579
Stipend	1,980
Transportation	1,976
Miscellaneous	1,804
Allowance to uplift cheques	720
Stationery	583
Electrical and Water Maintenance	480
Phone Cards and Allowance	386
Agriculture Development Grant	240
Purchase Generator and Part for Outboard Engine	156
Cleaning detergent and Weeding	180
Total	25,675

CSO Stipend

295. The sum of \$11.594M was expended as stipend and travelling for sixteen executives and two hundred and eight individuals attending the National Toshao Conference at the Conference Centre, Liliendaal.

Building and Rehabilitation Project

296. Amounts totalling \$5.5M were expended on building and rehabilitation projects as stated in the table below. As at 31 December 2017, no progress reports were submitted in respect of the completion of the three Projects.

Description	Amount \$'000
Construction of Pavillion at Aranka Region №. 1	1,000
Construction of guest house at Chinese Landing Village Council	3,000
Construction of a Village Office at Kurutuku	1,500
Total	5,500

**Ministry's Response:** The Ministry received reports from two of these Villages, and they are available for the Auditor's verification.

**Recommendation:** The Audit Office recommends that the Ministry make every effort to present same for audit examination. (2017/105)

Advances

297. During the years 2015 and 2016 seventy-four advances totalling \$39.652M and sixty-five totalling \$64.727M were still to be recovered. Similarly, for the period under review advances totalling \$4.865M were issued from the fund. Included in the figure of \$4.865M were amounts totalling \$320,000 representing seven salary advances and thirteen advances totalling \$4.545M for Ministerial travel to Paramakatoi Region №. 8 Tomato Project, Presidential and Ministerial visit to Region №. 9, Canadian Visa for fourteen persons to participate in Guyana Day 2017, Ministerial visits to Region №.1, Region №. 2, and to conduct election in Orealla. Six of the advances were part cleared and has an outstanding balance of \$619,700.

**Ministry's Response:** The Ministry acknowledged this finding and promised to redesign our Advance System to negate lengthy submissions. The Ministry has so far cleared forty-two advances leaving a balance of twenty-three advances for 2016. The Ministry is presently taking steps to reduce this further.

**Recommendation:** The Audit Office recommends that the Ministry make every effort to recover all advances. (2017/106)

Assets Purchased

298. The sum of \$3.343M was expended to acquire the following assets:

Quantity	Description	Amount \$'000
1	Tractor	2,000
3	Chain saw	610
	Wooden materials for boat	370
1	Construction of boat	217
1	Brush cutter	99
1	Sewing machine	47
Total		3,343

299. The difference totalling \$474,000 was expended on transportation cost \$294,000, fuel and lubricant for tractor \$130,000 and transfer to Caria Caria CDC account of \$50,000. Evidence was not seen whereby the Ministry received the tractor, fuel and lubricant, wooden materials for boat and the boat.

**Ministry's Response:** The Head of the Budget Agency acknowledged this finding and promised to be more efficient in the future. The Ministry explained that efforts are made to start a comprehensive update on our Procurement/Stores/Fixed Asset Registers; this exercise should be completed by December 2018.

**Recommendation:** The Audit Office recommends that the Ministry ensure strict adherence to the requirements of the Stores Regulations. (2017/107)

Prior year matters, which have not been fully resolved

Current Expenditure

300. Approval dated 23 September 2016 was granted by NPTAB for the award of the contract for the resurfacing of Head Office compound in the sum of \$3.180M. As at 31 December 2016, amounts totalling \$2.862M were paid to the contractor. Physical verification of the project revealed that the expense vouchers did not have a Bill of Quantities or any other documentation of the works which were completed, attached. In addition, an unpriced Bill of Quantity was presented by the Ministry at the time of the physical verification, and it was noted that there were differences between the quantities and the actual works completed. And the completion date and the defects liability period could not be determined from the documents examined.

**Ministry's Response:** The Ministry's Engineer along with the contractor in question established 'Bill of Quantities' associated with this activity; however, this document is yet to be verified by the Audit Office.

**Recommendation:** The Audit Office recommends that the Ministry: (i) should submit a copy of the contract with the Bills of Quantity, along with the measured work details so that a physical verification can be done; and (ii) should ensure that all final payments for works completed are properly prepared with the relevant details/breakdown/bills of quantity attached to the expenditure voucher. (2017/108)

## Capital Expenditure

301. Examination of Payment Vouchers for the APF for 2016 revealed that four Payment Vouchers valued at \$2.610M had no supporting documents attached to the Payment Vouchers while three Payment Vouchers valued at \$1.960M were not presented for audit examination.

**Ministry's Response:** The Head of the Budget Agency has indicated that efforts are being made to have the relevant supporting documents attached and presented to the auditors along with the un-presented Payment Vouchers.

**Recommendation:** the Audit Office recommends that the Ministry ensure that all relevant supporting documents are attached to expenditure voucher when payments are made and that action be taken to locate these vouchers and have them presented for audit. (2017/109)

302. The contract for the construction of two guard huts was awarded to the lowest of three bidders in the sum of \$1.008M. As at 31 December 2016, the full contract sum was paid to the contractor. A physical verification carried out on the projects on 14 June 2017 revealed that overpayments totalling \$172,110 were made to the contractor. The sum of \$120,000 has since been repaid to the Ministry leaving a balance of \$52,110.

303. Further, it was observed that 2" x 4" timber members were specified in the bills of quantities; however, only 2" x 3" timber members were used. The labour cost and transportation costs of \$485,000 represents 48.5% of the total contract sum. The contractor was paid for the four gallons oil primer, six gallons oil white, two gallons of floor green, fifteen pounds putty and two gallons thinners for the two guard huts, however, based on the dimensions of the guard huts; we are of the view that these quantities of materials are excessive for the two guard huts.

**Ministry's Response:** The Ministry issued letters to the contractor on 1 October 2017, and 6 December 2017 highlighting his indebtedness, the contractor acknowledged and the sum of \$120,000 was repaid by the contractor. Efforts are being made for full recovery by December 2018.

**Recommendation:** The Audit Office recommends that the Ministry recover the overpayment and ensure that all quotations for works submitted in the future are properly prepared as per standard Bills of Quantities for the works, instead of a materials list and labour quotation. (2017/110)

304. A contract for the excavation, land filling, construction of drains and concrete works at student dorms, Liliendaal was awarded in 2013 in the sum of \$14M and the full contract sum was paid to the contractor. Based on physical verification on site in April 2013, it was reported that the sum of \$7.869M was overpaid to the contractor. The competent officer for the project requested re-measurement of the works since the contractor disputed the amount stated as overpaid. A revisit and leveling exercise was conducted in April 2014 and physical measurements taken revealed that the sum overpaid has increased to \$8.597M. No recoveries were made by the Ministry.

**Ministry's Response:** The Head of the Budget Agency explained that so far the Ministry was successful in contacting the Contractor who was made aware of his indebtedness by way of letter, however, the Ministry was served with a letter from his legal representative refuting his indebtedness, and both letters were forwarded to the Solicitor General Office for advice and direction.

**Recommendation:** The Audit Office once again recommends that the Ministry continue to follow-up this matter. (2017/111)

Follow-Up on the Implementation of Prior Year Audit Recommendations

305. The table below shows the prior year matters as contained in the Auditor General's 2016 Report and action taken by the Head of the Budget Agency regarding the recommendations made by the Audit Office.

Rec. №.	Category of Findings	Recommendations		
		Fully Implemented	Partially Implemented	Not Implemented
2016/103	Contract document with bill of quantity not presented			√
2016/104	Overpayment on contract	√		
2016/105	Overpayment on contract		√	
2016/106	Progress report not submitted		√	
2016/107	Outstanding Cheque Orders		√	
2016/108	Weak internal control			√
2016/109	Outstanding advances		√	
2016/110	Weak internal control	√		
2016/111	Weak internal control		√	
2016/112	Gift register not maintained	√		
2016/113	Payment Vouchers without supporting documents and missing vouchers			√
2016/114	Outstanding registrations		√	
2016/115	Outstanding registration	√		
2016/116	Weak internal control	√		
2016/117	Overpayment on contract			√

AGENCY 21  
MINISTRY OF AGRICULTURE

Current year matters with recommendations for improvement in the existing system

Current Expenditure

Employment Cost

306. During 2017, amounts totalling \$702.855M were expended for the payment of salaries to officers within the Ministry. Audit checks revealed that the sum of \$552.864M or 79% of the total employment cost was paid to employees who were employed on a contractual basis. Details are shown in the table below:

Line Item	Description	Total Paid \$'000	Percentage
6111	Administrative	23,366	3
6112	Senior Technical	44,775	6
6113	Other Tech. & Craft Skilled	38,340	5
6114	Clerical & Office Support	24,675	4
6115	Semi-skilled Operatives & Unskilled	18,565	3
6116	Contracted Employees	552,864	79
6117	Temporary Employees	270	0
Total		702,855	100

307. According to the payroll for December 2017, the Ministry had a total of 346 employees, of which contracted employees were 47% of the total employees. Details are shown in the table below:

Line Item	Description	No. of Employees	Percentage
6111	Administrative	18	5
6112	Senior Technical	33	10
6113	Other Tech. & Craft Skilled	64	18
6114	Clerical & Office Support	32	9
6115	Semi-skilled Operatives & Unskilled	35	11
6116	Contracted Employees	163	47
6117	Temporary Employees	1	0
Total		346	100

308. During 2017, sixty-six contracted employees were transferred to the Permanent Pensionable Establishment; however, all contracted employees were not transferred in keeping with Public Service Commission Circular No. 1/2017 dated 7 February 2017.

**Ministry's Response:** The Head of Budget Agency explained that the Ministry is continuously processing transfers and efforts are being made to have the remaining persons transferred to the Permanent Pensionable Establishment.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency continues the process of having the contracted employees transferred to the Permanent Pensionable Establishment. (2017/112)

309. During 2017, amounts totalling \$14.713 billion were released to nine Statutory Agencies under the control of the Ministry as Subsidies and Contribution and Capital Subvention. The amounts were verified as having been received by the respective agencies. These Agencies are subject to separate financial reporting and audit. However, as noted from the table below, all audited financial reports were not laid in the National Assembly. In addition, some agencies have not submitted financial statements to the Audit Office. The table below shows the audited status of each Agency:

Entities	Amounts		Year Last Audited	Laid in National Assembly	Remarks
	Current \$'000	Capital \$'000			
National Drainage and Irrigation Authority (NDIA)	1,905,716	1,260,000	New entity as from 1 Nov 2013	-	2013-2014 Report to be issued 2015-2016 Financial statements received 2017–Financial statements not received
National Agriculture Research and Extension Institute (NAREI)	842,276	94,000	2015	2009	2016 – audit in progress. 2017– Financial statements received
Guyana Livestock Development Authority (GLDA)	517,115	57,000	2011	-	2012-2015 Financial statements received 2016-2017 Financial statements not received
Pesticides and Toxic Chemicals Control Board (PTCCB)	14,869	62,000	2016	-	2017 Audit in Progress
Guyana School of Agriculture (GSA)	300,263	39,850	2008	-	2009 Audit in Progress 2010-2017 Financial statements received.
Guyana Marketing Corporation (GMC)	148,886	16,200	2016	-	2017 Financial statements received
Hope Coconut Estates	3,000	0	1994	-	2008-2010 Audit reports to be issued 2011-2014 Audits in Progress 2015-2017 Financial statements not received
Mahaica Mahaicony Abary Agricultural Development Authority (MMA/ADA)	154,870	201,460	2007	-	2008 & 2009 Audit reports to be issued 2010 Audit in progress 2011-2014 Financial statements received 2015-2017 Financial statements not received
Guyana Sugar Corporation (GUYSUCO)	9,095,873	0	2016	2010-2015	2017 – Financial statements received
Total	12,982,868	1,730,510			



**Ministry's Response:** The Head of Budget Agency explained that the recommendation is noted and the Ministry will continue to take steps to have same implemented.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency make a special effort to have the outstanding reports laid before the National Assembly as soon as possible and the outstanding financial statements submitted for audit. (2017/113)

### Capital Expenditure

#### Current year matters, with recommendations for improvement in the existing system

310. The sum of \$3.513 billion was allotted for capital programmes. During the year, three supplementary provisions totalling \$730.640M were approved, bringing the total funds available to \$4.243 billion. According to the Appropriation Accounts, amounts totalling \$3.650 billion were expended, resulting in a shortfall of \$593.973M on the projects planned for 2017. Details of the allotment and expenditure are shown in the table below:

Description	Total Funds Available \$'000	Total Expenditure \$'000	Shortfall \$'000
Programme 1– Ministry Administration	2,449,000	2,288,662	160,338
Programme 2 – Crops & Livestock Support Services	1,734,190	1,302,093	432,097
Programme 3 – Fisheries	26,300	26,171	129
Programme 4 – Hydro meteorological Services	34,000	32,591	1,409
	4,243,490	3,649,517	593,973

311. The sum of \$160.338M shown as shortfall under Programme 1 was in respect of one IDA Credit, one India Loan, one Japan Grant and Drainage and Irrigation Works. Details on the shortfall are stated below:

#### IDA Credit №. 5474- GY- Flood Risk Management Project

312. On the 10 October 2014, the International Development Association (IDA) and the Government of Guyana (GoG) entered into an Agreement to assist in the reduction of the risk of flooding in Region №. 4. The sum of \$650M was allotted for the Flood Risk Management Project and during the year a Supplementary Provision in the sum of \$350M was allotted bringing the total funds available to \$1 billion. The purpose of the allotment was to carry out: (i) rehabilitation of sections of East Demerara Water Conservancy embankment, including structures; (ii) construction of pump stations at Hope, Vigilance and Lusignan; and (iii) purchase of equipment. This project is subject to separate financial reporting and audit. The last audit report was issued on 25 June 2018 for the year ended 31 December 2017.

313. According to the Appropriation Accounts, amounts totalling \$968.875M were expended, resulting in a shortfall of \$31.125M. The sum of \$31.125M for the flood Risk Management Project was not expended before the end of 2017 because of the hurricane season, which delayed delivery of the final pump.

INDIA Loan - Drainage and Irrigation

314. The sum of \$10M was allotted for Drainage and Irrigation to make provision for the: (i) procurement of drainage pumps; and (ii) institutional strengthening. According to the Appropriation Accounts, as at 31 December 2017 there was no expenditure. This project was not awarded due to delay in re-tendering. This amount was re-budgeted for and approved in the 2018 budget.

JAPAN Grant - East Demerara Water Conservancy

315. The sum of \$135M was allotted to make provision for: (i) payment of retention; and (ii) equipment, supervision and management for the East Demerara Water Conservancy. According to the Appropriation Accounts, amounts totalling \$30.689M were expended during the year resulting in a shortfall of \$104.311M. This represents savings on the Civil Works contract which was committed to the procurement of equipment. The procurement process had to be done overseas and was not completed in 2017.

Drainage and Irrigation

316. Amounts totalling \$48M were allotted for Drainage and Irrigation. Of this amount \$7M was transferred to Hinterland Environmentally Sustainable Agriculture Development Project by way of a virement, bringing the total funds available to \$41M. According to the Appropriation Accounts, amounts totalling \$26.100M were paid to NDIA as Capital Subvention and the purpose of the funds was to make provision for: (i) completion of building and revetment-Hope Canal; (ii) East Demerara Water Conservancy; and (iii) provision for solar system and gate at head regulator. The unexpended sum of \$14.900M was as a result of a variation that was not approved for supervision services and management for the construction of the East Demerara Water Conservancy.

**Ministry's Response:** The Head of Budget Agency explained that with respect to shortfall under Programme 1: (i) for Drainage and Irrigation the sum of \$14.900M was not expended because approval was not granted for a variation in the project; (ii) the sum of \$10M was allotted for Drainage and Irrigation Pumps; however, no expenditure was incurred since this project was not awarded due to delay in re-tendering; (iii) for the East Demerara Water Conservancy the procurement process had to be done overseas and was not completed in 2017 as such the sum of \$104.311M was rolled over to 2018; (iv) the sum of \$31.125M for the Flood Risk Management Project was not expended before the end of 2017 because of the Hurricane season which delayed delivery of the final pump; and (v) \$2,000 being savings on the acquisition of items under Project Evaluation and Equipment.

317. The sum of \$432.097M shown as shortfall under Programme 2, was in respect of one IDB Loan, one CDF Loan, one IFAD Loan/ Grant and unspent balance on Capital Subvention to MMA/ADA and Mangrove Management. Details on the shortfall are stated below:

IDB Loan №. 3798/BL - GY Sustainable Agriculture Development Project

318. On the 21 February 2017 the Inter-American Development Bank (IDB) and the Government of Guyana (GoG) entered into an Agreement to increase the productivity of the agricultural sector while maintaining a sustainable and climate resilient use of natural resources in Guyana. The sum of \$100M was allotted for Sustainable Agriculture Development Project and during the year a Supplementary Provision in the sum of \$200.098M was approved bringing the total funds available to \$300.098M. The purpose of the funds was for: (i) construction and rehabilitation of agriculture centres in Region 9 and 10; (ii) agriculture census; and (iii) pilot projects in meat processing. This project is subject to separate financial reporting and audit. The last audit report was issued on 19 April 2018, for the year ended 31 December 2017. According to the Appropriation Accounts, amounts totalling \$42.119M were expended, resulting in a shortfall of \$257.979M. This shortfall was in respect of the agriculture census did not materialise due to issues with the technical proposal of the recommended entity.

CDF Loan №. ROG/L0002 - Rural Agricultural Infrastructure Development Project

319. On the 14 December 2016, the CARICOM Development Fund (CDF) and the Government of Guyana (GoG) entered into an agreement to assist the Ministry of Agriculture to improve Rural Agricultural Infrastructure Development in Small Scale Farming Communities in Region №. 4 and 5. The sum of \$635M was allotted for the Rural Agricultural Infrastructure Development Project and a Supplementary Provision in the sum of \$180.542M was approved, while the sum of \$10M was transferred from this Line Item to Guyana Livestock Development Authority by Virements, bringing the total funds available to \$805.542M. The funds were provided for: (i) rehabilitation of drainage and irrigation systems and access dams in Mocha, Triumph, Buxton and Ithaca; (ii) purchase of equipment; and (iii) design and supervision. This project is subject to separate financial reporting and audit. The last audit report was issued on 25 June 2018 for the year ended 31 December 2017. According to the Appropriation Accounts, amounts totalling \$746.334M were expended resulting in a shortfall of \$59.208M. This was due to the delay in completion of the design report.

IFAD Loan №. 2000001704/Grant №. 2000001705 - Hinterland Environmentally Sustainable Agriculture Development Project

320. The sum of \$105M was allotted for the Sustainable Agriculture Development Project, and during the year \$7M was transferred to this Project by way of a Virement, bringing the total funds available to \$112M. The purpose of the funds was to provide for: (i) investment plans for development of local value chains; (ii) establishment of investment fund; (iii) State of Food and Agriculture Study (SOFA) in Region 1; and (iv) institutional strengthening. According to the Appropriation Accounts, amounts totalling \$7M were expended resulting in the shortfall of expenditure in the sum of \$105M. This was due to the fact that the staffs for this new project were only hired in the last quarter of 2017. The contract was signed in March and the delay was due to non-fulfilment of conditions precedent to first disbursement.

**Ministry's Response:** The Head of Budget Agency explained that with respect to Programme 2: (i) the sum of \$540,000 for Civil Works was not expended because of time and mechanical constraints; (ii) the sum of \$9.370M for Mangrove Management was rolled over to 2018; (iii) the sum of \$59.208M was not expended before the end of 2017 under Rural Agricultural Infrastructure Development Project due to the delay in completion of the design report; (iv) the sum of \$257.979M was not expended before the end of 2017 for Sustainable Agriculture Development Project because expenditure in relation to the Agriculture census did not materialised, due to issues with the technical proposal of the recommended entity; and (v) \$105M for Hinterland Environmentally Sustainable Agriculture Development Project was not utilised because the staff for this new project were only hired in the last quarter of 2017. The contract was signed in March and the project was delayed due to non-fulfilment of conditions precedent to first disbursement.

### Aquaculture Development

321. With respect to Programme 3, the shortfall of \$129,000 resulted from savings for Aquaculture Development since all activities were completed below the estimated cost.

322. The sum of \$26.300M was allotted for: (i) construction of hatchery - Anna Regina; and (ii) vehicles and surveillance system. Amounts totalling \$26.171M were expended during the year. Details of the expenditure are shown in the table below:

Description	Amount Expended \$'000
Purchase of 2 vehicles	16,077
Construction of hatchery - Anna Regina	5,010
Surveillance system	3,108
Construction of generator shed - Mon Repos	645
Construction of walkway - Mon Repos	625
Payment of retention - 2016	331
Withholding tax	375
Total	26,171

323. The two vehicles were verified as having been received and registered in the name of the Ministry.

### Hydrometeorology

324. With respect to Programme 4, the shortfall of \$1.409M represents unpaid retention for the completion of water quality lab project for Hydrometeorology. This amount was re-budgeted for and approved in the 2018 budget.

325. The sum of \$34M was allotted for: (i) completion of laboratory and bond; (ii) construction of climatological stations at Kato and hydrological stations at Chi Chi, Sand Landing and Amaila Falls; and (iii) purchase of equipment. Amounts totalling \$32.591M were expended during the year. Details of the expenditure is shown in the table below:

Description	Amount Expended \$'000
Completion of laboratory and bond	12,601
Purchase of equipment	12,077
Installation of grid construction solar	7,500
Withholding tax	298
Purchase of 3 chairs	115
Total	32,591

**Recommendation:** The Audit Office recommends that the Head of Budget Agency put systems in place to ensure that budgeted targets are achieved. (2017/114)

Project Evaluation and Equipment

326. The sum of \$3M was allotted for the purchase of: (i) surveillance system, chairs, desks, water dispensers and filing cabinets. According to the Appropriation Accounts, amounts totalling \$2.998M were expended during the year. Audit of the Payment Vouchers, stores records and other relevant documents revealed that all the items were purchased, received, brought to account in the relevant records and were marked so that they can be easily identified as property of the Ministry.

Follow-Up on the Implementation of Prior Year Audit Recommendations

327. The table below shows the prior year matters as contained in the Auditor General's 2016 Report and action taken by the Head of the Budget Agency regarding the recommendations made by the Audit Office.

Recommendation №.	Category of Findings	Status of Recommendations		
		Fully Implemented	Partially Implemented	Not Implemented
2016/118	Employees being employed on contractual basis instead of on the pensionable establishment		√	
2016/119	Payment for Capital works from current allocations	√		
2016/120	Financial statements not submitted for Audit and audited Statements not laid in National Assembly		√	

AGENCY 25  
MINISTRY OF BUSINESS

Current year matters, with recommendations for improvement in the existing system

Current Expenditure

Employment Cost

328. During 2017, amounts totalling \$134.285M were expended for the payment of salaries to officers within the Ministry. Audit checks revealed that the sum of \$83.475M or 62% of the total employment cost was paid to employees who were employed on a contractual basis. Details are shown in the table below:

Line Item	Description	Total Paid \$'000	Percentage
6111	Administrative	29,127	22
6112	Senior Technical	3,416	3
6113	Other Tech. & Craft Skilled	3,865	3
6114	Clerical & Office Support	11,074	8
6115	Semi-skilled Operatives & Unskilled	3,328	2
6116	Contracted Employees	83,475	62
6117	Temporary Employees	0	0
Total		134,285	100

329. According to the payroll for December 2017, the Ministry had a total of seventy-eight employees, of which contracted employees were 33% of the total employees. Details are shown in the table below:

Line Item	Description	No. of Employees	Percentage
6111	Administrative	15	19
6112	Senior Technical	8	10
6113	Other Tech. & Craft Skilled	5	7
6114	Clerical & Office Support	17	22
6115	Semi-skilled Operatives & Unskilled	7	9
6116	Contracted Employees	26	33
6117	Temporary Employees	0	0
Total		78	100

330. During 2017, thirty-four contracted employees were transferred to the Permanent Pensionable Establishment; however, all contracted employees were not transferred in keeping with Public Service Commission Circular No. 1/2017 dated 7 February 2017.

**Ministry's Response:** The Head of Budget Agency explained that the Ministry is continuously processing transfers and efforts are being made to have the remaining persons transferred to the Permanent Pensionable Establishment.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency continues the process of having the contracted employees transferred to the Permanent Pensionable Establishment. (2017/115)

Accounting for Expenditure

331. Audit checks carried out on the 2 January 2018, revealed there were sixty-four cheques totalling \$69.565M on hand for expenditure incurred during 2017. These cheques should have been refunded to the Consolidated Fund and the necessary adjustments made to the Appropriation Accounts. As a result, the Appropriation Accounts would be overstated by the said amount. This was not in keeping with the requirements of Section 43 of the Fiscal Management and Accountability (FMA) Act 2003, which requires any unexpended balance of public moneys out of the Consolidated Fund to be returned and surrendered to the Consolidated Fund at the end of each fiscal year.

332. Notwithstanding this, at the time of reporting, all the cheques have been paid to the respective payees.

**Ministry's Response:** The Head of Budget Agency explained that these were direct payments and the payees were required to uplift their cheques from the Ministry of Finance.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency ensures that there is full compliance with The FMA Act 2003, and all cheques on hand should be refunded to the Consolidated Fund. (2017/116)

Subsidies and Contributions to Local Organisations

333. During 2017, subsidies totalling \$732.882M were released to five Statutory Agencies under the control of the Ministry. The full amount was verified as having been received by the respective agencies. The Agencies are subject to separate financial reporting and audit. However, as noted from the table below, all audited financial reports were not laid in the National Assembly, and all outstanding financial statements have not been submitted for audit. The table below shows the audited status of each Agency:

Agency	Amount \$'000	Year of Last Audit	Last Report Laid in National Assembly	Remarks
Guyana National Bureau of Standards	151,072	2012	2011	2013 – Finalising audit report 2014-2015 Audits in progress. 2016-2017 Financial statements received
Guyana Office for Investment	193,921	2016	2015	2017– Field work completed. ML for review
Guyana Small Business Council and Bureau	73,473	2017	2016	Audit up to date
Competition and Consumers Affairs Commission	52,000	2013		2014-2016 Audit being finalised. 2017– Financial statements received. To plan audit
Guyana Tourism Authority	262,416			Established in 2002 2002-2004 Financial statements received 2005-2017 Financial statements not received
Total	732,882			

**Ministry's Response:** The Head of Budget Agency explained that efforts will be made to have the outstanding audited financial statements laid in the National Assembly, and the 2005 to 2017 financial statements for the Guyana Tourism Authority will be submitted to the Audit Office shortly.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency ensures that all audited financial statements are laid in the National Assembly and all outstanding financial statements submitted to the Audit Office. (2017/117)

Current year matters, with recommendations for improvement in the existing system

Capital Expenditure

334. The sum of \$552M was allotted for capital programs. During the year, a supplementary provision in the sum of \$197M was approved, bringing the total funds available to \$749M. According to the Appropriation Accounts, amounts totalling \$609M were expended, resulting in a shortfall of \$140M on the projects planned for 2017. Details of the allotment and expenditure are shown in the table below:

Description	Total Allotment \$'000	Supplementary Provision \$'000	Total Funds Available \$'000	Total Expenditure \$'000	Shortfall \$'000
Programme 1– Policy Dev. & Admin	80,000	-	80,000	30,404	49,596
Programme 2 – Business Dev. Supp	460,299	197,099	657,398	567,321	90,077
Programme 3 – Consumer Protection	1,490	-	1,490	1,490	0
Programme 4 – Tourism Dev & Pro	10,287	-	10,287	10,287	0
	552,076	197,099	749,175	609,502	139,673



335. The sum of \$70M was allotted for provision of design and upgrading of facilities at National Exhibition Centre (NEC) at Sophia. However, the Ministry sought and obtained approval for a Change of Programme to utilise the sum of \$61.040M for the rehabilitation of the Ministry's Head Office building. Amounts totalling \$20.404M were expended during the year, resulting in the shortfall of \$49.596M. Details of the expenditure are shown in the table below:

Description of Works	Amount \$'000
Rehabilitation of Head Office (HO) Building	13,311
Design construction and Supervision NEC & HO	6,951
Withholding tax	142
Total	20,404

336. The shortfall was as a result of the approval for change of programme being granted in June 2017, NPTAB approval in October 2017, and signing of the contract in November 2017. However, it was noted that the sum of \$84M was approved in the 2018 Budget for the completion of the Head Office building.

337. Included in the shortfall of \$90.077M reflected under Programme 2, is the sum of \$30M which is in respect of IDB Loan №. 3834/BL-GY (Enhancing the National Quality Infrastructure for Economic Diversification and Trade Promotion). This Project was delayed due to: (i) the "*conditions prior*" to first disbursement was met until August 2017, when the PEU was substantially staffed with the required critical personnel and the IDB procedures to be followed; and (ii) issues surrounding the acquisition of land to construct a state of the art new modern laboratory for Guyana National Bureau of Standards (GNBS) as well as the delay in commencement of major consultancies. Details of the Loan agreement are stated below.

338. On 21 February 2017, the Government of Guyana (GoG) and the Inter-American Development Bank (IDB) signed an agreement to contribute to the financing and execution of the Enhancing the National Quality Infrastructure for Economic Diversification and Trade Promotion. In accordance with this Contract, the Bank agrees to lend to the Borrower, and the Borrower accepts, a loan of up to the amount of nine million United States Dollars (US\$9,000,000), hereinafter the "*Loan*." The Loan is composed of the following portions and sources of financing:

- a) up to the amount of four million, five hundred thousand United States Dollars (US\$4,500,000) chargeable to the resources of the Single Currency Facility of the ordinary capital resources of the Bank, hereinafter the "*Ordinary Capital Financing*"; and
- b) up to the amount of four million, five hundred thousand United States Dollars (US\$4,500,000) chargeable to the resources of the Fund for Special Operations, hereinafter the "*Fund for Special Operations Financing*."

339. The objective of the Program is to support economic diversification and exports through the enhancement of the National Quality Infrastructure (NQI) and through a National Export and Investment Promotion Strategy. Specific objectives are: (i) to enhance the capacity of the NQI; (ii) to improve facilities for the NQI; and (iii) to enhance the capability of Go-Invest for export and investment promotion. According to the agreement, the Original Disbursement period will be five years and six months from the effective date of the agreement, and the Borrower, directly or through the Executing Agency, as the case may be, shall present the Bank with the external financial audit reports within 120 days following the closing of each fiscal year of the Project and within the Original Disbursement Period or any extension thereof, and within 120 days of the last disbursement.

340. The sum of \$50M was allotted for the: (i) establishment of facilities for metrology testing and legal metrology; (ii) purchase of laboratory equipment for National Bureau of Standards, Ministry of Public Health and Ministry of Agriculture; and (iii) preparation of national export and investment promotion strategy. According to the Appropriation Accounts, amounts totalling \$19.622M were expended. However, it was noted that the IDB by way of correspondence dated 26 April 2018, granted approval for waiver of submission of the audited financial statements for the period ending 31 December 2017 in accordance with Article 6.03(a).

341. In addition, the shortfall included the sum of \$52M which was in respect of Industrial Development. This shortfall was due to:

- a) the award being granted in November 2017, after the tender process was annulled in May 2017. Only the mobilization advances were paid in 2017 on the Belvedere Business Incubator and Lethem Industrial Estate Infrastructural Works – Lots 1 and 2;
- b) the high level of failed test results on the concrete mixture affected the submission of the measured works on the Lethem Infrastructural Works on Lots 1 & 2; and
- c) the adverse weather conditions caused failure of the compaction of the sub-base layer of the roads to achieve the required specifications/test results.

342. The difference of \$8M was in respect of Rural Enterprise Development. The sum of \$59.225M was allotted for the: (i) payment of retention; and (ii) completion of call centres at Tuschen and Enmore. According to the Appropriation Accounts, amounts totalling \$51.269M were expended during the year, resulting in a shortfall of \$8M. Details of the expenditure are shown in the table below:

Description of works	Amount \$'000
Completion of call centre – Enmore	25,854
Completion of call centre – Tuschen	17,075
Payment of retention on fence, guard hut, septic tank etc.	3,834
Design & Supervision	1,750
Consultancy	1,525
Withholding tax	961
Electricity	270
<b>Total</b>	<b>51,269</b>

343. The shortfall in expenditure was as a result of savings under the internal and external works at the Enmore Call Centre.

Infrastructure Development

344. The sum of \$287.903M was allotted for the: (i) completion of bridge at Coldigen and fence, gate and fire hydrants at Belvedere; (ii) construction of business incubator at Belvedere; and (iii) development of industrial estate including business incubator – Lethem. During the year a Supplementary Provision in the sum of \$197.099M was approved bringing the total funds available to \$485.002M. According to the Appropriation Accounts, amounts totalling \$433.259M were expended during the year. Details of the expenditure are shown in the table below:

Description of works	Amount \$'000
Development of Industrial Estate - Lethem	253,602
Business incubator – Lethem	103,910
Fence, gate and fire hydrants at Belvedere	31,784
Completion of bridge at Coldigen	18,067
Consultancy	9,814
Withholding tax	6,572
Refund to Consolidated Fund	4,783
Construction of business incubator at Belvedere	4,727
Total	433,259

345. At the time of reporting, the development of the Industrial Estate, Lethem, which was divided into two lots, was 99% and 98% completed, respectively. Lot 1 was scheduled to be completed by 15 May 2018 and Lot 2 by 31 October 2018. Similarly, the Business Incubator at Lethem was 43% completed and is scheduled to be completed by 31 May 2019.

Furniture and Equipment

346. The sum of \$10M was allotted for the purchase of furniture and equipment for Head Office and as detailed in the table below, the full amount was expended during the year.

Description of Item	Quantity	Amount \$'000
Computer & accessories	6	7,976
Network switches	1	729
Office furniture (desk, chairs, fan, kettle)		1,193
Water dispenser	2	75
Microwave	1	27
Total		10,000

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

### Other Matters

348. Cabinet at a meeting held on 27 September 2016 granted approval for the Plans, Legislation and Regulations of the scrap metal trade, which was submitted by the Ministry of Business. Approval was also granted for:

- a) the restarting of the scrap metal trade;
- b) all assets and records of the Scrap Metal Unit to be formally transferred from the Department of Housing to the Ministry of Business on or before 1 November 2016; and
- c) a start up expenditure of \$14.069M being met from Agency 251 - Policy Development and Administration - 2508500 Office Equipment (Capital).

349. The Unit operates under the Old Metal Dealers Act Cap. 91:08. The Act was amended in 1949 by Act №. 26, in 1972 by Act №. 4 and in 1991 by Act №. 27. The Act has no subsidiary legislation.

350. According to correspondence from Republic Bank (Guyana) Limited dated 10 April 2017, the sum of \$197.631M was transferred from account number 671-424-1, Central Housing & Planning Authority Fund to account number 671-325-9 Ministry of Business Scrap Metal Account. Audit examination of the bank statements for the period April to December 2017 revealed that amounts totalling \$14.330M were deposited into the account, amounts totalling \$4.043M were withdrawn and there were four un-presented cheques totalling \$931,636, bringing the balance on the account to \$207.918M at 31 December 2017.

351. Audit checks revealed that during the period the sum of \$4.975M was expended, as detailed in the table below:

Description	Amount \$'000
Salaries paid to two officers	3,560
Advertisements	810
Office furniture & equipment	441
Stationeries & office supplies	146
Taxi	18
Total	4,975

352. The sum of \$14.330M represents royalty received on sixty-nine scrap metal containers which were exported during the period.

Follow-Up on the Implementation of Prior Year Audit Recommendations

353. The table below shows the prior year matters as contained in the Auditor General’s 2016 Report and action taken by the Head of the Budget Agency regarding the recommendations made by the Audit Office.

Recommendation №.	Category of Findings	Status of Recommendations		
		Fully Implemented	Partially Implemented	Not Implemented
2016/121	Financial statements not submitted for Audit and audited Statements not laid in National Assembly	√		
2016/122	Outstanding Cheque Order	√		
2016/123	Overpayment on contract in the sum of \$4.783M.	√		

AGENCY 26

MINISTRY OF NATURAL RESOURCES

Current year matters, with recommendations for improvement in the existing systems

Current Expenditure

Employment Cost

354. During the period under review, amounts totalling \$249.180M were allocated for employment cost for Ministry of Natural Resources. An examination of the Appropriation Accounts revealed that amounts totalling \$247.441M were expended. This represents 50% of total current expenditure for the year 2017. The table below shows the staffing details at the time of preparation of 2017 National Estimates versus actual staffing according to the payroll as at 31 December 2017.

Chart of Account	Description	National Estimates 2017	Actual as per Payroll 31.12.2017	Difference
6111	Administrative	1	5	4
6112	Senior Technical	1	0	(1)
6113	Other Technical and Craft Skilled	0	1	1
6114	Clerical and Office Support	0	4	4
6115	Semi-Skilled Operatives	0	4	4
6116	Contracted Employees	88	88	0
6117	Temporary Employees	0	0	0
<b>Total</b>		<b>90</b>	<b>102</b>	<b>12</b>

355. During the period under review, amounts totalling \$238.379M were paid to eighty-eight contracted employees, which represent 96% of the total employment cost for the Ministry. The Public Service Commission Circular No. 1/2017 dated 7 February 2017 stated that Permanent Secretaries, Heads of Departments and Regional Executive Officers are required to submit a list of all officers on Contract/Gratuity to be appointed on the pensionable establishment. However, for 2017, there were a total of sixty-five contracted employees below the age of forty-five. Shown in the table below are the salary ranges of the eighty-eight contracted employees:

Salary Range	No. of Employees	Amount Paid December 2017 \$'000
Below \$100,000	13	854
\$100,000 - \$250,000	55	10,728
\$250,001 - \$400,000	12	3,513
Above \$400,000	8	4,064
Total	88	19,159

**Ministry's Response:** The Head of Budget Agency explained that in keeping with the Circular No. 1/2017 dated 7 February 2017; the Ministry had taken all relevant steps in having eligible Officers appointed to the pensionable establishment before the life of the Commission ended in August 2017. Important to note is that the Government by Cabinet Decision, created the Corps of Wardens and these staffers, at the request of the Department of Public Service were to be recruited on Contract/ Gratuity terms. The same explanation applies to the two personal Assistants. Additionally, the PSC advised that Job Descriptions/Job Specifications be revised for a number of staffers while the other contracted employees comprised Government Bonded Scholars who were not appointed as they were in the process of being transferred. Those Bonded Scholars have since been transferred. Further to the appointment of the PSC in 2018, the Ministry of Natural Resources (MNR) has since taken the relevant steps in keeping with the circular.

**Recommendation:** The Audit Office recommends that the Ministry minimise the number of staff being employed on a contractual basis and continue with the process of moving its current eligible employees over to the pensionable establishment in keeping with circularised instructions. (2017/118)

356. For the period under review, it was noted that the Ministry of Natural Resources had fifty-one employees including forty-six bonded scholars who were being paid by the Ministry but were performing their duties at various departments and agencies, namely Guyana Forestry Commission, Guyana Geology and Mines Commission, Wild Life Authority, Protected Areas Commission and the Environmental Protection Agency. Although the Ministry was paying these employees salaries which amounted to approximately \$56.471M for 2017, their skills were being utilised in various agency and departments. Nevertheless, it was noted that thirty-one of those employees' services was transfer out of the Ministry during 2017.

**Ministry's Response:** The Head of Budget Agency explained that the Department of Public Service (DPS) would have instructed to have Bonded Scholars (Forest Rangers, Environmental Officers etc.) be employed by the Ministry of Natural Resources and seconded to the relevant Agencies within the Sector. However, the MNR was later restructured to have the Environmental Programme transferred to the Ministry of the Presidency; the applicable Bonded Scholars were also transferred. Additionally, with the support of the DPS, the MNR has concluded the transfer of all Bonded Scholars.

**Recommendation:** The Audit Office recommends that the Ministry review this arrangement since the Ministry is paying for services not received. (2017/119)

### Capital Expenditure

357. The sum of \$298.963M was budgeted in 2017 for the Ministry to execute its capital programme. According to the Appropriation Accounts, the sum of \$298.760M was expended as at 31 December 2017. Shown in the table below is a summary of the expenditure:

Description	Approved Allotment \$'000	Expenditure \$'000
Land Transport	70,000	69,797
Furniture and Equipment	178,963	178,963
Forest Carbon Partnership Programme	50,000	50,000
<b>Total</b>	<b>298,963</b>	<b>298,760</b>

358. Included in the sum of \$178.963M shown as expenditure on furniture and equipment were three contracts totalling \$115.208M, which were awarded by the National Procurement and Tender Administration Board for the supply and delivery of Personal Protection Equipment and Auxiliaries and Oil Containment Booms. As at 31 December 2017, the full amount was paid to the suppliers. The items were received and verified by officers of the Ministry and were stored in containers and kept at the Civil Defence Commission at Timehri.

**Ministry's Response:** The Head of Budget Agency stated that the Personal Protection Equipment and the Auxiliaries and Oil Containment Booms were procured as part of a national programme and the specifications etc. was prepared by staffers trained in the said areas. The delivery and inspection of the mentioned items were done by the competent staffers, and inspection report prepared.

Forest Carbon Partnership Project

359. The sum of \$50M was budgeted for establishing an enabling framework for Reducing Emissions from Deforestation and Forest Degradation (REDD+) and Capacity Building. According to the Appropriation Accounts, the full amount was shown as having been expended as at 31 December 2017. Forest Carbon Partnership Project is funded jointly between the Government of Guyana and the Inter-American Development Bank (IDB) and is subject to separate financial reporting and audit. The IDB agreed to provide the sum of US\$3.800M for the completion of all activities of the Project. The completion date for all transactions under the Project was stated as forty-two months from the effective date of the Agreement to August 2017. The Project received the IDB's 'non-objection' on 7 November 2017 to extend the operational period for an additional thirty months revising the completion date to February 2020.

360. As at 31 December 2017, the Project expended amounts totalling US\$239,865 or 6.31% of the total amount pledged by the IDB and US\$5,322 representing GoG in kind contributions. The audit for the year ended 31 December 2017 has been completed and an examination of the audited accounts revealed that according to the Annual Operational Plan, there was an approved budget of US\$1.155M for the year 2017 and actual expenditure amounted to US\$223,564, which represents 27.61% of the approved budgetary allocations.

**Ministry's Response:** The Head of Budget Agency stated the FCPF project was previously managed by another Agency that experienced issues in advancing the project after an extended period had elapsed. The MNR was later asked to become the Executing Agency; the MNR would have worked assiduously facilitate the being brought project back on track and also gained compliance in having completed all aspects of fiduciary management including the project audit. Everything is on track for successful completion in 2019.

Follow-Up on the Implementation of Prior Year Audit Recommendations

361. The table below shows the prior year matters as contained in the Auditor General's 2016 Report and action taken by the Head of the Budget Agency regarding the recommendations made by the Audit Office.

Rec. No.	Category of Findings	Recommendations		
		Fully Implemented	Partially Implemented	Not Implemented
2016/91 & 2016/124	Laying of Audited Accounts in the National Assembly	√		
2016/125	Unspent balance for EPA	√		



AGENCY 32  
MINISTRY OF PUBLIC INFRASTRUCTURE

Current year matters with recommendations for improvement in the existing system

Current Expenditure

Employment Cost

362. During 2017, amounts totalling \$653.401M were expended for the payment of salaries to officers within the Ministry. Audit checks revealed that the sum of \$548.421M or 84% of the total employment cost was paid to employees who were employed on a contractual basis. Details are shown in the table below:

Line Item	Description	Total Paid \$'000	Percentage
6111	Administrative	16,199	2
6112	Senior Technical	10,166	1
6113	Other Tech. & Craft Skilled	28,721	5
6114	Clerical & Office Support	23,956	3.5
6115	Semi-skilled Operatives & Unskilled	25,938	4.5
6116	Contracted Employees	548,421	84
6117	Temporary Employees	0	0
Total		653,401	100

363. According to the payroll for December 2017, the Ministry had a total of 360 employees, of which contracted employees were 65% of the total employees. Details are shown in the table below:

Line Item	Description	Nº. of Employees	Percentage
6111	Administrative	11	3
6112	Senior Technical	11	3
6113	Other Tech. & Craft Skilled	35	10
6114	Clerical & Office Support	28	8
6115	Semi-skilled Operatives & Unskilled	40	11
6116	Contracted Employees	235	65
6117	Temporary Employees	0	0
Total		360	100

364. During 2017, twenty-five contracted employees were transferred to the Permanent Pensionable Establishment; however, all contracted employees were not transferred in keeping with Public Service Commission Circular Nº. 1/2017 dated 7 February 2017.

**Ministry's Response:** The Head of Budget Agency explained that efforts were made to transfer staff to the Permanent Pensionable Establishment, however, when this exercise commenced persons opted to resign, citing that their gratuity represented income, that is used to secure mortgages and fund major projects; and the withdrawal of this gratuity was seen as a salary reduction. In 2017, the Ministry lost 22 staff, 16 of which were technical (Engineers, Clerk of Works etc.) mainly as a result of salary related issues.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency continues the process of having the contracted employees transferred to the Permanent Pensionable Establishment. (2017/120)

Rental of Buildings

365. During the year, the Ministry had a total of forty-two flats available for rental to public officers. A perusal of the rental file, rental register and other supporting documents revealed that thirty-seven flats were rented and five flats were vacant. Of the thirty-seven flats rented, fourteen were rent free. In addition, it was noted that at December 2017, the sum of \$1.444M remained outstanding by tenants. This includes the sum of \$669,000 for 2016 and \$775,000 for 2017. It should be noted that some tenants have rents outstanding since January 2016. This contradicts clause two of their rental agreement which states that the tenant agrees to pay to the landlord in advance the monthly rental.

**Ministry's Response:** The Head of Budget Agency explained that the persons owing rents were written to clear amounts owing. The Ministry acknowledged the dynamism of the rental process; however, the lapse is recognised and measures have been taken to ensure amounts owing are collected.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency continue to pursue the recovery of the outstanding rent from the tenants. (2017/121)

Capital Expenditure

Current year matters, with recommendations for improvement in the existing system

366. The sum of \$27.261 billion was allotted for capital programs. During the year, a Supplementary Provision in the sum of \$7.769 billion was approved, bringing the total funds available to \$35.030 billion. According to the Appropriation Accounts, amounts totalling \$29.365 billion were expended, resulting in a shortfall of \$5.665 billion on the projects planned for 2017. Details of the allotment and expenditure are shown in the table below:

Description	Approved Allotment \$'000	Supplementary Provision \$'000	Total Funds Available \$'000	Total Expenditure \$'000	Shortfall \$'000
Programme 1- Policy Development & Administration	2,378,319	1,997,131	4,375,450	3,061,074	1,314,376
Programme 2 – Public Works	15,185,816	5,472,303	20,658,119	16,430,570	4,227,549
Programme 3 – Transport	9,696,604	300,000	9,996,604	9,873,179	123,425
Total	27,260,739	7,769,434	35,030,173	29,364,823	5,665,350

367. The sum of \$1.314 billion shown as shortfall under Programme 1 was mainly in respect of two IDB loans, one IDB grant and Government buildings. Details of the shortfall are shown below:

Line Items	Shortfall \$'000	Source of Fund	Reasons
Power Utility and Upgrade Programme	1,128,388	IDB/EU Loan	Implementation of Lot A works were slower than anticipated; Lot B works had to be retendered.
Sustainable Energy Programme	67,681	IDB Grant	Delays in approval in selecting four hinterland communities for solar projects.
Electrification Programme	44,065	IDB Loan	Delay in implementation of work under Lot A since residual project activities were merged with PUUP lot A works.
Government Buildings	37,691	GoG	Multi-year project design for changes on roof.
Hinterland Electrification	30,033	GoG	Bids came in lower than budgeted amount.
Total	1,307,858		

*IDB Loan №. 3239 – Power Utility Upgrade Program*

368. The sum of \$1.200 billion was allotted for the: (i) provision for loss reduction; (ii) rehabilitation and upgrading of distribution networks; (iii) upgrade/relocation of distribution transformers; (iv) implementation of systems management software; and (v) institutional strengthening. During the year, there was an approved supplementary provision in the sum of \$1.997 billion bringing the total fund available to \$3.197 billion. According to the Appropriation Accounts, amounts totalling \$2.069 billion were expended during 2017, resulting in a shortfall of \$1.128 billion.

*IDB Grant №. GRT/FM – 13897 – GY - Sustainable Energy Program*

369. On 11 December 2013, the Government of Guyana (GoG) and Inter-American Development Bank (IDB) signed a non-reimbursable financing agreement to improve institutional capacities of the Guyana Power & Light Incorporated (GPL) and the Office of the Prime Minister (OPM), through training of staff and promotion of the use of Renewable Energy Technology in urban and hinterland areas. The IDB agreed to provide a contribution of US\$5M and GoG will provide in kind contribution of US\$1.250M for the completion and uninterrupted execution of the Program.

370. The total estimated cost of the Program is US\$6.250M and completion date for all transactions under the Program is stated as sixty-six months from the signing of the agreement to 10 June 2019. As at 31 December 2017, approximately forty-eight months after the effective date of the Program, only amounts totalling US\$558,229 or 8.93% of the total Program cost was expended. The slow delivery of the Program's activities could result in it not achieving its stated objectives. This Project is subject to separate financial reporting and audit. The Project was last audited for the financial year 2017 and the audit report was issued on 24 April 2018.

371. The sum of \$145M was allotted for the: (i) procurement and installation of photovoltaic systems in hinterland and coastal locations; and (ii) institutional strengthening. According to the Appropriation Accounts, amounts totalling \$77.319M were expended during 2017, resulting in a shortfall of \$67.681M.

IDB Loan №. 1103 – Electrification Program – Loss Reduction

372. The sum of \$383.819M was allotted for the: (i) rehabilitation of low voltage distribution network; and (ii) provision for capacity building. According to the Appropriation Accounts, amounts totalling \$339.754M were expended during 2017, resulting in a shortfall of \$44.065M.

Government Buildings

373. The sum of \$190M was allotted for the: (i) completion of document centre; (ii) construction of scale houses; (iii) construction of fence at Coldingen; and (iv) rehabilitation of buildings, laboratory and Prime Minister’s residence. Amounts totalling \$152.309M were expended during the year resulting in a shortfall of \$37.691M. Details of the expenditure are shown in the table below:

Description	Amount \$’000
Completion of document centre	50,822
Rehabilitations of Ministry’s lab, Task Force, Boskalis and Accounts Buildings	30,253
Rehabilitation of WSG building	28,827
Rehabilitation of workshop at Coldingen ECD lots 1 and 2	14,000
Construction of ceiling at State House	11,635
Rehabilitation of Prime Minister’s Residence	11,446
Construction of bonds at Paradise and Anna Regina District Office	3,555
Supply of air conditioning units	1,216
Consultancy Services	384
Advertisement	171
Total	152,309

374. During 2016, the NPTAB granted approval for the contract “*construction of document centre at Fort Street, Kingston*” to be awarded to the fourth lowest of seventeen bidders in the sum of \$99.926M. Amounts totalling \$27.578M were paid in 2016 and the sum of \$50.822M which includes 2% withholding tax was paid in 2017. The total amount paid on the contract as at 31 December 2017 was \$78.400M.

375. The sum of \$4.228 billion shown as shortfall under Programme 2 was mainly in respect of three IDB loans, one India loan, one China loan, five CDB loans, and Miscellaneous Roads. Details of the shortfall are shown below:

Line Items	Shortfall \$000	Source of Fund	Reasons
Highway Improvement ECD	2,280,620	Kuwait China Loan	Pace of work were delayed due to availability of the removal of utilities.
Road Network and Expansion Programme	760,034	IDB Loan	Delay in award of Sheriff Street project
Sea Defences	551,137	CDB Loan	Delay in tendering and award of contract for Lots 1 & 2. Only mobilisation paid. Lots 3 & 4 to be awarded in 2018.
Road Improvement and Rehab Programme	221,127	IDB Loan	Project activities to be concluded in 2018.
Miscellaneous Roads	113,736	GoG	Multi-year contract rollover to 2018
Design and Supervision	108,042	CDB	Two years contract delay in removal of utilities.
East Bank-East Coast Demerara Road Linkage	81,000	India Loan	Delay in sourcing design consultant
Linden-Mabura Hill Road Kurupukari	50,000	UKCIF/CDB(Grant)	Technical assistance resources approved in June – tender process advance in 2018 did not yield suitable consultant.
Water Front Development	50,000	UKCIF/CDB(Grant)	
Total	4,215,696		

*IDB Loan No. 2215/BL - GY - Road Improvement and Rehabilitation Program*

376. On 21 March 2010, the Government of Guyana (GoG) and Inter-American Development Bank (IDB) signed an agreement whereby the IDB agreed to provide a loan of US\$24.8M to support the Road Improvement and Rehabilitation Program. The aim of the Program is to support the GoG's effort to improve and rehabilitate the East and West Canje Roads, the Sheriff Street-Mandela Avenue, Access Road to the International Airport from East Bank and prioritized interventions on the East Bank Road, between the Providence Cricket Stadium and the Diamond/Grove Urban Area. The period of final disbursement of the resource was scheduled to expire five years from the effective date of the agreement, that is, on 20 March 2015. Approval was granted by IDB to extend the agreement to 30 September 2018.

377. At the end of December 2017, seven years and nine months after the commencement of the Program, amounts totalling US\$22.205M or 89.54% of the loan amount were expended by the Program. As a result, there was an available balance of US\$2.595M to be expended before the Program comes to an end on 30 September 2018. This Project is subject to separate financial reporting and audit. The Project was last audited for the financial year 2017 and the audit report was issued on 26 April 2018.

378. The sum of \$400M was allotted in 2017 for the: (i) construction of roads and drains – East Bank Demerara Highway; (ii) pedestrian and vehicle overhead crossings; (iii) traffic lights and parking lot; and (iv) supervision. During the year there was an approved supplementary provision in the sum of \$587.375M bringing the total funds available to \$987.375M. According to the Appropriation Accounts, amounts totalling \$766.247M were expended resulting in a shortfall of \$221.128M.

*IDB Loan №. 2741/BL-GY - Road Network and Upgrade and Expansion Project*

379. On 15 March 2013, the Government of Guyana (GoG) and Inter-American Development Bank (IDB) signed an agreement whereby the parties agreed to provide amounts of US\$3M and US\$66.2M respectively, to finance the execution of a Road Network Upgrade and Expansion Program. The aim of the Program is to enhance mobility and safety by reducing vehicle operating costs, travel times and road fatalities. The completion date for all activities under the Program was stated as five years from the effective date of the agreement.

380. Audit checks revealed that during 2017, no amounts were expended under the Investment Category – Other Civil Works Project while four Investment Categories exceeded the amounts budgeted. In addition, it was noted that the Program only expended amounts totalling US\$2.007M (35.86%) of the US\$5.595M budgeted for the year. The failure of the Program to achieve the planned expenditure for 2017 has resulted in unexpended sum of US\$43.588M at the end of the year.

381. Further, at the end of 2017, that is, four years and nine months after its commencement, the Program had only expended US\$3.237M or 4.68% of the financing provided by the IDB. The delay in the timely execution of the activities could result in the Program not achieving its stated objectives and an overrun of the life of the Program. In addition, the loan amount can be reduced by the donor agency. This Project is subject to separate financial reporting and audit. The Project was last audited for the financial year 2017 and the audit report was issued on 26 April 2018.

382. The sum of \$1.175 billion was allotted for the: (i) upgrading of roads from Rupert Craig Highway to Public Road Junction at Houston and section of East Bank Berbice Road; (ii) studies and design; and (iii) road safety. According to the Appropriation Accounts, amounts totalling \$414.966M were expended during the year, resulting in a shortfall of \$760.034M.

China Loan - East Coast Demerara Road Improvement

383. The sum of \$1.400 billion was allotted for the: (i) construction of highway from Better Hope to Belfield; and (ii) supervision and capacity building. There was an approved supplementary provision in the sum of \$2.555 billion bringing the total funds available to \$3.955 billion. According to the Appropriation Accounts, amounts totalling \$1.675 billion were expended during the year, resulting in a shortfall of \$2.280 billion.

India Loan East Bank - East Coast Demerara Road Linkage

384. On 16 March 2016, the Government of the Co-operative Republic of Guyana and Export-Import Bank of India signed an agreement for the provision by Exim bank of a Credit to the borrower up to an aggregate sum of US\$50M for the purpose of financing East Bank East - Coast Road Linkage Project. The sum of \$81M was allotted for the design and construction of bypass road from Ogle to Great Diamond in order to: (i) improve access; (ii) reduced traffic congestion; and (iii) reduced travel time. However, according to the Appropriation Accounts, there was no expenditure during the year, resulting in a shortfall of the full amount.

385. However, on 10 January 2018, the Ministry of Public Infrastructure entered into an agreement with a consultant from India to provide consultancy services for the preparation of detailed project report for construction of the East Bank- East Coast Road Linkage Project at a total cost of US\$1.321M.

CDB Loan №. 8/SFR - GUY - Sea Defences

386. The sum of \$980M was allotted for the: (i) improvement of sea defence structures in Regions 2 to 6; and (ii) capacity building, community awareness and education programme. According to the Appropriation Accounts, amounts totalling \$428.863M were expended during the year, resulting in a shortfall of \$551.137M.

CDB Grant №. 7/SFR – GUY - Design and Supervision

387. The sum of \$192.314M was allotted for the: (i) upgrading of public road from Vreed-en-Hoop to Hydronie; (ii) provision for supervision and road safety. There was a Virement in the sum of \$50M and an approved Supplementary Provision in the sum of \$101M, bringing the total funds available to \$343.314M. According to the Appropriation Accounts, amounts totalling \$235.272M were expended during the year resulting in a shortfall of \$108.042M.

UKCIF/CDB Grant №. 38/GUY – Linden - Mabura Road and Kurupukari Bridge

388. The sum of \$50M was allotted for the: (i) provision for studies and design for construction of Linden to Mabura road and bridging of Essequibo River at Kurupukari. According to the Appropriation Accounts, there was no expenditure during the year, resulting in a shortfall of the full amount.

UKCIF/CDB Grant №. 36/GUY - Water Front Development

389. The sum of \$50M was allotted for the: (i) provision for studies and design for construction of water front facility, including board walk from Ogle to Kingston, Kingston to Stabroek and Vreed-en-Hoop. According to the Appropriation Accounts, there was no expenditure during the year, resulting in a shortfall of the full amount.

390. The sum of \$123M shown as shortfall under Programme 3 was mainly in respect of one India loan, one China loan, and Hinterland and Coastal Airstrips. Details of the shortfall are shown below:

Line Items	Shortfall \$'000	Source of Fund	Reasons
Ferry Vessel	85,000	India Loan	Delay in finalising tender document including design.
Hinterland Coastal Airstrip	24,844	GoG	Multi-year rescoping of the project
CJIA Modernisation Project	13,526	China Loan	Loan was extended and will be complete in December 2018.
Total	123,370		

India Loan - Procurement of Ocean Ferry Project

391. The sum of \$85M was allotted for the provision of vessels to improve transportation. According to the Appropriation Accounts, no expenditure was incurred during the year resulting in a shortfall of the full amount.

Hinterland Coastal Airstrip

392. The sum of \$385.061M was allotted for the: (i) completion of airstrip at Fairview, Eteringbang, Kurupung, Paramakatoi, Kato, Kopinang, Monkey Mountain, Annai and Kaikan; and (ii) rehabilitation of airstrips at Baramita, Ekereku Bottom and Chi Chi. Amounts totalling \$360.217M were expended, resulting in a shortfall of \$24.844M. Details of the expenditure are shown in the table below:



Description	Amount \$'000
Rehabilitation of airstrip at Baramita	68,194
Rehabilitation of airstrip at Ekereku Bottom	55,568
Rehabilitation of airstrip at Kaikan	48,036
Rehabilitation of airstrip at Kopinang	43,901
Rehabilitation of Eteringbang airstrip	39,832
Rehabilitation of airstrip at Annai	35,589
Rehabilitation of Kato airstrip	25,823
Rehabilitation of Paramakatoi airstrip	22,968
Rehabilitation of airstrip at Kurupung	18,113
Rehabilitation of Mahdia airstrip	1,270
Rehabilitation of Monkey Mountain airstrip	596
Advertisement	327
<b>Total</b>	<b>360,217</b>

*China Loan - Cheddi Jagan International Airport (CJIA) Modernisation Project*

393. On 2 November 2012, the Government of Guyana and the Export Import Bank of China entered into an agreement for the CJIA Expansion Project. During 2017, the sum of \$9.028 billion was allotted for the: (i) provision of terminal building, aprons and taxi-ways; (ii) extension of main runways; (iii) design and construction of new car park, internal roads and handling equipment area; and (iv) provision for supervision. During the year there was an approved Supplementary Provision in the sum of \$300M, bringing the total funds available to \$9.328 billion. According to the Appropriation Accounts, amounts totalling \$9.314 billion were expended, resulting in a shortfall of \$13.526M. Details of the expenditure are shown in the table below:

Description	Amount \$'000
Specific payment	7,987,098
Extension to CJIA	617,639
Parking position Code D	282,094
Consultancy Services	270,184
Road expansion	74,691
Reimbursement of expenditure to CJIA Corporation	41,112
Airport expansion progress report	26,503
Relocation of generator room, counter, cargo facilities, office	10,807
Mural integration	1,715
Construction of shop	1,133
Install wireless bridge	1,042
<b>Total</b>	<b>9,314,018</b>

Highway Improvement East Bank Demerara

394. On 8 December 2010, the Government of Guyana (GoG) and Inter-American Development Bank (IDB) signed an agreement whereby the parties agreed to provide amounts of US\$2M and US\$20M, respectively to support the activities under the Project. The main objectives of the Project are to enhance urban and suburban mobility and safety through lowered transport costs and accident rates by expanding the East Bank Demerara Road (EBDR) south of Providence from two lanes to four lanes and improving road safety of the EBDR north of Providence. The period of final disbursement of the resources was scheduled to expire five years from the effective date of the agreement. However, IDB had given its no objection for the loan to expire on 8 December 2017.

395. The sum of \$135M was allotted for the: (i) completion of four-lane highway from Providence to Diamond; and (ii) provision for supervision and road safety. According to the Appropriation Accounts, the full amount was expended during the year. This Project is subject to separate financial reporting and audit. The Project was last audited for the financial year 2017, and the audit report was issued on 6 April 2018.

396. The Project expended 99.95% of the amount received from IDB while only 21.5% of the GoG's contribution was expended. It was noted that although the Government of Guyana committed the sum of US\$1M towards the expansion of East Bank Demerara Four Lane Road, no amounts were expended as at 8 December 2017.

**Ministry's Response:** The Head of Budget Agency explained that the observations are correct.

Rehabilitation of Public and Main Access Roads

397. The sum of \$350M was allotted for the: (i) construction of roundabout at Timehri; and (ii) rehabilitation of critical sections of East Bank and West Bank Demerara public road, Canal Polders №. 1 and 2, Beterverwagting access road. During the year, there was an approved Supplementary Provision in the sum of \$160M, bringing the revised allotment to \$510M. As at 31 December 2017, the full amount was expended. Details of the expenditure are shown in the table below:

Description of Works	Amount \$'000
Procurement of Asphalt	308,062
Repairs to culverts	132,954
Construction of roundabout at Timehri	30,800
Rehabilitation and construction of roads	27,144
2% withholding tax	9,258
Advertisement	1,782
Total	510,000

398. On 2 August 2017, NPTAB granted approval for the award of contract “*construction of a Rural Single Roundabout at Timehri, Region 4*” to the second lowest of eleven bidders in the sum of \$74.036M, whilst the Engineer’s Estimate was \$102.920M. Amounts totalling \$30.800M were paid to the contractor whilst the sum of \$628,568 was paid to the GRA as 2% withholding tax. The works comprised the construction of a single lane rural roundabout and bypass road at the intersection of the existing two lane road coming from the CJIA airport and the newly constructed four lane roadway.

399. Audit examination of the Payment Vouchers, contract documents and our physical verification on 28 August 2018 revealed the following:

- the works were incomplete and were significantly behind schedule;
- the contractor was mobilised on site, however, only excavation and general earthworks had commenced on two small sections of the existing roadway at the site;
- the advance payment bond expired since 4 December 2017 while only 19.5% of the advance payment was recovered at the time of reporting in August 2018;
- it was discovered that no date was inserted in the signed contract agreement and as such, we were only able to determine that the contract was signed sometime in August 2017; and
- according to the contract, the duration for the completion of the works was twenty-four weeks from the letter of commencement, however, at the time of reporting, a total of twelve months had elapsed and the works were still incomplete.

Photographs of the site



Incomplete works

**Ministry's Response:** The Head of Budget Agency explained that:

- i. the contract time of twenty-four weeks had elapsed and the works were not completed due to the complication that arose with regards to the removal of utilities from the work area, namely GT&T and GWI. These issues arose and required additional \$8.5M to remove GT&T utilities and \$11.5M for GWI utilities. Those delays caused works to be stalled until June 2018;
- ii. at present the contractor is awaiting the removal of some light poles that the Ministry should remove by 24 September 2018, before works can commence on the centre part of the roundabout;
- iii. due to the delay the contract bonds have expired. The contractor has been instructed to renew his bonds which he is in the process of doing; and

- iv. to date, based on the value of works; total payments are 19.2% of the contract sum.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency ensures that:

- a) copies of the order to commence/letter of commencement, performance bond and insurances for the works should be submitted for audit examination;
- b) advance bond remains valid until the advance payment has been recovered; and
- c) the Ministry should clarify whether or not the contractor has been granted any extensions of time and confirm if there is a new scheduled completion date for the works. Any approved extensions of time with justifications should be submitted for audit examination. (2017/122)

400. Amounts totalling \$2.814 billion were transferred during 2017 as capital releases to eight statutory agencies. These agencies are subject to separate financial reporting and audit. The status of the audits is shown in the table below:

Entity	Subvention Amount \$'000	Last Audit Report Issued	Last Audit Report Laid in National Assembly	Remarks
Demerara Harbour Bridge Corporation	1,950	2014	2013	2015 - Audit plan submitted. 2016 - Financial statements received by Audit Office 2017 - Financial statements not submitted to Audit Office
Guyana Civil Aviation Authority	24,000	2011	2010	2012 – 2015 To commence audits. 2016 – 2017 Financial statements not submitted to Audit Office
Transport & Harbours Department	1,106,000	2009	2007	2010 - Audit in progress 2011 - 2012 Financial statements received by Audit Office 2013 – 2017 Financial statements not submitted to Audit Office
Cheddi Jagan International Airport	100,000	2015	2013	2016 – 2017 Financial statements not submitted to Audit Office
Maritime Administration Department	632,500	2005	2005	2006 – 2007 Field work completed 2008 - 2009 Audits to continue 2010 – 2012 To plan audits 2013 – 2017 Financial statements not submitted to Audit Office
Guyana Energy Agency	527,726	2016	2015	2017 Audit in progress
Hinterland Electrification Company Incorporated	339,567	-	-	Established 16 January 2015 2015-2017 No financial statements submitted to Audit Office
Lethem Power Company	82,386	2012	2012	2013 - 2014 Field work completed 2015 - 2017 financial statements not received
Total	2,814,129			

**Ministry's Response:** The Head of Budget Agency acknowledged the observation.

**Recommendation:** The Audit Office recommends that the Ministry make a special effort to have the outstanding reports laid in the National Assembly as soon as possible and the outstanding financial statements be submitted for audit. (2017/123)

Special Investigation

401. The construction of the Durban Park Jubilee Stadium commenced in 2015 in preparation for the Co-operative Republic of Guyana's 50th Independence Anniversary to be celebrated in 2016. A private company named Homestretch Development Inc. (HDI) was created to implement this project. As at 31 December 2017, amounts totalling \$1.150 billion were expended on this project, as shown below:

Year	Source of Funds	Amount \$'000
2015	Lotto Fund	36,509
2016	Infrastructural Development - 1214900	60,394
"	Maintenance of Roads - 6251	118,124
"	Contingency Fund - 1/2016	150,000
"	Contingency Fund - 2/2016	256,758
2017	Infrastructural Development - 1214900	500,000
"	Maintenance of Other Infrastructure - 6255	28,215
Total		1,149,997

402. Payment Vouchers to support expenditure totalling \$107.119M were not produced for audit examination. As such, the completeness, accuracy, and validity of this amount could not be determined.

403. In addition, the amount of \$500M was paid to HDI in 2017 by the Ministry to enable HDI to meet its obligation to its creditors. However, there was no documentation attached to the Payment Vouchers to indicate the works done, supervisory checks carried out on the works, as well as certification that the works were satisfactorily completed. Only the list of HDI creditors and Government's proposed payment allocation to each creditor was attached to the Payment Vouchers. In the circumstances, the correctness, accuracy and validity of the payments made could not be determined.

404. The Audit Office wrote the Permanent Secretary, Ministry of Public Infrastructure on 19 July 2018 requesting documentation detailing the works done, supervisory checks of the said works, as well as certification that works were satisfactorily completed. The Head of Budget Agency explained that the Ministry was not involved in the operations of HDI; hence, it did not have any information detailing supervisory checks or their methodology of determining that works were satisfactorily completed.

405. At the time of this report, the Audit Office of Guyana was still conducting its investigations.

Prior year matters, which have not been fully resolved

406. On 19 December 2013, officers of the Ministry had just uplifted cash amounting to \$7.847M for the payment of salaries to the Force Account Unit staff for the month of December when it was reported that armed bandits attacked and robbed the officers in the compound of the Ministry and the payroll was stolen. At the time of reporting, this matter was engaging the attention of the Police. The last reminder was sent to the Commissioner of Police on the 20 December 2017.

**Ministry’s Response:** The Head of Budget Agency explained that, in a correspondence from the Police Commissioner dated 3 January 2017, it was stated that the “*Director of Public Prosecution advised that there was insufficient evidence to charge anyone.*”

Infrastructure Development

407. During 2016, a contract for the construction of sidewalk at Corriverton was awarded by NPTAB to the lowest bidder in the sum of \$14.952M and amounts totalling \$11.668M were paid to the contractor. A physical verification of the works on 22 August 2017 revealed that the works were completed and overpayments totalling \$160,000 were made to the contractor as shown below:

Item	Description	Paid	Qty Found	Unit	Diff.	Rate \$	Amount Overpaid \$
	Bill 5 Incidental Structural Works						
080201	Section 08020 - Concrete for Structures & Other Uses						
	Concrete used for all structural works in this section shall be of structural strength of 3500 psi as indicated in the drawings or as directed by the employer’s representative and shall conform to the requirements of section 08020-concrete rates must be inclusive of formworks	111	107	m <sup>3</sup>	4	40,000	160,000
<b>Total</b>							<b>160,000</b>

**Ministry's Response:** The Head of Budget Agency explained that, the contractor was written seeking repayment of this amount.

**Recommendation:** The Audit Office recommends that the Ministry continues to pursue the recovery of the overpayment. (2017/124)

Hinterland Roads

408. During 2015, the NPTAB granted approval for the award of the contract “*construction of Mahdia Community Roads*” in the sum of \$235.118M and amounts totalling \$130.914M were paid to the contractor.

409. An examination of the contract documents revealed that the contract was signed on 18 December 2015 with duration of ten months for completion and a defects liability period of twelve months. A physical verification of the project on 29 August 2017 revealed that the works were incomplete and that overpayments totalling \$3.308M were made to the contractor, as shown in the table below:

Item	Description	Qty Paid	Qty Found	Unit	Diff.	Rate \$	Amount Overpaid \$
	Bill 4 Pavement Rigid Concrete						
	Section 04010- Pavement						
4.2	Reinforced concrete pavement. Payment shall be made for construction of rigid pavement including for the supply of materials including cement and formworks in accordance with drawings	5,250	5,120	yd <sup>2</sup>	130	24,500	3,185,000
04.3	Steel reinforced for concrete structures rate to include for the supplying of rebars to site cutting to length splice ,laps ,bending, hooking etc Section 08020 CL1.17&1.19	73,000	66,854	lbs	6,146	20	122,920
Total							3,307,920

**Ministry's Response:** The Head of Budget Agency explained that the observations are correct; however, the Ministry has since terminated the contract of one of the non-performing contractor in December 2017. The contractor was written to on 23 October 2017, concerning refund of the overpayment.

**Recommendation:** The Audit Office recommends that the Ministry continue to pursue the recovery of the overpayment. (2017/125)



### Equipment/Tools

410. During 2016, the sum of \$72.264M was paid to an overseas supplier for the supply and delivery of three motion scales. The contract provided for an advance payment of 50% of the contract sum within thirty days of signing of the contract and the balance on delivery. However, contrary to the payment conditions stipulated in the contract, the full contract sum was paid as at 31 December 2016. In addition, the delivery period was stated as ninety days and at the time of this report, two years after the payment, the scales have not been delivered. It was explained that two of the scales are at the wharf.

**Ministry's Response:** The Head of Budget Agency explained that, two of the scales have arrived in the country, however, the Ministry did not budget for the duty to pay GRA that the scales attracted, hence this is the reason they have not been collected and commissioned. The contractor has been written to relating to the outstanding scale and given up to 15 October 2018 to submit a revised delivery schedule.

**Recommendation:** The Audit Office recommends that the Ministry follow-up with the supplier with regards to the delivery of the outstanding scale. (2017/126)

### Highway Improvement - East Coast Demerara

411. The amount of \$1.220 billion was budgeted for in 2015 under Government of Guyana Highway Improvement, East Coast Demerara Road Project which commenced in 2011. The project entailed the: (i) upgrading of highway from Better Hope to Belfield; and (ii) supervision. The civil works component of this Project was separated and awarded in seven lots. Payments totalling \$2.656 billion were made as at 31 December 2014, while payments totalling \$95.575M were made during 2015. As at 31 December 2015, amounts totalling \$1.929 billion were expended on Lots 1 to 5. Audit checks revealed that there were overpayments on works under Lots 1, 3, 4 and 5 as detailed below:

#### Lot 1 - Better Hope to Montrose

412. A contract to the value of \$468.215M was awarded for preparatory works for this lot. The contract was terminated by the Ministry on 31 July 2012, citing a breach in the contractual obligations contrary to Clause 15.6 "*Corrupt or Fraudulent Practices*" by the contractor, as recommended by the Attorney General. At the time of this report in September 2016, there was no evidence to confirm that the Ministry was able to recover the sum of \$81.570M which represents the contractor's indebtedness based on a valuation at the time of termination in accordance with Clause 15.3 of the contract. It was reported in my 2014 Report that the contractor has sued the Government for wrongful termination of contract, and that the matter was before the High Court.

**Ministry's Response:** The Head of Budget Agency explained that the Ministry has not recovered the outstanding sum of \$81.570M to date and the matter is engaging the attention of the Court.

**Recommendation:** The Audit Office recommends that the Ministry continue to follow-up this matter to its conclusion. (2017/127)

Lot 3 - La Bonne Intention to Beterverwagting

413. A physical verification carried out in 2016 on Lot 3 revealed that the works were incomplete and it was noted that there were changes/variations to the original scope of works. In addition, the following were observed:

- a) the contractor received three advance payments totalling \$264.123M, which represents 76% of the contract sum, while the contract only allows for an advance payment of 50%. This is a breach of contract where the contractor was paid advances greater than that which is allowed for under the contract; and
- b) the valuation of the works completed was \$157.663M. However, the actual payments made to the contractor totalled \$278.346M. Therefore, the contractor received excess payments totalling \$120.683M. The contractor has since repaid the sum of \$20.683M with the balance of \$100M still to be recovered.

**Ministry's Response:** The Head of Budget Agency explained that, to date the contractor has repaid \$20.683M and the Ministry had written the contractor many times on the outstanding sum of \$100M. We wrote on three occasions in 2018.

**Recommendation:** The Audit Office recommends that the Ministry continue to pursue the recovery of the overpayment. (2017/128)

Lot 4 – Beterverwagting to Triumph

414. Similarly, it was noted that the works under Lot 4 were incomplete and the following were observed:

- a) the contractor received three advance payments of \$209.603M, representing 65% of the contract sum, while the contract only allows for an advance payment of 50%. This is a breach of contract where the contractor was paid advances greater than that which is allowed for under the contract. Further, the contractor submitted only one Advance Bond for the first advance payment of \$174.504M. This Bond expired since 2014. No Bond was seen for the second advance payment issued to the contractor; and
- b) the valuation of the works completed was \$76.954M, however, the actual payments made to the contractor amounted to \$209.603M. Therefore, the contractor received excess payments totalling \$132.649M. The contractor has since repaid the sum of \$20.649M, leaving the balance of \$112M still to be recovered.

**Ministry's Response:** The Head of Budget Agency explained that, to date the contractor has repaid \$20.649M and the Ministry had written the contractor many times on the outstanding sum of \$112M.

**Recommendation:** The Audit Office recommends that the Ministry continue to pursue the recovery of the overpayment. (2017/129)

Lot 5 - Triumph to Mon Repos

415. A contract was awarded in the sum of \$328.499M for this Lot. Payments totalling \$154.472M were made as at 31 December 2015. The following were observed in relation to Lot 5:

- a) the advance payment was not fully recovered at the time of reporting; however the Advance Payment Bond expired on 12 December 2015. As a result, the amount of \$14.806M was outstanding at the time of reporting; and
- b) the Performance Bond no longer provides the required period of coverage for the works. This Bond expired in December 2015 and as a result of this expiration, the Ministry can no longer recover the amount of \$32.892M covered by this bond.

**Ministry's Response:** The Head of Budget Agency explained that, the Attorney General Chambers & Ministry of Legal affairs has requested and was provided with details and documentation regarding the indebtedness that was required for review so that appropriate action can be taken to recover the sum owed.

**Recommendation:** The Audit Office recommends that the Ministry continues to follow-up this matter to its conclusion. (2017/130)

Follow-Up on the Implementation of Prior Year Audit Recommendations

416. The table below shows the prior year matters as contained in the Auditor General's 2016 Report and action taken by the Head of the Budget Agency regarding the recommendations made by the Audit Office.

Recommendation №.	Category of Findings	Status of Recommendations		
		Fully Implemented	Partially Implemented	Not Implemented
2016/126	Cheque Orders were not cleared within the stipulated timeframe.		√	
2016/127	Outstanding rent and unsigned tenancy agreement.		√	
2016/128	All audited reports were not laid in the National Assembly. Non-submission of financial statements		√	
2016/129	Overpayment on contract in the sum of \$160,000.			√
2016/130	Expired contract bond, insurance and	√		

Recommendation №.	Category of Findings	Status of Recommendations		
		Fully Implemented	Partially Implemented	Not Implemented
	advance payment in the sum of \$11.643M not recovered			
2016/131	Defects in works done by the contractor (Carifesta Avenue)	√		
2016/132	Overpayment on contract in the sum of \$3.308M, works not completed in a timely manner and expired Performance Bond			√
2016/133	Contract works not commenced, non-submission of Advance Payment Bond and Performance Bond and poor storage of materials.(Kato Airstrips)			√
2016/134	Contract works not commenced, non-submission of Advance Payment Bond and Performance Bond.(Paramakatoi Airstrips)	√		
2016/135	Breach of Procurement Act 2003	√		
2016/136	Non-delivery of item. (Truck)	√		
2016/137	Non-delivery of item. (Canter Truck)	√		
2016/138	Non-delivery of items and recovery of advance payment. (Dump trucks)	√		
2016/139	Non-delivery of items (3 motion scales), non – compliance with contractual clause and Performance Bond not submitted for audit			√
2016/140	Breach of financial regulations (Finance Secretary’s approval not obtained for inclusion of programme).	√		
2016/141	Incomplete project. (supply and installation of telephone network)	√		
2016/142	Loss of payroll. (\$7.847M) outstanding Police matter	√		
2016/143	Outstanding contractor’s indebtedness in the sum of \$81.570M. (Better Hope to Montrose road). Pending court matter		√	
2016/144	Overpayment on contract in the sum of \$110M - La Bonne Intention to Beterverwagting (BV) and \$122M - BV to Triumph road		√	

AGENCY 33  
MINISTRY OF PUBLIC TELECOMMUNICATIONS

Current year matters, with recommendations for improvement in the existing system

Current Expenditure

417. The sum of \$385.131M or 96% of the total employment cost was paid to employees who were employed on a contractual basis. Details are shown in the table below:

Line Item	Description	Total Paid \$'000	Percentage
6111	Administrative	2,872	0.7
6112	Senior Technical	1,436	0.3
6113	Other Tech. & Craft Skilled	3,592	2
6114	Clerical & Office Support	4,987	1
6115	Semi-skilled Operatives & Unskilled	754	0
6116	Contracted Employees	385,131	96
6117	Temporary Employees	194	0
Total		398,966	100

418. According to the payroll for December 2017, the Ministry had a total of 163 employees, of which contracted employees were 88% of the total employees. Details are shown in the table below:

Line Item	Description	No. of Employees	Percentage
6111	Administrative	2	1
6112	Senior Technical	1	1
6113	Other Tech. & Craft Skilled	4	2
6114	Clerical & Office Support	8	5
6115	Semi-skilled Operatives & Unskilled	2	1
6116	Contracted Employees	143	88
6117	Temporary Employees	3	2
Total		163	100

419. During 2017, twelve contracted employees were transferred to the Permanent Pensionable Establishment; however, all contracted employees were not transferred in keeping with Public Service Commission Circular No. 1/2017 dated 7 February 2017.

**Ministry's Response:** The Head of Budget Agency explained that 107 out of the 143 contracted employees are currently working with the NDMA, twenty-two are 45 years and over. Of the remaining fourteen employees, four resigned, while four were transferred to the Pensionable Establishment during 2018 and six have special contractual arrangements.

Subsidies and Contributions to Local and International Organisations

420. During the year, the sum of \$104.673M was allotted and the sum of \$17.486M received by way of Virements, bringing the total funds available to \$122.159M. Amounts totalling \$117.486M were expended. Included in this amount is the sum of \$35.873M, which was released to the National Data Management Authority (NDMA) as subvention for 2017. The difference of \$81.374M was expended on local and overseas training and, contributions to International Organisations.

421. The National Data Management Authority is subject to separate financial reporting and audit. The last audit report issued was for the year 2014 and the audit of the 2015 financial statements is in progress. In addition, financial statements for 2016 were submitted to the auditors and 2017 has been submitted to the Audit Office. However, it was also noted that the audited financial statements were not laid in the National Assembly.

**Ministry's Response:** The Head of Budget Agency explained that the audited financial statements will be laid in the National Assembly.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency ensure that the audited financial statements be laid in the National Assembly. (2017/131)

Accounting for Expenditure

422. Audit checks carried out on the 2 January 2018, revealed there were 208 cheques totalling \$509.436M on hand for expenditure incurred during 2017. These cheques should have been refunded to the Consolidated Fund and the necessary adjustments made to the Appropriation Accounts. As a result, the Appropriation Accounts would be overstated by the said amount. This was not in keeping with the requirements of Section 43 of the Fiscal Management and Accountability (FMA) Act 2003, which requires any unexpended balance of public moneys out of the Consolidated Fund to be returned and surrendered to the Consolidated Fund at the end of each fiscal year.

423. Notwithstanding this, at the time of reporting, all the cheques have been paid to the respective payees.

**Ministry's Response:** The Head of Budget Agency explained that assiduous work to bring the Ministry in full compliance with the FMA Act 2003 is on-going.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency ensure that there is full compliance with the FMA Act 2003. (2017/132)

## Capital Expenditure

### Current year matters, with recommendations for improvement in the existing system

424. The sum of \$447.705M was allotted for the Ministry to execute its capital programme and during the year a Supplementary Provision in the sum of \$19.537M was approved, bringing the total funds available to \$467.242M. According to the Appropriation Accounts, amounts totalling \$357.919M were expended, resulting in the Ministry not achieving its anticipated level of capital expenditure activities in 2017 by \$109.323M or 23.4%. Details of the expenditure are shown in the table below:

Account Area	Amount Allotted \$'000	Supplementary Provision \$'000	Total Funds Available \$'000	Expenditure \$'000	Shortfall \$'000
Furniture & Equipment	3,705	0	3,705	3,705	0
Public Telecommunication	444,000	19,537	463,537	354,214	109,323
Total	447,705	19,537	467,242	357,919	109,323

425. As can be noted from the table above, the total funds available for Information Communications Technology (ICT) and e-Governance was \$463.537M. Included in this amount is the sum of \$130M which was shown as funds for the Centre for Excellence. According to the Appropriation Accounts, the sum of \$20.677M was expended resulting in a shortfall in expenditure of \$109.323M.

426. On 20 April 2016, the Government of the Co-operative Republic of Guyana (GoG) and the Government of the Republic of India (GoI) signed a Memorandum of Understanding (MoU), whereby the GoI will extend assistance to the GoG in the creation of a Centre for Excellence in Information Technology (CEIT). The co-operation measures to be financed by GoI includes provision of the following:

- a) necessary computer such as servers, desktops, projectors, printers, scanners etc;
- b) software required for setting up CEIT;
- c) requisite courseware for different streams of courses offered at CEIT;
- d) deputation of one Centre Head and two trainers for a period of two years; and
- e) training of Master Trainers during the first two years.

427. It was explained that this shortfall was as a result of delays in the completion of works and the need for additional works on the CEIT buildings which were identified by the delegation from Government of India. However, it was noted that at the time of reporting, the buildings were completed and, the Government of the Republic of India has supplied equipment and text books.

428. Included in the amount of \$354.214M expended under Public Telecommunication is the sum of \$324.239M which was expended for the purchase of assets. It was noted that the items purchased were received and properly brought to account in the Stores records.

Prior year issue not resolved

429. Nine thousand six hundred and nine laptops were paid for in 2015 and were received in February 2016. Physical verification in 2016 revealed that there were 2,959 damaged laptops which were on hand at the e-Governance Unit. Further, it was reported previously that a police report was still being awaited in relation to 103 stolen laptops.

Follow-Up on the Implementation of Prior Year Audit Recommendations

430. The table below shows the prior year matters as contained in the Auditor General's 2016 Report and action taken by the Head of the Budget Agency regarding the recommendations made by the Audit Office.

Recommendation №.	Category of Findings	Status of Recommendations		
		Fully Implemented	Partially Implemented	Not Implemented
2016/146	Employees without NIS numbers	√		
2016/147	Fuel register not maintained	√		
2016/148	Difference between IFMAS and electricity register	√		
2016/149	Security register not maintained for e-Governance	√		
2016/150	Difference between Bin Card and physical balance for laptops	√		



AGENCY 40

MINISTRY OF EDUCATION, DEPARTMENT OF CULTURE

Current year matters, with recommendations for improvements in the existing system

Current Expenditure

Shortfall on Expenditure

431. Funds amounting to \$15.980 billion were made available under the six programmes of the Ministry for the period under review. According to the Appropriation Accounts, the sum of \$14.994 billion was expended; resulting in a net shortfall of expenditure amounting to \$986.120M. The shortfall of expenditure was approximately 6.17% of the total funds available. However, two programmes had a shortfall of expenditure in excess of 10% of its funds available. The table below gives a summary of the shortfall.

Programme	Description	Total Funds Available \$'000	Total Expenditure \$'000	Difference \$'000	Shortfall %
1	Policy Development and Admin.	1,783,811	1,646,843	136,968	7.68
2	Training & Development	1,991,768	1,773,799	217,969	10.94
3	Nursery Education	1,720,899	1,519,022	201,877	11.73
4	Primary Education	3,153,509	2,912,017	241,492	7.66
5	Secondary Education	3,305,894	3,224,196	81,698	2.47
6	Post-Secondary/Tertiary Education	4,024,461	3,918,345	106,116	2.64
Total		15,980,342	14,994,222	986,120	6.17

432. Further, there were significant shortfalls within the programmes, as shown in the tables below.

Programme 1 – Policy Development and Administration

Line Items	Description	Total Funds Available \$'000	Total Expenditure \$'000	Difference \$'000	Shortfall %
6116	Contracted Employees	358,603	311,620	46,983	13.10
6255	Maintenance of Other Infrastructure	24,720	13,580	11,140	45.06
6261	Local Travel and Subsistence	114,500	93,564	20,936	18.28
6265	Other Transport, Travel and Postage	20,600	9,969	10,631	51.61
6302	Training (including Scholarships)	69,781	53,491	16,290	23.34

**Ministry's Response:** The Ministry provided the following explanations for the shortfall of expenditures:

- a) 6116 – Contracted Employees: The shortfall was due to the reclassification of employees to the fixed establishment. Moreover, the provisions made for the payment of gratuity were not utilised for the employees that were reclassified;
- b) 6255 – Maintenance of Other Infrastructure: The time taken to have the tendering process completed was a major factor that resulted in some programme works not being undertaken. Coupled with this, the Ministry experienced technical capacity challenges in the Buildings Unit during the year. In an attempt to resolving this situation, in December 2017, the Ministry filled the vacancy for a Senior Projects Officer (SPO);
- c) 6261 – Local Travelling and Subsistence: The shortfall was due to a reduced number of monitoring visits as a result of some schools not commencing the School Feeding Programme. Additionally, funds were allocated for the travel of officers to Kato in preparation for the opening of school which had to be deferred due to the school not being ready for occupancy;
- d) 6265 – Other transport, travel and postage Kato: Secondary School was not commissioned as scheduled. This included payments for transporting of furniture and equipment to Kato Secondary; and
- e) 6302 – Training (including Scholarships): Training for the School Feeding Programme did not materialise due to logistical issues that hindered the total number of schools anticipated to be on the programme by the end of 2017.

Programme 2 – Training and Development

Line Items	Description	Total Funds Available \$'000	Total Expenditure \$'000	Difference \$'000	Shortfall %
6117	Temporary Employees	119,922	36,984	82,938	69.16
6292	Dietary	122,112	92,076	30,036	24.60
6301	Education Subventions and Grants	70,283	41,640	28,643	40.75

**Ministry's Response:** The Ministry provided the following explanations for the shortfall of expenditures:

- a) 6117 – Temporary Employees: This Line Items caters for part-time lecturers and workers at CPCE on a needs basis, as such savings were realised;
- b) 6292 – Dietary: The remaining balance is due to not having the full intake of resident students in the dormitory at CPCE (catered for 250, supplied to 210). Additionally, the 2017 budget catered for providing meals for eligible students. However, the students did not all take up the offer; and

- c) 6301 – Education Subventions and Grants: The full capacity of students was catered for by CPCE for payment of stipend. However, only 381 were enrolled of a total possible enrolment of 460 in 2017.

Programme 3 – Nursery Education

Line Items	Description	Total Funds Available \$'000	Total Expenditure \$'000	Difference \$'000	Shortfall %
6255	Maintenance of Other Infrastructure	40,000	30,039	9,961	24.90
6292	Dietary	900,689	729,761	170,928	18.98

**Ministry's Response:** The Ministry provided the following explanations for the shortfall of expenditures:

- a) 6255 – Maintenance of Other Infrastructure: The time taken to have the tendering process completed was a major factor that resulted in some programme works not being undertaken. Coupled with this, the Ministry experienced technical capacity challenges in the Buildings Unit during the year. In an attempt to resolving this situation, in December 2017, the Ministry filled the vacancy for a Senior Projects Officer (SPO); and
- b) 6292 – Dietary: School Feeding Programme did not materialise due to logistical issues that hindered 23 schools from joining the programme in 2017.

Programme 4 – Primary Education

Line Items	Description	Total Funds Available \$'000	Total Expenditure \$'000	Difference \$'000	Shortfall %
6224	Print and Non-Print Materials	336,770	256,037	80,733	23.97
6292	Dietary	906,891	789,053	117,838	12.99

**Ministry's Response:** Ministry provided the following explanations for the shortfall of expenditures:

- a) 6224 – Print and Non-Print Materials: All programme activities were completed. The shortfall was due to savings being realised; and
- b) 6292 – Dietary: School Feeding Programme did not materialise due to logistical issues that hindered the total number of schools anticipated to be on the programme by the end of 2017.

Programme 5 – Secondary Education

Line Items	Description	Total Funds Available \$'000	Total Expenditure \$'000	Difference \$'000	Shortfall %
6224	Print and Non-Print Materials	324,477	272,527	51,950	16.01

**Ministry's Response:** The Ministry stated that all programme activities were completed. The shortfall was due to savings being realised.

**Recommendation:** The Audit Office recommends that where applicable, the Ministry should monitor the execution of its programmes more closely, with a view of achieving its goals. (2017/133)

Employment Costs

433. Amounts totalling \$889.598M were paid to contracted employees during 2017. An examination of the relevant records revealed that the Ministry had 333 contracted employees as of December 2017. This is a reduction by approximately 33%. Furthermore, the reduction was from the 499 contracted employees the Ministry had as of December 2016. The following is a breakdown of the 333 contracted employees by demographics:

No.	Age Range (years)	No. of Employees
1	Under 45	138
2	45-55	69
3	Over 55	126
Total		333

434. The sixty-nine employees within the age range of 45-55 years have less than 10 years' pensionable service. As a result, they could not be transferred to the permanent establishment. In addition, the 126 employees over 55 years would have to remain contracted, as the public service rules do not make provision for their transferral to the permanent establishment.

435. During 2018, and up to the time of reporting in September, the following ensued:

- a) forty-eight employees were transferred to the permanent establishment;
- b) contracts for ten employees came to an end;
- c) three employees resigned; and
- d) one employee was dismissed.

436. It is evident that the Ministry has been taking action to transfer eligible employees to its permanent establishment.

**Ministry's Response:** The Ministry has been engaging the Department of Public Service to transfer the contracted employees to its permanent establishment.

**Recommendation:** The Audit Office recommends that the Ministry follow-up with the Department of Public Service to expedite the process. (2017/134)

#### School Feeding Programme

437. The sum of \$2.099 billion was allotted for Dietary. During the period under review, net allotment transfers from this Line Item totalled \$48.772M, giving a revised allotment of \$2.050 billion. According to the Appropriation Accounts, amounts totalling \$1.727 billion were expended as at 31 December 2017, resulting in an unspent sum of \$323M. The reasons for the unspent sum were reported earlier under '*shortfall of expenditure*'. The sum expended (\$1.727 billion) included expenditure for the 'School Feeding Programme'.

438. An audit examination was done on the records maintained by eleven schools, which included five and six schools in Region Nos. 7 and 9, respectively. The sum of \$73.644M was expended on the programme for the eleven schools. Further, the eleven schools had 2,189 students who benefitted from the programme. The following discrepancies were found, which were similar to that reported in our 2016 Report:

- a) we could not determine whether the sum of \$52.512M received by eight schools were deposited intact. This was due to the absence of key documentation including bank statements;
- b) we could not determine whether all moneys were properly accounted for in respect of the eleven schools. Bank reconciliation statements were not presented for any of the schools. The absence of this key control measure can lead to the perpetration of wrongdoing, without prompt detection;
- c) there was no evidence of supervisory checks of cash books by the management committee in three schools. Supervisory checks were also absent in the Stock Ledgers and Goods Received Books for six schools in Region No. 9. The lack of supervisory checks, which is a key control can facilitate the perpetration of wrongdoing without prompt detection; and
- d) the safeguarding of public funds was compromised. Moreover, cash was kept in the personal possession of the Treasurers in eight schools. This unsatisfactory situation could lead to the perpetration of wrongdoing.

**Ministry's Response:** The Ministry acknowledged the findings. However, the school feeding programme is transitioning from being centrally managed to community based. As such, challenges will be encountered. Notwithstanding this, the Ministry will seek to provide the necessary training to avoid recurrences of this nature. Further, better monitoring will be done.

**Recommendation:** The Audit Office recommends that: (i) the Ministry expedites its plans to train the necessary officers of the Ministry and committees of the schools; and (ii) the Audit Office also recommends that the Ministry monitor the accountability of funds provided to the schools. (2017/135)

Fuel and Lubricants

439. Six vehicles not registered as property of the Ministry were used to uplift 4,351 litres of diesel valued \$788,773 from Guyoil’s Regent Street location. This situation occurred in December 2017. The fuel was uplifted on thirteen instances. This indicated that on average, in excess of one ‘45 gallons’ drum was uplifted on each occasion. We could not determine the basis on which such quantities of fuel were uplifted, and whether it was in the public’s interest. The Ministry wrote the Police in January 2017 to investigate the matter. The Ministry also sent a follow-up letter was also sent to the Police in February 2018, seeking a status of the investigation.

**Ministry’s Response:** The Ministry acknowledged this finding and stated that the matter is currently being investigated by the Police.

**Recommendation:** The Audit Office recommends that the Ministry follow-up with the Police to expedite the investigation. (2017/136)

Maintenance of Buildings

440. No work was done in relation to the sum of \$1.026M that was paid to a contractor on 29 December 2017 for the supply and installation of panelling for cubicles in the UNESCO building. In addition, an amount of \$20,932 was withheld by the Ministry as taxes. The contract was awarded by the Ministerial Tender Board, №. 705/17 dated 7 December 2017. The contract was signed on 11 December 2017, however, the start date, completion date, duration and defects liability period for the works could not be determined from the documents examined. See table below for details of the works that were to be executed.

Item	Description	Unit	Qty Paid	Qty Found	Diff	Rate \$	Amount Overpaid \$
	Supply all materials, scaffoldings , tools ,plant and transportation for the satisfactory execution of works						
1	Supply and Install varying size of paneling for cubicles						
	48 x 72	SF	24	0	24	4,900	117,600
	126 x 72	SF	63	0	63	4,900	308,700
	50 x 84	SF	29.17	0	29.17	4,900	142,933
	87 x 84	SF	50.75	0	50.75	4,900	248,675
	80 x 84	SF	46.67	0	46.67	4,900	228,683
Total							1,046,591

**Ministry's Response:** The contractor had challenges in securing the required items for completion of this project. The Ministry has since taken steps to have the works completed.

**Recommendation:** The Audit Office recommends that the Ministry take urgent action to ensure the works are completed and submit the results for audit verification; failure which, the Ministry should take action to recover the overpayment. (2017/137)

## Other Matters

### Cheque Orders

441. We were unable to verify whether value was received in relation to the sum of \$89.336M. Moreover, eighty-eight Cheque Ordered vouchers in the sum of \$38.869M were not cleared; whilst, twenty-two Payment Vouchers totalling \$50.467M were not produced for audit examination.

**Ministry's Response:** The Ministry acknowledged the findings and stated that peculiar challenges are sometimes faced with some transactions. Notwithstanding this, the Ministry will take action to clear the outstanding Cheque Orders and to locate the missing Payment Vouchers.

**Recommendation:** The Audit Office recommends that the Ministry take action to clear the outstanding Cheque Orders, locate the missing Payment Vouchers, and submit same for audit. (2017/138)

442. In addition, ninety-four Cheque Orders with an aggregate value of \$55.148M were cleared on an average of forty-eight days after the stipulated sixteen days. As such, we were unable to determine whether the Ministry received the intended benefits of these transactions. The Ministry explained that due to the nature of its operations, the sixteen days' stipulation was inadequate, and that one month was more realistic. However, an analysis of the said ninety-four Cheque Orders valued \$55.148M revealed that it would have been cleared on average, thirty-four days after the 'one-month' period that the Ministry claimed was more realistic.

**Ministry's Response:** The Ministry acknowledged the findings and stated that peculiar challenges are sometimes faced with some transactions. Notwithstanding this, the Ministry will take action to clear the outstanding Cheque Orders within the stipulated time-frame.

**Recommendation:** The Audit Office recommends that systems be put in place to clear Cheque Orders within the stipulated time-frame. (2017/139)

### Imprest

443. Two advances totalling \$230,000 were still outstanding at the time of reporting in August 2018; that is, eighteen months after it was issued (February 2017). As a result, the propriety of the sums expended could not be ascertained. Further, the imprest was 'short retired' by the sum of \$230,000.

**Ministry's Response:** The Ministry stated that it is aware of this situation and that action will be taken to clear the outstanding advances.

**Recommendation:** The Audit Office recommends that the Ministry take urgent action to clear the outstanding advances, as it has been over eighteen months since the advances were issued. (2017/140)

#### Breach of Tender Board Procedures

444. Forty-one contracts totalling \$15.939M were awarded without the requisite tender board approval. Moreover, these contracts fell within the authority limits of the Ministerial Tender Board. Thirty-five of these contracts, that is, approximately 85%, were awarded to one contractor for the fumigation, termite treatment and cleaning of schools for an aggregate sum of \$12.886M. The other six contracts were awarded to another contractor with an aggregate value of \$3.053M for transportation of school furniture.

**Ministry's Response:** The Ministry acknowledged this finding and stated that action will be taken to avoid recurrences of this nature.

**Recommendation:** The Audit Office recommends that the Ministry adheres to the requirements of the Procurement Act in its entirety. (2017/141)

#### Cheques on Hand

445. The basis on which thirty-seven cheques totalling \$18.322M were drawn could not be determined. Moreover, the Ministry had on hand the said thirty-seven unpaid cheques as of April 2018. Twenty-two of the cheques totalling \$9.084M were drawn on 3 January 2018; whilst, the difference of fifteen cheques totalling \$9.238M were drawn during varying periods in 2017. The cheques have since been refunded to the Consolidated Fund.

**Ministry's Response:** The Ministry acknowledged the finding and stated that action will be taken to avoid recurrences.

**Recommendation:** The Audit Office recommends that the Ministry take the necessary precautionary measures when processing payments as this situation poses a risk. (2017/142)

#### Overstatement of Appropriation Accounts

446. Further, the Ministry's Appropriation Accounts were overstated by the said sum of \$18.322M.

**Ministry's Response:** The Ministry acknowledged this finding and stated that steps will be taken to avoid a recurrence.

**Recommendation:** The Audit Office recommends that the Ministry exercise better control over the implementation of its programmes to avoid recurrences. (2017/143)



## Capital Expenditure

### Shortfall of Expenditure

447. Funds amounting to \$3.170 billion were made available under the six programmes of the Ministry for the period under review. According to the Appropriation Accounts, the sum of \$2.057 billion was expended; resulting in a net shortfall of expenditure amounting to \$1.113 billion. The shortfall of expenditure was in excess of one-third (approximately 35.12%) of the total funds available. The table below gives a summary of the shortfall.

Programme	Description	Total Funds Available \$'000	Total Expenditure \$'000	Difference \$'000
1	Policy Development and Administration	129,678	47,755	81,923
2	Training & Development	150,804	106,437	44,367
3	Nursery Education	221,730	199,773	21,957
4	Primary Education	184,963	152,581	32,382
5	Secondary Education	1,168,932	618,732	550,200
6	Post-Secondary/Tertiary Education	1,314,343	931,776	382,567
<b>Total</b>		<b>3,170,450</b>	<b>2,057,054</b>	<b>1,113,396</b>

448. Further, there were significant shortfalls within the programmes, as shown in the tables below.

### Programme 1 – Policy Development and Administration

Line Items	Description	Total Funds Available \$'000	Total Expenditure \$'000	Difference \$'000	Shortfall %
12150	Administrative Buildings	55,378	21,962	33,416	60.34
24066	Land Transport	11,800	6,200	5,600	47.46
26094	Education Sector Improvement Project	50,000	7,215	42,785	85.57

**Ministry's Response:** The Ministry provided the following explanations for the shortfall of expenditures:

- a) 12150 – Administrative Buildings: The time taken to have the tendering process completed for consultancy for the design of the new office was a major factor that resulted in that project not being implemented. Coupled with this the Ministry experienced technical capacity challenges in the Buildings Unit during the year. In an attempt to resolving this situation, in December 2017, the Ministry filled the vacancy for a Senior Projects Officer (SPO);
- b) 24066 – Land Transport: The Ministry had budgeted to purchase two vehicles. However, the funding provided was insufficient to acquire both vehicles. As such, only one vehicle was bought; and

- c) 26094 – Education Sector Improvement Project: The shortfall was due to the Agreement for the Education Sector Improvement Project being signed in June 2017. In addition, the start-up activities for implementation such as employment of the project staff and establishing of the bank accounts were completed late in the last quarter of 2017. Further, the tender process for civil works consultancy services and supply of equipment were not completed before the end of the year.

Programme 2 – Training and Development

Line Items	Description	Total Funds Available \$'000	Total Expenditure \$'000	Difference \$'000	Shortfall %
12152	Building – Cultural Centre	44,404	19,222	25,182	56.71
12174	Building – National Library	21,787	10,039	11,748	53.92
26071	Furniture and Equipment	8,183	5,086	3,077	37.60

**Ministry's Response:** The Ministry provided the following explanations for the shortfall of expenditures:

- a) 12152 – Building – Cultural Centre: The time taken to have the tendering process completed resulted in the planned works being awarded late in the last quarter of 2017. Coupled with this, the Ministry experienced technical capacity challenges in the Buildings Unit during the year. In an attempt to resolving this situation, in December 2017, the Ministry filled the vacancy for a Senior Projects Officer (SPO);
- b) 12174 – Building – National Library: same as (a), above; and
- c) 26071 – Furniture and Equipment: Due to insufficient funds, the Ministry was unable to purchase a steel band; hence, the shortfall on expenditure.

Programme 3 – Nursery Education

Line Items	Description	Total Funds Available \$'000	Total Expenditure \$'000	Difference \$'000	Shortfall %
26074	School Furniture and Equipment	20,000	10,241	9,759	48.80

**Ministry's Response:** The Ministry realised savings upon completion of this project component's work plan.

Programme 4 – Primary Education

Line Items	Description	Total Funds Available \$'000	Total Expenditure \$'000	Difference \$'000	Shortfall %
12154	Primary Schools	99,663	71,718	27,945	28.04

**Ministry's Response:** Most of the projects were awarded in the second half of 2017 due to delays in the tender process.

Programme 5 – Secondary Education

Line Items	Description	Total Funds Available \$'000	Total Expenditure \$'000	Difference \$'000	Shortfall %
12155	Secondary Schools	449,833	294,040	155,793	34.63
26071	Furniture and Equipment	253,586	200,363	53,223	20.99
26075	Secondary Education Improvement Project	400,000	66,189	333,811	83.45

**Ministry's Response:** The Ministry provided the following explanations for the shortfall of expenditures:

- a) 12155 – Secondary Schools: There were delays in the tendering for consultancy services for major projects, which resulted in the delayed implementation;
- b) 26071 – School Furniture and Equipment: This shortfall was mainly due to the purchasing of the furniture and equipment for the Kato Secondary School not being completed; and
- c) 26075 – Secondary Education Improvement Project: There were delays in the award of the contract for the construction of schools, which were due to lengthy reviews of the design.

Programme 6 – Post-Secondary/Tertiary Education

Line Items	Description	Total Funds Available \$'000	Total Expenditure \$'000	Difference \$'000	Shortfall %
12160	University of Guyana -Turkeyen	202,687	71,845	130,842	64.55
12161	University of Guyana - Berbice	30,270	10,813	19,457	64.28
1217901	Technical Institutes/Centres - Buildings	114,460	43,084	71,376	62.36
26081	Technical/Vocational Project II	114,000	5,715	108,285	94.99

**Ministry's Response:** The Ministry provided the following explanations for the shortfall of expenditures:

- a) 12160 – University of Guyana (Turkeyen): There were delays in the awarding of the consultancies, which resulted in delays for the commencement of the new projects;
- b) 12161 – University of Guyana (Berbice): same as (a), above;
- c) 1217901 – Technical Institutes/Centres – Buildings: The time taken to have the tendering process completed resulted in the planned works being awarded in late in the last quarter of 2017. Coupled with this, the Ministry experienced technical capacity challenges in the Buildings Unit during the year. In an attempt to resolving this situation, in December 2017, the Ministry filled the vacancy for a Senior Projects Officer (SPO); and
- d) 26081 – Technical/Vocational Project II: The Loan Agreement for the Technical/Vocational Project was signed in May 2017. One of the major condition precedent for disbursement was the employment of project staff, which was completed in the last quarter of the year, resulting in the shortfall in expenditure.

**Recommendation:** The Audit Office recommends that the Ministry exercise better control over the implementation of its programmes to avoid recurrences. (2017/144)

Overpayment on Contract

449. The sum of \$1.219M was paid to a contractor for works not done in relation to the construction of Mocha Nursery School. Furthermore, the contractor was paid for ironmongery, which was not done. In addition, the contractor was paid for 699 sq. yds. of tiling; however, only 434 sq. yds. were found, giving a difference of 265 sq. yds. See details in table below:

Item	Description	Qty Paid	Qty Found	Unit	Diff	Rate \$	Amount Overpaid \$
	Ironmongery						
5.18	Provide and install Yale knight latch locks	8	0	Nr	8	6,700	53,600
	Tiling						
8.09	Provide and lay 20" x 20" x 3/8" thick heavy duty, high quality Non-skid tiles to floor in tin set with a maximum of joint n/e 1/4" and finish with white cement	422	364.6	Sy	57.4	4,400	252,560
	Provide and lay 12" x 8" x 3/8" thick heavy duty, high quality in tin set with a maximum of joint n/e 1/4" and finish with white cement	277	69.4	Sy	207.6	4,400	913,440
Total Overpaid							1,219,600

**Ministry's Response:** The Ministry acknowledged the findings and stated that the contract was not completed and that the Ministry will make the necessary adjustments on the final payment to recover the overpayment.

**Recommendation:** The Audit Office recommends that: (i) Ministry ensure that payments are made only for works completed; and (ii) the Audit Office also recommends that the Ministry take action to recover the overpayment and submit the evidence for audit. (2017/145)

450. The said contract was awarded to the second lowest of seven bidders in the sum of \$28.383M. The Engineer's Estimate was \$34.013M. Total payments made to the contractor at the time of reporting was \$26.339M; whilst, the final payment was still to be paid. The start date for the works was 16 January 2017, with the works being deemed practically completed on 6 November 2017. The defects liability period was 180 days and expired on 6 April 2018.

451. It was noted that additional works totalling \$3.188M were executed under the contract. However, no variation order or approval was seen for these additional works.

**Ministry's Response:** The Ministry acknowledges this finding; and stated that this matter was still under active discussion.

**Recommendation:** The Audit Office recommends that the Ministry adhere to the requirements of the Procurement Act and its regulations, especially as it related to the provisions for variations. (2017/146)

#### Early Childhood Education Project

452. In 2015, the Government of Guyana and the International Development Association (IDA) signed a Grant Agreement №. TF019053 - GY whereby the IDA agreed to provide the sum of US\$1.700M to improve emergent literacy and numeracy outcome for children at the nursery level and primary grade one in hinterland regions and targeted remote riverain areas. The project commenced operations on 5 June 2015, with a completion date of 30 September 2018, and is subject to separate financial reporting and audit.

453. The sum of \$108.168M was provided in 2017 for: (i) capacity building; (ii) supply of teaching and learning materials; and (iii) parental involvement/caregiver education. According to the Appropriation Accounts, the entire provision of \$108.168M was expended. The audit report on the project for the year ended 31 December 2017 was issued on 25 June 2018.

#### Secondary Education Improvement Project

454. On 10 October 2014, the Government of Guyana and the International Development Association (IDA) signed a Credit Agreement №. 54730-GY, whereby the IDA agreed to provide the sum of SDR6.5M or US\$10M to assist in strengthening the capacity of secondary schools. Moreover, the aim of the project was to strengthen the capacity of secondary school Mathematics Teachers' nationwide and increase enrolment in general secondary schools in targeted regions. The project commenced on 25 November 2014, with a completion date of 31 March 2020. The project is subject to separate financial reporting and audit.

455. In 2017, the sum of \$400M was allocated for: (i) construction of secondary schools; (ii) strengthening capacity of secondary school Mathematics Teachers; and (iii) institutional strengthening. According to the Appropriation Accounts, amounts totalling \$66.189M were expended. The audit report on the project for the year ended 31 December 2017 was issued on 25 June 2018.

University of Guyana Science and Technology Support Project

456. On 19 September 2012, the Government of Guyana and the International Development Association signed an agreement whereby the IDA agreed to provide the sum of SDR6.200M or US\$10.050M to assist the University of Guyana. The objective of the Project was to strengthen the four science and technology faculties at the University of Guyana through infrastructure, research and curricular improvements; while, building the basis for improved facilities management and future growth. In addition to the sum provided by the IDA, the University of Guyana was required to make available to the Project, counterpart funds in the sum US\$1.400M. Thus, the total cost of the Project to execute all activities according to the agreement was stated as US\$11.450M.

457. In 2017, the sum of \$665M was allocated for: (i) curriculum reform, instructional design and research; (ii) infrastructure rehabilitation, equipping of science laboratories, drainage, internet network, and multimedia equipment; and (iii) institutional capacity building. According to the Appropriation Accounts, amounts totalling \$621.104M were expended. The audit report on the project for the period January to 30 November 2017 was issued on 29 March 2018.

Kato Secondary School Complex

Construction

458. On 27 December 2012, Cabinet granted it's no objection for the construction of Kato Secondary School Complex in the sum of \$728.165M. Consequently, NPTAB awarded a contract to the lowest of four bidders. The contract was signed on 31 December 2012, with the commencement date stated as 21 January 2013. The duration was two years. The defects liability period was one year after completion.

459. The contractor was granted three extensions, resulting in a revised contract completion date of 30 September 2015. As at 31 December 2015, the total amount paid to the contractor was \$661.312M. At the time of reporting, the performance bond had expired. A special exercise is on-going to verify the construction works.

Installation of photovoltaic system

460. In 2016, a contract was awarded by NPTAB in the sum of \$69.925M for the supply and installation of a photovoltaic system. Payments made in 2016 amounted to \$47.899M. In 2017, the sum of \$18.160M was paid to the contractor, bringing the total amount paid to \$66.059M. A physical inspection is to be conducted.

### Furniture and equipment

461. The sum of \$60.379M was spent in 2017 on the supply and delivery of furniture. The items included desks, benches, bookshelves, cupboards, beds and mattresses. However, due to the school being incomplete at the time, contractors delivered furniture to the Ministry's bond in Georgetown. As a result, additional costs were incurred to hire transportation for delivery of school furniture from Georgetown to Kato. Moreover, two contracts were awarded by NPTAB in the sum of \$8.300M in October 2017 for transportation of furniture and equipment to Kato Secondary School. Payments made as at 31 December 2017 were \$6.689M. A physical verification is to be conducted.

**Ministry's Response:** The Ministry indicated that the furniture and equipment has been transported to Kato Secondary School.

### Other Matters

#### Stores and Other Public Property

462. The Department's fixed assets could not be readily identified due to the absence of official labels. This is a breach of the Stores Regulations of 1993. This situation has been coming forward for many years.

**Ministry's Response:** The Ministry acknowledged this finding and stated that the marking of its fixed assets is an on-going exercise.

**Recommendation:** The Audit Office recommends that the Ministry accelerate the marking of its fixed assets. (2017/147)

463. The Ministry of Education had serviceable and unserviceable stores being kept in the same location. The situation poses a health and safety hazard. In May 2017, the Ministry was given approval to establish a Standing Board of Survey. Up to the time of reporting, the Board had not taken action to dispose the unserviceable items.

**Ministry's Response:** The Ministry acknowledged the finding and stated that the process for the disposing of assets has commenced and will be completed shortly.

**Recommendation:** The Audit Office recommends that the Ministry expedite the disposal process. (2017/148)

464. President's College and Queen's College were last audited for the financial years 2007 and 2006, respectively, that is, over a decade ago. Further, President's College financial statements for the years 2008-2013 were submitted for audit in January 2018. A response from the client was being awaited to finalise the 2008 audit. In addition, corrected financial statements for the years 2007-2009 with respect to Queen's College were being awaited by the Audit Office; whilst, financial statements for the years 2010-2017 were not submitted for audit.

**Ministry's Response:** The Ministry acknowledged this finding and stated that steps will be taken to have these schools prepare its financial statements and submit same for audit. Further, as it relates to Queen's College, financial statements for the years 2010 -2016 are currently being prepared.

**Recommendation:** The Audit Office recommends that the schools submit its statements in a timely manner to aid timely audits. (2017/149)

Prior year matters, which have not been resolved

Current Expenditure

Employment Costs

465. Overpayment of net salaries totalling \$4.895M and the related deductions totalling \$1.464M were still to be recovered. The overpayments were in relation to the period 2010 to 2015. It should be noted that notices were placed in the print media for persons overpaid to contact the Ministry. The last notice was placed in September, 2018. The Ministry had also written to the Ministry of Finance seeking to determine whether any of the persons overpaid were still in the employ of the Government, and if so, whether they were entitled to pension/gratuity.

**Ministry's Response:** The Ministry stated that steps are still being taken to recover the overpaid salaries and deductions.

**Recommendation:** The Audit Office recommends that: (i) the Ministry take stringent action to recover the outstanding sums; and (ii) the Audit Office also recommends that where all avenues have been exhausted, the Ministry should seek the requisite approval to write-off the losses resulting from the overpayment of net salaries and its related deductions. (2017/150)

Goods and Services

466. The sum of \$1.802M was stolen by nine students in 2017 from the Karasabai Primary School. The sum of \$1.556M has since been recovered, giving a balance of \$0.246M.

**Ministry's Response:** The Ministry acknowledged the finding and stated that efforts will be made to have the balance recovered.

**Recommendation:** The Audit Office recommends that the Ministry continue its efforts to recover the outstanding sum of \$0.246M. (2017/151)

Maintenance of Buildings

467. An overpayment of \$354,300 in relation to works done at the Book Distribution Unit in 2016 was yet to be recovered.



**Ministry's Response:** The Ministry would have written to the contractor informing him of same. The Ministry is in the process of reviewing this matter with the contractor in an attempt to bring closure to same.

**Recommendation:** The Audit Office recommends that the Ministry take stringent action to bring closure to this matter. (2017/152)

#### Capital Expenditure

468. The Ministry recovered amounts totalling \$0.299M from overpayments totalling \$1.184M that were made to three contractors, leaving an unrecovered sum of \$0.885M. The recoveries were in relation to the construction of IT Laboratories at Charity and Central Corentyne Secondary Schools. The unrecovered sum was in relation to the construction of a new wing to the Patentia Secondary School.

**Ministry's Response:** The Ministry has made several efforts to locate the contractor has been unable to do so to date.

**Recommendation:** The Audit Office recommends that the Ministry continue its efforts to recover the outstanding overpayment. (2017/153)

#### Follow-Up on the Implementation of Prior Year Audit Recommendations

469. The table below shows the prior year matters as contained in the Auditor General's 2016 Report and action taken by the Head of the Budget Agency regarding the recommendations made by the Audit Office.

MINISTRY OF EDUCATION				
Rec. No.	Findings	Recommendations		
		Fully Implemented	Partially Implemented	Not Implemented
2016/151	The Ministry had 333 contracted employees as at 31 December 2017.		√	
2016/152	Salaries amounting to \$3.571M were paid by cash.	√		
2016/153 & 2016/170	Several discrepancies found in records maintained by schools for the 'school feeding programme'.			√
2016/154	Log Books not submitted for 36 serviceable vehicles	√		
2016/155	Various discrepancies in records examined at 18 schools in relation to Security Grants.	√		
2016/156	Contract documents for security services provided at 34 locations not submitted for audit.	√		
2016/157	Overpayment of \$0.354M on contract for works done at the Book Distribution Unit.		√	

MINISTRY OF EDUCATION

Rec. №.	Findings	Recommendations		
		Fully Implemented	Partially Implemented	Not Implemented
2016/158	Overpayment of \$0.156M on contract for works done at the Book Distribution Unit.	√		
2016/159	Several discrepancies as it related to the retention, storage and submission of Payment Vouchers for the Special Projects Account.	√		
2016/160	Assets not marked to make them readily identifiable; and serviceable/unserviceable items stored together.		√	
2016/161	Information relating to gifts were not furnished to the Finance Secretary.	√		
2016/162	Application of penalty clause not done on defaulting contractors; and items paid for before its delivery.	√		
2016/163	It could not be determined whether items purchased were received after payments were made.	√		
2016/164	Eleven expense vouchers totalling \$17.622M not presented for audit examination.			√
2016/165	Financial returns for 18 warrants totalling \$70.123M not received.	√		
2016/166	Forty Cheque Order valued \$114.284M were not cleared; whilst, Cheque Orders were cleared on average 30 days after the stipulation.			√
2016/167	Overpayment of net salaries and related deductions totalling \$4.895M and \$1.464M, respectively, for the period 2010 to 2015 were still to be recovered.		√	
2016/168	Financial statements for President's College and Queen's College were not presented in a timely manner to be audited		√	
2016/169	Overpayment of \$1.484M still to be recovered on construction of IT laboratories at Charity and Central Corentyne Secondary Schools and construction of new wing to Patentia Secondary Schools.		√	

DEPARTMENT OF CULTURE

Current year matters, with recommendations for improvements in the existing system

Capital Expenditure

Shortfall of Expenditure

470. Funds amounting to \$947.358M were made available under the three programmes of the Department of Culture for the period under review. According to the Appropriation Accounts, the sum of \$632.148M was expended; resulting in a net shortfall of expenditure amounting to \$315.210M. The shortfall of expenditure was approximately one-third of the total funds available. The table below gives a summary of the shortfall.

Programme	Description	Total Funds Available \$'000	Total Expenditure \$'000	Difference \$'000
7	Cultural Preservation	166,000	85,737	80,263
8	Youth	244,379	239,597	4,782
9	Sports	536,979	306,814	230,165
<b>Total</b>		<b>947,358</b>	<b>632,148</b>	<b>315,210</b>

471. Further, there were significant shortfalls within the programmes, as shown in the tables below.

Programme 7 – Cultural Preservation

Line Items	Description	Total Funds Available \$'000	Total Expenditure \$'000	Difference \$'000	Shortfall %
12180	Institute for Creative Arts	52,620	13,050	39,570	75.20
25088	Museum Development	45,064	18,812	26,252	58.25
45039	National Archives	17,640	8,612	9,028	51.18

**Ministry's Response:** The Ministry provided the following explanations for the shortfall of expenditures:

- a) 12180 – Institute for Creative Arts: This activity has both local and foreign funded components. The sum of \$30M was foreign funded through the Government of Mexico for the design and construction of a building to house the Institute of Creative Arts. While, the sum of \$22.620M was local for the purchase of furniture and equipment and musical instruments. However, a pre-requisite to accessing the grant was the acquisition of land for the project. To date, the Ministry has been unable to secure same;
- b) 25088 – Museum Development: The shortfall in expenditure was as a result of the late award for the rehabilitation of National Museum's roof. The budgeted sum was \$24M and the contract sum was \$17.5M. This project was rolled over to 2018; and

- c) 45039 – National Archives: The shortfall is due to the late award of the contract in the sum of \$8M for the rewiring and installation of a fire suppression system at the National Archive. The project was rolled over to 2018.

Programme 9 – Sports

Line Items	Description	Total Funds Available \$'000	Total Expenditure \$'000	Difference \$'000	Shortfall %
45035	National Sports Commission	536,979	306,814	230,165	42.86

**Ministry's Response:** Due to the late award for the consultancy of the Synthetic Track, the project design was not completed before 31 December 2018. As a result, the project was rolled over to 2018, which was initially budgeted at \$160M. Several contracts were awarded late valued at \$68M and rolled over to 2018.

**Recommendation:** The Audit Office recommends that the Ministry commence its projects' implementation earlier to ensure the benefits of such projects are realised, and avoid substantial shortfall of expenditures. (2017/154)

Other Matters

Cheque Orders

472. We were unable to verify whether value was received in relation to the sum of \$38.827M. Moreover, at the time of reporting, 110 Cheque Ordered vouchers in the sum of \$29.572M were not cleared; whilst, ten Payment Vouchers totalling \$9.255M were not produced for audit examination.

**Ministry's Response:** The Ministry acknowledged the findings and stated that peculiar challenges are sometimes faced with some transactions. Notwithstanding this, the Ministry will take action to clear the outstanding Cheque Orders and to locate the missing Payment Vouchers.

**Recommendation:** The Audit Office recommends that the Ministry take action to clear the outstanding Cheque Orders, locate the missing Payment Vouchers, and submit same for audit. (2017/155)

Warrants

473. The sum of \$16.239M remained unspent in relation to three Inter-Departmental Warrants totalling \$21.545M that were issued by the Department. The unspent balances represented approximately 75.37% of the three warrants issued. In one instance, the unspent balance was in excess of 98%. This is a clear indication that the intended purposes of the warrants were not realised. See summary in table below.

Warrant Number	Agency Warrant Issued To	Purpose of Warrant	Amount Allocated \$'000	Amount Expended \$'000	Balance \$'000	% Unspent
2/2017	PS, MoP	Funds to facilitate work to Walter Roth Museum	9,000	160	8,840	98.22
3/2017	PS, MoP	Funds to facilitate work to Walter Roth Museum	6,929	2,321	4,608	66.50
5/2017	PS, MoSP	Offset expenses for staff salary	5,616	2,825	2,791	49.70
Total			21,545	5,306	16,239	75.37

**Ministry's Response:** Two warrants were sent to Ministry of the Presidency to offset maintenance works to Walter Roth Museum. Works to fence was done, however same was not charged to the warrants. The third warrant was sent to Ministry of Social Protection for staff members from New Opportunity Corps that were transferred to that Ministry. This warrant represents salaries and gratuities for 16 contracted employees.

**Recommendation:** The Audit Office recommends that the Ministry monitors the progress of implementation of warrants issued with a view to ensuring that its intended purpose(s) are achieved. (2017/156)

474. Financial returns for two Inter-Departmental Warrants issued in the sum of \$17.500M were not presented for audit examination. As a result, we could not determine whether the purposes of the warrants were achieved. The Ministry had written to the respective Regional Executive Officers in February 2018 requesting the submission of financial returns. See summary in table below.

Date	Warrant No.	Issued To	Purpose	Amount \$'000
15/09/2017	7/2017	REO - Region 1	Upgrade of grounds at Mabaruma	8,000
15/09/2017	8/2017	REO - Region 2	Upgrade of ground at Pomona, New Opportunity Corps	9,500
Total				17,500

**Ministry's Response:** Efforts are on-going to have the two outstanding financial returns submitted to the Ministry. Reminder letters were sent to Regional Executive Officers.

**Recommendation:** The Audit Office recommends that the Ministry follow-up with the Regional Administrations to submit the outstanding financial returns. (2017/157)

#### Cheques on Hand

475. The basis on which fifty-eight cheques totalling \$39.374M were drawn could not be determined. Moreover, the Ministry had on hand the said fifty-eight unpaid cheques as of April 2018. Thirty-eight of the cheques totalling \$37.020M were drawn on 3 January 2018; whilst, the difference of twenty cheques totalling \$2.354M were drawn during varying periods in 2017. The cheques have since been refunded to the Consolidated Fund.

**Ministry's Response:** The Ministry acknowledges the findings. A number of payments were prepared in December for purchases and items were no longer available. Additionally, there were duplication of payments, and in several instances the cheques had to be cancelled.

**Recommendation:** The Audit Office recommends that the Ministry take the necessary precautionary measures when processing payments as this situation poses a risk. (2017/158)

Overstatement of Appropriation Accounts

476. Further, the Ministry's Appropriation Accounts were overstated by the said sum of \$39.374M.

**Ministry's Response:** Corrective action has been taken in 2018 to ensure planned programmes are executed by 15 December, and all cheques on hand be credited back to the votes by the end of the year to avoid the overstatement.

**Recommendation:** The Audit Office recommends that the Ministry exercise better control over the implementation of its programmes to avoid recurrences. (2017/159)

Prior year matters, which have not been resolved

Capital Expenditure

477. Overpayments in the sums of \$4.114M and \$4.767M were yet to be recovered from two contractors with respect to the installation of water distribution line and system, and night lighting system, respectively at the Synthetic Track and Field Facility. At the time of reporting, the Ministry were re-visiting the projects with a view to bring closure.

**Ministry's Response:** The Ministry acknowledged the finding.

**Recommendation:** The Audit Office recommends that the Ministry expedites its efforts to bring closure to this issue, and submit the results for audit. (2017/160)

Follow-Up on the Implementation of Prior Year Audit Recommendations

478. The table below shows the prior year matters as contained in the Auditor General's 2016 Report and action taken by the Head of the Budget Agency regarding the recommendations made by the Audit Office.

DEPARTMENT OF CULTURE, YOUTH & SPORTS				
Rec. No.	Findings	Recommendations		
		Fully Implemented	Partially Implemented	Not Implemented
2016/165	Financial returns for 13 warrants totalling \$55.168M not received.			√
2016/171	Revenues from the rental of the Guyana National Stadium and refunds from the	√		

DEPARTMENT OF CULTURE, YOUTH & SPORTS				
Rec. №.	Findings	Recommendations		
		Fully Implemented	Partially Implemented	Not Implemented
	Guyana Lottery Commission and Digicel were deposited into the Consolidated Fund.			
2016/172	Log Book not submitted for audit.	√		
2016/173	No evidence that tender board meetings were held in relation to 27 payments totalling \$26.733M.	√		
2016/174	Receipt and delivery of items were not documented; and substitute items were delivered without approval	√		
2016/175	Revenue from the National Cultural Centre was deposited into a commercial bank instead of the Consolidated Fund.	√		
2016/176	Overpayment of \$4.114M on installation of water distribution line and system at Synthetic Track and Field Facility at Leonora not recovered.			√
2016/177	Overpayment of \$4.767M on installation of night lighting system at Synthetic Track and Field Facility at Leonora not recovered.			√
2016/178	Cheque Orders not cleared within stipulated time-frame; and 68 Cheque Orders valued \$6.991M remained outstanding.			√
2016/179	Twenty-nine Payment Vouchers totalling \$24.601M were not presented for audit.			√
2016/180	Contractual penalty not enforced for late delivery.	√		
2016/181	Differences observed between balances of items in the Stock Ledger and a physical count.	√		
2016/182	Financial return for one warrant issued in the sum of \$500,000 not submitted to the Ministry.			√

AGENCY 42  
MINISTRY OF COMMUNITIES

Current year matters, with recommendations for improvement in the existing system

Employment Cost

479. During 2017, amounts totalling \$256.821M were expended for the payment of salaries to officers within the Ministry. Audit checks revealed that the sum of \$182.186M or 71% of the total employment cost was paid to employees who were employed on a contractual basis. Details are shown in the table below:

Line Item	Description	Total Paid \$'000	Percentage %
6111	Administrative	32,067	12
6112	Senior Technical	6,456	3
6113	Other Tech. & Craft Skilled	2,204	1
6114	Clerical & Office Support	15,793	6
6115	Semi-skilled Operatives & Unskilled	10,532	4
6116	Contracted Employees	182,186	71
6117	Temporary Employees	7,583	3
Total		256,821	100

480. According to the payroll for December 2017, the Ministry had a total of 169 employees, of which contracted employees were 42% of the total employees. Details are shown in the table below:

Line Item	Description	No. of Employees	Percentage %
6111	Administrative	27	16
6112	Senior Technical	13	8
6113	Other Tech. & Craft Skilled	3	2
6114	Clerical & Office Support	23	14
6115	Semi-skilled Operatives & Unskilled	21	12
6116	Contracted Employees	71	42
6117	Temporary Employees	11	6
Total		169	100

481. During 2017, twenty-one contracted employees were transferred to the Permanent Pensionable Establishment; however, all contracted employees were not transferred in keeping with Public Service Commission Circular No. 1/2017 dated 7 February 2017.

**Ministry's Response:** The Head of Budget Agency explained that the process of transfer to the Pensionable Establishment was affected due to the delay of the re-constitution of the Public Service Commission.



**Recommendation:** The Audit Office recommends that the Head of Budget Agency continue the process of having the contracted employees transferred to the Permanent Pensionable Establishment. (2017/161)

Subsidies and Contribution to Local Organisation

482. The sum of \$558.536M was allotted for subsidies and contribution to local organisations. According to the Appropriation Accounts, the full amount was expended during the year. Details of the expenditure are shown in the table below:

Details	Amount \$'000
Electricity charges - Guyana Water Incorporated (GWI)	528,536
Subvention - Local Government Commission	20,000
Payment of Grant - Guyana Association of Municipalities	10,000
Total	558,536

483. According to the Integrated Financial Management and Accounting System (IFMAS), nine payments totalling \$528.536M were paid to the Guyana Power and Light by the Ministry on behalf of the Guyana Water Incorporated (GWI). It should be noted that the GWI and Central Housing and Planning Authority (CH&PA) are subject to separate financial reporting and audit. The table below summarises the status of audits and details on the progress of outstanding audits.

Name of Entity	Amount Received in 2017 \$'000	Year Last Audited	Last Report Laid in National Assembly	Remarks on financial statements
Guyana Water Incorporated (GWI)	528,536	2016	2015	No financial statements received for 2017
Central Housing and Planning Authority (CH&PA)	0	2016	2016	Audit for 2017 in progress
Total	528,536			

**Ministry's Response:** The Head of Budget Agency explained that the GWI will finalise the financial statements and submit by 27 September 2018.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency ensures that the 2016 audited financial statements for GWI are laid in the National Assembly and the financial statements for 2017 submitted to the Audit Office. (2017/162)

484. The Local Government Commission (LGC) was established by way of Order №. 23 of 2017 under the Local Government Commission Act 18 of 2013. The Commission began its operation on the 23 October 2017 with functions as stipulated in Section 13 of the said Act. According to Section 29 of the Local Government Commission Act 18 of 2013 “*the Commission shall publish an annual report relating generally to the exercise of its function, and a copy of every report shall be laid before the National Assembly by the Minister within six months of the following year.*”

485. During 2017, the Ministry paid the sum of \$20M to the Commission. This amount was deposited on the 21 December 2017 into the Commission’s bank account №. 01630003130 held at the Bank of Guyana. According to documents submitted by the Commission amounts totalling \$19.265M were expended as at August 2018, and the balance of \$734,740 was retained in the Commission’s bank account. Details of the expenditure are shown in the table below:

Description	Amount \$’000
Purchase of Nissan vehicle	7,524
Employment cost	5,194
Office cubicle	2,212
Consultancy services	1,060
Purchase of hand held device	1,043
Travelling allowances	799
Purchase of office furniture	825
Purchase & installation of three televisions	515
Purchase of two refrigerators	93
Total	19,265

*Subvention to Local Authority*

486. During the year, the sum of \$12.540M was allotted and expended under Subvention to Local Organisations. The full amount was released to two Town Councils and two Village Councils for operational expenditure. The Town Councils and Village Councils are subject to separate financial reporting and audit. A summary of the expenditure is shown in the table below:

Name of Town/Village Council	Amount \$’000
Mabaruma Town Council	5,937
Lethem Town Council	3,000
Aranaputa Village Council	1,770
Baracara Village Council	1,770
Travelling & Subsistence	63
Total	12,540

**Ministry’s Response:** The Head of Budget Agency concurs with the findings.

### Accounting for expenditure

487. Audit examination carried out on the 2 January 2018 revealed that there were thirteen cheques on hand totalling \$44.695M for purchases of items during 2017. These cheques should have been refunded to the Consolidated Fund and the necessary adjustments made to the Appropriation Accounts. As a result, the Appropriation Accounts would be overstated by the said amount. This was not in keeping with the requirements of Section 43 of the Fiscal Management and Accountability Act 2003, which requires any unexpended balance of public moneys out of the Consolidated Fund to be returned and surrendered to the Consolidated Fund at the end of each fiscal year.

488. However, at the time of reporting, eleven cheques totalling \$29.607M were verified as having been paid to the respective payees and the goods/services were delivered, one cheque in the sum of \$87,500 was refunded to the Consolidated Fund on 22 March 2018, and the remaining cheque in the sum of \$15M, which has since been updated, was still on hand at the Ministry.

**Ministry's Response:** The Head of Budget Agency explained that the payment is for the declaration of Mahdia as a Town for the Potaro-Siparuni Region.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency put systems in place to ensure that there is full compliance with the FMA Act 2003. (2017/163)

### Warrants

489. During the year, the Ministry issued eight Inter-Departmental Warrants (IDW) totalling \$449.467M, to four Ministries. As at 31 December 2017, amounts totalling \$438.121M were expended whilst the difference in the sum of \$11.346M remained in the Consolidated Fund. At the time of reporting, all financial returns together with the supporting schedules of expenditure in respect of the warrants issued were presented for audit. A summary of the warrants is shown in the table below:

Ministry	No. of Warrants	Amount \$'000
Ministry of Legal Affairs	1	339,108
Ministry of Public Infrastructure	3	103,713
Ministry of Education (NSC)	3	5,646
Ministry of Indigenous People's Affairs	1	1,000
Total	8	449,467

490. Audit checks revealed that during the year, the Ministry received seven IDWs totalling \$522.948M from the Ministry of Finance. Included in this amount, is the sum of \$400M which represents one IDW No. 43/2017 dated 11 November 2017. The purpose of this IDW was to facilitate payment to contractors of the Georgetown Mayor and City Council for sanitisation services. The purpose of remaining six IDWs was to meet the shortfall in payment of salaries.

491. In addition, it was noted that Cabinet granted its approval on 14 November 2017, by document referenced CP (2017)11:2: P for the grant of \$475.635M to the Georgetown Mayor and City Council to be channelled by Ministry of Communities: Programme 2 - 6294 (Other). The table below lists the payments.

Name of contractor	Cheque №.	Cheque Date	Amount \$'000	Total \$'000
Dartmouth Skip Rental Inc.	05-997340	21 November 2017	73,218	73,218
Puran Brothers Disposal Inc.	05-996412		99,000	196,820
	05-996413		97,820	
Cevon's Waste Management Inc.	05-996409		5,180	205,597
			2,417	
	05-996410		99,000	
	05-996411		99,000	
<b>Total</b>			<b>475,635</b>	<b>475,635</b>

492. However, the details of the payments, including the exact periods and description/particulars of services, and its related costs were not provided. Rather, a summary by contractor and nature of indebtedness was attached to the Payment Vouchers. As a result, the completeness, accuracy and validity of the payments could not be determined.

493. Further, on 12 July 2018, the Audit Office wrote the Town Clerk of the Mayor and City Council and copied to the Permanent Secretary, Ministry of Communities requesting pertinent records to aid verification of the expenditure totalling \$475.635M. The Ministry of Communities submitted documents on 18 August 2018 comprising primarily of correspondences written by the contractors to the Ministry seeking payments. From these documents submitted it was not possible to verify the expenditure totalling \$475.635M. Furthermore, we are still unable to verify the accuracy, validity and completeness of the sum of \$475.635M that was paid to the contractors.

**Ministry's Response:** The Head of Budget Agency explained that the Ministry's submission was intended to assist in the audit. The necessary details have to be provided by the Town Clerk.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency urges the treasurer to ensure that the relevant documentation is submitted for audit. (2017/164)

### Capital Expenditure

#### Current year matters, with recommendations for improvement in the existing system

494. The sum of \$3.956 billion was allotted for capital programs. During the year, a Supplementary Provision in the sum of \$420M was approved, bringing the total funds available to \$4.376 billion. According to the Appropriation Accounts, amounts totalling \$4.330 billion were expended, resulting in a shortfall of \$46.245M on the projects planned for 2017. Details of the allotment and expenditure are shown in the table below:

Description	Total Allotted \$'000	Supplementary Provision \$'000	Total Funds Available \$'000	Total Expenditure \$'000	Shortfall \$'000
Program 421-Sustainable Community Management	1,068,200	0	1,068,200	1,021,981	46,219
Program 422-Sustainable Community Development	2,888,078	420,000	3,308,078	3,308,052	26
Total	3,956,278	420,000	4,376,278	4,330,033	46,245

**Ministry's Response:** The Head of Budget Agency explained that the shortfall represents unspent balances on warrants which remained in the Consolidated Fund.

*Project Development & Assistance*

495. The sum of \$1.044 billion was allotted for the provision of subvention to Municipalities and Neighbourhood Democratic Councils (NDC). According to the Appropriation Accounts, amounts totalling \$997.555M were expended during the year. The details of the expenditure are shown in the table below:

Details	Amount \$'000
Subvention – NDC (IDW's issued to Administrative Regions)	537,754
Municipalities	362,377
Grants - Neighborhood Democratic Councils (NDC)	59,064
PS Ministry of Communities	15,000
Local Organisations	10,000
Village Councils (Baracara, Orealla and Siparuta)	6,000
Kuru Kururu Farmers Association	5,000
Ministry of Education	2,000
Purchase of Assets	360
Total	997,555

496. The Municipal and District Councils Act, Chapter 28:01 of the Laws of Guyana, requires “*all accounts of Municipal and District Councils be made up yearly to the end of the financial year by the Treasurer of the Council and shall be so made up not later than four months after the end of such year to which they relate and for those accounts to be audited by the Auditor as soon as practicable.*” The table below gives details of the Subvention totalling \$537.754M and Grants totalling \$59.064M which were paid to the fifty-nine NDCs during the year:

Region №.	№. of NDCs	Subvention Amount \$'000	Grant Amount \$'000	Total \$'000
1	1	13,219	500	13,719
2	5	55,519	2,500	58,019
3	11	89,658	5,500	95,158
4	15	130,288	37,064	167,352
5	10	93,206	5,000	98,206
6	16	142,067	8,000	150,067
7	-	5,959	-	5,959
10	1	7,838	500	8,338
Total	59	537,754	59,064	596,818

497. The Local Government Act, Chapter 28:02 of the Laws of Guyana, requires the accounts of Neighbourhood Democratic Councils (NDC's) to be made up annually. According to Section 134 (1) of the said Act, the Auditor General may at any time audit the accounts of the Councils. A status of the audits in respect of sixty-two NDC's at the time of reporting is provided in the table below:

Region №.	№. of Councils	Last Audits	Current Status	Remarks
1	1	1994	Financial statements not received for the years 1995-2017	
2	5	2009	Fieldwork completed for two NDCs for the years 2010-2017	Reports to be finalised for two NDCs; and audits to be planned for other 3 NDCs
3	1	2017	Audit up-to-date	Hague/Blankenburg
	2	2014	Financial statements not received for the years 2015-2017	Canals Polder, and Hydronie/Good Hope
	3	2010 -2012	Financial statements submitted for varying periods	Audits to be planned based on availability of financial statements
	5	2000 - 2007		
	3	Prior to 2000		
4	4	2001 - 2006	Fieldwork completed for varying periods	Audits to be finalised based on completed fieldwork; and planned based on availability of financial statements
	11	Prior to 2000		
5	5	2000 - 2002	Fieldwork completed for varying periods	Audits to be finalised based on completed fieldwork; and planned based on availability of financial statements
	5	Prior to 2000		
6	9	2015	Audits to be planned and executed for outstanding years	
	3	2014		
	2	2010	Fieldwork in progress for 2011-2015	Gibraltar/Fyrish, and Ordinance Fortlands/№. 38
	1	2007	Financial statements on hand for 2008-2014	Port Mourant/John: Audits to be planned for 2008-2014
	1	1994	Fieldwork in progress for 2008-2017	Crabwood Creek
10	1	2006	Field work done for the years 2007-2010.	Reports for the years 2007-2010 to be auctioned. Audits for the outstanding years will be planned and executed based on the availability of financial statements

**Ministry's Response:** The Head of Budget Agency explained that, in accordance with the Local Government Act Chapter 28:02, it is the responsibility of the Overseers to submit annual financial statements to the Audit Office.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency urge the Overseers to submit all outstanding financial statements to the Audit Office. (2017/165)

498. Included in the sum of \$362.377M released to the Municipalities are amounts totalling \$216.377M which were released to nine Municipalities for the payment of vacation allowances, salaries for community enhancement team leaders and community enhancement workers. In addition, amounts totalling \$146M were released to enhance the environment and improve community services. According to the status reports submitted by the Municipalities the total amount expended from the subvention was \$135.162M, resulting in an unspent balance of \$10.838M as shown in the table below:

*Town Councils*

Municipalities	Total Paid to Council \$'000	Amount other than subvention \$'000	Amount Received as Subvention \$'000	Amount Spent from Subvention \$'000	Balance on Subvention \$'000
Mabaruma Town Council	48,366	33,366	15,000	13,500	1,500
Anna Regina Town Council	26,471	11,471	15,000	13,355	1,645
Georgetown City Council	24,000	0	24,000	24,000	0
New Amsterdam Town Council	26,330	10,330	16,000	16,000	0
Rose Hall Town Council	21,061	6,061	15,000	14,004	996
Corriverton Town Council	19,487	4,487	15,000	15,000	0
Bartica Town Council	45,825	30,825	15,000	15,000	0
Lethem Town Council	44,405	29,405	15,000	11,608	3,392
Linden Town Council	106,432	90,432	16,000	12,695	3,305
Total	362,377	216,377	146,000	135,162	10,838

499. The balance of \$1.500M was as a result of the Mabaruma Town Council not being able to complete the projects for the construction of Thomas Hill Playground and construction of bridge and road from Hosororo stretch to Koberimo Hill. The financial statements of the Council are subject to separate financial reporting and audit.

500. The balance of \$1.645M was as a result of the savings obtained from the projects undertaken by the Anna Regina Town Council. The financial statements of the Council are subject to separate financial reporting and audit.

501. The balance of \$996,108 was as a result of the Rose Hall Town Council not being able to complete building of a bond. The financial statements of the Council are subject to separate financial reporting and audit.

502. The balance of \$3.392M was as a result of the Lethem Town Council not being able to complete the projects for the upgrade of Tabatinga Sports Complex Ground and the construction of internal fence. The financial statements of the Council are subject to separate financial reporting and audit.

503. The balance of \$3.305M was as a result of the the savings obtained from the projects undertaken by Linden Town Council. The financial statements of the Council are subject to separate financial reporting and audit.

504. The Municipal and District Councils Act, Chapter 28:01 of the Laws of Guyana, requires *“all accounts of Municipal and District Councils be made up yearly to the end of the financial year by the Treasurer of the Council and shall be so made up not later than four months after the end of such year to which they relate and for those accounts to be audited by the Auditor as soon as practicable.”* Despite this legal requirement, a number of the Municipal and District Councils were still in violation of Section 177 of the Municipal and District Councils Act Chapter 28:01. Shown below is the status of audits in respect of the nine Municipalities at the time of reporting:

Municipalities	Financial statement Last Audited	Financial statement on Hand	Financial statement Not Submitted for Audit	Remarks
Georgetown City Council	2004	2005, 2007, 2012, 2016	2006, 2008 – 2011, 2017	Awaiting resubmission of corrected financial statement to finalise audits for the years 2005 & 2012-2015. Audits for the years 2016 & 2017 to be planned
Linden Town Council	1984	2008 –2010, 2012, 2014-2017	1985 – 2007, 2011, 2013	Audit for the years 2008 - 2010 completed Reports to be finalised 2011-2017 audits to be planned
New Amsterdam Town Council	1996	1997-2017		Audits for the years 2006-2011 are completed. Report to be finalised. Audits for the years 2012-2017 to be planned
Rose Hall Town Council	1998	2003 & 2005-2017	1999-2002, 2004	2003-2016, Audits to be planned
Corriverton Town Council	2001	2002-2003, 2008-2015	2004-2007 & 2016 - 2017	2002-2015, Audits to be planned



Municipalities	Financial statement Last Audited	Financial statement on Hand	Financial statement Not Submitted for Audit	Remarks
Anna Regina Town Council	2010	2011-2017	-	2011-2017, Audits to be planned
Mabaruma Town Council	-	-	2015-2017	Townships were officially gazetted on 21 October 2015
Lethem Town Council	-	-	2015-2017	
Bartica Town Council	-	-	2015-2017	

**Ministry's Response:** The Head of Budget Agency explained that in accordance with the Municipal and District Council Act Chapter 28:01, it is the responsibility of the Municipal Treasurers to submit annual financial statements to the Audit Office.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency urge the Municipal Treasurers to submit all outstanding financial statements to the Audit Office. (2017/166)

*Hinterland Water Supply*

505. The sum of \$200M was allotted for the: (i) completion of water supply improvement at Port Kaituma, Tasserene, Karrau, Rupertee, Aranaputa and Silver Hill; (ii) upgrading of water supply systems at schools, health facilities and government buildings; (iii) provision for water supply systems at Chenapau, Campbelltown, Wyleng, Chinowing, Paramakatoi and Yarakita; (iv) rehabilitation of water distribution network at Matthew's Ridge; and (v) procurement of equipment and spares. As at 31 December 2017, the full amount was expended and a status report provided by GWI, as shown below:

Description of Works	Amount \$'000	Status as at September, 2018
Provision for water supply systems at (i) Chenapau (ii) Campbelltown, (iii) Wyleng, (iv) Paramakatoi and (v) Yarakita	58,825	(i)50% (ii) 15% (iii) 100% (iv) 55% (v) 100%
Procurement of equipment and spares	42,452	100%
Complete of water supply improvement at Port Kaituma, Karrau, Aranaputa	28,209	100%
Reimbursement for Field Trips	16,535	N/A
Supply of materials, labour and equipment for the drilling of well and installation of distribution network at Oronoque Region №. 1	11,269	95%
Transporting Materials	10,518	N/A
Supply of materials labour and equipment for the drilling of well at Koko Region №. 1	6,525	100%
Rehabilitation of water distribution network at Matthew's Ridge	6,208	100%
Water supply improvement Koberimo Region №. 1	5,339	100%
Supply material, equipment, plant & labour for the installation of temporary revetment works at Hosororo Region №. 1	4,370	100%
Training	2,696	N/A
GRA Withholding Tax	2,082	N/A
Drilling of potable water well at Kamwatta Region №. 1	2,021	To be Terminated
Airfare	1,308	N/A
Salaries	963	N/A
Supply of Petroleum Products	680	N/A
Total	200,000	

### Coastal Water Supply

506. The sum of \$600M was allotted for Sustainable Communities Development which entails the: (i) completion of wells and installation of transmission and distribution lines at Wakenaam, Port Mourant, Lima Sands, Diamond, Sophia and Sparendam; (ii) construction of wells at Vergenoegen, Pouderoyen, Westminster and New Amsterdam; (iii) extension of water distribution network from Byderabo to Agatash; (iv) installation of water supply distribution mains at Bladen Hall, Cornelia Ida to Fellowship and Eversham to Phillipai ;(v) construction of filters and quality assurance systems at Covent Garden, Grove and Eccles; (vi) construction of aeriator and filter at New Amsterdam Water Treatment Plant; (vii) purchase and installation of water meters and boxes; (viii) re-sleeving of wells at Hope, Low Lands and Eccles; and (ix) provision for trench and river crossings at Mahaicony and Hopetown. As at 31 December 2017, the full amount was expended and a status report provided by GWI, as shown below:

Description of Works	Amount \$'000	Status
Completion of wells and installation of transmission and distribution lines at Wakenaam, Lima Sands, Diamond, Sophia and Sparendaaam	124,860	100%
Construction of wells at Vergenoegen, Pouderoyen, Westminster and New Amsterdam	176,480	Vergenoegen in final stage
Reimbursement for materials to GWI	84,474	N/A
Installation of water supply distribution mains at Bladen Hall, Cornelia Ida to Fellowship and Eversham to Phillipai	80,198	100%
Purchase and installation of water meters and boxes	46,876	100%
Payment for Timehri North water supply improvement sub-project	22,092	100%
Salaries and overtime	16,315	N/A
Provision for trench and river crossings at Mahaicony and Hopetown	13,292	100%
Extension of water distribution network from Byderabo to Agatash	9,028	100%
Construction of aerators and filter at New Amsterdam Water Treatment Plant	6,780	100%
Training	5,958	N/A
GRA Withholding Tax	5,248	N/A
Construction of filters and quality assurance systems at Covent Garden, Grove and Eccles	2,956	100%
Purchase of Doosan Light Tower 60Hz	2,622	100%
Bartica Three Mile Ph2 water supply project	2,277	Terminated
Supply and Delivery of one 20 Feet Container	544	100%
Total	600,000	

507. The contract for the extension of distribution network from Byderabo to Agatash, Bartica Region №.7 was awarded to the lowest of six bidders in the sum of \$9.212M. The contract was signed on the 19 July 2017 between GWI and the contractor. The full contract sum was paid to the contractor as at 31 December 2017. Examination of the Payment Vouchers and other supporting documentations revealed the following:

- a) according to letter dated 23 March 2017, GWI indicated to the contractor that “300 lengths of 100 mm PVC pipes” and materials for “40 service connections” were issued to the contractor on the 17 November 2017 and on the 29 November 2017, respectively. Further, the letter stated “you are hereby granted up to 26 March 2018 to return all materials outstanding to GWI stores”;
- b) further, GWI wrote the contractor on 16 August 2018 indicating his indebtedness of \$1.454M for the “Loaned 100 mm PVC pipes”; and
- c) GWI registered the performance bond claim valuing \$921,175 with the insurance company on the 5 April 2018. As at September 2018, no recoveries were made by GWI and GWI did not cash in on the Bond.

**Management Comments:** The Head of Budget Agency explained that the works are successfully completed and the facilities are in operation. However, the contractor is indebted to GWI to the value of \$1.454M. This matter is engaging the attention of the legal department within GWI.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency ensure that the full amount of \$1.454M is recovered and implement systems to prevent a recurrence. (2017/167)

508. The sum of \$2.277M was paid during 2017 for the drilling of potable water well at Three Miles Bartica. This contract was awarded during 2016 in the sum of \$16.701M with a revised contract sum of \$19.039M. Audit checks revealed that amounts totalling \$5.691M were paid during 2016 and \$2.277M paid during 2017, bringing the total payments to \$7.968M.

509. In addition, it was noted that GWI by way of letter dated 17 July 2017, wrote the contractor informing him that “.....a decision was made to terminate the contract in accordance with Sub Clause 40.2 (a) of the General Conditions of Contract.” Further, according to GWI correspondence dated 8 August 2017, a valuation on termination was done and it was found that the contractor is indebted to GWI in the sum of \$2.538M. The correspondence also states that GWI is in possession of the Advance Bond from Assuria Life Fire & General Insurance to the value of \$3.081M. At the time of reporting, there was no evidence to indicate that the indebtedness in the sum of \$2.538M was recovered.

**Management Comments:** The recovery of the outstanding sum of \$2.538M is being pursued by the Legal Department with the insurance company to have the funds recovered.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency ensure that the full amount of \$2.538M is recovered and implement systems to prevent a recurrence. (2017/168)

#### Urban Sewerage

510. The sum of \$250M was allotted under Programme 422 - Sustainable Communities Development which entails the: (i) completion of transmission and distribution mains and service connection upgrade in Albouystown; (ii) drilling of wells at Ruimveldt and Section ‘B’ Sophia; (iii) storage tank at Ruimveldt; (iv) transmission mains at Sophia; and (v) trench crossing at Cemetery Road. As at 31 December 2017, the full amount was expended and a status report provided by GWI, as shown below:

Description of Works	Amount \$'000	Status
Purchase of Materials	121,492	100%
Completion of transmission and distribution mains and service connection upgrade in Albouystown	61,174	Works to be completed by 30 October 2018
Transmission mains at Sophia	39,406	100%
Storage tank at Ruimveldt	11,770	100%
GRA Withholding Tax	6,526	N/A
Drilling of wells at Ruimveldt and Section 'B' Sophia	6,371	100%
Salaries and Overtime	3,261	N/A
Total	250,000	

### Linden Water Supply

511. The sum of \$100M was allotted under Programme 422 - Sustainable Communities Development which entails the: (i) the completion of water treatment plants at Mc Kenzie and West Watooka; (ii) completion of transmission and distribution network at Blueberry Hill, One Mile Extension, Wisroc and Canvas City; (iii) rehabilitation of docks at West Watooka; (iv) upgrading of water supply system at Ituni and service connection and metering at Wisroc; (v) rehabilitation of trench crossings; and (vi) provision for non-revenue water programme. As at 31 December 2017, the full amount was expended and a status report provided by GWI, as shown below:

Description of Works	Amount \$'000	Status
Completion of transmission and distribution network at One Mile Extension, Wisroc and Canvas City	31,476	On-going to be completed by 30 October, 2018
Completion of water treatment plants at Mc Kenzie and West Watooka	25,150	100%
Purchase of Materials	17,574	100%
Interconnection/reinstatement/pressure testing of installed transmission/distribution mains and installation of service connection Christianburg Linden Region №.10	11,777	100%
Reimbursement for non-revenue water programme	4,000	N/A
Salaries and overtime	3,828	N/A
Upgrading of water supply system at Ituni and service connection and metering at Wisroc	3,176	Wisroc 100% Ituni 95%
Consulting services for the preparation and implementation of the Dakoura Creek Watershed Management	1,150	On-going to be completed by December, 2018
GRA Withholding Tax	993	N/A
Rehabilitation of trench crossings	876	100%
Total	100,000	

Community Infrastructure Improvement Project (CIIP)

512. The sum of \$299.700M was allotted for Sustainable Communities Development which entails provision of community infrastructure projects. According to the Appropriation Accounts, the full amount was expended. Details of the expenditure are shown in the table below:

Description	Amount \$'000
Releases for July to December 2017 for CIIP	287,858
IDW for the construction of concrete koker East Berbice for Region №. 6	5,919
IDW for the construction of pedestrian walkway at Tabatinga Bridge Region №. 9	5,389
Payment for logo on T-Shirts	458
Payment for printing brochures	76
Total	299,700

513. Audit checks carried out on the records maintained by CIIP revealed that only the sum of \$72.696M was expended from the \$287.858M released to the Project. As a result, there was an unspent balance of \$215.162M. As at 31 December 2017, the bank statement reflected a balance of \$283.780M, whilst the cash book reflected a balance of \$271.019M, giving a difference of \$12.761M. The difference represented un-presented cheques. Details of the expenditure are shown in the table below:

Description	Amount \$'000
Supply and installation of 7 complete grid connection solar photovoltaic system	35,927
Construction of Golden Beach Boulevard, Bartica	17,703
Salaries	10,343
Construction of Green Park at №. 76, Corriverton	4,474
Construction of Hosororo Green Space, Mabaruma	1,941
Construction of Rose Hall Town Green Park	1,627
GRA 2% Withholding Tax	529
Advertisement	128
Weeding, cleaning and maintaining plants at Parade Ground	24
Total	72,696

514. A Memorandum of Understanding (MOU) was signed between the Ministry of Communities and the Guyana Energy Agency (GEA) on the 10 August 2017 for the supply and installation of seven complete grid connection solar photovoltaic systems. The overall goal of the project was to: (i) consider the national drive towards the development of a Green Economy in Guyana; (ii) recognizing the benefits of the deployment and implementation of energy efficiency and renewable energy systems at public buildings across Guyana; and (iii) with the overall objective of Government Ministries, Agencies and public entities to transition towards the greater utilisation of alternative sources of energy over the next five years.

515. Further, approval was granted by NPTAB on the 14 December 2017 for the supply and installation of seven complete grid connection solar photovoltaic systems in the sum of \$35.927M. During 2017, the Project transferred the sum of \$36.055M, which included the cost of advertisements, to GEA.

516. However, further checks with the GEA revealed that on the 3 January 2018, GEA entered into three contracts with three local suppliers to the value of \$35.927M for the supply and installation of the seven solar photovoltaic systems. At the time of reporting, the sum of \$32.814M inclusive of GRA 2% withholding tax was paid during 2018, leaving a balance of \$3.113M remaining on the contracts.

*Solid Waste Disposal Programme*

517. The sum of \$338.378M was allotted for Sustainable Communities Development which entails the: (i) completion of national solid waste management strategy; (ii) completion of cell №. 1 and Leachate treatment facility at Haags Bosch landfill site; (iii) completion and construction of access roads and new landfill sites; (iv) completion and upgrade of landfill sites at Byderabo, Lusignan, Belle Vue, Lethem, Mabaruma and Haags Bosch; and (v) provision for plastic bins, soil testing, design and supervision. During 2017, amounts totalling \$338.352M were expended, as detailed in the table below:

Description of Works	Amount \$'000
Completion and upgrade of landfill sites at Byderabo, Lusignan, Belle Vue, Lethem, Mabaruma and Haags Bosch	79,669
Consultancy Services	76,265
Completion of cell №. 1 and Leachate treatment facility at Haags Bosch landfill site	44,493
Completion and construction of access roads and new landfill sites at Kara Kara, Lusignan and Haags Bosch	44,852
Hydrogeological and geotechnical investigations	26,560
Payment of Grants-Aranaputa, Lethem, Linden, Bartica Town Councils	20,978
Provision for plastic bins, soil testing, design and supervision	18,776
Upgrade of Rose Hall dumpsite	13,740
Completion of National Solid Waste Management Strategy	5,263
GRA Withholding Tax	5,886
Purchase of Assets	1,870
Total	338,352

518. Physical verifications were conducted on two of the Projects, namely rehabilitation of Access Road at Lusignan Landfill and upgrade of Rosehall Dumpsite, Region №. 6. Based on the physical measurements taken on site, inspection and calculations, our quantities generally correspond with the quantities listed and paid for under the BQ of the respective contracts and as such, we are of the view that the works were completed and reasonably paid for as per specifications and schedules.

### Water Supply and Infrastructure Improvement Programme

519. On 14 October 2014, the Government of Guyana (GoG) and the Inter-American Development Bank (IDB) signed a loan contract for “*Water Supply and Sanitation Infrastructure Improvement Program.*” The general objective of the Program is to improve efficiency, quality and sustainability of the potable water services and improve sanitation infrastructure in Georgetown and other areas along the coast. The total cost of the Program is estimated to be the equivalent of US\$31,676,500 which includes the amount of the financing referred to in Section 1:02 of the Special Conditions and up to Euros 10,675,000 from the resources of the Non Reimbursable Financing Agreement №. GRT/EX-14520-GY referred to in Section 3.03 of the Special Conditions.

520. The sum of \$1 billion was allotted for Sustainable Communities Development which entails the: (i) construction of water treatment plant - Cornelia Ida to DeKinderen, Diamond to Herstelling and Cumberland to Williamsburg; (ii) installation of distribution and transmission networks; (iii) upgrading of sanitation infrastructure; and (iv) institutional strengthening. The Programme had a supplementary provision of \$380M, bringing the total revised allocation to \$1.380 billion. According to the Appropriation Accounts, the full sum was expended as at 31 December 2017. This Project is funded by Inter-American Development Bank (IDB) and the European Union (EU) and is subject to separate financial reporting and audit. The Project was last audited for the financial year 2017 and the audit report was issued on 24 April 2018.

### Sustainable Housing for the Hinterland

521. On 17 February 2010, the Government of Guyana (GoG) and the Inter-American Development Bank (IDB) entered into an agreement to finance the Expansion and Integration of Basic Nutrition Program. The agreement stated that the GoG will contribute an amount of US\$2.300M for the complete and uninterrupted execution of the Program, while IDB will provide financing of US\$5M. However, on 29 December 2015, the GoG and IDB signed an amendatory agreement to reassign the undisbursed amount of up to US\$3.1M to be used for Sustainable Housing for the Hinterland Program. The objective of the reformulated Program is to improve the liveability of low-income families in selected communities of the hinterland through better access to housing, potable water, sanitation and the promotion of women’s empowerment. The Project is subject to separate financial reporting and audit. The Project was last audited for the financial year 2017 and the audit report was issued on 27 April 2018.

522. According to the agreement, the period of execution was stated as four years from the effective date of the agreement to 30 December 2019. At the end of 2017, that is, two years after the signing of the amendatory agreement, the Program had only expended the sum of US\$928,488.46 or 29.95% of the financing provided by the IDB. Of this amount, the sum of US\$83,702.00 was expended during 2016 while the difference of US\$844,786.46 equivalent to G\$174.448M was expended during 2017. The delay in the timely execution of the activities could result in the Program not achieving its stated objectives and an overrun of the life of the Program.



**Management Response:** The Head of Budget Agency explained that the Ministry concurs with this statement and measures are instituted to ensure that the objectives are achieved and there is no cost overrun.

**Recommendation:** The Audit Office recommends that the management of the Program put systems in place to ensure that the Program is completed within the agreed timeframe. (2017/169)

Prior year matter not resolved

Georgetown Restoration Programme

523. The sum of \$300M was allotted in 2015 under the Ministry of Communities. The project profile as included in the national estimates stated that the allocation was for Georgetown restoration initiatives. The intended benefits include: (i) environmental improvement; and (ii) improved health and well-being. According to the Appropriation Accounts, the full sum was expended. An analysis of the expenditure as contained in the Integrated Financial Management and Accounting System (IFMAS) report is summarized in the table below:

Particulars	Amount \$'000
Purchase of vehicle	6,200
De-bushing of Le Repentir Cemetery	52,163
Restoration of Georgetown	241,637
Total	300,000

524. The following is a summary of the findings:

- a) the Ministry of Communities expended the sum of \$6.200M to purchase a Nissan double-cab pick-up. The vehicle was being used by the City Constabulary. However, it was not accounted for in the permanent stores records of the Ministry and Council;
- b) the correctness, accuracy and validity of the payment of \$52.163M made by the Ministry to a contractor for 103.80% variation works on three contracts could not be verified;
- c) amounts totalling \$241.637M of the allotted amount (\$300M) were paid over to the Council;
- d) Section 43 of the FMA Act was breached, whereby, the sum of \$102.637M was paid over to the Council in 2016 from the 2015 Appropriations;
- e) the Council utilised the amount paid over from the 2015 Appropriations for expenses incurred over the period November 2015 to February 2018. This is an indication that the restoration grant to the Council was not utilised as intended;

- f) two hundred and sixty-one Payment Vouchers for expenses totalling \$247.558M were submitted. This was \$5.921M more than the sum (\$241.637M) paid over to the Council;
- g) expenditure totalling \$182.610M were not certified by the relevant officer;
- h) the City Treasurer's approval was not evident on seven Payment Vouchers totalling \$8.304M;
- i) the Finance Committee's full approval was not evident on twenty-one Payment Vouchers totalling \$30M;
- j) there was no evidence of acknowledgement from payees for payments totalling \$12.816M;
- k) the correctness, accuracy and validity of five payments totalling \$4.890M could not be verified;
- l) six payments totalling \$15.7M were made on six contracts that were above the \$1.5M contract ceiling for the clean-up programme;
- m) payments totalling \$42M could not be validated in respect of 27 contracts;
- n) we could not ascertain whether a transparent system was used for the awarding of contracts;
- o) twelve contracts totalling \$21M were awarded to one contractor, contrary to the apparent stipulated maximum of four contracts to one contractor;
- p) there were eleven instances that indicated contractors may have provided false addresses to satisfy the criterion of having to reside within the area where the work was to be done;
- q) applications were not seen for 25 contracts amounting to \$37.500M; and
- r) the contract register was not properly written up. Moreover, not all contracts were recorded therein. Key information including payments on contracts was also not recorded.

525. During 2016, the sum of \$200M was budgeted under the Ministry of Communities. The project profile as included in the national estimates stated that the allocation was for Georgetown Restoration Initiatives. The intended benefits included:

- a) environmental improvement, and
- b) improved health and well-being. According to the Appropriation Accounts, the full amount was expended.

526. The Ministry and the Council signed a Memorandum of Understanding (MOU) on 30 December 2016, whereby the Ministry was to provide funding in the sum of \$175.200M for the Georgetown Restoration Initiatives. The following were to be done with the funding:

- a) Rehabilitation of:
  - i. Kitty Market;
  - ii. Constabulary Training School;
  - iii. City Engineer's Building;
  - iv. Constabulary Headquarters Building; and
  - v. Albouystown Clinic.
- b) Purchase of office materials, equipment and furnishings.

527. An examination of the IFMAS report revealed that three payments were made to the Council for a sum on \$200M. The details of the payments are shown in the table below:

Cheque №.	Date Received	Date Deposited	Amount \$'000
05-761817	16-May-16	16-May-16	24,800
05-868406	16-Jan-17	17-Jan-17	99,000
05-868405	16-Jan-17	17-Jan-17	76,200
Total			200,000

528. The following is a summary of the findings:

- a) the Council did not produce evidence to account for amounts totalling \$70.489M as summarised in the table below:

Projects	Total \$'000
Kitty Market	28,826
Constabulary Training School	19,973
Albouystown Clinic	14,963
City Engineer's Building	202
Constabulary Building	6,281
Purchase of furniture and equipment	244
Total	70,489

- b) payroll costs amounting to \$30.575M could not be verified as summarised in table below:

Projects	Total \$'000
Kitty Market	8,053
Constabulary Training School	3,123
Albouystown Clinic	6,617
City Engineer's Building	6,947
Constabulary Building	5,835
Total	30,575

- c) the receipt of building materials amounting to \$30.562M could not be verified as summarised in table below:

Projects	Total \$'000
Kitty Market	23,242
City Engineer's Building	6,445
Constabulary Building	875
Total	30,562

- d) the Ministry was in breach of Section 43 of the FMA Act whereby there was an overstatement of the Appropriation Accounts of \$175.200M, which resulted from 2016 Appropriations being transferred to the Council in January 2017;
- e) the Council failed to comply with Article 5 (ii) of the special conditions of an MOU between the Ministry and the Council. The Council did not use a special commercial bank account as agreed to ‘...keep the financial resources’;
- f) there was no enforcement of Article 5 (iii) of the special conditions of the MOU by the Ministry and Council, even though both parties agreed that the “*Minister or his representative(s) shall at all times authorise all payments charged under the Special Purpose Account.*” It should be noted that all transactions were authorised by the Council;
- g) the number of firearms paid for could not be determined;
- h) the nature of payment as well as whether value was received for the sum of \$2.194M could not be determined; and
- i) a master inventory was not maintained. In addition, whilst sectional inventories were evident, they were not up-to-date. As a result, the Council would not be well positioned to account for the assets it owned and controlled.

**Ministry's Response:** The Head of the Budget Agency explained that the findings in paragraphs 523 through to 528 appear to be findings pertaining to the forensic audit ordered by the Public Accounts Committee. Detailed responses will be provided at a later date.

Follow-Up on the Implementation of Prior Year Audit Recommendations

529. The table below shows the prior year matters as contained in the Auditor General's 2016 Report and action taken by the Head of the Budget Agency regarding the recommendations made by the Audit Office.

Recommendation №.	Category of Findings	Status of Recommendations		
		Fully Implemented	Partially Implemented	Not Implemented
2016/183	Budgeted amounts not expended	√		
2016/184	Breach of FMA Act 2003. Unspent balance not refunded	√		
2016/185	Breach of FMA Act 2003. Unspent balance not refunded	√		
2016/186	Outstanding financial statements for Georgetown City Council		√	
2016/187	Outstanding Financial statements for New Amsterdam Town Council	√		
2016/188	Breach of FMA Act 2003. Unspent balance not refunded	√		
2016/189	Breach of FMA Act 2003. Unspent balance not refunded	√		
2016/190	Breach of FMA Act 2003. Unspent balance not refunded	√		
2016/191	Breach of FMA Act 2003. Unspent balance not refunded	√		
2016/192	Outstanding financial statements for Georgetown City Council and other Town Councils		√	
2016/193	Non-submission of contracts and related documents		√	
2016/194	Breach of FMA Act 2003. Procurement Act 2003 and financial instructions		√	

AGENCY 43  
MINISTRY OF PUBLIC HEALTH

Current year matters, with recommendations for improvement in the existing system

Current Expenditure

Employment Cost

530. For the period under review, pay change directives for resignations and maternity leave were forwarded late to the Accounts Department of the Ministry, resulting in overpaid salaries totalling \$438,720 to six employees. The overpaid amounts have not been recovered to date and this circumstance was compounded by a sum of \$4.682M, which remained outstanding from overpayments made during the years 2011- 2012 and 2014 - 2106. In fact, the unrecovered amounts as at 31 December 2017 totalled \$5.120M.

	Details of Overpayment				Balance (A+B-C) \$'000
	Net Salaries (A) \$'000	Deductions (B) \$'000	Total (A+B) \$'000	Recovered (C) \$'000	
2011	757	346	1,103	0	1,103
2012	205	74	279	0	279
2014	1,194	416	1,610	1,014	596
2015	909	138	1,047	110	937
2016	1,784	454	2,238	472	1,766
2017	421	35	456	17	439
Total	5,270	1,463	6,733	1,613	5,120

**Ministry's Response:** The Head of Budget Agency indicated that several employees were written to with respect to overpayments. However, the response rate of refund is not forthcoming as expected. Measures are in place to publish the names of the employees via the print and television medium to garner the refunds. Alternatively, the Ministry is seeking the advice from the Attorney General on the way forward.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency put systems in place to prevent recurrences and ensure that all outstanding overpayments are recovered. (2017/170)

531. According to the National Estimates, the Ministry was authorised to contract the services of 1,377 employees. The Ministry's December 2017 payroll showed that there were 862 contracted employees. The table below provides a comparison of the authorised number of contracted employees against the actual employees under each Programme.

Programme	National Estimates	December 2017 Payroll	Reduction
431- Policy Development & Administration	140	76	64
432- Disease Control	108	48	60
433- Family Health Care Services	55	23	32
434- Regional & Clinical Services	990	683	307
435- Health Sciences Education	16	7	9
436- Standards & Technical Services	29	11	18
437- Disability Rehabilitation Services	39	14	25
Total	1,377	862	515

532. An examination of the Appropriation Accounts and the records of the Ministry revealed that amounts totalling \$201.886M were expended to pay the 862 contracted employees, as shown in the table below:

Salary Range	No. of Employees	Amount Paid in 2017 \$'000
Below \$100,000	122	8,690
\$100,000-\$250,000	58	8,599
\$250,000-\$400,000	674	180,372
Above \$400,000	8	4,225
Total	862	201,886

533. The amount of \$201.886M represents 3% of the total employment cost of the Ministry. The Public Service Commission Circular No. 1/2017 dated 7 February 2017 required Permanent Secretaries, Heads of Departments and Regional Executive Officers to submit applications for temporary employees who satisfied the criteria, for them to be awarded pensionable status. During the period under review, 245 contracted employees were transferred into the Permanent Pensionable Service.

**Ministry's Response:** The Head of Budget Agency indicated that the Ministry is in the process of transitioning contracted employees into the Permanent Pensionable Service. Staff members that were contracted by the Ministry of Public Health that are below 45 years would be transition in the Permanent Pensionable Service with the exception of persons who are bonded with the Government of Guyana and also persons who are working under ministerial control. This transition process is on-going.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency continue to take action to minimise the number of staff being employed on Contract/Gratuity Terms in keeping with circularised instruction. (2017/171)

Drugs and Medical Supplies

534. The sum of \$1.819 billion was allocated for the purchase of drugs and medical supplies for the period under review. According to the Appropriation Accounts, amounts totalling \$1.808 billion were expended for the period. However, twenty-eight cheques totalling \$424.567M were on hand as at 31 December 2017, which resulted in the Appropriation Accounts being overstated by this amount. The table below shows details of the expenditure according to the records of the Ministry:

Supplier	Amount \$'000
New GPC Incorporated	944,946
PAHO	346,480
Caribbean Medical Supplies	166,350
USAID Global Health Supplies Chain	88,353
Trans Continental	53,653
Eureka Laboratory	49,252
Massy Gas Products	22,499
AA La Quis	22,079
MedPharm	21,550
HDM Labs	17,194
The Royal Emporium	12,123
Massy Industries	6,426
Meditron	6,407
ConTest	3,872
Guyana Responsible Parenthood Association	2,288
Miscellaneous	44,451
<b>Total</b>	<b>1,807,923</b>

535. At the time of reporting, six suppliers who received payments totalling \$606.442M did not fully honor their obligations, where goods valued at \$133.095M remained outstanding, as shown in the table below:

Supplier	Payments \$'000	Deliveries During 2017 \$'000	Deliveries During 2018 \$'000	Outstanding Deliveries as at Sept 2018 \$'000
New GPC Inc.	408,366	128,065	235,154	45,147
USAID Global Health Chain	88,336	13,034	30,008	45,294
PAHO	77,677	38,663	0	39,014
Massy Gas Products	16,500	15,533	0	967
Caribbean Medical Supplies	6,553	6,216	0	337
Royal Emporium	9,010	6,674	0	2,336
<b>Total</b>	<b>606,442</b>	<b>208,185</b>	<b>265,162</b>	<b>133,095</b>



**Ministry's Response:** The Head of Budget Agency indicated that the Ministry is presently conducting a reconciliation to determine the outstanding amounts of monies owing to each supplier against the value of items supplied. This process is on-going since approval for multi-year contracts were given that would cater for the overstated amount.

536. In addition to the amounts outstanding for year 2017, outstanding deliveries for the years 2011 and 2013 to 2016 totalled \$287.226M, as shown in the table below:

Supplier	Years					Total \$'000
	2011 \$'000	2013 \$'000	2014 \$'000	2015 \$'000	2016 \$'000	
Productos Roche Panama					37,776	37,776
Caribbean Medical Supplies		3,375		67,500	1,514	72,389
Trans Continental Ltd.	4,243		1,733			5,976
Henry Schien Ltd.	2,218	2,590				4,808
PAHO	468	8,277	1,741		5,738	16,224
SHIMADZU	382					382
International Pharm. Agency		29,907			5,174	35,081
Meditron Scientific Sales		10,031	31			10,062
Patterson Medical		1,686	4,265			5,951
New GPC Inc.		2,700			1,181	3,881
Diamed Caribbean Inc.			1,157			1,157
Biomed Energy Ent.			22			22
Supply Chain Man. Systems				49,531		49,531
Western Scientific Co.				27,585	899	28,484
IDA Foundation					13,028	13,028
Scientific Supplies & Tech.					2,474	2,474
Total	7,311	58,566	8,949	144,616	67,784	287,226

**Ministry's Response:** The Head of Budget Agency indicated that the Ministry is presently conducting a reconciliation to determine the outstanding items owing by the suppliers. This outstanding balance continues to reduce.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency immediately undertake a full review of contractors' obligations under the contracts to ensure that these, including applicable liquidated damages, are fully satisfied, without any overpayments. (2017/172)

537. It was observed that suppliers did not comply with the conditions of the contracts, since deliveries were not made according to the contract specifications and delivery schedules. In addition, the Ministry failed to enforce the penalty of 0.5% on the contract sum for each day of untimely execution of the contract. As a result, the suppliers were not penalised for the failure to adhere to the specifications of the contract. A similar observation was made in the previous year.

**Ministry's Response:** The Head of Budget Agency indicated that the Ministry is currently conducting a reconciliation to determine the status of the outstanding amounts, since items were delivered but no Stores Received Notes were attached to the vouchers. In addition, the conditions of the contract previously did not cater for a flexible schedule of delivery, since many of the commodities can only be manufactured and supplied every three months. The current contract has a multi-year effect with a flexible schedule of delivery.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency put systems in place to ensure that suppliers adhere to the conditions outlined in the contracts so as to avoid delays in the delivery of goods. (2017/173)

538. Section 28 (a) of the Procurement Act states that, “*The procuring entity may engage in single-source procurement when the goods or construction are available only from a particular supplier or contractor, or a particular supplier or contractor has exclusive rights with respect to the goods or construction, and no reasonable alternative or substitute exists.*” Thirteen contracts totalling \$91.422M were awarded by the National Procurement and Tender Administration Board (NPTAB) to Caribbean Medical Supplies through the single-source method of procurement. According to the attached documentation, the supplier was the authorised distributor for the goods being procured. However, it could not be ascertained whether the supplier had exclusive rights to the goods being procured and whether there were other suppliers that the Ministry could have used to source the goods.

**Ministry's Response:** The Head of Budget Agency indicated that the Ministry has used the restricted tendering process to procure emergency drugs and medical supplies for critical patients. The Procurement Department in its response to emergency supplies of critical items explained that the drugs were required to save the lives of patients.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency comply with the requirements of the Procurement Act 2003 when awarding contracts. (2017/174)

539. The sum of \$1.808 billion included eight cheques totalling \$33.082M that were still on hand at the time of reporting. It should be noted that goods to the value of \$13.309M were delivered by three of the seven suppliers, as shown in the table below.

Contract Award No.	Supplier	No. of Cheques on Hand	Value of Cheques \$'000	Deliveries Received as at Sept 2018 \$'000
1775/17	AA La Quis	2	22,079	10,569
1283/17, 136/17	Caribbean Medical Supplies	2	4,147	0
1580/17	Meditron	1	4,907	1,783
426/17	Massy Gas Products	1	374	0
Not Seen	The Royal Emporium	1	1,026	957
Not Seen	SACACE Technology	1	549	0
Total		8	33,082	13,309

**Ministry's Response:** The Head of Budget Agency indicated that the Ministry is currently conducting a reconciliation to determine the outstanding items, since full and partial deliveries were made by the suppliers. It must be noted that several multi-year contracts were granted and the delivery schedules were staggered thus facilitating the payment process.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency take the necessary action to have cheques paid to suppliers for goods supplied and refunds to the Consolidated Fund where necessary. (2017/175)

540. The sum of \$12.123M was paid to The Royal Emporium for emergency laboratory supplies for the Food and Drug Department, as shown in the table below.

Date	Contract Award №.	Description	Amount \$'000
22.12.17	NPTAB 2300/17	Emergency laboratory supplies	5,010
Not stated	Not stated	Consumables & reagents for food testing	1,635
18.12.17	MTB 706/17	Consumables & reagents for food testing	1,607
19.12.17	MTB 112/17	Critical laboratory supplies	1,340
Not stated	MTB 369/17	Consumables & reagents for food testing	1,031
07.08.17	MTB 552/17	Reagents for water testing	753
Not stated	Not seen	M-Coli blue, 24 Plastic etc.	423
23.11.17	MTB 262/17	Critical laboratory supplies	227
06.07.17	MTB 259/17	Critical laboratory supplies	97
Total			12,123

541. In relation to the purchase of laboratory supplies to the value of \$5.010M, the contract stipulated that the goods shall be delivered to the Materials Management Unit (MMU) of the Ministry. However, the goods were delivered directly to the Food and Drug Department, contrary to the requirement of the contract. Further, the MMU in accounting for the supplies in its records, prepared Stores Received Notes from the Delivery Notes submitted by the Department, without verification of the items received. The Stores Received Notes were then sent to the Food and Drug Department for signature.

**Ministry's Response:** The Head of Budget Agency indicated that the items were received and subsequently taken into account. The Ministry has put systems in place to have all items delivered to the MMU so as to avoid any recurrences.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency put systems in place to ensure that management of the Food and Drug Department comply with the Ministry's policies for the receipt of goods and other supplies. (2017/176)

542. Five suppliers who were awarded seven contracts valued at \$278.507M, received payments totalling \$207.309M during 2017. According to Section 3.1 of the terms and conditions of the contracts, the amount of the performance security shall be 10% of the contract sum. However, no evidence was seen that the suppliers provided the requisite securities to the Ministry. As a result, the Ministry was not protected from the risk of default by the suppliers.

Contract №.	Supplier	Contract Sum \$'000	Security Sum 10% \$'000	Payments as at 31.12.2017 \$'000
MMU-12-2017 P6	Eureka Labs	92,100	9,210	46,050
MMU-32-2017-	Massy Gas Caribbean	11,535	1,154	1,214
MMU-28-2017 P2	Western Scientific	11,649	1,165	5,855
MMU-16-2017 P2	Caribbean Medical Supplies	7,201	720	3,433
MMU-19-2017 P2	Caribbean Medical Supplies	6,423	642	3,279
P4MMU-23-2017 P6	Medical Supplies	4,241	424	2,120
MMU-19-2017 P6	Caribbean Medical Supplies	145,358	14,536	145,358
Total		278,507	27,851	207,309

**Ministry's Response:** The Head of Budget Agency indicated that indeed no amount of performance security was submitted by the suppliers, since most of the suppliers opted to supply more than the 10% of the items before requesting any payment.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency take action to ensure that all contracts for supplies meet the requirements of the Procurement Act 2003, especially as they relate to the terms and conditions that would indemnify the Government from financial loss. (2017/177)

543. For six contracts in the sum of \$104.140M, the Ministry sought the approval of the relevant Tender Boards after the goods were delivered by the suppliers. This practice contravened the requirement of the Procurement Act 2003. As a result, it could not be determined whether the Ministry received value for the sums expended, since there was no evidence that prices was evaluated to determine the most competitive supplier. The table below outlines the details.

NPTAB / MTB №.	Date of Award	Supplier	Contract Sum \$'000	Items Delivered \$'000	Date Delivered
215/17	03.02.17	New GPC Inc.	3,101	3,101	23.12.16
3677/17	03.11.17	Medpharm	5,388	5,388	10.10.17
3666/17	03.11.17	Medpharm	10,560	10,560	12 & 19.09.17
3751/17	13.11.17	Medpharm	5,603	5,603	31.10.17
484/17	31.07.17	Caribbean Med. Supplies	78,432	78,432	20 & 27.07.17
227/17	30.05.17	Caribbean Med. Supplies	1,056	1,056	17.05.17
Total			104,140	104,140	

**Ministry's Response:** The Head of Budget Agency indicated that emergency situation has forced the Ministry to seek the supplier's engagement to have the critical drugs supplied before, in order to save patients lives. The prices quoted by the supplier were similar based on previous pricing.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency adhere to the requirements outlined in the Procurement Act of 2003 as it relates to the procurement of goods. (2017/178)

### Offsite Storage

544. The Ministry had four other offsite storage facilities, as shown in the table below, where drugs and medical supplies were stored during the period under review. There was no evidence that rent was paid to the owners of the facilities and audit checks revealed that the Ministry did not enter into contracts with the owners for the storage of the items. In the absence of contracts or formal agreements with the owners, it could not be determined: (i) the duration for storing of the items; (ii) the remedies should there be a breach by both parties; (iii) the conditions under which the items must be stored; and (iv) the minimum security standards required at the facilities to protect the items from fire, theft and flooding.

Location	Facility	Amount US\$'000
OFFSITE 1	New GPC Inc.	3,213
OFFSITE 2	Ansa Mcal Trading Ltd.	Not Stated
OFFSITE 3	Princess Street	Not Stated
OFFSITE 4	Ocean View International Hotel	Not Stated
Total		3,213

**Ministry's Response:** The Head of Budget Agency indicated that the Ministry has sought the assistance from cooperate citizens to have items stored at these offsite locations temporarily since construction of the MMU and CSU bonds are on-going. As soon as the works are completed the Ministry will no longer use these offsite unless it deems necessary.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency take action to ensure that contracts are put in place that meet the requirements of the Procurement Act 2003, especially as they relate to the terms and conditions that would indemnify the Government from financial loss. (2017/179)

545. The Ministry provided lists of the items stored at each facility. However, with the exception of the New GPC Inc., which had drugs stored with a total value of US\$3.213M or approximately \$663.485M, there were no prices attached to the items listed at the other three facilities. As such, we were unable to determine the total value of drugs and medical supplies held at the three facilities.

**Ministry's Response:** The Head of Budget Agency indicated that the Management Accounting Computerised Software (MACS) system is currently being implemented to retrieve information relative to the quantity and costing for storage facility be it MMU or offsite locations.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency take appropriate action to determine and provide for audit examination the value of items stored at the other three locations. (2017/180)

546. At the New GPC Inc. facility, the items listed in the table below were counted on 9 August 2018, but there was no evidence that the quantities were brought to account in the Warehouse Management System (WMS).

Description of Item	Unit	Quantity
Clindamycin 300mg	Bottle	2,700
Benzathine Penicillin	Vials	1,500
BetamethasoneValerate Cream	Bottle	288

**Ministry's Response:** The Head of Budget Agency indicated that at the MMU, the MACS is fully operationalised to have the relevant information available for auditing with regards to the 3 items stored at the New GPC Inc.

547. During the validation exercise conducted on 9 August 2018 at the Princess Street facility, the stock of urine collection bags could not be counted due to the manner in which the items were stored. In addition, the listing provided had only male condoms and was not updated with the following items verified during the exercise. As a result, the accuracy of the information presented could not be relied on.

Description of Item Verified	Unit	Quantity
Ibuprofen Oral Suspension	Bottles	78,169
Ibuprofen Tablets	Box	2,000
Surgical Scrubs	Box	1,250
EKG/EKG Paper	Packs	850
Diclofenac Sodium 50mg	Box (1000)	8,430
Diclofenac Gel 1% 30G	Box/Tube	49,303

**Ministry's Response:** The Head of Budget Agency indicated that the items that were stored at Princess Street have been taken into account.

548. In relation to the items of stock at the Ocean View International Hotel, the drugs were stored in seven hotel rooms. The manner in which the items were packed made it difficult to conduct a stock count, as the items were not arranged in a manner that made them easy of access and check. In addition, there was evidence of termite infestation in the rooms and damages to the boxes and items stored, as shown below. The extent of the damage could not be determined at the time of the physical count.



Ocean View Hotel – Damage to boxes from termite infestation

**Ministry's Response:** The Head of Budget Agency indicated that the Ministry has taken a decision to utilize the Ocean View Offsite to store medical supplies rather than pharmaceuticals, which need A/C's to maintain potency. The Proprietors have treated the rooms against termites and rodents to avoid damage to the items.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency take immediate steps to ensure that the Stores Regulations is complied with, as it relates to the accounting for stores. (2017/181)

549. Circularised instructions and Section 26 of the Stores Regulations require that historical records be maintained for all vehicles, plant and equipment owned and operated by the Ministry. The following unsatisfactory observations were made during the examination of the records:

- a) the historical record files reflected the sum of \$38.230M as maintenance costs for the year 2017. However, the Appropriation Accounts reflect the sum of \$56.361M, giving a difference of \$18.131M; and
- b) during the physical examination exercise conducted to account for the fleet of ninety-six vehicles, the Ministry presented a list of seven vehicles which were deemed as unserviceable. There was no evidence that action was taken by the Ministry to dispose of the vehicles.

**Ministry's Response:** The Head of Budget Agency indicated that:

- a) the Ministry is currently conducting a reconciliation to determine the difference;
- b) indeed the seven vehicles were unserviceable. At the time of the audit the Ministry was without the Disposal Committee to commence the procedure of disposing same. Subsequently, approval was granted for the establishment of the Disposal Committee which commenced work to have the vehicles properly disposed.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency take immediate action to update the Ministry's records and to follow-up with the Disposal Committee to have the unserviceable vehicles disposed. (2017/182)

#### Rental of Buildings

550. The sum of \$228.926M was expended for the rental of buildings during 2017. This amount includes sums totalling \$137.500M expended on the rental of the Sussex Street Warehouse for the period February to December 2017. The contract for the rental of the warehouse was dated 1 June 2016 and signed on the 20 July 2016 for a period of three years, with an expected end date of 30 June 2019. However, a letter dated 3 October 2017 was sent to the landlord in reference to Notice to Quit with effect from 31 October 2017. This indicated the Ministry's intention to quit and surrender the premises from 1 November 2017. It could not be determined the reason for paying rent in the sum of \$25M for the months of November and December 2017, when the Ministry clearly indicated that the premises would have been surrendered from 1 November 2017. Further, at the time of reporting, the Ministry also paid sums totalling \$100M as rental for the period January to August 2018. The authority for the payment was not provided for audit examination.

**Ministry's Response:** The Head of Budget Agency indicated that the Ministry had quit and surrendered the premises with effect from 14 August 2018. During the period October 2017 to 13 August 2018, the Ministry was still using the premises; hence, payments were made, since the contract was still effective.

#### Stores and Other Public Property

551. The Ministry continued to be in breach of Section 24 of the Stores Regulations. In this regard, the Ministry failed to keep and maintain a Master Inventory to document all assets of the Ministry. As a result, we were unable to accurately verify whether all assets were brought to account.

**Ministry's Response:** The Head of Budget Agency indicated that the Ministry has employed two Asset Inventory Officers to update the Master Inventories. This process is on-going.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency adhere strictly to the requirements of the Stores Regulations at all times, as it relates to the keeping of a Master Inventory. (2017/183)



552. Section 39 of the Stores Regulation of 1993 states that, “It shall be the duty of the Permanent Secretary to ensure that each item of stores is checked at least once a year. All shortages or other discrepancies shall be investigated immediately and a report submitted to the Secretary to the Treasury, copied to the Auditor General. All surpluses shall be written back to the Bin Cards in Form 1 and to the Stores Ledger in Form 7.” As shown in the table below, validation exercises were carried out on a sample of 143 items of stock, including pharmaceutical and other medical supplies, stationery, dietary, electrical and janitorial items. Overall, shortages were identified in 31% of the instances examined, compared to a 10% overage rate. The respective values of the shortages and excesses identified could not be readily determined due to the absence of pricing information for the items.

Location of Store	Items Checked	Shortage	Overage
Camp Street	46	25	6
MMU Diamond Warehouse	79	20	8
Sussex Street Warehouse	18	0	0
Total	143	45	14

**Ministry’s Response:** The Head of Budget Agency indicated that the Ministry has written to the Auditor General and Finance Secretary requesting approval to have an opening balance of the stock on hand. However, the Ministry is still awaiting the approval.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency aggressively follow-up with the Ministry of Finance on the matter. (2017/184)

553. In addition to the above, the following unsatisfactory features were noted during the validation exercises conducted at Camp Street and MMU Diamond Warehouse:

- a) Bin Cards were not updated promptly to reflect the items issued. As a result, the Cards did not accurately reflect the balances on hand for each item;
- b) in fourteen instances, the items selected for verification could not be traced to their listed locations;
- c) instances were observed where loose items of stock were not stored in boxes and in some instances; the boxes were placed on the floor;
- d) the receiving bay was clogged during the validation exercise, as shown below which is contrary to the Warehouse Standard Operating Procedures; and
- e) a list of 185 expired items was generated from the Management Accounting Computerised Software system as at December 2017. While 139 items were valued at \$108.553M, forty-six items had no value attached to them, due to the absence of pricing information from the Warehouse Management System.



Diamond Warehouse – Clogged Receiving Bay with boxes on floor

**Ministry's Response:** The Head of Budget Agency indicated that:

- i. for items (a) to (c) above, the Ministry is currently conducting refresher sessions with the storekeepers to ensure proper stores management is upheld;
- ii. with regards to (d), the receiving bay was clogged due to the increase deliveries made by suppliers. With the completion of the extension of the MMU bond, this situation will resolve; and
- iii. as it relates to (e), MMU is currently working to update MACS with all the prices from 2018 backwards.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency put measures in place to ensure that the records at its facilities are reconciled periodically in order to identify and account for differences and to have all records updated in a timely manner. The Audit Office also recommend that the Ministry undertake a country-wide survey to determine the realistic needs of pharmaceutical and other medical supplies in order to reduce losses through expired drugs. (2017/185)

#### Other Matters

554. Cheque Orders are required to be cleared within sixteen days of their issue through the submission of bills/receipts and other documents in support of the payments made. However, examination of the Cheque Order register for the period under review revealed that 117 Cheque Orders totalling \$34.937M were still outstanding as at September 2018. In addition, 172 Payment Vouchers together with the supporting documents totalling \$25.717M were not presented for audit verification. A similar observation was made in 2016 where thirty-four Cheque Orders valued at \$6.308M and fourteen valued at \$6.786M remained outstanding for years 2015 and 2016, respectively. In the circumstance, the completeness, accuracy and validity of the transactions could not be determined.

**Ministry's Response:** The Head of Budget Agency indicated that 115 Cheque Orders are still outstanding along with 175 missing vouchers. Efforts are on-going to have all vouchers located for audit.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency: (i) renew all efforts to have Cheque Orders cleared and to ensure that there is strict compliance to the requirement for the clearing of Cheque Orders; and (ii) put systems in place to ensure that there is adequate accountability for Payment Vouchers and supporting documents, so that these could be provided for audit in a timely manner. (2017/186)

555. The Ministry continued to breach the provisions of Section 43 of the Fiscal Management and Accountability Act 2003 when it failed at the end of the year to refund to the Consolidated Fund, 452 cheques valued at \$1.621 billion for the year 2017. As such, the Appropriation Accounts were inflated by the sum. While 130 cheques valued at \$155.950M were still on hand at the time of reporting, 295 were expended during 2018 and the remaining twenty-seven valued at \$258.470M were refunded to the Consolidated Fund. As it relates to prior years, four cheques valued at \$754,880 and 62 valued at \$122.524M were still on hand for years 2015 and 2016, respectively.

**Ministry's Response:** The Head of Budget Agency indicated that the Ministry is currently conducting a reconciliation to determine the outstanding cheques on hand. To date there are four cheques for 2015, sixty-five cheques for 2016 and 130 for 2017. On-going efforts are being made to have all the cheques on hand refunded to the Consolidated Fund.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency adhere strictly to the requirements of Section 43 of the FMA Act at all times, as it relates to unexpended balances at the end of the year being returned and surrendered to the Consolidated Fund at the end of the fiscal year. (2017/187)

#### Warrants

556. The Ministry received fourteen warrants totalling \$1.789 billion from the ten Administrative Regions in 2017, as shown in the table below. The warrants were intended for the procurement of drugs and medical supplies for the various health facilities in the Regions. However, a list of the drugs to be procured by each Region in support of the amounts warranted to the Ministry was not provided for audit examination. The sum of \$1.747 billion was shown as expended by the Ministry, while the balance of \$41.301M was retained in the Consolidated Fund.

Region №.	Warrant №.	Date of Warrant	Amount Received \$'000	Amount Expended \$'000	Balance \$'000
1	01/17	31/08/17	57,000	57,000	0
2	02/17	12/10/17	169,099	169,099	0
3	01/17	13/06/17	299,000	299,000	0
4	09/17	21/11/17	617,000	617,000	0
5	01/17	20/03/17	130,000	130,000	0
6	01/17 & 02/17	21/09/17 & 21/11/17	275,000	275,000	0
7	01/17 & 04/17	12/11/17 & 15/17/17	39,000	19,001	19,999
8	01/17 & 03/17	03/04/17 & 01/11/17	28,000	15,000	13,000
9	01/17 & 02/17	03/03/17 & 21/11/17	44,595	36,293	8,302
10	01/17	07/02/17	130,000	130,000	0
Total			1,788,694	1,747,393	41,301

**Ministry's Response:** The Head of Budget Agency indicated that each Region has supplied a list of drugs and medical supplies to be procured annually. This list form part of the Bid Document for procurement process.

557. As noted in the table above, the Ministry expended the full amounts received from seven of the ten Regions, which includes Regions №. 2 and 3. This information is inaccurate since three cheques totalling \$144.098M were refunded to the Consolidated Fund in January and March 2018, as shown in the table below. As a result, the Appropriation Accounts of the respective Regions were overstated by the amounts.

Date of Cheque	Cheque №.	Expense Voucher №.	Amount \$'000	Date Refunded to Consolidated Fund	Region №.
13.12.2017	07-009186	4311160	25,710	16.01.2018	3
13.12.2017	07-009187	4311151	99,000	20.03.2018	3
27.12.2017	07-022057	4312104	19,042	20.03.2018	2
27.12.2017	07-022057	4312070	346	20.03.2018	9
Total			144,098		

**Ministry's Response:** The Head of Budget Agency indicated that the Appropriation Accounts was already prepared in December 2017, while refunds were made in January and March 2018 respectively, which resulted in the Appropriation Accounts being overstated. The Ministry has put system in place to avoid any recurrence.

558. The NPTAB and MTB awarded twenty-six contracts to thirteen suppliers as detailed in the table below:

Supplier	Amount \$'000
New GPC Incorporated	658,515
HDM Labs	391,325
Caribbean Medical Supplies	365,542
Meditron	113,570
Chemonics	91,190
Global Healthcare Supplies	48,543
Western Scientific	22,041
ISLALAB Caribbean LLC	20,572
Ansa Mcal	15,170
Massy Industries	9,283
Trans Continental	7,786
Price Rite	1,938
Inter-Continental Pharma	1,918
Total	1,747,393

559. Examination of the contracts, Payment Vouchers and other supporting documents revealed the following observations:

- a) as stated in an above paragraph, a list of the drugs to be procured by each Region under the warrants was not provided for audit examination. It was noted that a schedule of the drugs to be procured for the total contract sum was attached to each contract awarded. However, the schedule did not indicate what drugs were being procured for each Region. This would indicate that there was not a systematic approach among the entities for the procurement of the items. We were unable to ascertain whether the Ministry effectively fulfilled its requirements under each warrant. As a result, the accuracy and validity of the amounts shown as expended on behalf of the Regions could not be determined;
- b) the quantity of drugs and medical supplies needed for each Region could not be verified against the amounts issued by the Ministry. In addition, it could not be determined how the Ministry costed the items supplied to the Regions, since price sheets for drugs and medical supplies issued by the MMU were not presented for audit scrutiny;
- c) items procured by the Ministry were entered in its Warehouse Management System (WMS). We expected the Ministry to properly account for the items procured on behalf of each Region by maintaining separate records to show the quantities of drugs and medical supplies procured, the issues made therefrom, the cost of each item and the resulting balance of each item. However, separate records were not kept in the WMS to clearly differentiate the Ministry's stock of items from that of the Regions;

- d) further, we expected the Ministry to undertake frequent reconciliations of the amounts procured, issued and balances on hand for each Region to ensure that there is proper accountability on its part. However, there was no evidence that the Ministry undertook reconciliations during the year under review. As a result, the Ministry failed to demonstrate that there was proper and efficient accountability of the Regions funds;
- e) approval was granted by the Ministerial Tender Board for the awarding of three contracts to an overseas supplier in the sum of US\$8,838.70 with a Guyana dollar equivalent of \$1.918M for the supply of emergency medical supplies, as shown below. However, at the time of reporting, the cheques were still on hand and the items remained undelivered;

Expense Voucher №.	Date of cheque	Cheque №.	Payee	Particular	Amount \$
4311654	02.01.2018	07-027067	Inter-	150 Glucometer mini machine	691,918
4311656	02.01.2018	07-027067	Continental	47 Blood pressure kit and 71 lancets	895,601
4312193	24.01.2018	07-035069	Pharma Inc.	50 blood pressure gauge and 15 kits	330,558
Total					1,918,077

- f) an amount of \$1.938M represents payment on a contract awarded by the NPTAB for printing of antenatal and serology forms for the Maternal & Child Health Department of the Ministry. The amount was expended on the Ministry's behalf and therefore was not utilised for the purposes intended according to the warrants. Further, the amount should have been charged to the Ministry's Line Items 6224 - Print and Non-Print Material and therefore represents a misallocation of expenditure.

**Ministry's Response:** The Head of Budget Agency indicated that:

- a) the Ministry has requested from each Region the annual quantification and consumption of drugs and medical supplies. This process has begun in 2018 to ascertain the accuracy of information regarding the quantification and consumption regionally through the MACS;
- b) MMU is currently using the MACS to input the pricing for each item to determine the value of supplies to each Region against the Ministry;
- c) MMU will be able to provide the balance and stock issued with costing to each Region using the MACS;
- d) MMU is currently reconciling the value of stock issued to each Region against the monies received. It must be noted that the Sector has been classified as an Essential Services in spite of the monies not being warranted timely to the Ministry. Health care services cannot be denied;
- e) the Ministry has contacted the supplier via telephone to fulfill his contractual obligations soonest. If this is not forthcoming, the Ministry will be take the necessary action to refund same; and

- f) this expenditure was inadvertently coded to the wrong Line Items. However, due to the closing of the country's accounts, the transaction could not be journalised. The Ministry will put systems in place to avoid any recurrences.

560. The Ministry required the undermentioned thirteen emergency pharmaceutical supplies for its Regional and Clinical Service.

Item №.	Description	Pack Size	Quantity
1	Metformin 500mg	1000 per bottle	27,040
2	Human Albumin 20% 100ml	Vial	3,840
3	Acetylsalicylic acid 81 mg tablets	1000 per bottle	16,951
4	Acetylsalicylic acid 500 mg tablets	1000 per bottle	251
5	Clindamycin 150mg (capsule)	100 per bottle	11,927
6	Cloxacillin 500 mg (capsule)	1000 per bottle	2,702
7	Propofol 10mg/ml injection	Each	28,232
8	Lidocaine (2%) 20mg/ml injection	Ampoules	63,804
9	Diclofenac 1% 30g gel	Each	49,303
10	Diclofenac 75mg tablets	100 per bottle	12,392
11	Vercuronium Bromide 10mg powder injection	Each	19,651
12	Mebendazole 500mg tablets	1000 per bottle	164
13	Neulasta 6mg/0.6ml	Each	6

561. On 28 April 2017, the Ministry wrote the NPTAB requesting approval for the following suppliers as shown below, to be invited to bid for the abovementioned pharmaceutical supplies, through the restricted method of procurement.

Tender №.	Supplier
1	International Pharmaceutical Agency
2	Caribbean Medical Supplies
3	Ansa McAl Trading Ltd
4	Global Healthcare Supplies Inc.
5	Meditron Inc.
6	HDM Labs Inc.

562. The NPTAB granted approval in May 2017 for the use of the requested method of procurement and tender documents were sold to all six suppliers. Only the first three suppliers, that is, the International Pharmaceutical Agency, Caribbean Medical Supplies and Ansa McAl Trading Limited tendered for the supply of the items. The tenders were opened on 23 May 2017 and were evaluated by the Evaluation Committee appointed by the NPTAB. The Committee on the 14 June 2017 did not recommend an award since the members agreed that no tenderer met all the required evaluation criteria and they all failed to submit complete bids for all of the items.

563. The Ministry subsequently wrote the NPTAB on 29 June 2017 requesting approval to retender for the procurement of the items through the restricted method of procurement and from the same six suppliers. The suppliers were requested to submit their tenders no later than 18 July 2017. On this date, only one tenderer, that is HDM Labs, submitted a tender for the supply of the items. The Evaluation Committee recommended that a contract be awarded to the lone tenderer for the supply of the items.

564. We compared the prices quoted for each item by the approved tenderer with that quoted by the initial three tenderers to determine whether there was due diligence with regard to economy in awarding the contract. It was determined in the undermentioned nine instances that the prices quoted by HDM Labs were significantly higher than that of the initial three suppliers.

Description	Quantity	HDM Labs \$	IPA \$	Caribbean Medical Supplies \$	Ansa McAl Trading \$
Metformin 500mg	27,040	2,962	1,428	2,239	2,990
Human Albumin 20% 100ml	3,840	32,475	17,700	No bid	28,600
Propofol 10mg/ml injection	28,232	834	348	305	No bid
Lidocaine (2%) 20mg/ml injection	63,804	463	47	48	No bid
Diclofenac 1% 30g gel	49,303	325	91	98	No bid
Diclofenac 75mg tablets	12,392	974	247	465	No bid
Vercuronium Bromide 10mg powder injection	19,651	812	645	610	No bid
Mebendazole 500mg tablets	164	22,733	1,168	4,635	No bid
Neulasta 6mg/0.6ml	6	205,675	22,429	No bid	No bid

565. The contract which was awarded on 31 August 2017 by NPTAB in the sum of US\$1,891,443 or Guyana dollar equivalent of \$409.497M, was signed on 8 September 2017. The following unsatisfactory features were noted during the examination of the documents pertaining to this award:

- a) the supplier was required to supply the drugs two weeks after signing of the contract, that is, all items should have been delivered no later than 22 September 2017. At this date, no items were delivered and delivery commenced in October 2017. As at 31 December 2017, items to the value of \$141.892M or 35% of the contract price were delivered. The supplier fulfilled his obligations under the contract in March 2018, that is, six months after the agreed delivery date;
- b) five cheques in the sum of \$283.811M and representing 69% of the contract sum were processed for the supplier, of which one payment for \$17.194M was paid on 23 November 2017 and charged to Line Items 6221 – Drugs and Medical Supplies. Three cheques for amounts totalling \$223.710M were paid in 2018 and charged to the amounts received vide Inter-Department Warrants. Thus, the contractor was paid amounts totalling \$240.904M of the contract sum. At the time of reporting, one cheque valued at \$42.907M remained on hand; and



NPTAB №.	Contract Sum \$'000	Line Items	Date Paid	Cheques №.	Voucher Expense №.	Amount Paid \$'000
1633/2017	409,497	6221 - Drugs & Medical Supplies	23.11.17	05-997322	4310234	17,194
		IDW №. 02/17-Region 2	09.01.18	07-027064	4312001	99,000
		IDW №. 02/17-Region 2	Unpaid	07-027066	4312000	42,907
		IDW №. 01/17-Region 3	09.01.18	07-013668	4311481	25,710
		IDW №. 09/17-Region 4	09.01.18	07-013805	4311479	99,000
Total						283,811

- c) as stated above, the supplier fully satisfied the requirements of the contract in March 2018 by delivering the agreed quantities as stipulated in the contract and received payments of only \$240.904M or 59% of the contract sum. There was no evidence at the time of reporting, that the Ministry took steps to settle its indebtedness of \$168.593M, or 41% of the contract sum, to the contractor. In addition, no evidence was provided that after six months of delivering the items, the supplier demanded the remaining balance of \$168.557M from the Ministry. The Audit Office will conduct further scrutiny of the awarding and execution of the contract.

**Ministry's Response:** The Head of Budget Agency indicated that at the time of processing the transactions; two payments were merged in favor of a commercial bank to purchase drugs and medical supplies, thus resulting in one supplier delivered fully, while the other did not fulfill his contractual obligations. This has caused the cheque to be on hand.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency take appropriate action in ensuring that:

- a) there is proper accountability for the amounts received by maintaining separate records to show the quantities of drugs and medical procured and supplied to each Region;
- b) financial returns sent to the Regions reflect the correct amounts expended to purchase of drugs and medical supplies;
- c) all warrants received must be accompanied with a schedule of the drugs to be procured in order for the Regions to receive their full supply of drugs; and
- d) price sheets used for valuing drugs and medical supplies issued by the MMU be presented for audit scrutiny. (2017/188)

#### Tender Board Minutes

566. Section 10 of the Procurement Act 2003 requires the procuring entity to maintain a record of the procurement proceedings. During the period under review, the Ministry did not maintain Minutes of the Ministerial Tender Board meetings for which contracts were awarded. As a result, the basis of award of contracts could not be determined. A similar observation was made during the 2016 audit.

**Ministry's Response:** The Head of Budget Agency indicated that the Minutes of the Ministerial Tender Board meeting were implemented in 2018 and are available for auditing.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency make special efforts to adhere to the requirement of the Procurement Act of 2003, with regards to the maintenance of Tender Board Minutes. (2017/189)

Linden Hospital Complex

567. During 2017, the Ministry of Public Health transferred to the Linden Hospital Complex amounts totalling \$295.148M from its current provisions. The sum was to have met the operational costs of the Hospital. The utilisation of the current appropriation to fund the Hospital was questioned, because funding for that entity was included under Programme 434-Regional and Clinical Services in the budget of the Ministry, as though it was a department, while funding was disbursed as if it was a subvention agency under the Ministry.

**Ministry's Response:** The Head of Budget Agency indicated that the Linden Hospital Complex falls under Regional and Clinical Services, where monies are appropriated under this activity to discharge its function as a level 4 Care, thus resulting in the expenditures incurred.

568. The Linden Hospital Complex was granted approval by Cabinet on 24 November 2015, to function as a board during the period 1 December 2015 to 30 November 2016. However, at the time of reporting, the board was non-operational. The manner in which the funds continued to be disbursed to the Complex, resulted in the following:

- a) the Linden Hospital Complex was not an autonomous or semi-autonomous body regulated under an Act of Parliament; and
- b) the entity was being managed by a Management Committee and was not required to provide the Ministry with financial or other reports that would indicate that some form of Ministerial supervision was exercised over its processes. As a result, it could not be determined whether the sum of \$295.148M was expended for the purposes intended.

**Ministry's Response:** The Head of Budget Agency indicated that: (a) the Linden Hospital Complex is managed by an oversight Committee designated as the Linden Hospital Management Committee; and (b) the Linden Hospital Complex expenditures are in keeping with its annual work plan, budgetary allocations and compliance to the financial system. These expenditures are entered into the Integrated Management Financial Information System (IMFIS).

**Recommendation:** The Audit Office recommends that the Head of Budget Agency take affirmative action to discuss this matter with the subject Minister and, if necessary, the Office of the Budget of the Ministry of Finance, with a view to having definitive decisions and action towards regularising the status of the Linden Hospital Complex. (2017/190)

### Capital Expenditure

569. The sum of \$1.981 billion was allotted under the capital programmes of the Ministry for the period under review. In addition, the Ministry received three supplementary provisions totalling \$298.300M, bringing the total revised allocation to \$2.279 billion. According to the Appropriation Accounts, the sum of \$1.756 billion was expended as at 31 December 2017, resulting in an unspent balance of \$523.200M. The shortfall in expenditure may have been as a result of the Ministry's projects either not undertaken or not completed during the period. Details are shown in the table below:

Line Items	Description	Total Funds Available \$'000	Total Expenditure 2017 \$'000	Difference In Expenditure \$'000
1216200	Ministry of Health - Buildings	699,592	695,067	4,525
1216300	Georgetown Public Health Corp.	500,000	500,000	0
1217500	Doctors' Quarters	23,336	0	23,336
2405600	Land and Water Transport	72,900	65,894	7,006
2508900	Office Furniture and Equipment	65,030	21,364	43,666
2509000	Equipment - Medical	303,628	47,035	256,593
4402800	Modernisation of Primary Health Care	80,000	0	80,000
4403200	Maternal & Child Health Improvement	105,000	30,474	74,526
4402700	HIV/TB/Malaria Programmes	380,000	380,000	0
4504300	Technical Assistance	50,000	16,452	33,548
Total		2,279,486	1,756,286	523,200

**Ministry's Response:** The Head of Budget Agency indicated that indeed the amounts stated were unspent due the following reasons:

- a) the Doctor's Quarters contract was terminated and the Ministry is presently awaiting the Attorney General's advice on the way forward;
- b) there were savings after the procurement process concluded regarding Land and Water Transport;
- c) the amount expended represents only 1/3 of the allocation, since awards were not made by the NPTAB for the remaining sums;
- d) the Port Kaituma Hospital is incomplete and hence no procurement was done. However, the Ministry re-budgeted the works in 2018;
- e) the Modernisation of the Primary Health Care project was not undertaken;
- f) the Maternal and Child Improvement Programme expended a third of the allocation in 2017, since awards were not made by the NPTAB for the remaining sums; and
- g) the sum of \$16.452M was expended in 2017 based on works completed. However, the consultant did not complete the remaining work.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency ensure that measures are put in place to ensure that it achieves its anticipated levels of expenditure. (2017/191)

Ministry of Health (Buildings)

570. The sum of \$699.592M was allotted for the Ministry's buildings, which entailed: (i) reconstruction of Head Office complex, construction of laboratory and administrative building at Food and Drugs Department and provision for consultancy; (ii) payment of retention, construction of Mental Health Institute-Georgetown, provision for rooms for X-ray and tuberculosis services at Chest Clinic - Georgetown; (iii) provision for laboratory, doctors' room and trap system; (iv) completion of Port Kaituma Hospital Complex, construction of drug bond at Kingston and furnace at Kwakwani, rehabilitation of old hospital building at Linden to accommodate Psychiatric, Dialysis and Chemotherapy services and provision for elevator at Linden Hospital; (v) completion of nurses' hostel at New Amsterdam School of Nursing, rehabilitation and extension of Charles Rosa School of Nursing and rehabilitation of Georgetown School of Nursing; and (vi) provision for eyewash station and emergency shower.

571. In addition, approval was granted for a change in programme to include: (i) rehabilitation works to the David Rose, Kururu and Mocha Health Centres; (ii) carpentry, electrical and rehabilitation works to the Ophthalmology theatre in Region №. 6; (iii) renovation of ICU in old hospital and tiling of walls and floors Linden Hospital Complex; (iv) replacement of air conditioning unit at the Agricola Health Centre; and (v) remodeling works to install Guyana Health Information System at the East La Penitence Health Centre.

572. As at 31 December 2017, amounts totalling \$695.067M were expended, as shown below:

Particulars	Amount \$'000
Reconstruction of Head Office complex, car park, fence, guard hut & elect. works - Brickdam	164,198
Upgrading and electrical works - Lenora Diagnostic Centre	111,406
Construction and preparatory works - CSU Kingston Bond	87,856
Construction of Mental Health Institute - Georgetown	58,293
Rehabilitation works & refrigerated storage container - MMU Diamond Bond	56,215
Rehab. and electrical works - Annex -Camp St. & Maternal & Child Health Care Unit	34,836
Construction of Nurses Hostel - New Amsterdam School of Nursing	33,467
Extension of Charles Rosa School of Nursing	20,482
Installation of elevator & const. of X-ray dept- Linden Hospital	20,055
Rehabilitation & electrical works - Ophthalmology Centre - Port Mourant	18,382
Repairs and consultancy services - Food and Drugs Department	14,392
Rehabilitation works - Kururu, Mocha & David Rose Health Centres	13,009
Rehabilitation works - Old Linden Hospital	12,032
Construction of furnace- Kwakwani	11,812
Rehabilitation of old hospital - Linden Hospital Complex	7,706
Remodeling at Tuberculosis Department	6,230
Installation of theatric suite - Port Kaituma Hospital Complex	4,798
Payment of retentions	4,490
Electrical & pavement works - Training Centre CPCE Building	4,226
Renovation of Prosthodontic Department	4,136
Renovation works - Guyana Health Information System	3,438
Rehabilitation of Georgetown School of Nursing	1,998
Installation of eye wash station - Blood Bank	984
Installation of security system - Minister's Secretariat	626
<b>Total</b>	<b>695,067</b>

573. Included in the amount of \$164.198M for reconstruction of Head Office complex is an amount of \$71.365M, which represents payment for a contract awarded in the sum of \$365.487M by the NPTAB, for the construction of Head Office Building - Phase 1. The contract was awarded to the lowest of the eight bidders, against the Engineer's Estimate of \$546.751M. A perusal of the contract revealed that it was signed on the 8 November 2017 with duration of one year and a defects liability period of twelve months. The start date was noted as fourteen days after the signing of the contract but this was subject to the details of the order to commence. On the 27 November 2017, the contractor received an advance payment of \$71.365M, representing 20% of the contract sum.

574. At the time of the physical verification on 13 August 2018, nine months after the signing of the contract, only piles for the foundation of the building have been driven at the site, as shown in the photograph below. In addition, only two workers were seen on site despite the fact that the works were significantly behind schedule. Also, only one piece of equipment was noted and there was no material present, even though the contractor had received the advance payment of \$71.365M.



Piles for foundation and one piece of equipment

**Ministry's Response:** The Head of Budget Agency indicated that:

- i. Head Office - Phase 1, contract was signed on 8 November 2017 and the contractor was given his commencement order on 19 July 2018.
- ii. prior to the commencement order, the contractor was engaged in site preparation works and the relocation of the Ministry's assets to make the site available for construction. These are as follows:
  - construction of bridge - \$7.793M;
  - removal of derelict vehicles and equipment - \$1.026M;
  - supply of one (1) 40ft container - \$1.368M;
  - supply and install signboard - \$1.493M;
  - construction of transport office - \$7.922M; and
  - construction of pump room and installation of pressurized plumbing system - \$3.420M.
- iii. also, it should be noted that the Ministry's assets had to be relocated because it was encumbering on the foot print of the new building; and
- iv. further, to the commencement order pile testing exercise was carried out by the supervisory consultant (Vikab) Guyana Ltd, with the aid of the contractor, to garner sub-surface data, to complete the foundation designs. In this respect, with orders from the consultant, the contractor has proceeded with foundation works, and has commenced stockpiling the respective piles for the said works.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency explain the reasons why the works were delayed and provide approval for the extension of time granted to the contractor. (2017/192)

575. A contract in the sum of \$22.758M was awarded for the extension of the Charles Rosa School of Nursing (Faculty) Building and External Works. The basis of the award could not be determined since the Evaluation Committee's report was not presented along with a copy of the Engineer's Estimate. As at 31 December 2017, the contractor received amounts totalling \$20.482M. Physical verification conducted in August 2018 revealed that the works were completed. However, the Payment Vouchers which were presented by the Ministry lacked details of the works completed and paid for under the contract. As a result, it could not be determined whether the completed works were in keeping with the agreed specifications and if there were any overpayments to the contractor.

**Ministry's Response:** The Head of Budget Agency indicated that the Ministry regrets such an occurrence and is currently working to complete the final valuation for the said project.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency present for audit verification the breakdown or details of the works completed and paid for under the contract. (2017/193)

576. In relation to the rehabilitation of the old Linden Hospital Complex, a contract was awarded in the sum of \$7.777M, against an Engineer's Estimate of \$8.918M. The contract was signed on 15 December 2017 and the full amount was paid to the contractor. However, the start and completion dates, duration and defects liability period could not be determined. Physical verification of the works conducted on the 14 August 2018, revealed that the contractor was overpaid the sum of \$1.302M. This amount was subsequently recovered from the contractor on 18 September 2018.

**Ministry's Response:** The Head of Budget Agency indicated that the contractor had refunded the overpayment.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency put systems in place to avoid a recurrence and ensure that payments are only processed for works that are completed and certified as such. (2017/194)

577. With regards to upgrading works to Diamond Hospital, the contract was awarded in the sum of \$21.480M on 11 October 2016. The contract which was signed on 17 October 2016 had duration of three months and therefore, the works were expected to be completed on 17 January 2017. At this date, the works remained incomplete. On 30 January 2017, the Ministry and the contractor signed an Addendum for additional works valued at \$18.293M, which increased the contract sum to \$39.773M and extended the time for completion by 365 days. It should be noted that details of the additional works were not presented for audit examination. In addition, approval from the NPTAB to increase or vary the contract sum was not presented for audit examination. Evidence was seen where on 4 December 2017, the Ministry wrote the NPTAB requesting approval for additional works. Without the approval of the NPTAB, the Ministry processed payments totalling \$38.256M to the contractor for works completed, \$16.776M in excess of the contract sum. During the physical inspection conducted on 13 August 2018, the contractor was on site and the works remained incomplete.

**Ministry's Response:** The Head of Budget Agency indicated that: (i) the project is presently at 98% completed. The said works were delayed due to the sourcing of specialized flooring material from the UK, for the isolation room; and (ii) a letter was sent to NPTAB on 25 January 2018 requesting approval to extend the current contract from (\$18,292,584) to (\$39,772,709). The Ministry is awaiting approval and final valuation.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency should desist from making payments for additional works without the approval of the requisite Tender Board and provide for audit examination copies of the signed contract, advance payment and performance bonds, details of the additional works and the final valuation certificate. (2017/195)

#### Port Kaituma Hospital Complex

578. On the 6 January 2017, a contract was awarded in the sum of \$4.922M for specific installation to the theatre suite at the Port Kaituma Hospital. The works were certified as being completed on 14 June 2017 and a cheque in the sum of \$4.798M was prepared on 30 June 2017. However, at the time of reporting, the works had not commenced and the cheque which was still on hand and have since become stale dated.

**Ministry's Response:** The Head of Budget Agency indicated that a previous contract was terminated; hence the Ministry had no other option than to reserve the right not to continue with the other contract. The Ministry is in the process of refunding the cheque to the Consolidated Fund.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency adhere strictly to the requirements of Section 43 of the FMA Act at all times, as it relates to unexpended balances at the end of the year being returned and surrendered to the Consolidated Fund at the end of the fiscal year. (2017/196)



579. Physical verifications were done of the works under the following contracts. However, the final Payment Vouchers or valuations which were presented for audit examination lacked details of the works completed and paid for under the respective contracts. As a result, it could not be ascertained whether the works were in keeping with the requirements of the contracts and whether value was received for the amounts expended. Further, physical verification on 15 August 2018 revealed incomplete works as shown in the table below and in the photographs following the table.

No.	Description	Contract Sum \$'000	Payment for 2017 \$'000	Total Payment \$'000	Status As at 15 August 2018
1	Installation of special systems - completion of Port Kaituma Hospital Building	12,900	323	12,900	CCTV cameras, DVR, clocks and other accessories not installed
2	Completion of Administrative Services Building – Port Kaituma	35,796	895	35,796	Details not provided
3	Mortuary Building and Equipment, Port Kaituma Hospital Complex	14,047	351	14,047	Freezing equipment and shelves not installed; septic tank, concrete drains and paved walkways were incomplete
4	Site Development Works - Port Kaituma Hospital Complex	16,510	413	14,047	Internal roads and roadside drains were incomplete



Incomplete Mortuary Building

**Ministry's Response:** The Head of Budget Agency indicated that the Ministry regrets such occurrences, and is currently working to complete the final valuations for the said projects.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency present for audit verification the breakdown or details of the works completed and paid for under each contract. (2017/197)

580. Included in the sum of \$695.067M were eleven contracts totalling \$82.599M awarded by the Ministerial Tender Board to four contractors. The contracts were all signed by the Ministry and the contractors between October and December 2017. Given the value of each contract, it would appear that these contracts were deliberately subdivided to avoid submission to the National Procurement and Tender Administration Board. This was not in keeping with the requirements of the Procurement Act of 2003. The table below show details of the expenditure:

MTB №.	Date of award	Contract №.	Date of contract	Description	Amount \$'000
647/17	Not stated	1650/17	08.12.2017	Rehabilitation works - floor 3 & 4 – Annex	7,188
700/17	Not stated	1788/17	15.12.2017	Rehabilitation works - ground floor – Annex	7,952
Total					15,140
429/17	Not stated	1170/17	13.10.2017	Site preparatory works - car park – Hadfield St.	7,900
614/17	Not Stated	1537/17	13.11.2017	Const. of concrete fence – Eastern side	7,997
645/17	Not stated	1647/17	13.12.2017	Const. of concrete & retaining wall - Hadfield St.	7,997
740/17	Not stated	1950/17	22.12.2017	Const. of enforced drain - car park	7,993
Total					31,887
687/17	Not stated	1784/17	15.12.2017	Const. of car park – southern side – MOPH	7,994
685/17	Not stated	1880/17	15.12.2017	Const. of car park – Northern side – MOPH	7,992
727/17	Not stated	1814/17	20.12.2017	Site preparatory works – car park MOPH	6,678
Total					22,664
716/17	Not stated	1853/17	21.12.2017	Const. of medical waste – Kwakwani	7,998
735/17	Not stated	1852/17	20.12.2017	Completion works of medical waste – Kwakwani	4,910
Total					12,908
Grand Total					82,599

**Ministry's Response:** The Head of Budget Agency indicated that the projects were awarded during the latter part of 2017, with funds from the 2017 inclusion programmed. The said works were critical, given that the Ministry had just signed the construction contract to rebuild the Head Office Complex - Phase 1. The complex footprint occupied 50% of the Ministry's parking, hence; a new secure space had to be created urgently to satisfy this demand.

In addition, given the time constraint, we used the procurement methodology of restricted tendering, and this was sent to the Ministerial Tender Board for approval. The contracts were allotted out, and awarded to several contractors, in order to complete all the projects within the fiscal year.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency put measures in place to ensure that there is compliance with the requirements of Section 14 of the Procurement Act 2003. (2017/198)

581. A contract was awarded in the sum of \$5.532M to the lowest responsive of four bidders for rehabilitation and electrical works at the Ministry’s Annex on Camp Street and the Maternal and Child Health Care Unit. The contract which was signed on 1 June 2017, lacked pertinent information such as start and completion dates and the defects liability period. The full contract sum was paid to the contractor and physical verification conducted on 16 August 2018 revealed that amounts totalling \$886,630 were overpaid to the contractor. The sum overpaid was recovered from the contractor on 18 September 2018.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency put systems in place to avoid a recurrence and ensure that payments are only processed for works that are completed and certified. (2017/199)

Georgetown Public Health Corporation

582. The sum of \$500M was allocated under Programme 434 - Regional and Clinical Services for the Georgetown Public Hospital Corporation. The amount was allocated for: (i) payment of retention; (ii) completion of day care centre; (iii) rehabilitation of doctors’ quarters and main operating theatre; and (iv) purchase of medical and non-medical equipment. The accounts of the Corporation are subjected to separate financial reporting and audit. As at 31 December 2017, the full amount allocated was expended, as shown below:

Description	Nº. of Payments	Amount Expended \$'000
Medical equipment	56	177,549
Non-medical equipment	327	154,004
Rehabilitation of quarters	3	46,684
Construction of day carecentre	6	30,762
Truck, mini bus, pick up & motorcycles	5	25,314
Withholding tax, duty & VAT	11	24,129
Installation of doors for operating rooms	1	19,993
Extension of maternity buildings	1	9,602
Construction of guard hut	1	5,178
Installation of metal duct & electrical works	2	4,214
Payment of retention	1	1,885
Consultancy services	1	686
<b>Total</b>	<b>415</b>	<b>500,000</b>

583. Examination of the Payment Vouchers, invoices, contracts and other supporting documents presented revealed the following observations:

- a) a payment in the sum \$9.800M for the rehabilitation of Doctors’ Quarters was subsequently refunded to the Consolidated Fund on 24 April 2018;

- b) approval was granted by the NPTAB for the award of three contracts in the sum of \$99.600M for the procurement of medical and non-medical equipment (thoracic, neurosurgery and ENT surgical equipment, defibrillators with monitors and operating room lights). At the time of reporting, three cheques totalling \$57.879M, in the name of supplier were still on hand at the GPHC and had since become stale dated and the items were undelivered; and
- c) at the time of reporting in September 2018, a vehicle and equipment as detailed in the following table and with a total cost of \$32.088M were not yet delivered to the Corporation.

Description	Qty	Cost \$'000
Canter truck with lift	1	10,890
Patient view station	1	9,394
1000 KVA transformer	1	9,136
7.5-ton ducted package air conditioning unit	1	2,084
Digital baby scales	2	584
Total	6	32,088

**Ministry's Response:** The Head of Budget Agency agreed with the comments made at (a) above and indicated that the GPHC was granted several multi-year approvals to effectively fulfill the contractual obligations and is in contact with the suppliers to deliver the vehicles and equipment as soon as possible.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency take action to have all outstanding items delivered to the Corporation in accordance with the contractual agreements. (2017/200)

#### Doctors' Quarters

584. According to the Capital Profile, the Ministry had budgeted the sum of \$23.336M under Programme 434 - Regional and Clinical Services for the completion of doctors' quarters at the Port Kaituma Hospital Complex. However, no expenditure was incurred under this Line Items for the period under review. As a result, the amount budgeted for was not utilized.

#### Land and Water Transport

585. Four programmes of the Ministry were allotted the sum of \$72.900M for Land and Water Transport and amounts totalling \$65.894M were expended as shown below.

Programme	Description	Amount Allotted \$'000	Amount Expended \$'000
431-Policy Dev. & Administration	Purchase of truck	20,000	19,950
432-Disease Control	Purchase of ambulances & motorcycles	27,900	20,988
434-Regional & Clinical Services	Purchase of ambulance	15,000	14,956
437-Disability & Rehabilitation Services	Purchase of vehicle & bus	10,000	10,000
Total		72,900	65,894

586. An examination of the records and other supporting documents of the Ministry revealed that the sum of \$65.894M was expended as follows:

Description	№. of items	Amount \$'000
Ambulances	3	33,648
Refrigerator truck	1	19,950
Double cab 4×4 Pick up	1	6,428
Wheel chair mini bus	1	3,572
Ambulance boat	-	1,456
Motor cycles	6	840
Total	12	65,894

587. Approval was granted for the award of a contract in the sum of \$20.148M for the procurement of two ambulances under Programme 432 - Disease Control. The contract which was signed on 14 December 2017 specified that the delivery period be immediately after signing of the contract, to 29 December 2017. An advance payment in sum of \$10.074M, which represents fifty (50%) percent of the contract sum, was paid to the supplier on 21 December 2017. At the time of reporting in July 2018, the ambulances were not yet delivered to the Ministry and a cheque dated 19 December 2017 in the sum of \$10.074M for the remaining balance on the contract sum, was still on hand and had become staled dated. As a result, the supplier breached the conditions of the contract by failing to deliver the ambulances within the agreed timeframe.

**Ministry's Response:** The Head of Budget Agency indicated that the Ministry is in contact with the supplier to have the ambulances delivered soonest with an expected delivery time of 6 October 2018.

588. The amount of \$33.648M shown as expended on the purchase of the three ambulances includes an amount of \$13.500M, which was recorded as expended on the purchase of one Ford Ranger Ambulance. The sum of \$6.750M was paid on 15 March 2018 and a cheque for the balance was still on hand and has since become stale dated. At the time of reporting, the ambulance was not yet delivered to the Ministry.

**Ministry's Response:** The Head of Budget Agency indicated that the Ministry is currently following up with the supplier to have the item delivered.

589. Two payments totalling \$1.456M were made to a commercial bank in respect to a Letter of Credit №. 2017/05 for the purchase of one river ambulance. This expenditure was provided for under the 2016 allotments to the Ministry. The authority to charge the previous year's expenditure to the current year's allocations was not presented for audit verification.

**Ministry's Response:** The Head of Budget Agency indicated that the Ministry is in the process of seeking the relevant approval for previous year's account.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency put strict measures in place to have contractors fulfill their obligations under the contracts for the year 2017. (2017/201)

Office Furniture and Equipment

590. The sum of \$65.030M which was allotted for office furniture and equipment entailed the purchase of: (i) computers, photocopiers, filing cabinets, desks, chairs, scanners and printers; (ii) fax machines, washing machines, dryers, stoves and freezer; (iii) fire alarm system, camera, scanners, UPS and blood bank refrigerators; (iv) treadmills, elliptical trainers, therapeutic bicycle and weight bars; and (v) the provision for fogging machines, refrigerator, air conditioning unit and solar system. According to the Appropriation Accounts, the sum of \$21.364M was expended and the details are provided in the table below:

Description	No. of items	Amount Expended \$'000
Office furniture	153	4,617
Washing machines & dryers	16	3,981
Isotemp refrigerator	1	2,908
Fogging machines	2	2,232
10 burner stoves & double deck ovens	2	1,650
Multi-function printer/copier	1	1,596
Air conditioning units	6	1,248
Electric meat sawing machine	1	701
Freezers and double door fridges	4	625
Computers, laptops & projector with power supply	5	622
Mattresses	50	472
Water dispensers	11	375
Fax machine, printer & DVD players	3	198
Shredder	1	139
<b>Total</b>	<b>256</b>	<b>21,364</b>

591. An examination of Payment Vouchers and other supporting documents presented revealed that two cheques totalling \$2.272M for the purchase of the two fogging machines were still on hand at the time of reporting, although the items were received and taken into stock by the Ministry.

**Ministry's Response:** The Head of Budget Agency indicated that the cheque was sent to the Ministry of Finance to be updated and uplifted by the suppliers.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency take action to settle all outstanding payments with suppliers in accordance with the contractual terms and to present all outstanding Payment Vouchers for audit verification. (2017/202)

Equipment – Medical

592. The sum of \$205.328M allotted for Equipment - Medical which entailed: (i) purchase of fume hood, steam digester, analytical balances, incubator and oven; (ii) provision for analysers, laboratory freezer, digital X-ray system, cryotherapy machines and wheelchairs; (iii) purchase of scales, dental chairs, height boards, blood pressure apparatus and dopplers; (iv) purchase of autoclaves, ECG machines, defibrillators, dialysis machine, beds, monitors, centrifuge and drip stands; (v) purchase of examination couches; (vi) purchase of plateletpheresis equipment, incubator, analysers, chairs and stands; and (vii) purchase of tympanometer, stools, neurology bed, echochecks, audiometers and auditory brainstem response machine. In addition, Supplementary Provisions were received totalling \$98.300M, giving a revised allotted amount of \$303.628M. Amounts totalling \$47.035M or 15.49% of the amounts allocated were expended as shown in the table below. It should be noted that no amounts were expended under three programmes. Thus, the Ministry failed to achieve its anticipated levels of capital activities during 2017.

Programme	Revised Budget \$'000	Total Expenditure \$'000	Difference \$'000
431-Policy Dev. & Administration	20,700	14,199	6,501
432-Disease Control	177,729	16,532	161,197
433-Family Health Care Services	10,895	0	10,895
434-Regional & Clinical Services	50,014	12,929	37,085
435-Health Sciences Education	600	0	600
436-Standards & Technical Services	37,213	3,375	33,838
437-Disability & Rehabilitation Services	6,477	0	6,477
<b>Total</b>	<b>303,628</b>	<b>47,035</b>	<b>256,593</b>

**Ministry's Response:** The Head of Budget Agency indicated that the specifications were precise with regards to model of the medical equipment thus causing the procurement process not to be fulfilled.

593. An examination of the Payments Vouchers and other supporting documentation revealed that the sum of \$47.035M was expended as shown in the table below:

Description	No. of items	Amount Expended \$'000
Dialysis machines	2	12,929
Atomic absorption spectrophotomer	1	10,431
Fume hood	1	7,212
Distillation digestion unit	1	5,257
Reflotron plus system - bio chemistry analysers	3	5,063
BC auto hematology mindray analyser	1	3,459
Analytical & precision balances	3	1,730
Cryotherapy machines	3	803
Wheelchairs	2	151
<b>Total</b>	<b>17</b>	<b>47,035</b>

594. Approval was granted by the NPTAB for the award of a contract in the sum of \$10.431M or US\$48,174.66 to an overseas supplier for the procurement of an atomic absorption spectrophotometer. The contract was signed on the 22 December 2017 and the delivery period was specified as 30 to 90 days after the signing of the contract. The full contract sum of \$10.431M was paid to the supplier on the 9 January 2018. Audit checks revealed that items totalling \$987,890 were supplied on the 26 June 2018. At the time reporting, the remaining items valued at \$9.443M, were still to be delivered. As a result, the supplier breached the terms of the contract by failing to deliver the items within the stipulated timeframe.

**Ministry's Response:** The Head of Budget Agency indicated that at the time of the audit the Ministry was not in receipt of the items, however efforts are being made to have the items supplied by the suppliers.

595. Approval was granted by the NPTAB for the award of two contracts in the sum of \$5.063M, to an overseas supplier for the supply of three reflowtron plus system-bio chemistry analysers. The contract was signed on the 24 August 2017 and delivery was stated as within 30 days of signing the contract. At the time of reporting, two stale-dated cheques totalling \$5.063M were on hand and the items were still to be delivered to the Ministry.

**Ministry's Response:** The Head of Budget Agency indicated that the Ministry is currently following up with the suppliers to have the items delivered and the cheques updated.

596. Approval was granted by the Ministerial Tender Board for the purchase of three cryotherapy machines in the sum of \$802,606. At the time of reporting, the cheque was still on hand and the items remained undelivered.

**Ministry's Response:** The Head of Budget Agency indicated that the Ministry is currently following up with the suppliers to have the items delivered soonest.

597. Physical verification exercise carried out revealed that items purchased were not marked as the property of the Ministry. This is in contrary to Stores Regulations 1993, Section 28 which states that, "*The Permanent Secretary shall ensure that all Permanent Stores should be marked to readily identify them as the Government's property.*"

**Ministry's Response:** The Head of Budget Agency indicated that the Ministry is in the process of having all assets marked and inventorised.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency put strict measures in place to have contractors fulfill their obligations under the contracts for the year 2017 and to ensure that items received are properly marked to identify them as the property of the Government in accordance with the requirement of Section 28 of the Stores Regulations. (2017/203)



### Maternal & Child Health Improvement

598. On 21 February 2017, the Government of Guyana and the Inter-American Development Bank (IDB) entered into an agreement whereby the IDB agreed to commit an amount of US\$8M to contribute to the reduction of maternal, prenatal and neonatal deaths in Guyana. According to the project agreement, the final disbursement of the resources shall expire five years from the effective date of the Agreement on 20 February 2022. The specific objectives of the Project were to: (i) increase access and use of reproductive, maternal, and neonatal health services; (ii) improve the quality of reproductive, maternal, and neonatal health services; and (iii) increase the effectiveness of the maternal and neonatal healthcare network. This Project is subject to separate financial reporting and audit and was last audited for the period 22 February to 31 December 2017.

599. According to the Annual Operations Plan and the Financial Plan for the period under review, the planned expenditure was reflected as US\$360,900 equivalent to 4.51% of the IDB's allocated amount. However, a disbursement in the sum of US\$258,656 was requested and received from the IDB, while amounts totalling US\$177,766 were expended. The amounts were verified as being brought to account in the records of the Project.

### HIV/TB/Malaria Programmes

600. The sum of \$180M was allocated under Programme 432 - Diseases Control to the HIV/TB/Malaria Programme for Grant №. GYA-M-MOH. The Programme entails provision for HIV/AIDS, tuberculosis and malaria interventions. The Programme received supplementary provision of \$200M, bringing the total revised allocation to \$380M. The full sum was expended under the Programme for the financial year 2017. This Programme is subject to separate financial reporting and audit and was last audited for the financial year 2017.

### Technical Assistance

601. The sum of \$50M was allocated under Programme 433 - Family Health Care Services. The Project entails provision for Technical studies to determine barriers to access and use of reproductive, maternal and neonatal health services, revision of health educational system and recruitment and retention plan for nurses and midwives, institutional strengthening, learning activities and project administration. The sum of \$16.452M was expended under the programme for the financial year 2017.

### Modernisation of Primary Health Care System

602. The Ministry budgeted the sum of \$80M under Programme 434 - Regional and Clinical Services, for the modernisation of primary health care facilities at the West Demerara, Bartica and Suddie Hospitals. However, no expenditure was incurred for the period under review, resulting in the amount budgeted for not being utilized as planned.

**Ministry's Response:** The Head of Budget Agency indicated that no expenditure was incurred for the period since the Project is in the negotiating stage. Kindly note that the Project is being coordinated by Exim Bank-India, Ministry of Finance and Ministry of Public Health.

Prior year matters, which have not been fully resolved

Current Expenditure

603. A list of 134 expired items with a total quantity of 660,877 units was generated from the Management Accounting Computerised Software (MACS) system as at August 2016. However, the value of the expired items could not be determined, due to the absence of pricing information from MMU Diamond Warehouse. Physical checks carried out in August and September 2017, revealed that twenty-two items had differences when compared to the expired drugs and medical supplies listing provided by the warehouse.

**Ministry's Response:** The Head of Budget Agency indicated the Ministry is moving to have longer shelf life of drugs from suppliers so as to reduce large number of expired drugs. In addition, the system will be first-in first-out and to have weekly reports on the stock level and expiration of drugs from the date of manufacture.

604. The Ministry is still to provide “*Delivery Notes*” and/or “*Stores Received Notes*” to validate the receipt of goods valued at \$6.340M, \$3.991M and \$3.240M, which were procured in years, 2012, 2013 and 2016, respectively.

**Ministry's Response:** The Head of Budget Agency indicated that the Ministry has conducted reconciliation to determine the outstanding “*Delivery Notes and Stores Received Notes.*” The reconciliation is in process.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency take steps to ensure that there is adequate accountability in place for all records and to provide the outstanding documents for audit verification. (2017/204)

Motor Car Advance

605. During 2016, an amount of \$385,668 was outstanding on a motor car advance to an employee who is no longer employed by the Ministry. An amount of \$192,308 was recovered and paid to the Accountant General, leaving a balance of \$193,360 outstanding as at September 2018.

**Ministry's Response:** The Head of Budget Agency indicated that the Ministry has written the employee indicating the outstanding motor car advance. To date the employee has repaid the sum of \$192,308.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency take action to have the outstanding amount recovered. (2017/205)

## Capital Expenditure

### Doctors' Quarters

606. Approval was granted by NPTAB for the award of a contract in the sum of \$58.341M for the construction of Doctors' Accommodation, Port Kaituma Hospital Complex. The Engineer's Estimate was \$62.291M. The contract which was signed on 19 July 2016 stated a start date of fourteen days after the signing, duration of eighteen weeks and the defects liability period of six months. The works were expected to be completed no later than 6 December 2016. At this date, the works were not completed and there was no evidence that extension of time was granted to the contractor. The contractor received payments totalling \$45M or 72% of the contract sum as at 31 December 2016. Physical verification of the works on 30 August 2017 revealed that actual works measured only \$14.768M or 24% of the contract sum.

607. In a letter to the contractor which was dated 20 July 2017, the Ministry highlighted the fact that the contract had expired and the works were approximately 20% completed. The letter also indicated the Ministry's decision not to extend the contract and the contractor was requested to visit the Ministry to finalize payments for works done. A further verification of the works carried out on 15 August 2018 revealed that the works were still incomplete, as shown in the pictures below.



Incomplete building

**Ministry's Response:** The Head of Budget Agency indicated that the contract was terminated.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency present the letter of termination to the contractor and to recover any amounts overpaid on the contract. (2017/206)

*Psychiatric Hospital*

608. A contract for the construction of an Acute Care Psychiatric Hospital in Region №. 6 was awarded in 2011 in the sum of \$112.739M. Payments totalling \$91.923M were made to the contractor of which \$15.722M was for unexecuted works. In June 2014, there was no evidence that works were completed and the amount of \$15.722M recovered from the contractor. A revisit was done on 29 January 2016 and based on the examination of the works, the items identified as overpayments remained. The position remained the same at the time of reporting.

**Ministry's Response:** The Head of Budget Agency indicated that the contractor was written to have the outstanding works completed or to refund the monies.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency continue to follow-up this matter with the contractor to recover the amount overpaid and to put systems in place to prevent a recurrence. (2017/207)

*Port Kaituma Hospital Complex*

609. Approval was granted by NPTAB for the award of the contract in the sum of \$50.915M for the construction of a new generator building and installation of generator, electrical cabling and main distribution and control at Port Kaituma Hospital Complex. The Engineer's Estimate was in the sum of \$42.603M. Approval was granted for an increase in the price of the contract in the sum of \$28.961M, giving a revised contract sum of \$79.876M. The contract was signed on 29 December 2015 with duration of six months, defects liability period of twelve months and start date of twenty-one days after signing the contract. As at 31 December 2016, amounts totalling \$77.879M were paid to the contractor. At the time of reporting, the works remained incomplete and valid performance bond/mobilisation bonds were not presented for audit scrutiny. It was noted that the contractor received a second advance in the sum of \$36.404M or 45.6% of the revised contract sum. However, this was in breach of the contract, since only one advance payment was specified in the contract.

**Ministry's Response:** The Head of Budget Agency indicated that: (i) the generator is presently housed at the new Port Kaituma Hospital; (ii) the work started on 19 January 2016 and this was because the commencement order was issued the same day; (iii) at the time of the audit the bond was not given to the auditors; and (iv) the second payment was for an interim certificate valuation for materials on site.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency present for audit verification copies of the updated performance bond/mobilisation bonds and the supporting documentation for the second advance payment. (2017/208)

610. A contract for the construction of the Infectious In-Patient Facility at Port Kaituma Hospital Complex was awarded in the sum of \$40.963M against the Engineer's Estimate of \$47.527M. The contract was signed on 29 December 2015 with duration of six months, defects liability period of six months and start date as twenty-one days after the signing of the contract. As at 31 December 2016, the contractor received amounts totalling \$39.938M. Physical verification carried out on 30 August 2017 revealed that the works were incomplete and the contractor had demobilized from the site. Approvals for extension of time were not presented for audit. In addition, there were no breakdown/details attached to the Payment Voucher and no evidence that liquidated damages were deducted from payments made, despite the works being significantly delayed. The warranty certificate for termite treatment was also not presented for audit. At the time of reporting, the position remained the same.

**Ministry's Response:** The Head of Budget Agency indicated that:

- a) the contractor did not complete the building on time and demobilized from the site. However, the contractor was written to have the building completed;
- b) multi-year approval was requested from the Ministry of Finance and was received;
- c) the contractor was written a second time to have the outstanding works completed;
- d) the breakdown was included in the detailed valuation certificate;
- e) the Ministry included stringent penalty clause and has imposed liquidated damages to defaulting contractors; and
- f) the warranty certificate for the termite treatment was subsequently provided by the contractor.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency present all documentations for audit verification. (2017/209)

611. A contract in the sum of \$52.771M was awarded for the construction of a Nurses Hostel at Port Kaituma Hospital Complex to the lowest evaluated bidder. The Engineer's Estimate amounted to \$56.030M. The contract was signed on 9 August 2016 with duration of four months and defects liability period of six months. The start date was noted as fourteen days after the signing of the contract. During 2016, amounts totalling \$36.939M or 70% were paid to the contractor. Physical verification of the works carried out on 30 August 2017, revealed that the works were incomplete and the actual value of works completed at the time of the physical verification was only \$2.686M, a difference of \$34.253M.

612. It was further noted that there were changes to the design and layout for the buildings. It was observed that only one 'L' shaped building was being constructed instead of two independent buildings, as per original contract. Further, no variation order or revised designs costing were presented for the changes to the contract. It was noted that the mobilisation and performance bonds expired on 2 January 2017 and on 2 July 2017, respectively and there was no evidence that they were renewed. In a letter to the contractor, which was dated 4 July 2017, the Ministry highlighted the fact that the contract had expired and the works were approximately 5% completed. The letter also indicated the Ministry's decision to withdraw all services of the company and the contractor was requested to visit the Ministry to finalise payments for work done.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency present for audit verification all documentation for the terminating of the contract. (2017/210)

#### Follow-Up on the Implementation of Prior Year Audit Recommendations

613. The table below shows the prior year matters as contained in the Auditor General's 2016 Report and action taken by the Head of the Budget Agency regarding the recommendations made by the Audit Office.

Rec. №.	Category of Findings	Recommendations		
		Fully Implemented	Partially Implemented	Not Implemented
2016/195 2016/243	Overpayment of salaries			√ √
2016/196	Contracted employees		√	
2016/197	Cash payment on salaries	√		
2016/198 2016/249	No TIN numbers		√ √	
2016/199 2016/200 2016/201 2016/203 2016/205 2016/209 2016/219 2016/224 2016/227 2016/228 2016/229 2016/230 2016/236 2016/236 2016/244 2016/245 2016/246 2016/247 2016/250	Breach of contractual obligations		√ √ √ √ √ √ √  √ √ √ √ √	√  √ √ √ √ √ √  √ √ √ √

Rec. №.	Category of Findings	Recommendations		
		Fully Implemented	Partially Implemented	Not Implemented
2016/251 2016/258			√ √	
2016/202 2016/215 2016/248	Breach of FMA Act	√	√ √	
2016/204 2016/214 2016/231 2016/235 2016/238 2016/253 2016/263	Weak internal control	√	√ √ √ √ √	
2016/206	Unreconciled balances		√	
2016/207	Outstanding support documents		√	
2016/208	Un-presented Log Books		√	
2016/210 2016/211 2016/212 2016/213	Breach of Stores Regulations	√	√ √ √	
2016/216 2016/225 2016/233 2016/254 2016/256	Non- submission of records		√	√ √ √ √
2016/217	Outstanding advances		√	
2016/218	Expenditure on warrants		√	
2016/220	Breach of Procurement Act			√
2016/221 2016/222 2016/260	Regularisation of Linden Hospital Complex		√ √	√
2016/223 2016/239	Non – delivery of items	√ √		
2016/226	Breach of contractual agreement			√
2016/232 2016/234 2016/240 2016/241 2016/242	Non utilisation of budgetary allocation	√ √ √ √	√	
2016/252 2016/255 2016/261 2016/262	Breach of Stores Regulations		√ √ √ √	
2016/257	Overpayment on contract			√
2016/259	Non- submission of financial statement			√

AGENCY 49  
MINISTRY OF SOCIAL PROTECTION

Current year matters, with recommendations for improvement in the existing system

Current Expenditure

614. The sum of \$16.139 billion was budgeted for in 2017 to execute the four current programmes of the Ministry of Social Protection. According to the Appropriation Accounts, the sum of \$14.485 billion was expended resulting in an unspent amount of \$1.654 billion in expenditure as at 31 December 2017. Included in the amount of \$1.654 billion is a shortfall of \$1.613 billion which was recorded under Programme 2 - Social Services, Line Items 6343 - Old Age Pension and Social Assistance. According to the Notes to the End of Year Budget Outcome and Reconciliation Report prepared by the Ministry of Finance, this shortfall was due to lower transfer payments.

**Ministry's Response:** The Head of Budget Agency indicated that the Ministry requests and is allocated funds based on the number of persons on the database and the projected additions based on previous years' demand. However, the Ministry has limited controls over the number of pensioners who collect books and even less control over the number who presents coupons to be cashed at the Guyana Post Office Corporation. In years where the number of pensioners who present coupons is significantly less than the amount budgeted, the result is a residual balance at the end of the year. Thus, the residual balance in the budget under Line Items 6343 – Pensions and Social Assistance represents the amount of funding that was not utilised due to a reduced number of persons uplifting or cashing vouchers by 31 December.

Employment Cost

615. During the period under review amounts totalling \$878.331M was budgeted for employment cost. An examination of the Appropriation Accounts for the Ministry of Social Protection revealed that the sum of \$865.078M was expended which represented 6% of total current expenditure. The table below shows the staffing details at the time of preparation of 2017 National Estimates versus actual staffing according to the payroll as at 31 December 2017.

Chart of Account	Description	National Estimates 2017	Actual per Payroll as at 31.12.2017	Difference
6111	Administrative	21	29	8
6112	Senior Technical	31	34	3
6113	Other Technical and Craft Skilled	104	132	28
6114	Clerical and Office Support	61	93	32
6115	Semi-Skilled Operatives	89	151	62
6116	Contracted Employees	338	268	(70)
6117	Temporary Employees	7	12	5
Total		651	719	68



616. Included in the sum of \$865.078M expended on employment cost are amounts totalling \$419.413M which were paid to 268 contracted employees for 2017, this represents 48% of the total employment cost for the four Programmes. The Public Service Commission Circular No. 1/2017 dated 7 February 2017 stated that Permanent Secretaries, Heads of Departments and Regional Executive Officers are required to submit a list of all officers on Contract/Gratuity to be appointed on the pensionable establishment. However, at the time of reporting there were still seventy-three contracted employees who were below the age of forty-five on the payroll. Shown in the table below are the salary ranges of 268 contracted employees according to the December 2017 payroll:

Salary Range	No. of Employees	Amount \$'000
Below \$100,000	196	12,546
\$100,000 - \$250,000	65	9,429
\$250,001 - \$400,000	5	1,639
Above \$400,000	2	1,001
Total	268	24,615

**Ministry's Response:** The Head of Budget Agency indicated that the contracted employees under the age of forty-five were either on a temporary contract nature or on contract due to their job titles not being approved by the Department of Public Service or the Public Service Commission.

**Recommendation:** The Audit Office recommends that the Ministry minimise the number of staff being employed on a contractual basis and continue the process of moving eligible employees over to the pensionable establishment in keeping with circularised instructions. (2017/211)

617. The Old Age Imprest Bank Account No. 3191 was established to facilitate the operations of the Old Age Pension (OAP) Scheme and the Public Assistance (PA) Programme. The summary of the Account as at 31 December 2017 totalled \$1.450 billion, according to the cash book, is reflected in the table below:

Description	Amount \$'000
Cash at Bank	108,284
Cash in Hand (cheques)	247,184
Vouchers at Acct. General 2016	355,568
Vouchers to process	115,452
Vouchers to enter	NIL
Advance outstanding	3,478
Unreconciled difference	115,931
Guyana Post Office Corporation	504,103
Total	1,450,000

618. According to the cash book summary as shown in the table above, the sum of \$504.103M was indebted by Guyana Post Office Corporation (GPOC) to the Ministry. It should be noted, that an examination of the reconciliation statements from GPOC for the month of December 2017 revealed that the Corporation was indebted to the Ministry in the sum of \$409.748M. As a result, there is a difference of \$94.355M between the records kept at the Ministry and GPOC reconciliation statements.

**Ministry's Response:** The Head of the Budget Agency explained that the GPOC Statement referred to is not a reconciliation statement but a monthly Statement submitted by GPOC. The difference of \$94.355M is comprised of \$84,032,500 (coupons paid by GPOC in 2017 and paid over in 2018) and \$10,360,236 (amount overstated by GPOC for years 2014-2016).

**Recommendation:** The Audit Office recommends that the Head of Budget Agency continue to reconcile the Old Age Pension Account with a view of having the unreconciled difference cleared and ascertain GPOC's indebtedness to the Ministry. It is also recommended that the Ministry obtain approval for the closure of the account and the opening of a new account to facilitate the payment of the Old Age Pension and Public Assistance. (2017/212)

#### Capital Expenditure

619. The sum of \$477.869M was budgeted in 2017 for the Ministry to execute its capital programmes. Supplementary Allotments totalling \$26.858M were received in 2017 taking the total funds available to \$504.727M. According to the Appropriation Accounts the sum of \$303.389M were expended, resulting in the Ministry not achieving its anticipated level of capital expenditure activities in 2017 by \$201.338M or 40%. Shown in the table below is a summary of the shortfall in capital expenditure for 2017:

Description	Total Fund Available \$'000	Expenditure \$'000	Shortfall \$'000
Buildings	297,178	117,249	179,929
Technical Assistance	10,000	0	10,000
Furniture and Equipment	62,500	57,068	5,432
Sustainable Livelihood Entrepreneurial Development	100,000	95,073	4,927
Land Transport	35,049	33,999	1,050
Total	504,727	303,389	201,338

#### Buildings

620. Included in the amount of \$297.178M is the sum of \$200M which was budgeted for in 2017 under Programme 1 for provision of an administration building at High Street, however, it was noted that only \$3.996M was expended for consultancy services for the design of bid documents for this project. This resulted in a shortfall of \$196.004M in anticipated expenditure for 2017 on the project.

**Ministry's Response:** The Head of the Budget Agency explained that under Programme I Capital Expenditure an amount of \$200M was budgeted for the "Rehabilitation of Administrative Building and the Construction of Revetment, Parking Area and Driveway, High and Princess Street". However, a policy decision was made to put the project on hold. The Design cost for Administration Building and parking area was the only expenditure for this project. Subsequently, the amount of \$20.500M was made available for the purchase and the installation of an Elevator at Lamaha and East Streets Building.

**Recommendation:** The Audit Office recommends that the Ministry ensure projects are prioritised and budgeted for to ensure that all amounts budgeted are expended. (2017/213)

#### Technical Assistance

621. According to the Appropriation Accounts, the sum of \$10M was budgeted for in 2017 for the preparation of Social Protection Strategy; however, this sum was not expended as at 31 December 2017. According to the Notes to the End of Year Budget Outcome and Reconciliation Report prepared by the Ministry of Finance, the project was approved in 2017 but Technical Cooperation preparation was delayed and subsequently signed in January 2018. The project is funded by the Inter-American Development Bank and is subjected to separate financial reporting and audit.

#### Sustainable Livelihood Entrepreneurial Development

622. The sum of \$100M was budgeted for Sustainable Livelihood for 2017. According to the Appropriation Accounts amounts, totalling \$95.073M were expended as at 31 December 2017. Included in the amount \$95.073M are fourteen Inter/Intra Departmental Warrants (IDWs) totalling \$77.560M that were issued to the Regions as follows:

Ministry/Region	No. of Warrants	Amount Issued \$'000	Amount Expended \$'000	Unspent Amount \$'000
Regional Executive Officer No. 1	1	2,533	2,533	0
Regional Executive Officer No. 2	1	10,238	9,837	401
Regional Executive Officer No. 3	1	4,351	4,351	0
Regional Executive Officer No. 4	1	11,117	11,117	0
Regional Executive Officer No. 5	4	16,418	16,417	1
Regional Executive Officer No. 7	1	4,374	4,374	0
Regional Executive Officer No. 8	1	5,200	5,158	42
Regional Executive Officer No. 9	4	16,464	13,948	2,516
Regional Executive Officer No. 10	1	6,865	6,616	249
Total	15	77,560	74,351	3,209

623. According to the Manual on Central Government Accounting Systems, a Financial Return must be submitted by the Agency receiving the warrant to the Agency issuing the warrant. However, Financial Returns totalling \$7.716M were not received by the Ministry from Regions 8 and 9.

**Ministry's Response:** The Head of the Budget Agency explained that to date, financial returns have not been received from Regions 8 and 9. In respect of Region 8, there were significant delays due to adverse weather conditions. The amount for Region 9 represents payment for a block making machine that is yet to be delivered but has arrived in the country. The Returns will be sent after delivery.

**Recommendation:** The Audit Office recommends that the Ministry follow-up with the defaulting Regions to have the financial returns submitted. (2017/214)

Follow-Up on the Implementation of Prior Year Audit Recommendations

624. The table below shows the prior year matters as contained in the Auditor General's 2016 Report and action taken by the Head of the Budget Agency regarding the recommendations made by the Audit Office.

Rec. №.	Category of Findings	Recommendations		
		Fully Implemented	Partially Implemented	Not Implemented
2016/264	Overpayment of construction works	√		
2016/265	Updating the Old Age Pension Database	√		
2016/266	Reconciliation of Old Age Pension and Public Assistance Payments		√	
2016/267	Shortfall in budgeted expenditure		√	
2016/268	Reconciliation of Old Age Pension and Public Assistance Payments		√	

AGENCY 52  
MINISTRY OF LEGAL AFFAIRS

Current year matters, with recommendations for improvement in the existing system

Current Expenditure

Employment Cost

625. During 2017, amounts totalling \$196.540M were expended for the payment of salaries within the Ministry. Audit checks revealed that the sum of \$95.648M or 49% of the total employment cost was paid to employees who were employed on a contractual basis. Details are shown in the table below:

Line Items	Description	Total Paid \$'000	Percentage %
6111	Administrative	75,942	39
6112	Senior Technical	461	0
6113	Other Technical and Craft Skilled	1,879	0
6114	Clerical and Office Support	17,998	9
6115	Semi-Skilled Operatives and Unskilled	4,612	3
6116	Contracted Employees	95,648	49
6117	Temporary Employees	0	0
Total		196,540	100

626. According to the payroll for December 2017, the Ministry had a total of sixty-eight employees and contracted employees were 15% of the total employees. Details are shown in the table below:

Line Items	Description	No. of Employees	Percentage %
6111	Administrative	29	42
6112	Senior Technical	1	2
6113	Other Technical and Craft Skilled	2	3
6114	Clerical and Office Support	20	29
6115	Semi-Skilled Operatives and Unskilled	6	9
6116	Contracted Employees	10	15
6117	Temporary Employees	0	0
Total		68	100

627. During 2017, eight contracted employees were transferred to the Permanent Pensionable Establishment; however, all contracted employees were not transferred in keeping with Public Service Commission Circular No. 1/2017 dated 7 February 2017.

**Ministry's Response:** The Head of the Budget Agency explained that five persons are over the age of forty-five, one died in 2018 and the remaining four with specialised skills were retained on contractual arrangements.

## Capital Expenditure

### Justice Sector Programme

628. An amount of \$60M were allocated for: (i) alternative sentencing intervention; (ii) strengthening of probation services; (iii) design and implementation of restorative justice programme; (iv) implementation of case management and court scheduling system; (v) training of judges and magistrates in the use of alternatives to pre-trial detention; and (vi) law reform.

629. On the 21 February 2017, the Government of Guyana (GoG) and the Inter-American Development Bank (IDB) entered into an agreement where the IDB agreed to lend the GoG the sum of US\$8M to contribute to the financing and execution of the Support for the Criminal Justice System Program. The general objectives of the Program are to contribute to the reduction of high concentrations of prisons population in Guyana. The specific objectives of the Program are to reduce the proportion of inmates who are pre-trial detainees and to increase the use of alternative sentencing in the country. The period of execution is five years and six months, from the effective date of the agreement. Thus, the activities under the Program will come to an end on the 20 August 2022. This project is subject to separate reporting and audit and according to the financial statement of the Project, as at 31 December 2017 the Project expended sums totalling US\$102,859 for the payment of salary/gratuity, office furniture, office equipment, supplies, and advertisement cost.

630. In addition, according to the Project Execution Plan the sum of US\$706,000 was allocated for the period under review of which amounts totalling US\$102,859 were expended on operational activities. It is also noted, that the delay in the timely execution of the Program's activities and the spending of 15% of the allocated resources could result in the Program not achieving its stated objectives and an overrun of the life of the Program.

**Ministry's Response:** The Ministry explained that the Project commenced in June 2017. The programme team and IDB representatives reviewed the results matrices because activities planned for the six months' period and budgeted at US\$706,000 were not realistic and needed realignment. The activities were then readjusted and the budget was revised which will result in normalisation of the programme spending by the end of 2019 and project life within the stipulated time frame.

Strengthening the Criminal Justice Service (CANADA GRANT)

631. A Memorandum of Understanding (MOU) was signed between the Ministry of Public Security, the Guyana Police Force and the Justice Education Society (JES) for Strengthening the Guyanese Criminal Justice Education Society Project in Guyana. The duration of the Project is from the 12 August 2015 to 31 May 2017. The overall goal of the Project was to identify needs and providing training, mentoring and on-going monitoring and evaluation to the Criminal Investigation Division (CID) of the Guyana Police Force, Police Prosecutors, the Director of Public Prosecution, and Magistrates in technological advances in the area of forensic crime scene investigation. The Project was funded by the Canadian Government, Anti-Crime Capacity Building Fund, Department of Foreign Affairs, Trade and Development. The budgeted expenditures for the Project were CAD\$750,000. The full amount was expended as at 2017.

632. During 2017, an amount of G\$10.126M was allocated for: (i) training, coaching and quality control systems for crime scene investigation, criminal case preparation and forensic video procedures and analysis; (ii) seminars and coaching in legal knowledge, trial management and use of forensic video evidence for judges, magistrates and prosecutors; and (iii) provision for equipment and administrative expenses. The project was monitored by the Justice Education Society's representative in Guyana. According to the Appropriation Accounts, the full amount of G\$10.126M which is equivalent to CAD\$ 61,743 was expended.

Land and Water Transport

633. An amount of \$19.700M was allotted for the purchase of a vehicle. A supplementary provision of \$13M was approved for the purchase of two vehicles for the newly established State Assets Recovery Agency (SARA), giving a revised allocation in the sum of \$32.700M. Amounts totalling \$28.510M were expended as follows:

Description	Amount \$'000
One New Toyota Land Cruiser Station Wagon	16,514
Three Toyota Rav 4	11,466
2% Withholding Tax	530
Total	28,510

634. On 30 October 2017, the National Procurement and Tender Administration Board (NPTAB) granted approval for the award of contract in the sum of \$7.800M for the procurement of two vehicles. The Ministry sought the approval of NPTAB for the procurement of an additional vehicle of similar specification and at the same price of \$3.900M which amended the contract sum from \$7.800M to \$11.700M. It was noted, that the contract clause - Delivery of Acquired Vehicle-states that the "*Seller shall deliver the acquired vehicle and Buyer shall take possession of same, at seller's premises on or before 27 December 2017.*"

635. An examination of the Payment Vouchers and other related documents revealed that the vehicles were registered with the Guyana Revenue Authority (GRA) on the 14 and 19 February 2018, fifty-three days after the date stated on the contract and the final payment of \$5.616M was paid to the supplier on the 14 March 2018 via cheque №. 07-030751 dated 3 January 2018. This is a breach of the contractual clause. Notwithstanding this, the assets were physically verified.

**Ministry's Response:** The Ministry noted the observation. However, the Agency was in frequent contact with the supplier who informed the Ministry of the delay in the shipment which would result in the delivery of the vehicles after the agreed period.

**Recommendation:** The Audit Office recommends that the Ministry ensure that there is full compliance with the contractual clauses. (2017/215)

Prior year matters, which have not been resolved

636. The Ministry during 2017 was still unable to recover net salaries and deductions totalling \$225,000 overpaid to eight officers for the years 2009 and 2012. At the time of reporting, the Ministry had strengthened its efforts to recover net salaries overpaid by publishing the names of persons over paid in the daily newspapers and has since recovered \$28,729 from two officers.

Year	№. of Officers Overpaid	Net Salaries Overpaid \$'000	Deductions Overpaid \$'000	Total \$'000
2009	6	140	20	160
2012	2	60	5	65
Total	8	200	25	225

**Ministry's Response:** The Head of the Budget Agency explained that the names of persons overpaid in 2009 and 2012 were re-published in the daily newspapers during the months of March and April 2018 and the Ministry was able to recover the sum of \$28,729 leaving an outstanding balance of \$225,271. Efforts are still being made to recover the remaining amounts.

**Recommendation:** The Audit Office once again recommends that the Head of the Budget Agency ensure that overpayments are recovered. (2017/216)

637. At the time of reporting, amounts totalling \$3.445M representing rent owed by the occupants of the First Federation Building were still outstanding for the years 2010 to 2012 as shown below:

Year	Amount Outstanding \$'000
2010	917
2011	1,161
2012	1,367
Total	3,445



**Ministry's Response:** The Ministry is still to reconcile the moneys owing and due. However, in an effort to recover the moneys owed for rent, the names of licensees were published in the daily newspapers. Legal proceedings have not yet commenced.

**Recommendation:** The Audit Office once again recommends that the Ministry engage the Court with the view of having an early court date set in order to bring closure to this matter. (2017/217)

Follow-Up on the Implementation of Prior Year Audit Recommendations

638. The table below shows the prior year matters as contained in the Auditor General's 2016 Report and action taken by the Head of the Budget Agency regarding the recommendations made by the Audit Office.

Recommendation №.	Category of Findings	Recommendations		
		Fully Implemented	Partially Implemented	Not Implemented
2016/269	Breach of Stores Regulations	√		
2016/270	Assessment for purchases done before allocating of funds	√		
2016/271	Signing of loan agreement before making budgetary allocation	√		
2016/272	Non submission of corrected financial statements	√		
2016/273	Court Matter		√	
2016/274	Overpayment of Salary		√	

AGENCY 53  
GUYANA DEFENCE FORCE

Current year matters, with recommendations for improvement in the existing system

Current Expenditure

Employment Cost

639. The sum of \$5.583 billion was allocated for employment cost for the period under review and according to the Appropriation Accounts, amounts totalling \$5.574 billion were expended. Including in the sum of \$5.574 billion is an amount of \$14.112M which was expended on the payment of basic salaries to eighty-three contracted employees. However, it was noted that these contracted employees' salaries were met from Line Items 6115 - Semi Skilled Operatives and Non Skilled instead of Line Items 6116 - Contracted Employees.

**Defence Force's Response:** The Head of Budget Agency explained that no funds were allocated under Line Items 6116 for contracted employees. As a result, contracted employees were being paid from Line Items according to the pay scale stipulated in their contracts.

**Recommendation:** The Audit Office recommends that the Administration of the Defence Force in collaboration with the Ministry of Finance take steps to have the salaries of the contracted employees properly classified under the correct Line Items. (2017/218)

640. For the year 2017, four hundred and six persons were struck off the staff strength, of which 171 were deserters. An examination of a sample of twelve deserter's files revealed there was no indication that military items such as camouflage trousers, camouflage caps, camouflage shirts, gun holsters and DMS boots were returned to the Force. In addition, only four of the twelve files examined had "*abstract of evidence*" which is a list of items that were given to the soldier upon joining the Force.

**Defence Force's Response:** The Head of Budget Agency explained that efforts are usually made to arrest deserters and process them through the Force's legal channel. This includes Court Martial, resulting in custodial sentences and restitution where necessary.

**Recommendation:** The Audit Office recommends that the Administration of the Defence Force ensure that there is full compliance with the Standard Operating Procedures as it relates to the returning of kit upon retirement, resignation and dismissal of officers. (2017/219)

#### Goods and Services Purchased

641. The sum of \$4.257 billion was allocated for the procurement of goods and services during the period under review. A supplementary allotment, of \$134.228M was received while there were allotment transfers within Line Items totalling (\$24.8M), resulting in a revised allocation of \$4.366 billion. According to the Appropriation Accounts, amounts totalling \$4.361 billion were expended as at 31 December 2017. Included in the amount of \$4.361 billion was a payment for \$608,000 which was expended on the purchase of an Ultrasonic Cleaner Machine along with accessories that was purchased for Medical Corps. However, upon a request for physical inspection of the item it was discovered that the item could not be located. This matter is currently under investigation by the Force.

**Defence Force's Response:** The Head of Budget Agency stated that internal investigations by the Military Police Department concluded that this item was unaccounted for after taken on charge and issued out. The responsible persons will be disciplined accordingly.

**Recommendation:** The Audit Office recommends that the Administration of the Defence Force re-enforce systems in place to prevent recurrences of this nature. (2017/220)

642. During the period under review, amounts totalling \$569.949M were expended on the purchase of fuel and lubricants. An analysis of fuel consumption revealed that \$10.633M were expended on fuel and lubricants for Senior Officers, of which a Mark X motor car consumed fuel totalling \$3.071M, an average consumption of \$256,242 per month.

**Defence Force's Response:** The Head of Budget Agency stated that an investigation is on-going with regards to the Mark X fuel consumption of approximately \$3M for 2017.

**Recommendation:** The Audit Office recommends that the Administration of the Defence Force take action to introduce measures for strict control over acquisitions of fuel. (2017/221)

Stores and Other Public Property

643. An examination of stores records revealed the following unsatisfactory observations:
- a) Master Inventory was not maintained by the Guyana Defence Force (GDF) contrary to Section 24 of the Stores Regulations of 1993;
  - b) Sectional Inventories were not maintained on the prescribed Form 11;
  - c) Permanent Stores Register was not maintained contrary to Section 19 of the Stores Regulations of 1993. Permanent Stores were entered in Stock Ledgers with consumable stores instead;
  - d) Stores Ledger in Form 7 was written up, however voucher numbers were not quoted in the ledger making it a time consuming activity when tracing transactions; and
  - e) During a physical verification of assets it was observed that while a numbering system was in place for the marking of assets this system was not practical since the quantity of an asset owned by the GDF cannot be determine from the numbering system.

**Defence Force's Response:** The Head of Budget Agency stated that: (a) while the Guyana Defence Force continues its efforts to maintain Master Inventories, this exercise is expected to be completed by end of 2018; (b) the maintenance of Sectional Inventories is a work in progress and will be compliant with the prescribed format; (c) this is completed in the form of a fixed asset register and it is up-to-date. Additionally, GDF was guided by this report. Separate registers were opened and are currently being updated; (d) the concerns as it relates to the voucher numbers in the stores ledger has been noted and has been corrected with immediate effect; and (e) GDF will ensure that its fixed assets markings are in keeping with the requirement of the stores procedures.

**Recommendation:** The Audit Office recommends that the Administration of the Defence Force ensure that there is strict compliance with the requirements of the Stores Regulations at all times. (2017/222)

644. Section 29 of the Stores Regulation 1993, require that "Log Books in Form 17 shall be maintained for all motor vehicles, plant, machinery and equipment except motor vehicles assigned to Ministers of the Government, holders of Constitutional offices and persons of similar status." Audit examination of the GDF vehicles' listing revealed that there were 125 serviceable vehicles that required Log Books of which eighteen books were not presented for audit examination. However, at the time of reporting, thirteen Log Books were subsequently presented, leaving seven books still outstanding. Similarly, for 2016 Log Books for thirty-two vehicles were not presented for audit examination, while thirty-five Log Books were not presented for 2015. In the circumstances, it could not be determined whether all journeys undertaken were authorised and were in the interest of the Force.

**Defence Force's Response:** The Head of Budget Agency stated that after a review of the eighteen un-presented Log Books, this was revised down to seven.

645. In addition, an examination of the 107 vehicles Log Books presented revealed that in eighty-four instances the books were not properly written up to include pertinent information such as the fuel and lubricant supplied. Further, Log Books were not maintained for equipment that consumed fuel such as generators, brush cutters and lawn mowers.

**Defence Force's Response:** The Head of Budget Agency stated that stricter systems are now in place for the monitoring of written details in the Log Books. Log Books are maintained for generators including those in the interior locations.

**Recommendation:** The Audit Office recommends that the Administration of the Defence Force present Log Books for all vehicles which require this record, and ensure that all pertinent information is recorded therein. In addition, for those vehicles that were not in use, an annotation should be made in the relevant Log Books. (2017/223)

#### Capital Expenditure

646. The sum of \$844.800M was budgeted in 2017 for the Guyana Defence Force to execute its capital programme. According to the Appropriation Accounts, the sum of \$844.786M was expended as summarised in the table below:

Description	Budget \$'000	Expenditure \$'000
Buildings - GDF	169,800	169,795
Marine Development	100,000	99,999
Air, Land, & Water Transport	140,000	140,000
Pure Water Supply	20,000	20,000
Agriculture Development	30,000	30,000
Equipment	350,000	349,992
National Flagship - Essequibo	35,000	35,000
Total	844,800	844,786

#### Buildings - GDF

647. The sum of \$169.800M was allotted for the (i) construction of barracks at Infantry Battalion Camp Stephenson and Agriculture Corps at Garden of Eden (ii) construction of drill halls (iii) construction of bio-digesters at Eteringbang, Lethem, New River and Mabaruma, and (iv) rehabilitation of medical corps building at Base Camp Ayanganna and mess hall at Agriculture Corps Garden of Eden. As at 31 December 2017, amounts totalling \$169.798M were expended and an examination of the expenditure revealed the following:

- a) approval for change of programme was not seen for the purchase of generator, circle saw, water tanks, electric charger, pumps, and podiums;
- b) the following projects were budgeted for but were not executed during 2017 nor were they re-budgeted for in 2018:

- i. construction of barracks at Agriculture Corps at Garden of Eden;
  - ii. construction of bio-digesters at Eteringbang, Lethem, New River and Mabaruma; and
  - iii. rehabilitation of medical corps building at Base Camp Ayanganna.
- c) the contract for the construction of Infantry Accommodation Block 1 was awarded in the sum of \$72.815M by the National Procurement and Tender Administration Board (NPTAB). An examination of Payment Vouchers revealed payments totalling \$59.999M were made on the contract for measured works. On 22 November 2017 the Force wrote NPTAB for the project to be re-designed to better accommodate the troops of the first infantry battalion. Consequently, the project was annulled and the completion of the project was included in the 2018 budget.

***Defence Force's Response:*** The Head of Budget Agency indicated that: (a) the items reflected were within the scope of the projects; construction of Guyana Peoples' Militia Drill Hall at Pouderoyen, rehabilitation to drill halls Cove and John, and Linden. As a consequence change of profile was not necessary; (b) priorities of the Force changed, subsequently approvals were granted for the change of profile for those projects not executed in 2017; and (c) even though the sum of \$72.815M was awarded from NPTAB for Block 1 of the Infantry Barracks, a sum of \$60M was allocated. The contractor was therefore advised to redo the estimates in keeping within the sum allocated.

***Recommendation:*** The Audit Office recommends that the Administration of the Defence Force: (a) ensure that approval is obtained before any project is undertaken that is outside of the project profile; and (b) undertake projects during the earlier part of the year so that any problem or issues encountered can be detected in a timely manner, so as to avoid delays and ensure amounts are expended as budgeted. (2017/224)

#### *Marine Development*

648. The sum of \$100M was allotted for the: (i) construction of base at New Amsterdam; (ii) purchase of boats, fuel bowser and laboratory equipment; and (iii) provision for slipway and workshop. According to the Appropriation Accounts, amounts totalling \$99.999M were expended. Included in this amount is a contract which was awarded by NPTAB on 13 October 2017 for the procurement of Laboratory Equipment in the sum of \$8.458M. The agreement was signed on 1 November 2017. An examination of the Payment Voucher revealed that the full amount was paid to the supplier on the 5 December 2017. However, the contract agreement did not include provision for performance security or a contract period for delivery of equipment procured. At the time of reporting the items were not delivered.

***Defence Force's Response:*** The Head of Budget Agency explained that the contractor indicated that he encountered some difficulties in the shipment of the laboratory equipment, however that was sorted out and the laboratory equipment is still in transit. It was an oversight by the Force in the preparation of the contract as well as allowing the full payment to be made to the supplier.

**Recommendation:** The Audit Office recommends that the Administration of the Defence Force provide the Audit Office with the necessary documentations upon receipt of the items. (2017/225)

649. A contract for the construction of a timber wharf, approach and floating raft at the Guyana Defence Force Coastal Battalion, New Amsterdam was awarded by the NPTAB in the sum of \$52.638M to the lowest most responsive of three bidders. The Engineer's Estimate was \$54.508M. The contract was signed on 3 November 2017, with the start date being within seven working days after signing of the contract and an intended completion date of six months after signing. The defects liability period was three months.

650. The contractor received an advance payment of \$15.476M, representing 30% of the contract sum on 30 November 2017, followed by one interim payment of \$16.858M on 08 May 2018. At the time of reporting, the total payment received by the contractor was \$32.351M. It is unclear if the advance payment was recovered at the time of reporting. In addition, it could not be determined from Payment Voucher examined who certified the works. Physical verification of the works revealed that the contractor was overpaid the sum of \$17.830M as shown in the table below:

Item	Description	Qty Paid	Qty Found	Unit	Diff.	Rate \$	Amount Overpaid \$'000
	Construction of Wharf						
	Timber Wharf						
2.1	Supply, pitch, point and drive tared greenheart timber piles 16" butt diameter by 10" tip diameter to 65ft. length (55Nr.)	2,860	0	lin.ft	2,860	2,500	7,150
2.2	Provide and install tarred GH 6"x12" sawn greenheart capping beams fixed to top of pile caps with ¾" dia.x24" long bolts and nuts with washers as shown in drawings 6"x12"x18' 34 Nr.	2,496	0	fbm	2,496	500	1,248
2.3	Provide and install tarred GH 6"x12" sawn greenheart main beams fixed to top of pile caps with ¾" dia. X 24" long bolts and nuts with washers as shown in drawings (735 lin.ft)	2,998	0	fbm	2,998	500	1,499
2.4	Provide and install tarred GH 2"x12" sawn greenheart decking fixed to main beam having 1" wide spacing with 3/8" x8" long galv. Coach screws (all measured) 210# x 18'x2"x12"	5,140	0	fbm	5,140	500	2,570
2.6	Provide and install tarred GH 4"x4"sawn greenheart kerbs fixed to scooper blocks having 1" wide spacing with ½" dia.x 12" long MS bolts (all measured) 475 lin.ft	300	0	fbm	300	500	150
2.7	Provide and install a tarred GH 2"x12" sawn greenheart wearing strips fixed	922	0	fbm	922	500	461

Item	Description	Qty Paid	Qty Found	Unit	Diff.	Rate \$	Amount Overpaid \$'000
	to decking with ½" dia.x8" long coach screws. All measured (700 lin.ft)						
	Metal Galvanized Ladder						
2.9	Provide and place to 2"x2" (section main frame) All measured	60	0	Lin.ft	60	300	18
2.11	Provide and install GH 2"x12" sawn greenheart foot board. Fixed 2"x2" (Section main frame) All measured	350	0	fbm	350	500	175
	Ironmongery						
2.15	Provide and place ¾" dia.x 24" long galvanized bolts and nuts for the securing of 6"x12' beams to the piles	29	0	№.	29	1,700	49
2.16	Provide and place 1/2" dia.x 24" long galvanized bolts and nuts for the securing of 6"x12' beams to the piles	30	0	№.	30	1,700	51
2.18	Provide and place 1/2" dia.x 12" long galvanized coach screws to secure decking beam	1,650	0	№.	1,650	230	380
	Plumbing- Cold Water Installations						
2.20	2" dia. PVC	1,000	0	Lin.ft	1,000	300	300
	Electrical						
2.21	Provide and install solar lamps to wharf	11	0	№.	11	19,950	219
	Metal Work						
2.22	Provide and install galvanized metal gate to entrance of timber wharf, make provision for securing to post	Prov. Sum	0	Prov. Sum			400
	Approach						
3.20	Provide, place and compact white sand/sand clay 60:40 by volume as specified in drawings in layers not exceeding 12" thick to 95% Modified proctor density as in drawings.	300	0	cu.yd	300	4,200	1,260
3.21	Provide and place compacted grade A crusher run 2" thick to 96% Modified Proctor density as indicated in drawing	100	0	cu.yd	100	19,000	1,900
Total Overpaid							17,830

651. Further, an examination of this project revealed the follow:

- a) it was discovered at the time of the physical verification on 29 August 2018 that the GDF prepared, certified and paid the contractor a total of \$17.830M for works which had not yet commenced on site. Valuation №.1 was grossly inflated to reflect that the works under the contract were in an advanced stage of completion, resulting in the contractor receiving a total of \$32.351M or 61% of the contract sum at the time of the physical verification;

- b) we observed that the contractor was on site but only clearing and earthworks on the approach to the wharf had commenced, contrary to what was paid for in Valuation №.1, which certified payments for the wharf, plumbing and electrical installations;
- c) according to the contract, the duration for completion of the works was six months from signing, however, at the time of reporting, a total of nine months had elapsed and the works were incomplete; and
- d) no performance bond or advance payment bond was seen in the documents examined; as such it is unclear if there was a valid bond at the time of reporting.

***Defence Force's Response:*** The Head of Budget Agency indicated that the Force is working to recover the overpayment by 24 September 2018 in that the contractor will present a cheque for the overpayment in the name of the Finance Officer, GDF. The GDF Engineer will monitor the on-going works more closely to ensure the pace of work is increased, in keeping with the payments made.

***Recommendation:*** The Audit Office recommends that the Administration of the Guyana Defence Force recover the amounts overpaid and implement systems for the proper monitoring of all works. (2017/226)





Approach roadworks



No Wharf constructed on site

Air, Land and Water Transport

652. The sum of \$140M was allotted for the purchase of vehicles and trucks and according to the Appropriation Accounts, the full amount was expended during 2017. Included in this sum, is a contract for the supply of three Stallion 4x4 Truck Troop Carrier, which was awarded by NPTAB in the sum of \$64.734M. An agreement between GDF and the supplier was signed on 27 October 2017. The Force agreed to pay the contractor \$45.314M in advance and the remaining \$19.420M upon delivery of the vehicles, while the contractor agreed to deliver within three months on signing of the agreement. At the time of reporting, the trucks were not delivered while the cheque for the remaining \$19.420M has since become stale dated and was still on hand at the Sub-Treasury. In addition, a performance security clause was not included in the agreement. Further, the contract document was not provided for audit examination to determine if liquidated damages were to be charged on the contract for untimely delivery. It was noted that the supplier indicated that the trucks will be shipped on the 20 September 2018.

**Defence Force's Response:** The Head of Budget Agency indicated that: (i) the Guyana Defence Force have in the past purchased troop carriers from the same supplier that performed satisfactorily but required some manufacturing adjustment to be made to the troop carriers; hence, a decision was taken to delay the shipment until those adjustments were made. The trucks are expected to arrive in October; (ii) efforts were made to update the stale dated cheque; and (iii) the Force is guided regarding the inclusion of a liquidation clause for all contracts so that action can be brought against contractors for failure to perform.

**Recommendation:** The Audit Office recommends that the Administration of the Defence Force provide the Audit Office with the necessary documentations upon receipt of the trucks. (2017/227)

Pure Water Supply

653. The sum of \$20M was allotted for the: (i) upgrading of water system at Base Camp Stephenson; and (ii) purchase of water tanks for all bases. As at 31 December 2017, the full amount was expended as follows:

Description	Amount \$'000
Construction of water storage facility, Timehri	8,999
Purchase of 1 generator and 1 submersible pump	4,900
Purchase of 65 water tanks	2,520
Purchase of water pumps	2,086
Extension of fence and installation of security lights at №. 4 Well, Timehri	1,495
Total	20,000

654. The National Procurement and Tender Administration Board awarded a contract in the sum of \$8.992M by way of sole sourcing to construct a water storage facility at Air Station London, Timehri. The date of signing of the contract, duration and defects liability period could not be determined from the documents examined. The total sum paid to the contractor for works completed was \$8.819M. However, it could not be determined from documents examined who certified the works. Physical verification of the works revealed that the contractor was overpaid the sum of \$2.287M as shown in the table below:

Item	Description	Qty Paid	Qty Found	Unit	Diff.	Rate \$	Amount Overpaid \$'000
	Bill №. 1 - Preliminaries						
1.9	Provisional sum for unforeseen works to be used at the discretion of the engineer. This sum is to be used for underground 4" main pipe and other underground plumbing fittings	1	0	Item /Prov Sum	1	500,000	500
	Bill №. 3 - Concrete & Block Works						
	Provide and place 3000psi reinforced concrete (-3/4" aggregate) No hand mix						
3.2	Ditto Main Beams	5.5	3.6	Cu.Yd	1.9	38,000	72
3.4	Ditto 6" thk concrete floor	15	14.4	Cu.Yd	0.6	38,000	23
	FORMWORK						
	Provide and place formwork (including all braces , struts and ties)						
3.7	Ditto Main Beams	70	51.4	Sq.Yd	18.6	1,800	34
3.9	Ditto 8" thk concrete floor	66	54.2	Sq.Yd	11.8	1,800	21
	Reinforcement						
3.12	Provide and place №.65 BRC to floor	56	28.9	Sq.Yd	27.1	1,600	43
	Bill №. 5 - Electrical Works						
5.1	Provide and install 4500kw gasolene lighting plan of approved quality American or European manufacture. Lighting plan to be installed with automatic change over switch	1	0	№.	1	600,000	600
5.2	Provide for the installation of all necessary electrical fittings and accessories for the installation of lighting plan and water pump. Average distance from building 100m	1	0	Item	1	200,000	200
5.3	Provisional sum for unforeseen works to be used at the discretion of the engineer. This sum is inclusive of and not limited to underground wiring and GPL connection where necessary	1	0	Item /Prov Sum	1	200,000	200
	Bill №. 6 - Plumbing						
	Cold Water Installation						

Item	Description	Qty Paid	Qty Found	Unit	Diff.	Rate \$	Amount Overpaid \$'000
	Provide and install PVC Cold water service and waste water pipes , works inclusive of all necessary fittings and installed according to BS.3505-1968 (1982)						
6.1	2" dia PVC.C324	500	0	Ln Ft	500	100	50
6.2	3/4" dia PVC	80	0	Ln Ft	80	85	7
6.3	1" dia PVC	200	138.4	Ln Ft	61.6	90	6
6.4	1 1/2" dia PVC Pressure pipes	200	86.3	Ln Ft	113.7	100	11
6.5	2" dia PVC Pressure pipes	400	0	Ln Ft	400	100	40
6.6	Allow for testing of pipe and other fittings and facilities for water tightness and performance	1	0	Item	1	100,000	100
6.8	Provide and install American or English brand 2 Hp water pump to PVC water tanks , provide for all necessary fittings to secure pup to tanks and pipes	1	0	№.	1	180,000	180
6.9	Provisional sum for unforeseen plumbing and fittings works to be used at the discretion of the engineer	1	0	Item / Prov Sum	1	200,000	200
Total Overpaid							2,287

655. In addition, an examination of this project revealed the follow:

- a) it was noted that the contractor received a 50% advance payment which is significantly high when compared to the percentages of 15% and 30% as stated in the Standard Bidding Document;
- b) the Bill of Quantity was poorly prepared and lumped together with items to be paid for as one item, namely Item 3.11 which states *“Provide and place m.s reinforcement to beams, columns, kerb wall, stairs and strip foundation: 3/8” dia bars, 1/2” dia bars, 5/8” dia bars, 1/4” dia bars, all measured”*;
- c) these items which were lumped together and paid for as one “Item” are individually quantifiable and must be listed according to the specific component of the structure. In addition, it is unclear how the contractor would have been able to determine the configuration of the steel bars and the diameter of the bars, for each component of the structure. Further, the Audit Office was unable to reasonably quantify the reinforcement used in the construction of the trestle and as such, cannot determine whether or not any overpayment on the quantity steel reinforcement has occurred; and
- d) the quantities of materials used for the foundation, kerb wall and reinforcement for the entire structure could not be properly assessed due to the lack of any drawings showing all the construction details.

**Defence Force's Response:** The Head of Budget Agency indicated that the contractor was contacted and is working to complete the additional works required for the completion of this project. The Force will ensure that the water pump and generator acquired to be installed will be the required size as stated in the project documents. The Force will also monitor the contractor to ensure the project is completed in accord with the requirements.

**Recommendation:** The Audit Office recommends that the Administration of the Defence Force take steps to recover the overpayment and put systems in place to prevent recurrences. (2017/228)



The completed trestle

Prior year matters, which have not been resolved

Current Expenditure

656. An examination of Payment Vouchers and other supporting documents for 2016 revealed that there were duplication of payments to five contractors totalling \$3.380M in respect of hiring of private vehicles which resulted in overpayment to the contractors. It was noted that amounts totalling \$2.653M were recovered and the sum of \$727,000 still remains outstanding for two contractors at the time of reporting.

**Defence Force's Response:** The Head of Budget Agency stated that hire of transportation contractors are paid daily trips and also based on number of trips made during the day. They are not paid a flat rate per day. To date all contractors repaid their overpayments.

**Recommendation:** The Audit Office once again recommends that the Administration of the Defence Force take immediate action to recover the outstanding sum of \$727,000. (2017/229)

657. Examination of the Payment Vouchers and other supporting documents relating to maintenance of vehicles revealed that amounts totalling \$2.706M were paid to six contractors. However, an examination of the invoices from the six contractors revealed that there was duplication of payments resulting in overpayments totalling \$1.353M to the contractors.

**Defence Force's Response:** The Head of Budget Agency stated that all overpayments were recovered.

**Recommendation:** The Audit Office once again recommends that the Administration of the Defence Force ensure the overpayment is recovered, since only part of the overpayment was recovered. (2017/230)

658. The Guyana Defence Force is still to recover net salaries overpaid for the years 2011 to 2013 totalling \$677,000 and the related deductions of \$325,000 for the years 2011 to 2015 as shown in the table below:

Year	Overpayment		
	Net Salaries \$'000	Deductions \$'000	Total \$'000
2011-2012	424	188	612
2013	253	71	324
2015	0	66	66
Total	677	325	1,002

**Defence Force's Response:** The Head of Budget Agency stated that the Guyana Defence Force has since brought a few persons in, informing them of the overpayment. Some of them have agreed to repay the monies. However, to date nothing has been paid and the GDF is not in contact with these persons since their last visit. GDF is asking that Public Accounts Committee give them a waiver on this particular issue.

**Recommendation:** The Audit Office once again recommends that the Administration of the Defence Force continue to pursue the recovery of the amounts overpaid. (2017/231)

659. Four Cheque Orders totalling \$6.868M for the year 2015 still remained outstanding.

**Defence Force's Response:** The Head of Budget Agency stated that the four Cheque Orders to the value of \$6.868M are still outstanding.

**Recommendation:** The Audit Office recommends that the Administration of the Defence Force ensure that all outstanding Cheque Orders are cleared and submit the necessary information to the Audit Office for verification. (2017/232)

#### Capital Expenditure

660. Two stale dated cheques totalling \$5.619M for the supply and installation of surveillance systems were updated and are still on hand at the GDF Finance Office since the infrastructure to install the surveillance is not completed at the time of reporting.

**Defence Force's Response:** The Head of Budget Agency stated that the Guyana Defence Force is in possession of the cheques which are both stale dated. The infrastructure to install the surveillance systems is not completed by the GDF.

**Recommendation:** The Audit Office once again recommends that the Administration of the Defence Force update and refund the cheques to the Consolidated Fund. (2017/233)

661. During 2015, overpayment in the sum of \$6.574M had occurred on the contract for the completion of kitchen mess hall building at Air Corps, Timehri. Revisits to the Project in 2017 and 2018 reduced the overpayment to \$1.671M which is still to be recovered at the time of reporting.

**Defence Force's Response:** The Head of Budget Agency stated that with regards to the overpayment of \$6.574M, the contractor has since completed 75% of the works to the sum of \$4.903M. The Guyana Defence Force will pursue all avenues to ensure the contractor repays the Force the overpayment as stated above.

**Recommendation:** The Audit Office once again recommends that the Administration of the Defence Force continue to pursue the recovery of the sum overpaid. (2017/234)

Follow-Up on the Implementation of Prior Year Audit Recommendations

662. The table below shows the prior year matters as contained in the Auditor General’s 2016 Report and action taken by the Head of the Budget Agency regarding the recommendations made by the Audit Office.

Rec. №.	Category of Findings	Recommendations		
		Fully Implemented	Partially Implemented	Not Implemented
2016/275	Breach of Stores Regulations – un-presented Log Books		√	
2016/276	Overpayment - Duplication of payments			√
2016/277	Breach of Stores Regulations - Non receipt of Uniforms	√		
2016/278	Overpayment - Duplication of payments			√
2016/279	Breach of Stores Regulations - Non receipt of items	√		
2016/280	Breach of Procurement Act - Administrative issues on contract	√		
2016/281	Breach of Stores Regulations - Log Books		√	
2016/282	Breach of Stores Regulations - Historical Records	√		
2016/283	Breach of Stores Regulations - Stores Accounting	√		
2016/284	Breach of FMA Act - Cheques on Hand		√	
2016/285	Breach of Procurement Act - Mobilisation Advance			√
2016/286	Breach of Procurement Act - Changes with approval on contract		√	
2016/287	Breach of Audit Act - Documents not presented	√		
2016/288	Breach of FMA Act - Cheques on Hand			√
2016/289	Items not put into use	√		
2016/290	Breach of Stores Regulations - Vehicle not received	√		
2016/291	Outstanding Cheque Orders			√
2016/292	Overpayment of Salaries			√
2016/293	Breach of Stores Regulations - Log Books			√
2016/294	Overpayment of construction works		√	



AGENCY 54  
MINISTRY OF PUBLIC SECURITY

Current year matters, with recommendations for improvement in the existing system

Current Expenditure

Employment Cost

663. During the period under review, the sum of \$2.055 billion was budgeted for employment cost. According to the Appropriation Accounts, amounts totalling \$2.017 billion were expended. This represents 53% of total current expenditure for the year 2017. The table below shows the staffing details at the time of preparation of 2017 National Estimates versus actual staffing according to the payroll as at 31 December 2017.

Chart of Account	Description	National Estimates 2017	Actual as at 31.12. 2017	Difference
6111	Administrative	63	83	20
6112	Senior Technical	7	22	15
6113	Other Technical and Craft Skilled	602	700	98
6114	Clerical and Office Support	379	337	(42)
6115	Semi-Skilled Operatives	16	25	9
6116	Contracted Employees	229	234	5
6117	Temporary Employees	1	0	(1)
Total		1,297	1,401	104

664. Amounts totalling \$425.940M were paid to contracted employee for the period under review; this represents 21% of the total employment cost for the Ministry of Public Security. As can be noted from the table below, there was a total of 234 contracted employees on the payroll as at December 2017. The Public Service Commission Circular No. 1/2017 dated 7 February 2017 stated that Permanent Secretaries, Heads of Departments and Regional Executive Officers are required to submit a list of all officers on Contract/Gratuity to be appointed on the Pensionable establishment. However, for 2017, there were a total of 172 contracted employees below the age of forty-five. Shown in the table below are the salary ranges of the 234 contracted employees according to the December 2017 payroll:

Salary Range	No. of Employees	Amount \$'000
Below \$100,000	128	9,896
\$100,000 - \$250,000	87	12,151
\$250,001 - \$400,000	8	2,336
Above \$400,000	11	8,512
Total	234	32,895

**Ministry's Response:** The Head of Budget Agency stated that the officers that are still on contract/gratuity are those who are on non-pensionable positions due to the nature of their jobs and officers who do not meet the age required for appointment on the fixed establishment.

**Recommendation:** The Audit Office recommends that the Ministry minimise the number of staff being employed on a contractual basis and take immediate steps to move its current eligible employees over to the pensionable establishment in keeping with circularised instructions. (2017/235)

665. For the year 2017, from a population of eighty-two officers who severed employment with the Ministry for various reasons, a sample of fifty-seven were selected for audit examination. Transactions relating to these pay change directives for resignations, retirements and dismissals were examined and it was revealed that net salaries totalling \$1.378M were overpaid to ten officers whilst the related deductions amounting to \$889,691 were also overpaid to various deduction agencies. However, at the time of reporting, net salaries totalling \$254,532 were recovered from three persons leaving an amount of \$1.123M still to be recovered along with deductions of \$889,691.

666. Similarly, for 2016, overpaid salaries were identified in fourteen instances totalling \$2.501M which included \$380,260 in respect of deductions not recovered from the respective agencies. At the time of reporting, amounts totalling \$912,293 were recovered, leaving a balance of \$1.588M still to be recovered. These overpayments were as a result of pay change directives not being forwarded in a timely manner to the Central Accounting Unit of the Ministry.

**Ministry's Response:** The Head of the Budget Agency explained that the Ministry is currently making efforts to recover the overpayments and has since written to the Ministry of Legal Affairs for its intervention in this matter and is awaiting a response.

**Recommendation:** The Audit Office recommends that the Ministry continue in its efforts to recover the overpayments and to ensure that pay change directives are communicated in a timely manner to the Central Accounting Unit. (2017/236)

#### Goods and Services

667. According to the Appropriation Accounts, amounts totalling \$1.248 billion were expended on goods and services for the period under review. Included in this sum are amounts totalling \$77.198M which were expended on drugs and medical supplies. Included in the amount of \$77.198M is a contract which was awarded by the National Procurement and Tender Administration Board (NPTAB) in the sum of \$16.947M for the procurement of drugs and medical supplies for the Guyana Forensic Sciences Laboratory. The full amount was paid to the contractor, however, at the time of reporting, materials to the value of \$10.818M were still to be delivered.

**Ministry's Response:** The Ministry stated that items to the value of \$6.129M has since been supplied and is available for verification by State Audit. The supplier will submit a bond for the \$10.818M to cover the items it has in stores for the Ministry.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency ensure all outstanding deliveries are received and provide the Audit Office with the evidence when received. (2017/237)

Maintenance Works

668. Amounts totalling \$202.030M were allocated for repairs and maintenance works within the Ministry. According to the Appropriation Accounts, as at 31 December 2017, amounts totalling \$201.870M were expended as shown in the table below:

Line Items	Description	Total Funds Available \$'000	Amount Expended \$'000
6242	Maintenance of Buildings	127,675	127,666
6255	Maintenance of Other Infrastructure	74,355	74,204
Total		202,030	201,870

669. A sample of thirteen projects with contract sums totalling \$54.296M for maintenance works were selected for physical verification. Overpayments totalling \$1.106M were discovered on two contracts, while three contracts had administrative issues as detailed in the paragraphs below.

670. The Ministerial Tender Board awarded a contract for the tiling of dormitories at Timehri Prison in the sum of \$3.254M. The contract was signed on 31 October 2017, however, the start date, duration, completion date and defects liability period could not be determined. The sum of \$3.189M was paid to the contractor. Physical verification of the works revealed that the contractor was overpaid the sum of \$212,875 as shown in the table below:

Item	Description	Qty Paid	Qty Found	Unit	Diff.	Rate \$	Amount Overpaid \$
	1" Screeding to level existing floor slab						
2.1	2" screeding (cement/sand/sifting) to existing floor slab including for levelling of screeding using buttons	654	608.5	sq.yd.	45.5	1,500	68,250
	Tiling - Tiles to meet specifications set out in contract document and to be approved before installation commence. Spacers to be 1/4" and grout to be sanded						
2.2	Supply and install 12" x 12" non-skid ceramic tiles to floor slab. Rate to include for tin set ,grout and for leveling of tiles	653	608.5	sq.yd.	44.5	3,250	144,625
Total Overpaid							212,875

671. In addition, the following discrepancies were discovered in the signed contract document:
- a) the contract document contained a Blank Bills of Quantities, instead of the priced contractors bid; and
  - b) the contract duration and defects liability period was not stated in the Special Condition of Contract (SCC).

672. Further, it was discovered that the actual works completed, according to the payment valuation, is different from the blank Bill of Quantity which was in the contract document. No variations to change the scope of the works were noted in the documents examined.

**Ministry's Response:** The Head of Budget Agency stated that there were no variations. However, efforts are being made by the Ministry to locate the Bill of Quantity.

**Recommendation:** The Audit Office recommends that the Ministry take steps to immediately recover the overpayment and put systems in place to prevent recurrences. (2017/238)

673. The Ministerial Tender Board awarded a contract for renovation works to Mazaruni dormitories, ceiling, floor and replacing windows in the sum of \$4.986M, to the lowest of four bidders. The Engineer's Estimate was \$7M. The contract was signed on 28 November 2017, with duration of six weeks for completion. However, the defects liability period could not be determined. Amounts totalling \$4.886M were paid to the contractor. Physical verification of the works revealed that the contractor was overpaid the sum of \$869,640, as shown in the table below:

Item	Description	Qty Paid	Qty Found	Unit	Diff.	Rate \$	Amount Overpaid \$'000
2.6	Floor slab (4" thk)	6	4.61	cu.yd	1.39	28,000	39
2.7	Supply and install 12" x 12" ceramic non skid floor tiles tp prepared surface laid with 1/4" spacers including for tin set and grouting. Tiles to be approved before installation commence	55	41.5	sq.yd	13.5	4,500	61
3.1	Supply and install 1" x 6" GH groove and tongue to floor. Rate to include for clamping, cleaning and filling and applying one prime coat and two finishing coats oil paint after installation	600	293.8	sq.yd	306.2	850	260
<i>Washroom</i>							
3.2	2" screeding to existing RC floor	35	23	sq.yd	12	1,500	18
3.3	Supply and install 12" x 12" ceramic non skid floor tiles to prepared surface laid with 1/4" spacers including for tin set and grouting. Tiles to be approved before installation commence	35	21	sq.yd	14	4,500	63

Item	Description	Qty Paid	Qty Found	Unit	Diff.	Rate \$	Amount Overpaid \$'000
3.5	Supply and install 8" x 12" ceramic wall tiles tp prepared surface laid with 1/4" spacers including for tin set and grouting. Tiles to be approved before installation	60	30	sq.yd	30	4,500	135
3.6	Supply and install 6G expandable mesh too existing window bars. Mesh to be welded to existing steel bars and painted using anti-corrosive paint	52	0	sq.yd	52	5,250	273
3.8	Remove and replace 1" x 10" gutter board. Rate should include for painting	272	227	Bm	45	460	21
Total Overpaid							870

**Ministry's Response:** The Head of Budget Agency stated that the contractor is currently replacing the 10 G expandable mesh with the 6 G and has agreed to refund the remaining sum of \$596,640 that was overpaid.

**Recommendation:** The Audit Office recommends that the Ministry take steps to immediately recover the overpayment and put systems in place to prevent recurrences. (2017/239)

674. A contract for the renovation to B-17 Living Quarters, Mazaruni Prison, Guyana Prison Service was awarded by the Ministerial Tender Board in the sum of \$2.421M. The Engineer's Estimate was \$3M. The contract was signed on 27 September 2017 with duration of three months for completion. However, the defects liability period could not be determined. As at 31 December 2017, the contractor received an advance payment of \$711,836 representing 30% of the contract sum. At the time of the physical verification the advance payment guarantee was valid and the final payment was still to be prepared. However, the works were incomplete and the contractor had demobilized from the site. It is unclear if the Ministry had taken any form of action against the contractor for non-performance at the time of reporting.

**Ministry's Response:** The Head of Budget Agency stated that the Ministry is in the process of revisiting the project to ascertain the total value of works completed and to terminate the project. Any overpayment will be recovered.

**Recommendation:** The Audit Office recommends that the contract should be terminated and the Ministry should levy on the advance payment bond to recover the advance payment. (2017/240)

#### Stores and Other Public Property

675. Section 29 of the Stores Regulations and circularised instructions requires that Log Books be maintained for all motor vehicles, plant, machinery and equipment owned and/or operated by the Ministry. However, of the 193 serviceable vehicles/equipment owned and controlled by the Ministry, Log Books were not presented for six vehicles.

**Ministry's Response:** The Head of Budget Agency stated that efforts are currently being made by the Ministry to locate the Log Books and submit same for audit examination.

**Recommendation:** The Audit Office recommends that the Ministry ensures that there is full compliance with the Stores Regulations as it relates to the maintenance of Log Books. (2017/241)

676. Section 26 of the Stores Regulations 1993, states that "The Permanent Secretary shall ensure that historical records of vehicles, plant and equipment are maintained". However, from a fleet of 193 vehicles owned and controlled by the Ministry only fifty-seven historical records were presented for audit verification, leaving 136 still outstanding. Given the circumstances, the Ministry would not be in a position to monitor the individual cost of repairs or determine whether it was economical to retain or dispose of certain vehicles.

**Ministry's Response:** The Head of Budget Agency stated that the Ministry is currently locating the historical records for the vehicles, plant and equipment.

**Recommendation:** The Audit Office recommends that the Ministry ensures that there is full compliance with the Stores Regulations as it relates to the maintenance of historical records. (2017/242)

#### Other Matters

677. Section 43 of the Fiscal Management and Accountability Act 2003 states that at the end of each fiscal year, any unexpended balance of public moneys issued out of the Consolidated Fund shall be returned and surrendered to the Consolidated Fund. However, at the time of audit in August 2018, there were twelve cheques totalling \$17.429M on hand at the Ministry which has since become stale dated. As a result, there was a breach of Section 43 of the FMA Act and the Appropriation Accounts was overstated by the said amount. At the time of reporting, there were still four cheques totalling \$7.086M on hand.

**Ministry's Response:** The Head of Budget Agency indicated that from the twelve cheques, ten were updated from which seven were paid to the suppliers, one refunded and the other two are to be paid. The remaining two cheques will be updated and paid to the suppliers.

**Recommendation:** The Audit Office recommends that the Ministry institute measures to ensure full repayment to the Consolidated Fund of all amounts remaining unpaid at the end of each financial year in compliance with the FMA Act. (2017/243)

678. Cheque Orders are required to be cleared within sixteen days of their issue through the submission of bills and/or receipts or other supporting documents. However, the Ministry failed to adhere to this requirement, since an examination of the Cheque Order register revealed that there were 527 instances where Cheque Orders valued at \$470.455M were cleared on an average of forty-four days after the required time. In addition, at the time of reporting, there were eighty-nine Cheque Orders totalling \$54.882M still outstanding for the year 2017.

**Ministry's Response:** The Head of Budget Agency indicated that efforts will be made to clear Cheque Orders within the sixteen days stipulated period and efforts are on-going to clear the outstanding Cheque Orders.

**Recommendation:** The Audit Office recommends that the Ministry take steps to clear all outstanding Cheque Orders, submit the necessary information to the Audit Office for verification and ensure that Cheque Orders are cleared within the stipulated time frame in keeping with circularised instructions. (2017/244)

679. The Camp Street Prison which housed a sub-section of the Ministry of Public Security Accounting Unit was completely destroyed by fire on 10 July 2017 when a riot broke out and the prisoners set fire to the prison. The fire destroyed an undetermined value of assets, items of stores and all the accounting records that were kept at the sub-section which included fourteen cheques totalling \$4.536M and fifty Payment Vouchers totalling \$37.484M. As a result, the scope of the audit was limited and a determination could not be made as to the propriety of the payments totalling \$32.109M or whether value was received for the moneys spent. Nevertheless, at the time of reporting the Ministry was in the process of reconstructing the Payment Vouchers.

**Ministry's Response:** The Head of Budget Agency indicated that approval was granted by the Ministry of Finance to reconstruct the vouchers. The Ministry has since reconstructed twelve of the vouchers and is in the process of reconstructing the remaining thirty-eight vouchers.

**Recommendation:** The Audit Office recommends that the Ministry submit all the reconstructed vouchers for audit examination when the process is completed. (2017/245)

### Capital Expenditure

680. The sum of \$2.486 billion was budgeted for in 2017 to execute the six capital programmes of the Ministry. Supplementary Allotments totalling \$1.034 billion were approved increasing the budgetary allocation to \$3.520 billion. According to the Appropriation Accounts, the sum of \$3.478 billion was expended leaving an unspent amount of \$41.973M. Shown in the table below is the shortfall in capital expenditure as per programme for 2017:

Description	Total Funds Available \$'000	Expenditure \$'000	Shortfall \$'000
Buildings	1,730,660	1,695,035	35,625
Land and Water Transport	617,300	617,292	8
Foreign Funded Projects	598,663	598,663	0
Furniture and Equipment	440,712	439,747	963
Other Agencies	132,680	127,303	5,377
Total	3,520,015	3,478,040	41,973

681. As can be noted from the table above, the most significant shortfall of \$35.625M was recorded under Buildings. The projects that contributed to the shortfall included construction of Senior Officers Living Quarters and rehabilitation of Wales Police Station.

**Ministry's Response:** The Head of the Budget Agency explained that one of the major projects, construction of Senior Officers Living Quarters, was awarded late in 2017 and its total allocation could not have been utilised.

**Recommendation:** The Audit Office recommends that the Ministry undertake projects during the earlier part of the year so that any problem or issues encountered can be detected in a timely manner, so as to avoid delays and ensure amounts are expended as budgeted. (2017/246)

682. A sample of thirteen projects with contract sums totalling \$514.307M for works undertaken under capital programme was selected for physical verification. Overpayments totalling \$5.161M were discovered on two contracts while there were administrative issues on one of the contracts as detailed in the paragraphs below.

683. A contract for the rehabilitation of Kitty Police Station was awarded by the National Procurement and Tender Administration Board in the sum of \$8.389M to the lowest of nine bidders. The Engineer's Estimate was \$12.978M. The sum of \$8.054M was paid to the contractor. Physical verification of the works revealed that the contractor was overpaid the sum of \$1.827M as shown in the table below:

Item	Description	Qty Paid	Qty Found	Unit	Diff.	Rate \$	Amount Overpaid \$'000
2.13	Tiling						
	Supply and install 12" x 12" ceramic non skid floor tiles to prepared surface laid with 1/4" spacers including for tin set and grouting	46	21	sq.yd	25	4,500	113
	Doors						
3.2	Remove and replace existing doors with purple heart panel doors inclusive of door frames, door jambs, hinges, entrance locks and bolts. Door size 36" x 80"	20	16	№.	4	43,000	172
	Tiling to washroom Areas						
3.4	Supply and install 12" x 12" ceramic non skid floor tiles to washroom including for leveling of existing surface and to grouting ,tin set and spacers	30	14	Sq.yd	16	4,500	72
3.5	Supply and install 12" x 8" white non skid ceramic wall tiles to washrooms including for levelling of existing surface and for grouting , tin set and spacers	120	24.5	Sq.yd	95.5	4,300	411
	Carpentry Works						
3.10	Remove and replace defective 1" x 6" GH groove and tongue and replace to floor. Rate should include for sanding, filling and painting	500	120	Bm	380	380	144



Item	Description	Qty Paid	Qty Found	Unit	Diff.	Rate \$	Amount Overpaid \$'000
3.11	Remove and replace defective 1" x 6" GH lap edge and replace walls Rate should include for sanding ,filling and painting	400	267	Bm	133	380	51
3.13	Supply and install 3' x 2' x 4' metallic lockers to barrack room. Rate to include for lock and fastening	30	0	№.	30	20,000	600
3.15	Construction of Stairs						
	Supply and install 2" x 12" GH stringers	176	56	Bm	120	340	41
	Supply and install 1" x 12" GH as treaders	170	50.5	Bm	119.5	340	41
	Supply and install 1" x 10" GH as risers	125	38.3	Bm	86.7	340	29
	Supply and install 2" x 6" GH landing joist	50	34	Bm	16	340	5
	Supply and install 2" x 4" GH as hand rails	60	18.1	Bm	41.9	340	14
	Supply and install 2" x 4" GH and foot rails	60	0	Bm	60	340	20
	Supply and install 1" x 6" GH to landing floor	75	32.5	Bm	42.5	340	14
	Supply and install 2" x 4" GH as hand rails to landing	25	6	Bm	19	340	7
	Supply and install 2" x 4" GH and foot rails to landing	25	0	Bm	25	340	9
	Supply and install 4" x 4" GH uprights and columns	200	67	Bm	133	340	45
	Supply and install 4" x 4" GH beams to support landing joist	45	0	Bm	45	340	15
	Supply and install 2" x 4" GH rafters to take sheet laths	120	31.4	Bm	88.6	340	30
	Supply and install 1" x 6" GH sheet laths	30	47.2	Bm	-17.2	340	(6)
Total Overpaid							1,827

684. In addition, an examination of this project revealed that no breakdown for provisional sums paid to the contractor totalling \$1.850M was attached to the Payment Voucher examined. As a result, it could not be verified what works these payments were actually made for. Details of the provisional sums are shown below:

Item	Description	Amount \$'000
2.14	Provisional Sum for Electrical Works	200
	Provisional Sum for Works to Lock Ups Entrance	1,000
3.16	Provisional Sum for the Construction of Shed	300
3.18	Provisional Sum for Electrical Works	350
Total Provisional Sums Paid		1,850

**Ministry's Response:** The Head of Budget Agency stated that the Ministry has since submitted to the Audit Office the breakdown for the provisional sum of \$1.850M paid to the contractor.

**Recommendation:** The Audit Office recommends that the Ministry take steps to immediately recover the overpayment and put systems in place to prevent recurrences. (2017/247)

685. A contract was awarded in the sum of \$22.467M for emergency works at Camp Street Prisons. The contract was signed on 15 December 2017. The amounts totalling \$14.209M was paid to the contractor. Physical verification of the works revealed that the contractor was overpaid the sum of \$3.333M as shown in the table below:

Item	Description	Qty Paid	Qty Found	Unit	Diff.	Rate \$	Amount Overpaid \$'000
	Power Supply - 4 wire, 208/240V, 60 Hz, 3						
8	Supply & Install 175A Copper Lugs	12	9	Nº.	3	40,000	120
10	Supply & Install 10ft copper coated earth electrode with clamp	1	0	Nº.	1	50,000	50
K	External RC Fence (50 ft & 56 ft)						
	Demolition & Removal of Concrete Pavement	1	0	Sum	1	100,000	100
	Excavation	35	0	cu.yd.	35	3,000	105
	Supply, place & compact sand fill	12	0	cu.yd.	12	4,500	54
	Sand: Cement Blinding	12	0	sq.yd.	12	1,200	14
	Formwork	10	0	sq.yd.	10	2,200	22
	Reinforcement	3,800	0	lbs	3,800	220	836
	Concrete Works	34	0	cu.yd.	34	48,000	1,632
	Fabrication & Installation of Metal Door 3ft x 7ft	1	0	Nº.	1	100,000	100
	Fabrication & Installation of Grill Work to openings 3ft x 3ft	5	0	Nº.	5	60,000	300
Total Overpaid							3,333

**Ministry's Response:** The Head of the Budget Agency explained that efforts would be made to recover the overpayment.

**Recommendation:** The Audit Office recommends that the Ministry take steps to immediately recover the overpayment and put systems in place to prevent recurrences. (2017/248)

#### Land and Water Transport

686. The sum of \$537.300M was allotted for the purchase of vehicles, motorcycles, ballahoes, outboard engines, bicycles, boats, motor launch, bus, fire boat, water tenders, and ambulances. The Ministry received an approval for Inclusion of Programme for the purchase of one motor cycle, one bicycle, one vehicle and two ATVs. According to the Appropriation Accounts, amounts totalling \$537.292M were expended as shown in the table below:

Description	Amount \$'000
Purchase of engines, pick-up, cars, prison van, cars, sirens - Police	210,000
Purchase of Pick-ups, mini buses - Prison	135,000
Purchase of water & fire tenders, ambulances, trailers pumps - Fire	174,200
Purchase of vehicles - Secretariat	18,092
Total	537,292

687. The sum of \$174.200M was expended on the purchase of fire boat, water tenders and ambulances for the Guyana Fire Service. Included in this sum is a contract which was awarded by the National Procurement and Tender Administration Board via sole sourcing in the sum of \$307.457M for the procurement of one multi-purpose fire rescue boat for the Guyana Fire Service. The contract was signed on 4 August 2017 and according to the contract the boat was to be delivered 9 to 10 months after the signing of the contract. As at 31 December 2017, the amount of \$131.354M was paid to the contractor. Approval was granted for a multi-year contract by the Finance Secretary and the final payment was budgeted for in 2018. However, at the time of reporting, the boat was not received although ten months had elapsed. Nevertheless, it was noted that the supplier indicated that the boat would be shipped on 5 November 2018.

**Ministry's Response:** The Head of the Budget Agency explained that the procurement of the multi-purposed fire rescue boat will commence upon the establishment of a Letter of Credit. This contract has duration of ten months. The Letter of Credit was established in November 2017.

**Recommendation:** The Audit Office recommends that the Ministry follow-up this matter with the supplier to have the boat delivered and provide the Audit Office with the necessary documentations upon delivery. (2017/249)

#### Foreign Funded Projects

688. The sum of \$330M was budget for Citizen Security Strengthening Programme and Citizen Security Programme II for 2017. Supplementary allotments totalling \$268.663M were approved, giving a revised budgetary allocation of \$598.663M. According to the Appropriation Accounts, the full amount was expended. The two projects were funded by the Inter-American Development Bank and are subjected to separate financial reporting and audit.

#### Furniture and Equipment

689. The sum of \$431.835M was allotted for the purchase of office furniture, equipment, agricultural tools, communication and other equipment for the Ministry's Secretariat, Guyana Police Force, Prison and Fire Services. A Supplementary Allotment of \$8.877M was approved, revising the budgetary allocation to \$440.712M. According to the Appropriation Accounts, amounts totalling \$439.749M were expended during the year as shown in the table below:

Description	Amount \$'000
Purchase of communication and other equipment – Police	274,992
Purchase of tools, agricultural and other equipment - Prison	70,890
Purchase of tools, office furniture & communication equipment - Fire	60,603
Purchase of equipment and furniture - Secretariat	33,264
Total	439,749

690. Included in the sum of \$274.992M shown as expended on communication and other equipment for the Police, is the sum of \$11.836M, which represents the purchase of German Shepherd dog, automated finger print identification system, photovoltaic system, metal barriers, furniture and computer accessories for the Guyana Police Force. However, at the time of reporting, only the metal barriers, computer accessories and German Shepherd dog were received, leaving items to the value of \$9.608M still to be delivered.

**Ministry's Response:** The Head of the Budget Agency explained that the outstanding items to the value of \$9.608M are expected by the end of September, 2018.

**Recommendation:** The Audit Office recommends that the Ministry follow-up this matter with the suppliers to have the outstanding items delivered immediately and provide the Audit Office with the necessary documentations upon receipt of the items. (2017/250)

#### Other Agencies

691. The sum of \$132.680M was allotted for Customs Anti Narcotics Unit (CANU), Police Complaints Authority and Community Policing. According to the Appropriation Accounts, amounts totalling \$127.303M were expended during the year, as shown in the table below:

Description	Amount \$'000
Construction and completion of buildings, vehicles, furniture and equipment for CANU	119,662
Purchase of vehicle and equipment for Police Complaints Authority	4,679
Purchase of outboard engines, filing cabinet, laminating machine and printer for Community Policing	2,962
Total	127,303

692. Included in the sum of \$119.662M shown as expenditure for CANU is the sum of \$65.079M, which was expended on the procurement of vehicles, furniture and equipment. However, items to the value of \$1.114M were not received at the time of reporting.

**Ministry's Response:** The Head of the Budget Agency explained that the item is expected by the end of the last quarter of 2018.

**Recommendation:** The Audit Office recommends that the Ministry provide the Audit Office with the necessary documentations upon receipt of the item. (2017/251)

Prior Year Matters, which have not been resolved

Deposit Fund

693. According to information from the Ministry of Finance, there were five Deposit Fund Accounts in respect of the Ministry with balances as detailed below:

Name of Account	Balance at 31/ 12/ 2017 \$'000
Ministry of Home Affairs - General	131,905
Ministry of Home Affairs - General	6,438
Death Benefits	640
Sundries	4,654
Professional Fees	(90)
Total	143,547

694. Reconciliations were done for three of the Accounts; however the two old accounts which are in the name of the previous Ministry (Ministry of Home Affairs) remained unreconciled.

**Ministry's Response:** The Head of the Budget Agency explained that the Ministry of Finance has advised that the two Accounts were there since the implementation of the IFMAS in the year 2003. Hence it is not prudent for these Accounts to be closed but to be carried forward each year.

**Recommendation:** The Audit Office recommends that the Ministry of Public Security in collaboration with the Ministry of Finance take steps to reconcile the old accounts. (2017/252)

Capital Expenditure

695. During 2016, overpayments totalling \$1.078M were discovered on a contract for the completion of external fence, Aurora Police Station. In addition, it was observed that the works are incomplete and the contractor was demobilized from the site. Further, audit examination of the Payment Vouchers, contracts and other documents revealed the following:

- a) the contractor was paid in full for the construction of a reinforced concrete parking lot, however, a physical verification revealed that the parking lot has not been constructed; and
- b) the commencement date, completion date and defects liability period were not recorded in all of the contract documents examined.

**Ministry's Response:** The Head of the Budget Agency indicated that the contractor has since completed the works.

696. At the time of reporting, documentations requested by the Audit Office were not presented by the Ministry to substantiate that the works have been completed.

**Recommendation:** The Audit Office recommends that the Ministry provide the Office with the outstanding documents so that this matter can be concluded. (2017/253)

697. The Ministry is still to recover overpayments made on the remedial works to the floor, walls, roof, windows and doors at the Albion Police Station in 2010 in the sum of \$3.504M. The Ministry had written to the project consultant for a resolution of the matter, and the contractor has accepted liability. During 2015, 2016 and in January 2017, the Ministry had recovered a total of \$1.250M from the contractor leaving an amount of \$2.254M still to be recovered. A letter was also written to the Ministry of Legal Affairs on 11 February 2015 for legal advice in recovering the amount. However, on 2 July 2015 the contractor wrote the Ministry accepting the overpayment and gave commitment that the sum overpaid would be repaid soon. At the time of reporting, the sum of \$2.254M still remained outstanding.

**Ministry's Response:** The Head of the Budget Agency indicated that the contractor has refunded an additional sum of \$500,000 bringing the total sum refunded to \$1.250M. The Ministry of Legal Affairs is addressing this matter.

**Recommendation:** The Audit Office recommends that the Ministry diligently follow-up this long outstanding matter with the Ministry of Legal Affairs in order to bring it to closure. (2017/254)

698. The contract for the rehabilitation of Kamarang Police Station was awarded in 2010 in the sum of \$3.348M and during that year amounts totalling \$2.391M were paid on certified works. A subsequent payment of \$697,150 in the year 2012 increased disbursements under the contract to \$3.088M. An inspection of the works in that year revealed that a total overpayment of \$1.273M had occurred as a result of twenty discrepancies in measured works. The Ministry was able to clear to the satisfaction of Audit Office an amount of \$272,750, leaving a balance of \$1M still to be recovered.

**Ministry's Response:** The Head of the Budget Agency indicated that the Ministry of Legal Affairs is addressing this matter.

**Recommendation:** The Audit Office recommends that the Ministry diligently follow-up this long outstanding matter with the Ministry of Legal Affairs in order to bring it to closure. (2017/255)

#### Special Investigation

699. The Audit Office in collaboration with the Guyana Police Force conducted an investigation at the Ministry into twenty-three transactions amounting to \$22.556M for the year 2015. At the time of reporting the matter was engaging the attention of the Court.

**Ministry's Response:** The Head of the Budget Agency indicated that the matter is currently being addressed by the Director of Public Prosecution.

**Recommendation:** The Audit Office recommends that the Ministry inform the Audit Office when this matter is concluded. (2017/256)

Follow-Up on the Implementation of Prior Year Audit Recommendations

700. The table below shows the prior year matters as contained in the Auditor General’s 2016 Report and action taken by the Head of the Budget Agency regarding the recommendations made by the Audit Office.

Rec. No.	Category of Findings	Recommendations		
		Fully Implemented	Partially Implemented	Not Implemented
2016/295	Overpayment of salaries and deductions		√	
2016/296	Outstanding deliveries for forensic laboratory materials		√	
2016/297	Non delivery of item	√		
2016/298	Non reconciliation of Deposit Account		√	
2016/299	Breach of FMA Act - Cheques of hand	√		
2016/300	Improper maintenance of the contract register	√		
2016/301	Shortfall in capital expenditure		√	
2016/302	Overpayment on construction works		√	
2016/303	Incomplete works and omitted information			√
2016/304	Administrative issues on contract	√		
2016/305	Overpayment on construction works	√		
2016/306	Administrative issues on contract	√		
2016/307	Breach of FMA Act - Cheque on hand	√		
2016/308	Breach of FMA Act - Cheque on hand	√		
2016/309	Non delivery of assets	√		
2016/310	Losses Report	√		
2016/311	Losses Report	√		
2016/312	Losses Report		√	
2016/313	Overpayment on construction works		√	
2016/314	Overpayment on construction works		√	
2016/315	Non delivery of assets			√

Programme 2 – Guyana Police Force

Current year matters with recommendations for improvement in the existing system

701. From a population of 241 officers who severed employment with the Guyana Police Force for various reasons for 2017, an examination of a sample of forty-five revealed seven instances where officers were overpaid net salaries totalling \$187,046. In addition, the related deductions totalling \$46,086 were also overpaid to various deduction agencies. These overpayments were as a result of pay change directives not being forwarded in a timely manner to the Central Accounting Unit of the Force. At the time of reporting the overpayments were not recovered.

702. Similarly, the Force is still to recover outstanding amounts totalling \$1.970M, which were overpaid to employees of the Force and deduction agencies for the years 2010, 2011 and 2012. Details of the overpayments are shown in the table below:

Year	Net Salaries \$'000	Deductions \$'000	Total \$'000
2012	671	363	1,034
2011	363	75	438
2010	498	0	498
Total			1,970

**Police Force's Response:** The Guyana Police Force indicated that with respect to overpayments for the year 2017, the Guyana Police Force regrets this anomaly and has since written to the respective organisation regarding this occurrence with a view of recovering the amounts overpaid. Efforts are still on-going to have outstanding amounts recovered for the years 2010 to 2012.

**Recommendation:** The Audit Office recommends that the Guyana Police Force follow-up this matter with a view of recovering the overpayments and ensure that pay change directives are effectively and efficiently communicated in a timely manner to the Central Accounting Unit. (2017/257)

Follow-Up on the Implementation of Prior Year Audit Recommendations

703. The table below shows the prior year matter as contained in the Auditor General's 2016 Report and action taken by the Head of the Budget Agency regarding the recommendation made by the Audit Office.

Recommendation No.	Category of Finding	Recommendation		
		Fully Implemented	Partially Implemented	Not Implemented
2016/316	Overpayment of Salaries and Deductions		√	



AGENCY 71  
REGION 1 - BARIMA/WAINI

Current year matters, with recommendations for improvement in the existing system

Current Expenditure

Employment Cost

704. According to the National Estimates amounts totalling \$1.044 billion was budgeted for Employment Cost for a staff complement of 751. As at 31 December 2017, amounts totalling \$1.012 billion were expended for 855 staff as shown below. This represents 104 staff more than was budgeted for and \$32M under the budgeted expenditure. As such, it would appear that Employment Cost was over budgeted.

Line Item	Description	Filled 2017	Actual 2017	Increase/ (Decrease) 2017
6111	Administrative	69	60	(9)
6112	Senior Technical	197	196	(1)
6113	Other Technical and Craft Skilled	129	134	5
6114	Clerical and Office Support	11	18	7
6115	Semi-Skilled Operatives and Unskilled	255	399	144
6116	Contracted Employees	87	46	(41)
6117	Temporary Employees	3	2	(1)
Total		751	855	104

**Region's Response:** The Head of Budget Agency indicated that some savings were realized from the temporary teachers not being paid in August due to their contracts ending in July and recommencing in September. Also, transition of employees from contracted to the pensionable establishment resulted in the reduction of Employment Cost.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that its budget submission is in keeping with circularised instructions and the amount budgeted for employment cost is for staff positions that are filled. (2017/258)

705. An analysis of the employment details revealed that the Regional Administration had a total of sixty-six vacancies as advertised in the Public Service Commission Staff Vacancy Circular No. 2/2017. These vacancies included critical posts such as one Regional Health Officer, six Medex, one Procurement Officer, one Education Officer and three Assistant Hospital Administrators. As a result, these critical vacancies would have an adverse effect on the operations of the Regional Administration.

**Region's Response:** The Head of Budget Agency indicated that the Public Service Commission life had come to an end at 31 August 2017, resulting in these positions and applications made not having been acted upon.

**Recommendation:** The Audit Office recommends that the Regional Administration urgently review its staffing situation since the level of staffing would obviously have an adverse effect on the operations of the Region and in particular the level of control needed to ensure adequate checks and balances. (2017/259)

706. An audit examination of thirty-six leavers for 2017 revealed that sixteen persons were overpaid net salaries amounting to \$1.141M, whilst the related deductions totalling \$69,804 was also overpaid to the various deduction agencies. However, at the time of audit in July 2018, nine persons refunded moneys in the sum of \$734,161. A similar situation occurred in the years 2015 and 2016 as shown in the table below:

Year	Net Salary Overpaid \$'000	Net Salary Recovered \$'000	Net Salary Outstanding \$'000	Deductions Overpaid \$'000	Deductions Recovered \$'000	Deductions Outstanding \$'000	Net Salary & Deductions Outstanding \$'000
2015	1,135	1,135	0	245	0	245	245
2016	80	0	80	37	0	37	117
Total	1,215	1,135	80	282	0	282	362

**Region's Response:** The Head of Budget Agency indicated that letters will be sent to the former employees and the Agencies informing them of the overpayments.

**Recommendation:** The Audit Office recommends that the Regional Administration follow-up this matter with the view of recovering the overpayments and ensure that pay change directives are effectively and efficiently communicated in a timely manner to the Regional Accounting Unit. (2017/260)

#### Office and Field Supplies

707. The sum of \$84M was budgeted for in 2017 for the procurement of Drugs and Medical Supplies under the Health Services Programme - Line Item 6221 for the Mabaruma Regional Hospital and the Health Centers within the Region. Amounts totalling \$27M were expended by the Regional Administration and the remaining amount of \$57M was warranted to the Ministry of Public Health (MOPH) for the procurement of drugs and medical supplies.

708. With respect to the Inter-Departmental Warrant, IDW No. 1/2017 was issued on 31 August 2017 to the MOPH for \$57M. A Financial Return was received on 4 January 2018 indicating that the full amount was expended. The table below summarises the expenditure for Drugs and Medical Supplies under Health Services Programme, Line Item 6221.

Budgeted Amount \$'000	IDWs to MOPH					Expended by Region \$'000	Total Expended \$'000	Total Unspent Balance \$'000
	No.	Date	Amount Warranted \$'000	Expended as per Financial Return \$'000	Unspent \$'000			
84,000	1/2017	31/08/2017	57,000	57,000	0	27,000	84,000	0
Total			57,000	57,000	0	27,000	84,000	0

709. Further, as reported in 2016, a similar situation occurred in 2017, whereby although drugs & medical supplies were received by the Regional Administration, the cost was not stated on the documentation that accompanied the deliveries. In addition, the following observations were made:

- a) requests for drugs & medical supplies from the Materials Management Unit (MMU) are done on Combine Requisition and Issuing Vouchers (CRIVs), however, there were no mechanisms in place to confirm the supplies received were for the value warranted; and
- b) the MMU submitted a reconciliation report of drugs & medical supplies issued to the Region for January to December 2017. However, according to this report the total estimated value of drugs dispatched amounted to \$156.257M giving a difference of \$99.257M worth of drugs received in excess of the sum warranted to MOPH. In addition, the reconciliation did not contain pertinent and critical information such as CRIV numbers or dates. As a result, it was difficult to trace the drugs & medical supplies listed on the reconciliation report to the relevant records of the Region.

**Region's Response:** The Head of Budget Agency indicated that attempts will be made to conduct a physical verification of drugs and medical supplies received from MMU utilising CRIV returned.

**Recommendation:** The Audit Office recommends that the Regional Administration put systems in place to reconcile supplies received by the respective health facilities with the drugs list initially submitted, and obtain the cost of the drugs and medical supplies from the MOPH so as to reconcile the value of the drugs and medical supplies received with that of the sum warranted to the MOPH. (2017/261)

710. During the period under review, the Regional Accounting Unit expended the sum of \$30.170M on sixty-eight payments under the four programmes to purchase drugs and medical supplies. However, in July 2018 the Goods Received Book only reflected items totalling \$21.027M as being received leaving an outstanding amount of \$9.143M unaccounted for. A similar situation occurred in 2016. As a result, it was difficult to ascertain whether all the drugs and medical supplies paid for were received. In addition, an audit examination of forty-four Payment Vouchers and related documents revealed the following:

- a) two of the Supplier's, despite having different addresses and names, bore one company stamp on all of their respective Payment Vouchers presented for audit examination. As a result, it was difficult to ascertain whether these companies were indeed two different companies; and
- b) no documentary evidence was seen to suggest that the Regional Administration made checks with MMU enquiring whether the drugs purchased were in stock and can be sourced via CRIVs.

**Region's Response:** The Head of Budget Agency indicated that; (i) some of the drugs and medical supplies have since been supplied; (ii) the two payments will be investigated further and the results communicated to the Audit Office; and (iii) the drugs not supplied as requested on the CRIVs is what was used to purchase these items.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that: (i) all drugs paid for are received and the Goods Received Book updated promptly; (ii) the results of the investigation communicated to the Audit Office; and (iii) items needed are not available at the MMU before such items are purchased by the Region. (2017/262)

711. According to the Appropriation Accounts, amounts totalling \$139.954M were expended on Fuel and Lubricants for 2017. However, there was no reconciliation between the quantity of fuel received from the supplier with that of the total amounts paid in 2017. As a result, it could not be determined whether the Regional Administration was in receipt of the full amount of fuel purchased. In addition, an audit examination of the Payment Vouchers and other related documents pertaining to fuel and lubricants revealed the following:

- a) a Fuel Register was not maintained for the period under review;
- b) as at 17 July 2018 the Bin Cards reflected a balance of 567 gallons dieseline (12 ½ drums) and 241 gallons of gasoline (5 ¼ drums) in the fuel bond. However, several attempts were made to conduct a physical count but this proved futile;
- c) fuel was bought by drums and then converted into gallons by the Regional Administration. An examination of the Bin Cards pertaining to gasoline revealed an amount of 817 drums (36,767 gallons) was received by the Regional Administration from various suppliers. However, it was noted that amounts totalling 1,009 drums (45,420 gallons) were reflected as issued. As a result, the records indicated an excess of 192 drums (8,653 gallons) of gasoline being issued;
- d) fuel was stored in one bond, for all four programmes, which have a maximum capacity of fifty drums of gasoline (2,250 gallons) and ten drums of dieseline (450 gallons) at any given time. However, evidence was seen where fuel was purchased in quantities beyond the capacity of the Bond; and
- e) an audit inspection conducted on 11 July 2018 during the process of receiving fuel from a supplier and off-loading same via a pump into the tanks within the bond found that during the process, there was no supervisory personnel present to witness this activity.

**Region's Response:** The Head of Budget Agency indicated that: (i) a register has since been implemented; (ii) the excesses will be investigated and the results sent to the Audit Office; and (iii) in future, staff will always be present to supervise the receipt of fuel.

**Recommendation:** The Audit Office recommends that Regional Administration ensure: (i) the timely reconciliation of fuel purchased and received; (ii) the implementation and maintenance of a fuel register to monitor fuel; (iii) proper record keeping of stores; and (iv) proper monitoring and supervision upon delivery of fuel. (2017/263)

Maintenance Works

712. Amounts totalling \$414.747M were allocated for repairs and maintenance works within the Region. As at 31 December 2017, amounts totalling \$413.895M were expended under the various Line Items as shown in the table below:

Line Item	Description	Total Funds Available \$'000	Amount Expended \$'000
6242	Maintenance of Buildings	175,545	175,545
6251	Maintenance of Roads	51,500	51,460
6252	Maintenance of Bridges	19,500	19,496
6253	Maintenance of Drainage & Irrigation	22,000	21,959
6254	Maintenance of Sea and River Defense	18,500	18,500
6255	Maintenance of Other Infrastructure	57,400	57,398
6264	Vehicle Spares & Services	56,152	55,466
6282	Equipment Maintenance	14,150	14,071
Total		414,747	413,895

713. The contract for repairs to Senior Welfare Officer Living Quarters, Moruca was awarded in the sum of \$4.413M to the most responsive of seven bidders by the Regional Tender Board. The Engineer's Estimate was \$4.6M. As at 31 December 2017, amounts totalling \$4.325M were paid to the contractor. Physical verification of the completed works, measurements and calculations revealed that the contractor was overpaid the sum of \$281,200 as shown in the table below. It was also discovered that the contractor painted the floor instead of applying varnish as specified in the contract.

Item	Description	Qty Paid	Qty Found	Unit	Diff	Rate \$	Amount Overpaid \$'000
	Floor						
4.3	Provide for and to insert 13nr 2"x6"x6' bulletwood floor joist	78	16	bm	62	400	25
4.4	Provide for and to insert 1"x 4" G&T floor boards	80	49	sq ft	31	400	12
4.5	Thoroughly clean, sand and apply varnish to floor as directed. Cater for all puttying, locker etc	111	0	sq yd	111	2,000	222
5	Walls						
5.6	Provide for dismantle and install new 2"x4"x9' external uprights	100	45	bm	55	400	22
Total							281

**Region's Response:** The Head of Budget Agency requested a revisit of this project since they are not in agreement with the overpayment found.

**Recommendation:** The Audit Office recommends that the Regional Administration make every effort to recover the overpayments and put proper systems in place to avoid future recurrences. (2017/264)

714. The contract for repairs to St. Mary's Primary School was awarded in the sum of \$4.300M to the sole bidder by the Regional Tender Board. At 31 December 2017, the entire sum was paid to the contractor. Physical verification of the completed works, measurements and calculations revealed that the contractor was overpaid the sum of \$514,000 as shown in the table below:

Item	Description	Qty Paid	Qty Found	Unit	Diff	Rate \$	Amount Overpaid \$'000
	Floor						
3.3	Provide for supply and install floor joist (34 nr 2" x 6" Bulletwood / Mora)	850	748	bm	102	380	39
3.4	Provide for supply and install head beams and head sill (3nr. 6" x 8" Bulletwood / Mora beams & 2nr 4" x 6" head sill)	640	604	bm	36	380	14
	Bill №. 3 - Additional Works						
2	Provide for and to install lattice works to building using 1" x 3" timber	220	192	sq ft	28	500	14
4	Provide for and to construct 1 nr 2 compartment timber toilet complete with 2 nr English made toilet set, 1 nr lavatory sink and all necessary connections to septic tank and trestle, Size: 8'x4x8'	1	0	nr	1	250,000	250
5	Provide for and to construct septic tank complete with manhole, filter box etx.5'x6'x6'	1	0	nr	1	196,860	197
Total							514

**Region's Response:** The Head of Budget Agency indicated that the contractor has given a written commitment to complete the works with respect to the sanitary facilities and repay any sum considered overpaid after this is completed.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that: (i) completed works are accurately measured and quantified before payments are made to the contractor; (ii) every effort is made to recover the overpayment; and (iii) proper systems are in place to avoid future recurrences. (2017/265)

715. The contract for repairs to Arakaka Teacher's Quarters', Matarkai, was awarded in the sum of \$5M. As at 31 December 2017, the full amount was paid to the contractor. Physical verification of the completed works, measurements and calculations revealed that the contractor was overpaid the sum of \$450,000 for the reconstruction of water trestle to facilitate four water tanks for the purpose of rain water catchment.

**Region's Response:** The Head of Budget Agency indicated that the contractor has since restarted works and the outstanding works will be completed shortly.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that completed works are accurately measured and quantified before payments are made to the contractor and proper systems are in place to avoid future recurrences of overpayments. (2017/266)

716. The contract for repairs to Falls Top Primary School, Matarkai was awarded in the sum of \$4M. As at 31 December 2017, the entire sum was paid to the contractor. Physical verification of the completed works, measurements and calculations revealed that the contractor was overpaid the sum of \$1.033M as shown in the table below:

Item	Description	Qty Paid	Qty Found	Unit	Diff	Rate \$	Amount Overpaid \$'000
	Bill Nr. 2						
	Supply and install off all tools, materials, labour and equipment to remove damage roof components (include V-joints, rafters, Ridge, etc) and replace same as directed by	224	0	sq yd	224	3,000	672
13	Provide for dismantle damage floor boards and replace with new 1"x4" tongue and groove boards	860	0	bm	860	350	301
14	Provide for dismantle damage floor Joist and Beams and replace with new Bullet wood materials. Cater for placing floor joist closer than existing , supply of extra if necessary	1	0	sum	1	60,000	60
	Total						1,033

**Region's Response:** The Head of Budget Agency requested a revisit of this project and indicated that the Community has mobilized to execute the outstanding works.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that completed works are accurately measured and quantified before payments are made to the contractor and proper systems are in place to avoid future recurrences of overpayments. (2017/267)

Stores and Other Public Property

717. The Stores Regulations require Log Books be maintained for all vehicles, plant, machinery and equipment. The Regional Administration owns and controls ninety-nine serviceable vehicles/machinery/equipment for which Log Books are required to be maintained and submitted for audit examinations. An audit examination of the records revealed that of the ninety-nine serviceable vehicles/machinery/equipment, thirty-two were under repairs/not working and in the workshop for the period under review and no historical records were maintained.

718. Of the remaining sixty-seven serviceable vehicles/machinery/equipment for which Log Books were required to be maintained and submitted for audit examination, twenty-five were submitted, leaving forty-two outstanding as shown in the table below:

Type of Vehicle /Equipment	Total №. of Serviceable Vehicles/Machinery/ Equipment	Log Books Received	№. of Outstanding Log Books
Outboard Engines	11	5	6
Motor Vehicles	18	10	8
Machine & Equipment	10	5	5
Motor Cycles	2	0	2
Generators	10	5	5
All-Terrain Vehicles (ATVs)	16	0	16
Total	67	25	42

719. On the 22 July 2016, the Senior Engineer attached to the Ministry of Public Infrastructure sent a report on the inspection and valuation of vehicles and equipment within the Region to the Regional Administration. Further, evidence was seen where the Regional Executive Officer wrote the Finance Secretary on the 15 August 2016 for approval to dispose of these unserviceable items listed in the inspection report. However, at the time of audit in July 2018 these items were still in the Region's compound. This matter was previously reported on in the 2016 Auditor General's Annual Report.

**Region's Response:** The Head of Budget Agency indicated that the Log Books will be located and submitted for audit, while the items to be disposed of will be advertised.

**Recommendation:** The Audit Office recommends that the Regional Administration comply with the Stores Regulations with respect to the maintenance of Log Books and pursue the disposal of the unserviceable vehicles/equipment. (2017/268)



### Other Matters

720. Section 43 of the Fiscal Management and Accountability Act 2003 states that at the end of each fiscal year, any unexpended balance of public moneys issued out of the Consolidated Fund shall be returned and surrendered to the Consolidated Fund. However, an inspection of the Sub-Treasury's safe revealed that there were still seventy-two cheques valuing \$43.623M on hand, of which thirty-nine were without supporting Payment Vouchers, although this matter was brought to the attention of the Regional Administration in 2016.

**Region's Response:** The Head of Budget Agency explained that the cheques without Payment Vouchers were payments that were queried by the Sub-Treasury and the Regional Administration and the Sub-Treasury will work to sort out these vouchers that were queried and ensure all outstanding cheques are either paid to the payees or returned to the Consolidated Fund.

**Recommendation:** The Audit Office recommends that the Regional Administration institute measures to ensure full repayment to the Consolidated Fund of all amounts remaining unpaid at the end of each financial year in compliance with the FMA Act and to ensure that before a payment is processed through the IFMAS, there is an approved Payment Voucher. (2017/269)

721. Cheque Orders are required to be cleared within sixteen days of their issue through the submission of bills/receipts and other documents in support of the payments made. In addition, there is a system in place at the Accountant's General Department whereby only three Cheque Orders are allowed per Line Item. However, the Regional Administration again failed to adhere to these requirements as they did in 2016. Further, Cheque Orders were cleared on average of ninety days after the stipulated time. In addition, during 2017, an examination of the records revealed that 571 Cheque Orders valued at \$548.701M for the period 2011 to 2017 remained outstanding. As a result, it could not be ascertained whether the Regional Administration received full value for all sums expended.

Year	Nº. of Cheque Orders	Amount \$'000
2011	62	25,504
2012	166	102,353
2013	90	90,572
2014	143	127,238
2015	29	26,191
2016	41	57,381
2017	40	119,462
Total	571	548,701

**Region's Response:** The Head of Budget Agency indicated that the Regional Administration is in the process of clearing the outstanding Cheque Orders.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that all outstanding Cheque Orders are cleared and submit the necessary information to the Audit Office for verification. (2017/270)

722. During the period under review a sample of 621 Payment Vouchers totalling \$569.656M were requested for audit examination. However, 286 Payment Vouchers totalling \$225.525M were not presented for audit. Similarly, in 2016, 113 Payment Vouchers totalling \$185.060M were not presented. As a result, the scope of the audit was limited and a determination could not be made as to the propriety of the payments or whether value was received for the sums expended.

**Region's Response:** The Head of Budget Agency indicated that efforts will be made to work with the Sub-Treasury to locate and present these vouchers for examination.

**Recommendation:** The Audit Office recommends that the Regional Administration take all necessary measures to review the controls in relation to the accounting for vouchers and ensure the security and retention of all vouchers for audit examination. (2017/271)

723. Circularised instructions state that for the occupation of Government Quarters, public servants are required to pay rent of 10% and 12% of their salary for unfurnished and furnished accommodation respectively, except where entitlement to rent-free Government Quarters had been previously approved, as a condition of service. Audit checks revealed that there are 230 Government Buildings owned and controlled by the Regional Administration of which sixty are Government Living Quarters. Of these sixty, twenty are occupied by officers of the Region, thirty-eight are unoccupied and two are abandoned. However, in respect of the twenty living quarters occupied by officers of the Region, no evidence was seen that rent was being paid by any of the occupants.

**Region's Response:** The Head of Budget Agency indicated that efforts will be made to review this matter with the Public Service Department and the Ministry of Communities with respect to Public Servants sent to work in the Region.

**Recommendation:** The Audit Office recommends that the Regional Administration take steps to ensure that: (i) only officers entitled to Government Quarters are accommodated there; and (ii) all outstanding amounts for rent are collected and deposited into the Consolidated Fund. (2017/272)

### Capital Expenditure

724. The sum of \$337.342M was budgeted for in 2017 to execute the capital programme of the Region. According to the Appropriation Accounts the sum of \$320.666M was expended leaving an unspent amount of \$16.676M. Shown in the table below is the shortfall in capital expenditure per programme for 2017:

Programme	Description	Budgeted Amount \$'000	Expenditure \$'000	Shortfall \$'000
1	Regional Administration & Finance	25,975	25,931	44
2	Public Works	53,586	49,891	3,695
3	Education Delivery	130,406	123,507	6,899
4	Health Services	127,375	121,337	6,038
Total		337,342	320,666	16,676

725. The shortfall in the above expenditure of \$16.676M was mainly as a result of the Regional Administration not being able to commence two projects and savings from other projects as shown in the table below:

Projects	Budgeted Sum \$'000	Shortfall \$'000
Construction of Tarmac at Matthew's Ridge Primary School	4,000	4,000
Construction of Bridge at Chinese Landing Primary School.	2,000	2,000
Savings under various projects		10,676
Total		16,676

**Region's Response:** The Head of Budget Agency indicated that the funds allocated to construct the above projects were inadequate and approval was not granted to utilised savings to fund these projects.

**Recommendation:** The Audit Office recommends that the Regional Administration ensured projects to be undertaken are properly costed so that the budgetary requests are adequate to execute the works. (2017/273)

#### Public Works

726. A contract for the construction of reinforced concrete bridge on the Hosororo Stretch was awarded in the sum of \$8.488M. However, no details regarding the tendering and award of this contract were presented for audit examination. As a result, the commencement and completion dates nor the defects liability period could be determined. As at 31 December 2017, amounts totalling \$8.318M were paid to the contractor. Physical verification revealed amounts totalling \$401,000 as being overpaid to the contractor, as shown in the table below:

Item	Description	Qty Paid	Qty Found	Unit	Diff	Rate \$	Amount Overpaid \$'000
	End Abutment & Wing Walls						
2.4	Cater for applying 1" plaster to outer face of wall with 1:2 mix	62.2	0	sq yd	62.2	5,000	311
10	Approaches to Bridge						
	Provide for supply and apply one coat RC 250 bitumen to both approaches	200	0	sq yd	200	450	90
	Total						401

**Region's Response:** The Head of Budget Agency indicated that efforts will be made to recover the amount overpaid.

**Recommendation:** The Audit Office once again recommends that the Regional Administration make every effort to recover the overpayments and put proper systems in place to avoid future recurrences. (2017/274)

727. The contract for the construction of wharf at Kumaka, Mabaruma, Region №.1 was awarded in the sum of \$6.331M to the lowest evaluated of three bidders against an Engineer’s Estimate of \$8M. A variation valuing \$1.298M was approved revising the contract sum to \$7.629M. As at 31 December 2017, amounts totalling \$7.320M were paid to the contractor. Based on our physical verification of the completed works, measurements and calculations, the following overpayment was discovered:

Item	Description	Qty Paid	Qty Found	Unit	Diff	Rate \$	Amount Overpaid \$'000
<b>Bill №.1 – Provisional Breakdown</b>							
	Provide for the supply and install all materials tools and labour to sink and install wild mangrove as cordory to foundation 6nr. @ 15’ long and 10’ c/c	6	0	sum	6	125,000	750
	Provide for the supply and install ties to columns , as directed by engineer	550	0	bm	550	500	275
	<b>Total</b>						<b>1,025</b>

**Region’s Response:** The Head of Budget Agency indicated that the Region is awaiting the Town Council to move vendors at the site before works can continue. As such, a revisit is requested when this is completed before any overpayment can be quantified.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that completed works are accurately measured and quantified before payments are made to the contractor and proper systems are in place to avoid future recurrences of overpayments. (2017/275)



Wharf at Kumaka without ties to columns

Capital Purchases

728. Amounts totalling \$93.577M were budgeted for the purchase of capital items. As at 31 December 2017, amounts totalling \$93.299M were expended. However, an audit examination of the relevant documents relating to these payments revealed that items totalling \$3.504M were still not received by the Region at the time of audit in July 2018. Similar instances occurred in the years 2014 and 2016 whereby assets totalling \$2.958M and \$2.240M, respectively, were not received in a timely manner.

Description	Quantity	Amount \$'000
Desk & Benches	10	15
Book Cupboard	8	256
Teachers Table & Chairs	8	192
CD Players	50	464
Televisions	10	541
Musical Keyboard	3	741
Javelin	3	50
Basketball	3	69
Cricket Gears	3	21
Refrigerators	7	595
Double Beds	7	560
Total	112	3,504

**Region's Response:** The Head of Budget Agency indicated that efforts are continuing to get the outstanding items supplied.

**Recommendation:** The Audit Office recommends that the Regional Administration follow-up this matter with the suppliers to have the items delivered immediately and provide the Audit Office with the necessary documentation for verification upon receipt of the items. (2017/276)

Other Matters

729. An examination of the Contract Register maintained by the Regional Accounting Unit revealed a number of unsatisfactory features as follows:

- a) it was misleading since, it was not properly and accurately written up;
- b) payments made could not be easily traced due to contract payments not always being up to date; and
- c) information pertaining to date of contracts were not always entered.

**Region's Response:** The Head of Budget Agency indicated that action is being taken to have this register properly written up.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that the Contract Register is properly written up and maintained at all times. (2017/277)

730. Evaluation Reports and Regional Tender Board Minutes were not presented in relation to five contracts totalling \$50.904M as shown below:

Contract No.	Description of Works	Contract Sum \$'000
757/17	Extension of Matthew's Ridge Primary	10,970
759/17	Construction of reinforced concrete Bridge at Hosororo Stretch	8,488
760/17	Construction of DBST Road – Mabaruma Post Office to North West Secondary School	8,847
899/17	Construction of Incinerator at Pakera District Hospital	11,925
958/17	Construction of Doctors' Quarters' at Manawarin	10,674
Total		50,904

**Region's Response:** The Head of Budget Agency indicated that efforts will be made to locate these evaluation reports and present same for auditing.

**Recommendation:** The Audit Office recommends that the Regional Administration take all necessary measures to review the controls in relation to evaluation reports and tender board minutes to ensure the security of these records for audit examination. (2017/278)

Prior year matters, which have not been fully resolved

Current Expenditure

731. The Regional Administration had still not recovered overpayments totalling \$5.608M made for the years 2010 and 2016. Shown below is a table of the outstanding overpayments.

Year	Description	Amount overpaid \$'000
2010	Repairs to Mabaruma Amerindian Hostel	324
“	Repairs to Pakera Hospital Matthew's Ridge	143
2016	Repairs to Baramita Teacher's Quarter's, Matarkai	2,537
“	Repairs to Kariako Primary School	463
“	Repairs to DREO Living Quarters, Mabaruma	385
“	Repairs to St. Anslem's Primary School	398
“	Repairs to Health Post Baramita	253
“	Repairs to St. Anslem's Teacher's Quarter	273
“	Repairs to Lower Kaituma Primary School	281
“	Repairs to Katchikamo Teacher's Quarter	276
“	Repairs to Kwebana Health Centre, Moruca	190
“	Repairs to fence at the Regional Guest House Mabaruma	85
Total		5,608

**Region's Response:** The Head of Budget Agency indicated that efforts are continuing to ensure the sums overpaid are recovered.

**Recommendation:** The Audit Office once again recommends that the Regional Administration take steps to recover the overpayments and put proper systems in place to avoid future recurrences. (2017/279)

Capital Expenditure

732. The Regional Administration is still to recover overpayments totalling \$30.941M which were made on the following projects during the years 2010, 2011, 2015 and 2016.

Year	Line Item	Description	Amount Overpaid \$'000
2010	Buildings	Construction of Technical Vocation Centre	3,944
"	"	Construction of Nurses Hostel, Port Kaituma	6,440
"	"	Rehabilitation of Baramita Health Hut	2,288
"	"	Extension of Baramita Primary School	1,263
2011	Public Works	Construction of gravel surface road at 11 Miles, Manawarin	950
"	Buildings	Construction of Students Dormitory at Port Kaituma	4,797
"	"	Rehabilitation of Regional Administration Office, Mabaruma	3,934
"	"	Construction of Sanitary Block at Wauna Nursery School	604
"	"	Extension of Health Hut at Kariabo, Barima	419
2015	Public Works	Empoldering of 320 acres of farmland along the Aruka River	2,512
"	"	Construction of sanitary block at Port Kaituma Primary School	925
2016	Buildings	Construction of Admin Building Mabaruma Regional Hospital	335
"	"	Construction of Health Post at Warapoka	151
"	Public Works	Construction of DBST road from Kumaka Junction to Bridge №. 3	737
"	"	Construction of Tarmac at Port Kaituma Secondary School	1,642
Total			30,941

**Region's Response:** The Head of Budget Agency indicated that efforts are continuing to ensure the sums overpaid are recovered.

**Recommendation:** The Audit Office once again recommends that the Regional Administration take steps to recover the overpayments and put proper systems in place to avoid future recurrences. (2017/280)

Follow-Up on the Implementation of Prior Year Audit Recommendations

733. The table below shows the prior year matters as contained in the Auditor General's 2016 Report and action taken by the Head of the Budget Agency regarding the recommendations made by the Audit Office.

Rec. №.	Category of Findings	Recommendations		
		Fully Implemented	Partially Implemented	Not Implemented
2016/317	Circularised instructions	√		
2016/318	Circularised instructions		√	
2016/319	Overpayment of salaries			√
2016/320	Employees Tax Identification Number	√		
2016/321	IDW Drugs and Medical Supplies			√
2016/322	Breaches of the Stores Regulations		√	
2016/323	Breaches of the Stores Regulations			√
2016/324	Overpayment of construction works			√
2016/325	Overpayment of construction works			√
2016/326	Overpayment of construction works			√
2016/327	Overpayment of construction works			√
2016/328	Overpayment of construction works			√
2016/329	Overpayment of construction works	√		
2016/330	Overpayment of construction works			√
2016/331	Overpayment of construction works			√
2016/332	Overpayment of construction works		√	
2016/333	Overpayment of construction works			√
2016/334	Breaches of Procurement Act 2003			√
2016/335	Breaches of Procurement Act 2003		√	
2016/336	Weak Internal Controls		√	
2016/337	Breaches of the Stores Regulations		√	
2016/338	Non-disposal of unserviceable vehicles			√
2016/339	Expired Drugs	√		
2016/340	Breaches of FMA Act 2003		√	
2016/341	Cheques Orders and Missing Vouchers		√	
2016/342	Cheques Orders and Missing Vouchers			√
2016/343	Shortfall in Capital Expenditure			√
2016/344	Breaches of Procurement Act of 2003	√		
2016/345	Overpayment of construction works			√
2016/346	Overpayment of construction works			√
2016/347	Overpayment of construction works	√		
2016/348	Overpayment of construction works			√
2016/349	Breaches of Procurement Act of 2003			√
2016/350	Non Delivery of Items		√	
2016/351	Breaches of FMA Act 2003			√
2016/352	Breaches of FMA Act 2003	√		
2016/353	Breaches of Procurement Act of 2003	√		
2016/354	Overpayment of Salaries			√
2016/355	Overpayment of construction works			√
2016/356	Cheques Orders and Missing Vouchers			√
2016/357	Overpayment of construction works			√
2016/358	Others			√
2016/359	Non-delivery of items	√		



AGENCY 72  
REGION 2 - POMEROON/SUPENAAM

Current year matters, with recommendations for improvement in the existing system

Current Expenditure

Employment Costs

734. An analysis of the employment details revealed that the Regional Administration had a total of forty-one vacancies during the year 2017 as advertised in the Public Service Commission Staff Vacancy Circular. These vacancies included critical posts such as a Chief Accountant, an Accountant, a Medical Superintendent and a Regional Health Officer. As a result, these critical vacancies would have an adverse effect on the operations of the Regional Administration.

**Region's Response:** The Head of Budget Agency indicated that the vacancies were advertised and are currently with the Public Service Commission to be filled.

**Recommendation:** The Audit Office recommends that the Regional Administration urgently review its staffing situation since the level of staffing would obviously have an adverse effect on the operations of the Region and in particular the level of control needed to ensure adequate checks and balances. (2017/281)

735. An examination of a sample of thirty transactions relating to resignations and dismissals revealed that seven officers were overpaid net salaries totalling \$653,366, of which \$606,910 were recovered from five officers. However, the related deductions totalling \$114,117 overpaid to various deduction agencies were not recovered. Similarly, in 2015 and 2016, overpayment of net salaries was \$101,949 and 134,703 respectively, as shown below:

Year	Net Salary Overpaid \$	Net Salary Recovered \$	Net Salary Outstanding \$	Deductions Overpaid \$	Deductions Recovered \$	Deductions Outstanding \$	Net Salary & Deductions Outstanding \$
2015	101,949	0	101,949	40,671	0	40,671	142,620
2016	134,703	44,119	90,584	21,943	0	21,943	112,527
Total	236,652	44,119	192,533	62,614	0	62,614	255,147

**Region's Response:** The Head of Budget Agency indicated that letters were written to both the employees and agencies and this matter will be followed up.

**Recommendation:** The Audit Office recommends that the Regional Administration follow-up this matter with the view of recovering the overpayments and ensure that pay change directives are effectively and efficiently communicated in a timely manner to the Regional Accounting Unit. (2017/282)

Office and Field Supplies

736. The sum of \$186.099M was budgeted for the procurement of Drugs and Medical Supplies under Health Services Programme - Line Item 6221 for 2017. The Regional Administration expended \$16.760M and issued an Inter-Departmental Warrant for \$169.099M to the Ministry of Public Health (MOPH) for the Ministry to procure drugs and medical supplies on behalf of the Regional Administration.

737. With respect to the Inter-Departmental Warrant, IDW №. 2/2017 was issued on 12 October 2017 to the MOPH for \$169.099M. A Financial Return was received on 4 January 2018 indicating that the full amount was expended. However, audit check at the MOPH revealed that the full amount was not expended and the sum of \$19.042M was refunded to the Consolidated Fund by the MOPH on 20 March 2018 via a cheque dated 27 December 2017. The table below summarises the expenditure for Drugs and Medical Supplies under Health Services Programme, Line Item 6221.

Budgeted Amount \$'000	IDWs to MOPH					Expended by Region \$'000	Total Expended \$'000	Total Unspent Balance \$'000
	№.	Date	Amount Warranted \$'000	Expended as per Financial Return \$'000	Unspent \$'000			
186,099	2/2017	12/10/2017	169,099	169,099	0	16,760	185,859	240
Total			169,099	169,099	0	16,760	185,859	240
<u>Note:</u> \$19.042M was refunded from the IDW by MOPH to the Consolidate Fund on 20 March 2018 via cheque №. 07-022057 dated 27 December 2017								

738. Further, as reported in 2016, a similar situation occurred in 2017 whereby although drugs and medical supplies were received by the Regional Administration, the cost was not stated on the documentation that accompanied the deliveries. As a result, it could not be determined whether the full value was received for the sum warranted to the MOPH.

**Region's Response:** The Head of Budget Agency indicated that a listing has since been received and efforts are being made to reconcile the drugs received with the list provided.

**Recommendation:** The Audit Office recommends that the Regional Administration put systems in place to reconcile supplies received with the drugs list initially submitted, and obtain the cost of the drugs and medical supplies from the MOPH so as to reconcile the value of the drugs and medical supplies received with that of the sum warranted to the MOPH. (2017/283)

739. The Regional Administration had indicated that they have put systems in place to store diesel for the National Drainage and Irrigation Authority (NDIA) and the Region separately, however, this was not the case and fuel for the two entities continued to be stored together. As a result, it could not be determined whether the fuel for the Regional Administration is utilised solely for the Region's vehicles or equipment.

**Region's Response:** The Head of Budget Agency indicated that every effort will be made to ensure NDIA's diesel is store separately.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure systems are in place to have fuel for the Region and NDIA stored and accounted for separately. (2017/284)

740. The Regional Administration again failed to comply with the Stores Regulations as was reported in 2016. Although the Regional Administration owns and controls eighty serviceable vehicles/machinery/equipment for which Log Books are required to be maintained, audit examinations revealed that seven were under repairs/not working and in the workshop for the period under review, while of the remaining seventy-three, Log Books were only submitted for fifty-nine, leaving fourteen outstanding as shown below:

Type of Vehicle/Equipment	Total №. of Serviceable Vehicles/Machinery/Equipment	Log Books Received	№. of Outstanding Log Books
Motor Cycles	14	11	3
Pumps	12	7	5
Generator	5	4	1
Motor Vehicles	21	21	0
Machine and Equipment	19	14	5
Outboard Engines	2	2	0
Total	73	59	14

741. A check of the Log Books submitted found that even though the Regional Administration had given the assurance that corrective action would have been taken as it relates to the maintenance of Log Books, the situation remained the same for the year 2017, whereby Log Books were not properly written up and maintained, as detailed below. In the absence of these pertinent information in the 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:

- a) odometer readings were not recorded indicating the distance of the journey covered;
- b) fuel and lubricants received were not recorded;
- c) signature of officer authorizing journey was not stated; and
- d) signature of checking officer was not seen.

**Region's Response:** The Head of Budget Agency indicated that the outstanding Log Books will be presented and the necessary corrective action taken to ensure those maintained are properly written up.

**Recommendation:** The Audit Office recommends that the Regional Administration comply with the Stores Regulations with respect to the maintenance of Log Books. (2017/285)

742. The Regional Administration did not adhere fully to the Stores Regulations for the period under review. An audit inspection of the various Stores under the control of the Regional Administration revealed the following:

Public Hospital - Suddie

- a) a physical count from a sample of fifty-one items carried out at the Ration Store revealed that there were forty-two items with differences, twenty-nine instances of shortages and thirteen instances of excess when compared with the Stock Ledger.

Oscar Joseph District Hospital

- b) a physical stock count of the Ration Store revealed that Bin Cards, Stock Ledgers and Internal Stores Requisitions (ISRs) were not updated resulting in physical stock not corresponding with the records. Further checks revealed the following shortcomings:
  - i. reconciliation of a sample of sixty ISRs to the ledger revealed that there were no ledger entries for thirty-two items; and
  - ii. a physical count carried out at the Drug Bond on a sample of one hundred and seven items revealed that there were thirty-two instances of shortages and sixty-six instances of excess.

**Region's Response:** The Head of Budget Agency indicated that the shortages will be investigated and the Audit Office updated accordingly.

**Recommendation:** The Audit Office recommends that the Regional Administration enquire into the differences and put systems in place to ensure that the Stores Regulations are complied with at all times. (2017/286)

Maintenance Works

743. Amounts totalling \$519.739M were allocated for the repairs and maintenance of buildings and infrastructure within the Region. As at 31 December 2017, amounts totalling \$519.529M were expended under the various line items, as shown below:

Line Item	Description	Amount Allocated \$'000	Amount Expended \$'000
6242	Maintenance of Buildings	154,120	154,120
6251	Maintenance of Roads	42,983	42,983
6252	Maintenance of Bridges	31,957	31,957
6253	Maintenance of Drainage & Irrigation	154,506	154,506
6254	Maintenance of Sea and River Defense	6,653	6,653
6255	Maintenance of Other Infrastructure	102,010	102,010
6264	Vehicle Spares & Maintenance	17,604	17,575
6282	Equipment Maintenance	9,906	9,725
Total		519,739	519,529

744. The contract for the repairs of Reinforced Concrete Water Trestle at Living Quarters RDC H-13 Public Hospital, Suddie was awarded by the Regional Tender Board in the sum of \$1.887M to the lowest of three bidders. The Engineer's Estimate was \$2.121M. The total payments made to date for works completed were \$1.751M. Physical verification of the completed works, measurements and calculations were fair and reasonable and were in accordance with the specifications in the Bills of Quantity of the Contract. However, it was discovered that a completely new reinforced concrete trestle was constructed, instead of repairing a reinforced concrete trestle as was stated in the contract agreement.

**Region's Response:** The Head of Budget Agency indicated that corrective action will be taken to ensure that capital works are appropriately budgeted under capital expenditure.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that all budgetary allocations are expended in the correct manner and approvals for any changes are obtained from the relevant authority. (2017/287)

745. The contract for general repairs to Water Trestle at Karwab Health Center was awarded by the Regional Tender Board in the sum of \$1.748M to the lowest of eight bidders. The Engineer's Estimate was \$2.685M. The total payments made to date for works completed were \$1.648M. Physical verification of the completed works, measurements and calculations revealed the following overpayment:

Item	Description	Qty Paid	Qty Found	Unit	Diff	Rate \$	Amount Overpaid \$'000
	Bill №. 2- Structural Works Cont'd						
2.25	Supply and install 450 gal water tank	8	6	nr.	2	48,000	96
2.25	Supply and install Centrifugal self-priming Gasoline Pump with 75mm input and output diameter, 260-300 gallons per minute discharge capacity, Honda commercial grade Engine, 4 vane high efficiency impeller and heavy duty full frame protection to be installed to trestle inclusive of all necessary plumbing network from creek to water trestle, contractor to cater for all pipes and fittings for operation of pump.	1	0	№.	1	85,000	85
2.27	Provide for the Construction of Pump house using 50mm x 100mm studs, 25mm x 150mm Lap Edge around 50mm x 100mm rafters 25mm x 150mm laths sheeted with regular profile zinc sheets 25mm x 150mm G&T floor boards. Rate also inclusive of the application of prime coat and two coats of oil paint to all timber surfaces.	Sum	0	sum	sum	200,000	200
<b>Total</b>							<b>381</b>

**Region's Response:** The Head of Budget Agency indicated that the contractor was written to in order to recover the amount overpaid.

**Recommendation:** The Audit Office recommends that the Regional Administration: (i) take steps to recover the overpayment; and (ii) ensure that payments are not made for works that do not meet the contractual requirements/specifications and only works completed and correctly measured and quantified are paid for. (2017/288)

#### Other Matters

746. Circularised instructions state that for the occupation of Government Quarters, Public Servants are required to pay rent of 10% and 12% of their salary for unfurnished and furnished accommodation respectively, except where entitlement to rent-free Government Quarters had been previously approved, as a condition of service.

747. An examination of the House Rent Register revealed that out of the seventy-seven living quarters owned by the Regional Administration, fifteen are occupied by persons for which there was no documentation to substantiate their entitlement to rent-free quarters. A similar situation existed in 2016.

**Region's Response:** The Head of Budget Agency indicated that seven of the fifteen persons were transferred into the Region, while five have since vacated and three are still occupying these quarters.

**Recommendation:** The Audit Office recommends that the Regional Administration take steps to ensure that: (i) only officers entitled to Government Quarters are accommodated there; and (ii) all outstanding amounts for rent are collected and deposited into the Consolidated Fund. (2017/289)

748. Section 43 of the Fiscal Management and Accountability Act 2003 states that at the end of each fiscal year, any unexpended balance of public moneys issued out of the Consolidated Fund shall be returned and surrendered to the Consolidated Fund. However, an inspection of the Sub-Treasury's safe in September 2018 revealed that there were nine cheques valued at \$2.423M in respect of 2017 payments still on hand for items not supplied and works not completed.

**Region's Response:** The Head of Budget Agency indicated that to date there are nine cheques outstanding and these will be paid over to the Consolidated Fund.

**Recommendation:** The Audit Office recommends that the Regional Administration institute measures to ensure full repayment to the Consolidated Fund of all amounts remaining unpaid at the end of each financial year in compliance with the FMA Act. (2017/290)

*Economic Fund/Economic Project*

749. The Regional Administration operated three special project account №s. 685-235-4, 685-233-9 and 590-047-7 held at Republic Bank Limited for economic affairs (Reserve Fund), Economic Project (State House) and West Bury. As was reported in 2016, the Regional Administration continued to use large sums from these accounts for advances to facilitate activities within the region. An examination of the cash book for these accounts revealed that:

- a) there were three hundred and sixty-two outstanding advances for the period 1995 to May 2018;
- b) there were eighty-eight advances for the year under review valued at \$2.661M that were issued for travelling, meals, miscellaneous works, in lieu of salaries, activities and celebrations, reconnection of water and electricity, closing imprest, replacing 2 RAM for REO laptop, in lieu of trench cleaning, accommodation, medical care, relocation of staff to Region №. 9, items for REO living quarters, advertisements and purchase of items etc. At the time of reporting these advances were still outstanding; and
- c) even though it is required that an officer clear all outstanding advances before being issued another, there were eighteen officers who have multiple outstanding advances for the year 2017.

**Region's Response:** The Head of Budget Agency indicated that systems are being implemented to have the advances cleared in a timely manner and ensure the economic venture funds are only used for the purposes intended.

**Recommendation:** The Audit Office recommends that the Regional Administration put measures in place to ensure that advances are cleared promptly and officers do not have more than one advance outstanding at a time. Further, the receipts of the Economic Project Fund should only be used for its intended purpose. (2017/291)

750. The contract for general repairs to Operations & Maintenance Building, Anna Regina Essequibo Coast was awarded via the three quote method of procurement for the sum of \$7.614M. Based on physical measurements taken on site, inspection and calculations, it is the view that the works were completed and reasonably paid for as per specifications and schedules. However, it was noted that capital items to the value of \$680,000 were procured under this maintenance of building contract. The items supplied are shown in the table below:

Item	Unit	Qty	Rate \$'000	Amount \$'000
Supply three piece (3-2-1) Leather Sofa set to Offices to be approved by the Engineer	Nº.	2	160	320
Supply Executive Desk L Shaped with finish to be approved by the Engineer	Nº.	2	80	160
Supply Executive Leather Chairs to Office as Directed	Nº.	4	50	200
Total				680

**Region's Response:** The Head of Budget Agency indicated that this was an oversight.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure all capital items are budgeted for and purchased under capital expenditure. (2017/292)

### Capital Expenditure

#### Buildings

751. The contract for the Extension of Suddie Primary School Annex, Onderneeming was awarded by the Regional Tender Board in the sum of \$3.955M to the third lowest of five bidders. The Engineer's Estimate was \$4.106M. The total payments made to date for works completed were \$3.876M. Physical verification of the completed works, measurements and calculations revealed the following overpayment:



Item	Description	Qty Paid	Qty Found	Unit	Diff	Rate \$	Amount Overpaid \$'000
	Bill №. 4- Electrical Works						
4.1	Provide for the installation of electrical system to building	p sum	0	p sum	N/A	500,000	500
	Bill №.1- Breakdown of Provisional Sum						
1.5	Provide for the removal of defective roofing sheets and replace with 28 gauge RED Prepainted corrugated/ regular profile roofing sheets rate is inclusive of two (2) flute side laps, minimum of 8” and laps, installation of roofing sheets using zinc screws, rate should cater for the transportation of the removed roofing sheets to the Works Compound, Anna Regina.	89	0	sq m	89	3,000	267
Total							767

752. In addition, according to the Regulations made under the Procurement Act - Amendment of Schedule 1 and Schedule 2 to the Principal Regulations, Item 2. “*The threshold foreseen in section 27(1) of the Act for use of the request for quotations method of procurement shall be \$1,500,000*”. It was discovered that the RDC breached the aforementioned regulations since the three quote method of procurement was utilised to award the above contract valued at \$3.955M, which is above the \$1,500,000 allowable limit for three quotations method of procurement. Further, it was noted that the Evaluation Committee did not recommend the lowest Bidder in this instance and no justifications were seen, while no evaluation criteria were seen, as such, it is unclear what the Evaluation Committee was using to evaluate Bids.

**Region’s Response:** The Head of Budget Agency indicated that the use of the three quote system was as a result of a misinterpretation of the Procurement Act while the contractor was written to in order to complete the outstanding work.

**Recommendation:** The Audit Office recommends that the Regional Administration; (i) make every effort to recover the overpayments and put proper systems in place to avoid future recurrences; and (ii) discontinued the three quote method of procurement for awarding contracts valued above the \$1.500M limit immediately and adhere to the Procurement Act. (2017/293)

753. The contract for the rehabilitation of Box Culvert at Lima, Essequibo Coast was awarded by the Regional Tender Board in the sum of \$2.598M to the lowest of five bidders. The Engineer’s Estimate was \$2.993M. The total payments made to date for works completed were \$2.338M. Physical verification of the completed works, measurements and calculations revealed the following overpayment:

Item	Description	Qty Paid	Qty Found	Unit	Diff	Rate \$	Amount Overpaid \$'000
	Bill №. 1						
1.1	Provide for the plastering of the existing head walls inclusive of pressure washing same before, and plastering with 12mm thick 1:3 cement: sand mix	52	0	sq m	52	4,000	208
1.2	Provide for the grading and shaping of existing roadway inclusive of shoulder area	1,030	0	sq m	1,030	200	206
Total							414

754. Further, the completed concrete works were of poor quality and contained foreign debris in the concrete mix. Sections were also noted with poor placing and compacting of the concrete mix along with various rendered patch works along the entire structure.

**Region's Response:** The Head of Budget Agency indicated that the contractor was written to in order to redo the works that are of poor quality.

**Recommendation:** The Audit Office recommends that the Regional Administration: (i) take steps to recover the overpayment; (ii) ensure all works are completed, correctly measured and quantified before payments are made to contractors; and (iii) put proper systems in place to avoid future recurrences. (2017/294)



Poor quality concrete works

755. The contract for the Rehabilitation of 8<sup>th</sup> of May Primary School, Dartmouth, Essequibo Coast Region №. 2 was awarded by the Regional Tender Board in the sum of \$10.079M to the lowest of three bidders. The Engineer's Estimate was \$10.201M. The total payments made to date for works completed were \$9.071M. Physical verification of the completed works, measurements and calculations revealed the following overpayment:

Item	Description	Qty Paid	Qty Found	Unit	Diff	Rate \$	Amount Overpaid \$'000
Bill №. 2- Structural Works Cont'd							
2.42	Provide for the construction of RC stairs to sanitary block measuring 9.3m long, contractor to set out stairs on site with 300mm run and 150mm rise to determine actual width stairs is to be constructed to, inclusive of all necessary block (150mm thk) and concrete (100mm thk slabs-bottom and internal) works, reinforcement at 200mm crs, formwork and all necessary rendering	sum	0	sum	sum	100,000	100
Walkway							
2.47	Supply, place and compact 50mm thick cement/sand 1:10 mix blinding to foundation and walkway slab	59	30	sq m	29	2,500	73
	Supply, place and compact structural concrete 1:2:4 mix, using 19mm minus stones (aggregate) to the following areas						
2.48	Strip foundation (300mm wide x 150mm thk)	2.2	0	cu m	2.2	50,000	110
2.51	Supply and install BRC #610 fabric to floor slab	44.6	30	sq m	14.6	1,500	22
2.52	Supply and lay 100mm HCB laid in stretcher bond 1:3 cement/sand mortar with core filled with 1:2:4 mix concrete and 12mm dia. Bars @ 200mm crs inclusive of scratch plastering to internal walls	9.8	0	sq m	9.8	4,000	39
2.53	Supply and install 25mm x 100mm GH construction Joint	20.1	0	ln m	20.1	1,000	20
Total							364

756. In addition, according to the Regulations made under the Procurement Act- Amendment of Schedule 1 and Schedule 2 to the Principal Regulations, Item 2. "The threshold foreseen in section 27(1) of the Act for use of the request for quotations method of procurement shall be \$1,500,000". It was discovered that the RDC breached the aforementioned regulations since the three quote method of procurement was utilised to award the above contract valued at \$10.079M, which is above the \$1.500M allowable limit for three quotations method of procurement.

**Region's Response:** The Head of Budget Agency indicated that the use of the three quote system was as a result of a misinterpretation of the Procurement Act while the contractor was written to in order to recover the amount overpaid.

**Recommendation:** The Audit Office recommends that the Regional Administration; (i) make every effort to recover the overpayments and put proper systems in place to avoid future recurrences; and (ii) discontinued the three quote method of procurement for awarding contracts valued above the \$1.500M limit immediately and adhere to the Procurement Act. (2017/295)

General Observations on Contracts

757. It was discovered that the following contracts were all awarded using the three quote method of procurement and there were no public advertisement inviting contractors to bid for the works despite the fact that they were all valued significantly above \$1.500M. Neither were any of these contractors pre-qualified. These contracts should have been publicly advertised and subject to open tendering.

Cont. №.	Contract	Contract Sum \$'000
828/17	General Repairs to Timber Revetment at Huku Quarter, Johanna Cecilia, Essequibo Coast, Region №. 2	3,300
29/17	Extension of Good Hope Primary School, Good Hope, Essequibo Coast, Region №. 2	9,521
37/17	Extension of Suddie Primary School Annex, Onderneeming, Essequibo Coast	3,955
94/17	Construction of Incinerator at Public Hospital Suddie, Essequibo Coast Region №. 2	7,866
862/17	Repairs of Reinforced Concrete Water Trestle at Living Quarters RDC H-13 Public Hospital Suddie	1,887
28/17	Extension of Fisher Primary School, Golden Fleece	8,298
60/17	Rehabilitation of Box Culvert at Perseverance Essequibo Coast	3,048
68/17	Rehabilitation of Unu Creek Sluice Door, Abramzuil, Essequibo Coast Region №. 2	1,726
34/17	Construction of perimeter concrete drain at Affiance Nursery School	1,932
38/17	Construction of Drain Network and Upgrading of Streets at Cotton Field Compound	9,500
261/17	General Repairs to Timber Revetment at Living Quarter RDC A-26, Cotton Field	3,275
1008/17	General Repairs to Living Quarter RDC A-35, Cotton Field Essequibo Coast, Region №. 2	5,501
1010/17	Landfilling at Unity Park, Essequibo Coast, Region №. 2	1,999
841/17	General Repairs to O&M Building, Anna Regina Essequibo Coast, Region №. 2	7,614
69/17	Rehabilitation of D5 Dam to Dredge Creek, Better Hope Essequibo Coast, Region №. 2	3,667
815/17	General Repairs to Bridge at Dredge Creek Primary School, Dredge Creek Pomeroon River, Region №. 2	4,221

Cont. №.	Contract	Contract Sum \$'000
40/17	Extension of Sanitary Block at Charity Primary School, Charity Essequibo Coast	4,298
70/17	Rehabilitation of Oscar Joseph District hospital RDC H-31 Phase 2, Charity Essequibo Coast	12,966
43/17	Upgrading of Sideline Street, Dartmouth, Essequibo Coast	3,116
65/17	Construction of Recreation Center at Macaseema, Upper Pomeroon River	13,367
51/17	Construction of Duplex Living Quarter at Wakapao Health Center	8,719

**Region's Response:** The Head of Budget Agency indicated that the use of the three quote system was as a result of a misinterpretation of the Procurement Act.

**Recommendation:** The Audit Office recommends that the Regional Administration discontinue the three quote method of procurement for awarding contracts valued above the \$1.500M limit immediately and adhere to the Procurement Act. (2017/296)

#### Purchases

758. The sum of \$78.600M was budgeted for the purchase of capital items. As at 31 December 2017, amounts totalling \$78.486M were expended, however, it was noted that several items including X-ray processor unit, ultrasound machine, microscopes, oxygen cylinders, sterilisers, crash carts and examination couches were budgeted for under Program 5 - Health Services but were not purchased.

**Region's Response:** The Head of Budget Agency indicated that due to shortage of funds purchases had to be prioritized.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that all necessary items are budgeted for as needed under the relevant programmes. (2017/297)

#### Prior year matters, which have not been fully resolved

#### Current Expenditure

759. The Regional Administration had still not recovered amounts totalling \$114,000 that were overpaid on the general repairs to Teacher's Living Quarters at Good Hope Annex, Supenaam Creek for the year 2016.

**Region's Response:** The Head of Budget Agency indicated that the efforts are continuing to ensure the sum overpaid is recovered.

**Recommendation:** The Audit Office recommends that the Regional Administration take steps to recover the overpayment and ensure that all works completed are correctly measured and quantified before payments are made to contractors. (2017/298)

### Capital Expenditure

760. The Regional Administration had still not recovered amounts totalling \$4.482M that were overpaid on the following projects for the years 2010 and 2012.

Year	Description	Amount Overpaid \$'000
2010	Rehabilitation of La Union Cremation Road	552
“	Construction of Akawini Primary School Annex	1,194
2012	Construction of Teachers’ Quarters, Akawini Annex	1,785
“	Construction of Ulele Primary School	951
Total		4,482

**Region’s Response:** The Head of Budget Agency indicated that the efforts are continuing to ensure the sums overpaid are recovered.

**Recommendation:** The Audit Office once again recommends that the Regional Administration take steps to recover the overpayments and put proper systems in place to avoid future recurrences. (2017/299)

### Follow-Up on the Implementation of Prior Year Audit Recommendations

761. The table below summarises the prior year matters as contained in the Auditor General’s 2016 Report and the action taken by the Head of the Budget Agency regarding the recommendations made by the Audit Office

Rec. No.	Category of Findings	Recommendations		
		Fully Implemented	Partially Implemented	Not Implemented
2016/360	Circularised instructions	√		
2016/361	Circularised instructions			√
2016/362	Overpayment of salaries			√
2016/363	IDW Drugs and Medical Supplies			√
2016/364	Breaches of Procurement Act 2003			√
2016/365	Overpayment of construction works			√
2016/366	Breaches of the Stores Regulations			√
2016/367	Breaches of the Stores Regulations	√		
2016/368	Breaches of the Stores Regulations			√
2016/369	Breaches of the Stores Regulations			√
2016/370	Circularised instructions			√
2016/371	Cheques Orders and Missing Vouchers	√		
2016/372	Breaches of FMA Act 2003		√	
2016/373	Breaches of Procurement Act 2003	√		

Rec. №.	Category of Findings	Recommendations		
		Fully Implemented	Partially Implemented	Not Implemented
2016/374	Others			√
2016/375	Overpayment of construction works	√		
2016/376	Overpayment of construction works	√		
2016/377	Breaches of Procurement Act 2003	√		
2016/378	Circularised instructions	√		
2016/379	Misstatement of Appropriation Accounts	√		
2016/380	Non-delivery of items	√		
2016/381	Breaches of Procurement Act of 2003	√		
2016/382	Breaches of Procurement Act of 2003	√		
2016/383	Overpayment of construction works	√		
2016/384	Overpayment of salaries			√
2016/385	Losses not yet written off			√
2016/386	Overpayment of construction works			√

### AGENCY 73

#### REGION 3 - ESSEQUIBO ISLANDS/WEST DEMERARA

Current year matters, with recommendations for improvement in the existing system

#### Current Expenditure

##### Employment Cost

762. According to the National Estimates amounts totalling \$2.793 billion was budgeted for Employment Cost for a staff complement of 1,901. As at 31 December 2017, amounts totalling \$2.685 billion were expended for 2,085 staff as shown below. This represents 184 staff more than was budgeted for and \$108M under the budgeted expenditure. As such, it would appear that Employment Cost was over budgeted.

Line Item	Description	Filled 2017	Actual 2017	Increase/ (Decrease) 2017
6111	Administration	553	611	58
6112	Senior Technical	471	504	33
6113	Other Technical and Craft Skilled	355	396	41
6114	Clerical and Office Support	64	90	26
6115	Semi- Skilled Operatives and Unskilled	363	393	30
6116	Contracted Employees	94	90	(4)
6117	Temporary Employees	1	1	0
Total		1,901	2,085	184

**Region's Response:** The Head of Budget Agency indicated that the increase in staff was mainly due to the inclusion of staff that resigned in the year and had to be included on the December payroll for Government across the board increase.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that its budget submission is in keeping with circularised instructions and the amount budgeted for employment cost is for staff positions that are filled. (2017/300)

763. An examination of the staff list and employment details revealed that the Regional Administration still had a total of ten vacant administrative positions such as Principal Personnel Officer, Chief Accountant, Accountants, District Development Officers II, Regional Development Officer and Administrative Assistant. As a result, these critical vacancies would have an adverse effect on the operations of the Regional Administration.

**Region's Response:** The Head of Budget Agency indicated that out of the eight vacant positions mentioned, four were already advertised by Public Service Commission and steps are being taken to fill the others.

**Recommendation:** The Audit Office recommends that the Regional Administration urgently review its staffing situation since the level of staffing would obviously have an adverse effect on the operations of the Regional Administration and in particular the level of control needed to ensure adequate checks and balances. (2017/301)

764. Further, examination of the payroll records revealed that the Regional Engineer was reassigned to Region №. 8 - Potaro/Siparuni effective 22 May 2017. However, the Regional Administration was still paying him his substantive salary as at June 2018.

**Region's Response:** The Head of Budget Agency indicated that they were in receipt of a document from the Ministry of Communities dated 20 April 2017 stating that a decision was taken for Engineers to be rotated, hence, the Regional Engineer was reassigned to Region №. 8.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that corrective action is taken so that only officers performing duties for the Region are on its payroll to receive salary. (2017/302)

#### Office and Field Supplies

765. The sum of \$359.649M was budgeted for the procurement of Drugs and Medical Supplies under Health Services Programme - Line Item 6221 for 2017. The Regional Administration expended \$60.467M and issued an Inter-Departmental Warrant for \$299M to the Ministry of Public Health (MOPH) for the Ministry to procure drugs and medical supplies on behalf of the Regional Administration.

766. With respect to the Inter-Departmental Warrant, IDW №. 1/2017 was issued on 13 June 2017 to the MOPH for \$299M. A Financial Return was received on 16 January 2018 indicating that the full amount was expended. However, audit checks at the MOPH revealed that the full amount was not expended and the sums of \$25.710M and \$99M were refunded by the MOPH to the Consolidated Fund on 16 January 2018 and 20 March 2018, respectively, via two cheques dated 13 December 2017. The table below summarises the expenditure for Drugs and Medical Supplies under Health Services Programme, Line Item 6221.



Budgeted Amount \$'000	IDWs to MOPH					Expended by Region \$'000	Total Expended \$'000	Total Unspent Balance \$'000
	No.	Date	Amount Warranted \$'000	Expended as per Financial Return \$'000	Unspent \$'000			
359,649	1/2017	13/06/2017	299,000	299,000	0	60,467	359,467	182
Total			299,000	299,000	0	60,467	359,467	182

Note: \$124.710M was refunded from the IDW by MOPH to the Consolidate Fund. The refunds were:  
(i) \$25.710M on 16 January 2018 via Cheque №. 07-009186 dated 13 December 2017; and  
(ii) \$99M on 20 March 2018 via Cheque №. 07-009187 dated 13 December 2017

767. Further, as reported in 2016, a similar situation occurred in 2017 whereby although drugs and medical supplies were received by the Regional Administration, the cost was not stated on the documentation that accompanied the deliveries. As a result, it could not be determined whether the full value was received for the sum warranted to the MOPH. Nevertheless, a document that attempted to reconcile the amount warranted to MOPH was later presented for audit, and the following was discovered:

- a) the total estimated value of items delivered during the year 2017 amounted to \$233.774M, leaving an outstanding balance of \$65.226M for which no evidence was presented to ascertain how that outstanding sum was utilised;
- b) a total of 283 items or 46% of the total items delivered had no unit price or total cost assigned to them. Therefore, reliance could not be placed on the document provided; and
- c) the document did not contain vital information such as Combine Requisition and Issue Voucher (CRIV) number or any other relevant information that could be used to match the items delivered to the corresponding entries in the Goods Received Books and other records at the West Demerara Regional Hospital. As a result, it could not be determined whether the full value was received for the sum warranted to the MOPH.

**Region's Response:** The Head of Budget Agency indicated that the Regional Administration sent a letter to the Permanent Secretary, MOPH requesting assistance to reconcile supplies received by the West Demerara Regional Hospital with the money warranted to MOPH.

**Recommendation:** The Audit Office recommends that the Regional Administration put systems in place to reconcile supplies received with the drugs list initially submitted, and obtain the cost of the drugs and medical supplies from the MOPH so as to reconcile the value of the drugs and medical supplies received with that of the sum warranted to the MOPH. (2017/303)

768. With respect to the sum of \$60.467M expended on drugs and medical supplies by the Regional Administration, voucher examination and stores verification revealed the following discrepancies:

- a) a total of \$4.151M worth in drugs and medical supplies purchased in the year 2017 could not be traced to the Goods Received Book or the Bin Cards presented for audit. As a result, it could not be determined whether these items were received by the Regional Administration; and
- b) nine Payment Vouchers totalling \$10.470M for the purchase of drugs and medical supplies could not be located and presented for audit verification. As a result, the scope of audit was limited and it could not be determined whether value was received for the sums expended.

**Region's Response:** The Head of Budget Agency indicated that the Regional Administration will make every effort to resolve this issue and present the Payment Voucher for verification.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure all the purchases are properly recorded in accordance with the stores procedures and all documents are properly secured and kept for auditing purposes. (2017/304)

769. A sample of eighteen Payment Vouchers totalling \$33.944M was selected for verification and it was found that a contract was entered into for the sum of \$7.489M to effect repairs to the RDC Region №. 3 Grader with a contracted period of twenty days commencing 15 December 2017 and ending 29 December 2017. As at 31 December 2017, the full amount was paid to the contractor. At the time of reporting, audit checks revealed that the grader was not yet returned to the Regional Administration and a second contract was awarded in the sum of \$8.513M to the same contractor for additional works commencing on 20 April 2018 and concluded on 29 June 2018.

**Region's Response:** The Head of Budget Agency indicated that there was an extension on this contract and the grader although forty years old will at least have 75% of its functional capability after it is repaired.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that all vehicles/machinery/equipment subject to repairs are properly evaluated for the extent of repairs and such repairs are monitored to ensure completion and return to the Region in keeping with the conditions of the contract. (2017/305)

#### Maintenance Works

770. Amounts totalling \$526.513M were allocated for repairs and maintenance works within the Region. As at 31 December 2017, amounts totalling \$526.510M were expended under the various Line Items as shown in the table below:

Line Item	Description	Amount Allocated \$'000	Amount Expended \$'000
6242	Maintenance of Buildings	144,000	144,000
6251	Maintenance of Roads	28,613	28,612
6252	Maintenance of Bridges	41,000	40,999
6253	Maintenance of Drainage & Irrigation	201,000	201,000
6255	Maintenance of Other Infrastructure	111,900	111,899
Total		526,513	526,510

771. A contract in the sum of \$3.838M was awarded to the lowest of three bidders for the construction of a Reinforce Concrete Bridge Approach at Belle Vue under Line Item 6251 Maintenance of Roads in the year 2017. As at 31 December 2017, the sum of \$2.935M was paid to the contractor. However, it was discovered that the bridge approach was done to gain access to a Heavy Duty Bridge that was constructed under the capital profile in the year 2016. Therefore, the payments for the construction of the bridge approach should have also been budgeted and included under capital expenditure.

**Region's Response:** The Head of Budget Agency indicated that the Regional Administration will take corrective action as needed.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that all budgetary allocations are expended in the correct manner and approvals for any changes are obtained from the relevant authority. (2017/306)

#### Stores and Other Public Property

772. Physical verification exercises were conducted on drugs and medical supplies at the West Demerara Regional Hospital and the Leonora Diagnostic Centre along with six Health Centers within the Region and the following observations were made:

- a) *Leguan Cottage Hospital* - there were 215 items of expired drugs on hand that relates to both current and prior years that were being stored in boxes in the same room as drugs that were being dispensed for public consumption;
- b) *Zeelugt and De Kinderen Health Centres* - there was a small quantity of expired drugs on hand. However, at both Health Centres, drugs were stored in a room that did not have a serviceable air conditioning unit. Hence, a cupboard was provided for storage of the drugs at Zeelugt Health Centre but it was explained that the drugs are being stored at the top of the cupboard so as to prevent any damage from over-heating; and

- c) *Versailles Health Centre* - a small quantity of expired drugs was evident, while drugs that were stored for public consumption were in a cupboard that was very congested and there were no labels to differentiate the different type of drugs on hand. In addition, drugs were stored in a room that was also occupied by the Medex who reported that since the room has no air condition unit and both the electrical point and the stand fan were out of order, at certain times of the day the room becomes very hot and that is not the ideal condition under which drugs should be stored.

**Region's Response:** The Head of Budget Agency indicated that a letter was sent to the Food and Drug Analyst for the expired drugs to be destroyed and will take the necessary corrective actions.

**Recommendation:** The Audit Office recommends that the Regional Administration undertake a survey to determine the realistic needs of pharmaceuticals and other medical supplies at these institutions and ensure the proper storage of drugs and medical supplies in order to reduce losses through expiration or improper storage. (2017/307)

773. A Physical verification and inspection of records conducted at the Crane and West Demerara Regional Hospital (WDRH) Stores respectively, revealed the following discrepancies:

- a) there were twelve instances of excesses and thirty instances of shortages from a sample of fifty items selected for verification at the WDRH stores;
- b) the balances on the Bin Cards at the WDRH stores could not be relied on since entries were not made in sequential date order. Also, it was observed that there were 246 instances where transactions from the year 2016 were being entered after current year (2017) transactions on the Bin Cards of nineteen of the fifty items that were selected for verification; and
- c) the Regional Administration was updating the Stores Ledger for both the Crane and WDRH stores using the Goods Received Books that are being prepared by the Store Clerks instead of using the duplicate copies of the Good Received Notes as prescribed by the Stores Regulations;

774. A sample of ten Payment Vouchers for dietary items totalling \$8.294M was selected for stores verification. However, it was discovered that a total of \$1.536M in dietary items on four Payment Vouchers could not be located in the Goods Received Book or the Bin Cards that are maintained by the Stores Clerk at the WDRH stores.

**Region's Response:** The Head of Budget Agency indicated that the Regional Administration is currently conducting a thorough investigation at the West Demerara Regional Hospital and upon completion; the findings will be reported to the Audit Office.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that the Stores Regulations are fully complied with at all times. (2017/308)

## Other Matters

775. Section 43 of the Fiscal Management and Accountability Act 2003 states that at the end of each fiscal year, any unexpended balance of public moneys issued out of the Consolidated Fund shall be returned and surrendered to the Consolidated Fund. However, an inspection of the Sub-Treasury's safe in July 2018 revealed that there were twenty-one cheques totalling \$16.801M still on hand in respect to transactions from the year 2017. These cheques should have been refunded to the Consolidated Fund and the necessary adjustments made to the Appropriation Accounts. As a result, the Appropriation Accounts was overstated by the said amount.

**Region's Response:** The Head of Budget Agency indicated that the Regional Administration had written the Chief Accountant of the Sub-Treasury requesting that all cheques on hand for 2017 be refunded to the Consolidated Fund.

**Recommendation:** The Audit Office recommends that the Regional Administration institute measures to ensure full repayment to the Consolidated Fund of all amounts remaining unpaid at the end of each financial year in compliance with the FMA Act. (2017/309)

776. Cheque Orders are required to be cleared within sixteen days of their issue through the submission of bills/receipts and other documents in support of the payments made. However, the Regional Administration failed to adhere to these requirements, since an examination of the records revealed that a total of 212 Cheque Orders totalling \$64.483M took an average of thirty-seven days to clear.

**Region's Response:** The Head of Budget Agency indicated that the Regional Administration will make every effort to have the Cheque Orders cleared in a timely manner

**Recommendation:** The Audit Office recommends that the Regional Administration make efforts to ensure Cheque Orders are cleared in the stipulated time. (2017/310)

777. Circularised instructions state that for the occupation of Government Quarters, public servants are required to pay rent of 10% and 12% of their salary for unfurnished and furnished accommodation respectively, except where entitlement to rent-free Government Quarters had been previously approved, as a condition of service. Audit checks revealed that there are eighty-six Government buildings owned and controlled by the Regional Administration of which forty-nine are occupied by Government officials and eight are being used for official purposes leaving the remaining twenty-nine as being unoccupied. Examination of the related records indicated that the number of occupants paying for rental of the Government flats had increased from seven as at 31 December 2017 to twenty-one at the end of May 2018. However, no other record was presented to show whether the other twenty-eight occupants were entitled to rent free quarters or the reason for their non-payment of rent.

**Region's Response:** The Head of Budget Agency indicated that the Regional Administration has since written to the occupants requesting payment of rent.

**Recommendation:** The Audit Office recommends that the Regional Administration take steps to ensure all outstanding amounts for rent are collected and deposited into the Consolidated Fund. (2017/311)

778. The sum of \$1.2M was allocated to the Regional Administration for the operation of an Ordinary Imprest during 2017. However, it was discovered that despite there being a requirement for the Ordinary Imprest to be fully retired on or before 31 December each year, the Regional Administration only partially retired the sum of \$430,470 as at 31 December 2017. The remaining sum of \$769,530 was only retired on 25 January 2018.

**Region's Response:** The Head of Budget Agency indicated that steps will be taken to ensure that the Imprest is retired on or before 31 December 2018.

**Recommendation:** The Audit Office recommends that the Regional Administration fully comply with the Fiscal Management and Accountability Act. (2017/312)

779. Audit inspections of the evaluation reports presented for the year 2017 revealed that the Regional Administration breached Section 3 Part 8 of the Guyana Legal and Policy Framework for Public Procurement - Guide to Public Procurement, which states "...each Regional Board shall nominate for consideration by the National Board qualified individuals to serve as an Evaluation Committee's members within its jurisdiction." The Regional Tender Board did not nominate the members of its evaluation committee for consideration by the National Procurement Board but instead, four members of staff were appointed as evaluators for the year 2017.

**Region's Response:** The Head of Budget Agency indicated that the Regional Administration will investigate the issue further and report to the Audit Office.

**Recommendation:** The Audit Office recommends that the Regional Administration fully comply with the requirements of the Legal and Policy Framework for Public Procurement - Guide to Public Procurement. (2017/313)

780. The Drainage and Irrigation Board (D&I Board) Account was an account set up for the purpose of receiving funds that were collected as rate and taxes from farmers in the Region Three Drainage and Irrigation area. However, an analysis of current expenditure for the period under review revealed that 126 transactions totalling \$7.172M were made from or reimbursed to the D&I Board Account. Further checks revealed that:

- a) the transactions were not in keeping with the main purpose of the D&I Board account;
- b) the signatories to the account are the Regional Executive Officer and the Principle Assistant Secretary (Finance);
- c) the Regional Administration did not maintain vital records such as a cash book, bank reconciliation statements or Payment Vouchers for the D&I Board account;
- d) seventeen advances totalling \$1.462M that were taken in the year 2017 were still outstanding as at the time of audit in July 2018; and

- e) according to the bank statement as at 31 December 2017, the balance on the account was \$12.762M. However, since there was an absence of the cash book and bank reconciliations, we were unable to determine the accuracy of this balance.

**Region's Response:** The Head of Budget Agency indicated that the Regional Administration has since taken steps to implement a cash book, prepare reconciliation statements and retrieve all outstanding advances.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that proper records are maintained for this account and there is strict adherence to the requirement for the clearing of advances. (2017/314)

### Capital Expenditure

#### Buildings Capital

781. Amounts totalling \$9.633M were expended for the construction of a Generator Room for the Education Department during 2017. However, this project was not originally included in the Administration's Budget for the year 2017. An approval was subsequently sought and received for an inclusion of capital program in the sum of \$7M, which was \$2.633M less than the amount expended. The Regional Administration, however, failed to obtain a second inclusion of capital program that would have accounted for the extra \$2.633M that was expended on the construction of the Generator Room.

**Region's Response:** The Head of Budget Agency indicated that the Regional Administration will ensure that all amounts expended are budgeted for and approved.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure amounts expended are budgeted and approved. (2017/315)

#### General Observations on Contracts

782. A review of seven contracts for current expenditure, namely, corrective maintenance works to building at Education Stores, Plainain Walk, enclosure of Philadelphia Primary School, construction of fence at Tuschen Play Ground, construction of fence at Viva La Force Play Ground, construction of fence at Parika Back Dam Play Ground, corrective maintenance works on building at West Demerara Secondary School and maintenance of internal road at WDRH and a review of two contracts for Capital Expenditure, namely, the construction of heavy duty bridge at Richmond Hill, Leguan Island and construction of an extension to Regional Democratic Office were all awarded by the Regional Tender Board. However, an examination of these contracts revealed one or more deficiencies in each as noted below:

- a) no contract documents were seen for the works;

- b) the signed contract agreements were not in keeping with the approved Standard Bidding Document;
- c) several different items were lumped together and paid for as one. These items should not be paid for as a “*Job*” since they can be quantified;
- d) sums were used to pay for “*other works*”; however, no approval was seen for these works;
- e) retention sums were not always withheld in keeping with the signed contract agreement; and
- f) sums paid had no details/breakdown so as to determine what items were installed or what works were carried out and paid for under the contract.

***Region’s Response:*** The Head of Budget Agency indicated that the Regional Administration will take the necessary corrective action.

***Recommendation:*** The Audit Office recommends that the Regional Administration ensure that a contract document with relevant clauses and specifications are used for administering contracts and items which are quantifiable and are of varying nature are priced and paid for individually, and not lumped together as one “*Job*” item for payment. (2017/316)

*Capital Purchases*

783. The sum of \$83.902M was allocated in 2017 for the purchase capital items. According to the Appropriation Accounts the sum of \$83.857M was expended. An examination of these transactions revealed the following:

- a) fifty-four capital items totalling \$3.884M that were purchased during the year 2017 were verified as still being on hand at the Regional stores at the time of reporting; and
- b) a payment in the sum of \$708,000 was verified as being made to a local supplier for the supply and delivery of five computer system units, five LED computer monitors and five desktop power packages. However, physical inspection revealed that the supplier supplied items from various manufacturers that were assembled to form a desktop unit. The five units contained four Samsung and one AOC monitors, three Dell, one Samsung and one QC Pass Central Processing Units, four Xtech and one RLIP Xtreme keyboards, four Logitech and one RLIP Xtreme mouse, three Forza and two APC power supplies and one Mega speaker. As a result, it was difficult to determine whether value was received for the sum expended.

***Region’s Response:*** The Head of Budget indicated that steps were taken to distribute the items to the respective Departments and that purchases will be done so as to receive value for the sums expended.



**Recommendation:** The Audit Office recommends that the Regional Administration ensures that all assets purchased are promptly delivered and that value is received for amounts expended. (2017/317)

784. A sample of twenty-six Payment Vouchers totalling \$70.498M was selected for examination and the following observations were made:

- a) there were sixteen instances where items totalling \$36.001M were not awarded to the lowest bidder and therefore not realising a saving of \$21.313M. Hence, no explanation was given by the evaluation committee for not selecting the lowest bidder. In addition, evaluation reports were not presented for the purchase of assets totalling \$2.599M from three local suppliers during 2017; and
- b) at the time of audit, the assets purchased during the year 2017 were verified as having been received and entered into the Sectional Inventories. However, the Regional Administration was still in the process of completing and updating the Master Inventory. A similar situation existed in the previous year.

**Region’s Response:** The Head of Budget Agency indicated that the Regional Administration is currently in the process of completing the Master Inventory so as to resolve this matter and the necessary corrective action will be taken.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that all assets purchased are included on the Master Inventory promptly and the Region comply fully with the Procurement Act. (2017/318)

Prior year matters, which have not been fully resolved

Current Expenditure

Employment Cost

785. Net salaries totalling \$1.371M which were overpaid to employees and the related deductions amounting to \$422,342 which were also overpaid to the various agencies for the years 2011 to 2016 remained outstanding. Shown in the table below is the status of outstanding net salaries and deductions at the time of reporting:

Year	Net Salaries Overpaid \$	Salaries Recovered \$	Salaries Outstanding \$	Over paid Deductions Outstanding \$
2011	462,525	156,498	306,027	129,679
2012	233,814	138,936	94,878	55,751
2013	909,617	347,421	562,196	184,446
2014	166,436	0	166,436	26,442
2015	665,906	520,008	145,898	16,124
2016	95,334	0	95,334	9,900
Total	2,533,632	1,162,863	1,370,769	422,342

**Region's Response:** The Head of Budget Agency indicated that the persons were written to and follow-up will be done.

**Recommendation:** The Audit Office once again recommends that the Regional Administration vigorously follow-up this matter with the employees and agencies concerned so that the amounts overpaid could be recovered. (2017/319)

Follow-Up on the Implementation of Prior Year Audit Recommendations

786. The table below summarises the prior year matters as contained in the Auditor General's 2016 Report and the action taken by the Head of the Budget Agency regarding the recommendations made by the Audit Office.

Rec. №.	Category of Findings	Recommendations		
		Fully Implemented	Partially Implemented	Not Implemented
2016/387	Circularised instructions	√		
2016/388	Circularised instructions			√
2016/389	Overpayment of salaries			√
2016/390	Circularised instructions	√		
2016/391	IDW Drugs and Medical Supplies			√
2016/392	Breaches of Procurement Act 2003	√		
2016/393	Breaches of the Stores Regulations	√		
2016/394	Expired drugs	√		
2016/395	Other		√	
2016/396	Breaches of the Stores Regulations		√	
2016/397	Breaches of the Stores Regulations	√		
2016/398	Non-disposal of unserviceable vehicles			√
2016/399	Breaches of FMA Act 2003	√		
2016/400	Circularised instructions			√
2016/401	Breaches of Procurement Act 2003	√		
2016/402	Breaches of Procurement Act 2003		√	
2016/403	Breaches of the Stores Regulations		√	
2016/404	Overpayment of construction works	√		
2016/405	Overpayment of Salaries			√

AGENCY 74  
REGION 4 - DEMERARA/MAHAICA

Current year matters, with recommendations for improvement in the existing system

Current Expenditure

Employment Costs

787. According to the National Estimates amounts totalling \$2.978 billion were budgeted for Employment Cost for a staff complement of 2,120. As at 31 December 2017, amounts totalling \$2.935 billion were expended for 2,255 staff as shown below. This represents 135 staff more than was budgeted for and \$43M under the budgeted expenditure. As such, it would appear that Employment Cost was over budgeted.

Line Item	Description	Filled 2017	Actual 2017	Increase/ (Decrease) 2017
6111	Administrative	300	294	(6)
6112	Senior Technical	1,108	1,193	85
6113	Other Technical and Craft Skilled	390	434	44
6114	Clerical and Office Support	29	58	29
6115	Semi-Skilled Operatives & Unskilled	148	197	49
6116	Contracted Employees	145	79	(66)
6117	Temporary Employees	-	-	-
Total		2,120	2,255	135

**Region's Response:** The Head of Budget Agency indicated that the transition from contracted to the pensionable establishment resulted in the reduction of the employment cost, while the increase in staff was mainly due to the inclusion of staff that resigned during the year that had to be included in the December payroll for Government across the board increase and also, the employment of a new Teacher.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that its budget submission is in keeping with circularised instructions and the amount budgeted for employment cost is for staff positions that are filled. (2017/320)

788. Of the twenty-three leavers during the year 2017, (fifteen Teachers and eight Public Officers) eight were overpaid salaries amounting to \$427,004 while related deductions totalling \$44,256 were also overpaid to the various deduction agencies. Similarly, for the periods 2011-2016, salaries and related deductions totalling \$1.395M were overpaid as shown in the table below:

Year	Net Salary Overpaid \$	Net Salary Recovered \$	Net Salary Outstanding \$	Deductions Outstanding \$
2011	977	235	742	0
2012	2,785	833	1,952	470
2013	2,912	79	2,833	700
2014	646	90	556	150
2015	817	426	391	26
2016	684	65	619	48
Total	8,821	1,728	7,093	1,394

**Region's Response:** The Head of Budget Agency indicated that salaries were recovered from six persons while the other employees and the deduction agencies were written to.

**Recommendation:** The Audit Office recommends that the Regional Administration follow-up this matter with the view of recovering the overpayments and ensure that pay change directives are effectively and efficiently communicated in a timely manner to the Regional Accounting Unit. (2017/321)

789. An analysis of the employment details revealed that the Regional Administration had a total of fifty-eight vacancies as advertised in the Public Service Commission Staff Vacancy Circular №. 2/2017. These vacancies included critical posts such as one Assistant Regional Executive Officer, one Regional Education Officer, Senior Health Visitor, four Education Officers, Chief Accountant, Senior Procurement Officer and Senior Superintendent of Works. As a result, these critical vacancies would have an adverse effect on the operations of the Regional Administration.

**Region's Response:** The Head of Budget Agency indicated that the Public Service Commission life had come to an end at 31 August 2017 resulting in these positions and applications made not having been acted on.

**Recommendation:** The Audit Office recommends that the Regional Administration urgently review its staffing situation since the level of staffing would obviously have an adverse effect on the operations of the Region and in particular the level of control needed to ensure adequate checks and balances. (2017/322)

#### Office and Field Supplies

790. The sum of \$620M was budgeted for the procurement of Drugs and Medical Supplies under Health Services Programme - Line Item 6221 for 2017. The Regional Administration expended \$2.960M and issued an Inter-Departmental Warrant for \$617M to the Ministry of Public Health (MOPH) for the Ministry to procure drugs and medical supplies on behalf of the Regional Administration.

791. With respect to the Inter-Departmental Warrant, IDW №. 9/2017 was issued on 21 November 2017 to the MOPH for \$617M. A Financial Return was received indicating that the full amount was expended. The table below summarizes the expenditure for Drugs and Medical Supplies under Health Services Programme, Line Item 6221.

Budgeted Amount \$'000	IDWs to MOPH					Expended by Region \$'000	Total Expended \$'000	Total Unspent Balance \$'000
	№.	Date	Amount Warranted \$'000	Expended as per Financial Return \$'000	Unspent \$'000			
620,000	9/2017	21/11/2017	617,000	617,000	0	2,960	619,960	40
Total			617,000	617,000	0	2,960	619,960	40

792. Further, as was reported in 2016, a similar situation occurred in 2017 whereby although drugs and medical supplies were received by the Regional Administration, the cost was not stated on the documentation that accompanied the deliveries. As a result, it could not be determined whether full value was received for the sums warranted to MOPH.

**Region's Response:** The Head of Budget Agency indicated that the Region is still awaiting the cost of the drugs from the MOPH so as to reconcile same with the Region's receipt of drugs.

**Recommendation:** The Audit Office recommends that the Regional Administration put systems in place to reconcile supplies received with the drugs list initially submitted, and obtain the cost of the drugs and medical supplies from the MOPH so as to reconcile the value of the drugs and medical supplies received with that of the sum warranted to the MOPH. (2017/323)

793. Physical verification exercises conducted on drugs and medical supplies at Diamond Diagnostic Centre and four of the twenty-two Health Centre revealed that there were forty-four instances where expired drugs with an approximate value of \$34.501M, were found at these locations.

**Region's Response:** The Head of Budget Agency indicated that Region has since disposed of all expired drugs on hand and are awaiting the certificates from the Food and Drug Department.

**Recommendation:** The Audit Office recommends that the Regional Administration put systems in place to monitor the expiry dates of drugs in stock to ensure that wastage and loss through expiry is reduced. (2017/324)

#### Utility Charges

794. Amounts totalling \$346.279M were allocated for Utility Charges. As at 31 December 2017, amounts totalling \$183.977M were expended. However, an examination of the Utilities Charges Register in relation to Telephone and Electricity Charges revealed differences amounting to \$743,000 as shown in the table below:

Description	Amount on Account Analysis 2017 \$'000	Amount in Register 2017 \$'000	Difference \$'000
Telephone Charges	7,225	6,928	297
Electricity Charges	114,014	113,568	446
Total	121,239	120,496	743

**Region's Response:** The Head of Budget Agency indicated that efforts are currently undergoing to reconcile the register.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that the utilities registers are promptly updated. (2017/325)

Maintenance Works

795. According to the Appropriation Accounts, the total funds available for repairs and maintenance of buildings and infrastructure, vehicle spares and equipment maintenance within the Region amounted to \$683.624M. As at 31 December 2017, amounts totalling \$678.596M were expended under the various line items as shown below:

Line Item	Description	Total Funds Available \$'000	Amount Expended \$'000
6242	Maintenance of Buildings	295,393	295,388
6251	Maintenance of Roads	41,500	41,500
6252	Maintenance of Bridges	30,000	30,000
6253	Maintenance of Drainage & Irrigation	180,000	180,000
6255	Maintenance of Other Infrastructure	113,980	113,848
6264	Vehicle Spares & Maintenance	14,155	9,668
6282	Equipment Maintenance	8,596	8,192
Total		683,624	678,596

796. The contract for repairs to living quarters at Diamond Diagnostic Centre was awarded by the Regional Tender Board to the third lowest of six bidders in the sum of \$5.591M. However, no explanation for awarding this contract to this particular bidder was seen in the Regional Tender Board Minutes. As at 31 December 2017, amounts totalling \$4.931M were paid to the contractor.

**Region's Response:** The Head of Budget Agency indicated that the third lowest was the most responsive bidder.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that its tender board minutes contain adequate details that would enable a proper determination of the basis of award of each contract. (2017/326)

797. The contract for repairs to Soesdyke Medex Quarter, Soesdyke was awarded by the Regional Tender Board in the sum of \$5.559M to the lowest of five bidders. The Engineer's Estimate was \$5.8M. As at 31 December 2017, amounts totalling \$5.447M were paid to the contractor. Based on the physical verification of the completed works, measurements, calculations and the records presented, the defects liability period could not be determined from the documents examined and the following overpayment was discovered:

Item	Description	Qty Paid	Qty Found	Unit	Diff	Rate \$	Amount Overpaid \$'000
1.07	Provide and cast in situ structural concrete 3000psi at 28 days, using 3/4" well graded coarse aggregate 4" thick slab	3.6	3.31	yd3	0.29	38,000	11
1.08	Provide and apply 1:3 mix mortar to accommodate all tiles	36	30	yd2	6	2,200	13
1.09	Provide and lay 24" x 24" ceramic semi skid floor tiles; include rate for all grouting and fillings	36	30	yd2	6	4,900	29
1.12	Lap edge 1" x 6" new	850	64	bm	786	600	472
	Door						
2.11	Provide and fix in place Yale Mortise heavy duty lock	2	0	nr	2	10,500	21
	Chairs						
2.17	Supply and place standard metal sitting chairs to site; consisting of brace , 1/2" thk foam with canvas ,etc	20	0	nr	20	13,000	260
	Electrical						-
3.04	20 amps Breaker	8	5	nr	3	15,000	45
3.05	15 amps Breaker	8	0	nr	8	10,000	80
3.06	Single (1) pole / gang 10 A switch complete with box	2	0	nr	2	3,000	6
	Roof						
3.23	Provide and fix in place 1'-8" x 16" awning windows	4	0	nr	4	18,000	72
	Total						1,009

**Region's Response:** The Head of Budget Agency indicated that the contractor has indicated his willingness to complete the outstanding works.

**Recommendation:** The Audit Office recommends that the Regional Administration make every effort to recover the overpayment and put proper systems in place to avoid future recurrences. (2017/327)

798. The contract for emergency repairs to LBI Secondary was awarded by the Regional Tender Board in the sum of \$3.578M. The contract was signed on 29 March 2017. However, it was difficult to ascertain the tendering and award of this contract since no details were presented for audit. As at 31 December 2017, an amount of \$2.770M was paid to the contractor. Based on physical verification of the completed works, measurements and calculations the following overpayment was discovered:

Item	Description	Qty Paid	Qty Found	Unit	Diff	Rate \$	Amount Overpaid \$'000
	Wall						
0.7	Demolish defective wall boards from eastern wall and dispose of same away from school compound	288	127.2	sq ft	160.8	65	10
0.8	Provide cut and install new 1" x 6" gh lap edge wall board	288	127.2	sq ft	160.8	550	88
	Electrical						
1.8	Provide and install new 10000 watts automatic voltage regulator	0.5	0	No.	0.5	130,000	65
2.0	Provide and install new 2.5mm flat cable complete with clips	2.5	0	roll	2.5	40,000	100
	Total						263

**Region's Response:** The Head of Budget Agency indicated that the award and overpayment will be investigated and the results communicated to the Audit Office.

**Recommendation:** The Audit Office recommends that the Regional Administration make every effort to recover the overpayment and put proper systems in place to avoid future recurrences. (2017/328)

799. The contract for the repairs to RC Culvert at Northern Section Entrance Gate, Teacher's Quarter Compound, Bladen Hall was awarded in the sum of \$3.635M by the Regional Tender Board to the lowest of five bidders against an Engineer's Estimate of \$4.1M. As at 31 December 2017, the entire sum was paid to the contractor. Based on physical verification of the completed works, measurements and calculations the following overpayment was discovered:

Item	Description	Qty Paid	Qty Found	Unit	Diff	Rate \$	Amount Overpaid \$'000
	Filling to make up levels						
1.11	Supply , white sand ,level and compacted ;inlayers not exceeding to 95% Proctor Dry Density	200	10	yd3	190	4,500	855
1.13	2 1/2" dia Galvanize steel	120	0	L.ft.	120	3,500	420
1.14	Provide and apply two coats of anti rust paint on the surface of all metal	1	0	sum	1	120,000	120
	Total						1,395



**Region's Response:** The Head of Budget Agency indicated that this overpayment will be investigated and any overpayment discovered will be recovered.

**Recommendation:** The Audit Office recommends that the Regional Administration make every effort to recover the overpayment and put proper systems in place to avoid future recurrences. (2017/329)

800. The contract for repairs to Strathspey Primary School was awarded by the Regional Tender Board in the sum of \$1.736M to the lowest of sixteen bidders against an Engineer's Estimate of \$2.755M. A variation in the sum of \$2.749M was approved revising the contract sum to \$4.485M. As at 31 December 2017, the full amount was paid to the contractor. Based on physical verification of the completed works, measurements, calculations and the records presented, the defects liability period could not be determined and the following overpayment was discovered:

Item	Description	Qty Paid	Qty Found	Unit	Diff	Rate \$	Amount Overpaid \$'000
D	Windows						
D.3	Frame supply and install 2' x 54" Vie Joint Claw Board windows complete with two (2) butt hinges and bolts	51	50	nr.	1	5,000	5
E	Wall						
E.2	Supply and secure 1" x 6" GH Lap Edge wall boarding and apply three (3) coats of oil paint to that of existing	400	153	bm	247	450	111
	Variation						
	Concrete Works						
2.3	Supply and Lay 12" x12" nun-skid ceramic tiles in grout.(Nb Tile spacing must be filled with white finish grout)	322	108.48	sq yd	213.52	2,000	427
	Total						543

**Region's Response:** The Head of Budget Agency indicated that the contractor has indicated his willingness to repay the amount overpaid.

**Recommendation:** The Audit Office recommends that the Regional Administration make every effort to recover the overpayment and put proper systems in place to avoid future recurrences. (2017/330)

801. The contract for emergency works to Strathavon Primary School, Cane Grove was awarded in the sum of \$3.511M to the lowest of four bidders against an Engineer's Estimate of \$4.136M. As at 31 December 2017, the entire sum was paid to the contractor. Based on physical verification of the completed works, measurements and calculations the following overpayment was discovered:

Item	Description	Qty Paid	Qty Found	Unit	Diff	Rate \$	Amount Overpaid \$'000
	Roof						
2	Demolish and dispose of defective roof sheeting and provide and install new 28 gauge corrugated Aluzinc roof sheeting to section of roof allow for two flues side lap	261	151	sq yd	110	3,895	428
	Stairs						
2	Provide, cut and install 2 №. New 1" x 10" x 19'-0" long GH member	32	0	bm	32	580	19
3	Provide, cut and install 2 №. New 4" x 4" x 16'-0" long GH Post	43	35	bm	8	580	5
4	Provide, cut and install 2 №. New 4" x 4" x 12'-0" long GH Post	32	26	bm	6	580	3
	Electrical Works						
2	Provide and install new 4' standard LED lamp complete	8	5	№.	3	9,500	29
3	Provide and install new standard Duplex outlet	6	4	№.	2	2,800	6
	Provisional Breakdown						
2	Demolish and dispose of defective roof sheeting and provide and install new 28 gauge corrugated Aluzinc roof sheeting to section of roof allow for two flues side lap	74	0	sq yd	74	3,895	288
	Total						778

**Region's Response:** The Head of Budget Agency indicated that the contractor has indicated his willingness to repay the amount overpaid.

**Recommendation:** The Audit Office recommends that the Regional Administration make every effort to recover the overpayment and put proper systems in place to avoid future recurrences. (2017/331)

Stores and Other Public Property

802. The Stores Regulations 1993 requires the Regional Administration to maintain several forms, registers, books and ledgers to manage items of stores under their control. An examination of the stock keeping control system and records maintained revealed the following unsatisfactory features:

- a) Log Books for two vehicles, numbers; PHH 6540 and PTT 2596 were not presented for audit examination;
- b) Historical Records in relation to nine vehicles were not presented for audit examination. In addition, the thirty that was presented were not properly maintained/updated;

- c) Goods Received Notes were not attached to the Payment Vouchers. As a result, vital control mechanisms to ensure proper accountability for stock were not in place; and
- d) Master Inventory maintained by the Regional Administration only contained Government Buildings, Community Centre Grounds, Pump Stations and Machinery and Equipment. It was not updated to include the assets acquired during 2017. In addition, the Sectional inventories were also not updated to include the items purchased during the year under review.

**Region's Response:** The Head of Budget Agency indicated that the Log Books for PHH 6540 and PTT 2596 were misplaced while at the mechanic shop undergoing repairs, while corrective action will be taken for the remaining areas as soon as there is adequate staff.

**Recommendation:** The Audit Office recommends that the Regional Administration adhere fully to the Stores Regulations at all times. (2017/332)

#### Other Matters

803. Circularised instructions state that for the occupation of Government Quarters, public servants are required to pay rent of 10% and 12% of their salary for unfurnished and furnished accommodation respectively, except where entitlement to rent-free Government Quarters had been previously approved, as a condition of service. Of the 300 buildings controlled by the Regional Administration, 138 are apartments/living quarters and are occupied by various persons of which only eighteen are occupied by authorised persons. In addition, Officers are only paying rents for eight apartments. However, from the records presented for audit examination it could not be determined whether those persons occupying rent-free quarters were entitled to such. This situation was previously reported on in the 2016 Auditor General's Report.

**Region's Response:** The Head of Budget Agency indicated that the staff members occupying the quarters rent-free are entitled, while the occupation of the other quarters are being investigated.

**Recommendation:** The Audit Office recommends that the Regional Administration take steps to ensure that: (i) only officers entitled to Government Quarters are accommodated there; and (ii) all outstanding amounts for rent are collected and deposited into the Consolidated Fund. (2017/333)

804. Cheque Orders are required to be cleared within sixteen days of their issue through the submission of bills/receipts and other documents in support of the payments made. However, the Region failed to adhere to this requirement, since an examination of the records revealed that Cheque Orders were cleared on average of eighty days after the stipulated time. During 2017, four Cheque Orders valuing \$2.049M remained outstanding as at September 2018. As a result, it could not be ascertained whether the Region received full value for all sums expended. Similarly, sixty-two Cheque Orders amounting to \$20.698M still remained outstanding with respect to the years 2010 to 2016. Shown in the table below is the status of outstanding Cheque Orders.

Year	No. Of Cheque Orders Outstanding	Amount \$'000
2010	12	5,557
2012	6	2,002
2013	12	2,763
2016	32	54
Total	62	10,376

**Region's Response:** The Head of Budget Agency indicated that efforts are continuing to have all outstanding Cheque Orders cleared

**Recommendation:** The Audit Office recommends that the Regional Administration make every effort to have these Cheque Orders cleared. (2017/334)

805. One Payment Voucher totalling \$3.405M relating to 2017 remained outstanding at the time of reporting. As a result, a determination could not be made as to the propriety of the payments or whether value was received for the money spent.

**Region's Response:** The Head of Budget Agency indicated that efforts will be made to have the Sub-Treasury locate and present these vouchers.

**Recommendation:** The Audit Office recommends that the Regional Administration in collaboration with the Sub-Treasury take steps to locate and present the outstanding Payment Voucher for audit examination. (2017/335)

### Capital Expenditure

#### Buildings

806. A contract for the Timber Footpath Bridge, at Victoria, Cove and John was awarded by the Regional Tender Board to the ninth lowest of forty-seven bidders in the sum of \$5.098M. It was difficult to ascertain the reasons for awarding this contract to this contractor since no reasons were stated in the Tender Board Minutes neither was an evaluation report submitted. As at 31 December 2017, amounts totalling \$4.994M were paid to the contractor.

**Region's Response:** The Head of Budget Agency indicated that the evaluation report will be located and presented to determine the basis of the award.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that its tender board minutes contain adequate details that would enable a proper determination of the basis of award of each contract. (2017/336)

807. The contract for the rehabilitation of Grove Health Centre, E.B.D, was awarded by the Regional Tender Board in the sum of \$5.726M to the lowest of three bidders against an Engineer's Estimate of \$7.600M. There was an approved variation of \$2.175M revising the contract sum to \$7.901M. The contract was signed on 22 June 2017, with duration of sixteen weeks for completion and a defects liability period of six months. As at 31 December 2017, the full amount was paid to the contractor. Physical verification of the completed works, measurements and calculations revealed the following overpayment:

Item	Description	Qty Paid	Qty Found	Unit	Diff	Rate \$	Amount Overpaid \$'000
6	Cupboard						
6.5	Provide for an to reconstruct new cavity filled HCB cupboard. Cater for the re-installation of aluminium sink, new pillar tap, granite counter top with splash back, 3nr 30" panel doors, door handles, spring butts and 3" reinforce concrete shelve as directed, etc Size: 8' long x 24" wide x 36" high (diabeic cubic)	1	0	no	1	60,000	60
15	Shelves						
15.1	Provide for and to install new 12" wide x 5' high x 27' long GH Wooden shelves at intermediate horizontal levels at 12" c/c & vertical level 42" c/c Cater for all uprights, brases, etc and to apply one coat primer ,putty ,one coat stopplin coat and one coat finishing oil paint (colour to be white /off white)	9	0	In yd	9	25,000	225
	Variation						
5	Plumbing						
5.1	Provide for and to clean clean trestle of all moss & other vegetation	1	0	no	1	35,000	35
5.2	Provide for and to dismount tank,wash tanks,clean trestle and reinstall tanks to full functionality .Must reinstall with 3/4" unions	1	0	no	1	15,000	15
	Total						335

**Region's Response:** The Head of Budget Agency indicated that the contractor has indicated his willingness to repay the amount overpaid.

**Recommendation:** The Audit Office recommends that the Regional Administration take immediate steps to recover the overpayment and ensure that completed works are accurately measured and quantified before payments are made to contractors. (2017/337)

### Capital Purchases

808. Amounts totalling \$90.5M were budgeted for the purchase of capital items for the Regional Administration. As at 31 December 2017, amounts totalling \$89.971M were expended. Audit examination of the expenditure and documents pertaining to this account area revealed the following:

- a) items to the value of \$1.596M were still not received by the Regional Administration at the time of reporting;

No.	Item	Quantity	Unit Price \$	Total Cost \$'000
1	Advet Laryngoscope	2	250,686	501
2	Hot Air Oven 21L Benchtop	2	547,200	1,094
Total		4		1,595

- b) items to the value of \$1.458M were not put into use, these items were still kept at the Regional Stores; and
- c) amounts totalling \$27.995M were expended under Programme 5 – Health Services for the purchasing of Furniture and Equipment for Diamond Diagnostic Centre and the various Health Facilities in Region No. 4. However, items totalling \$5.191M could not have been verified since the locations could not have been ascertained.

**Region's Response:** The Head of Budget Agency explained that: (i) some of the items have since been supplied; (ii) apart from the items for Eccles Health Centre the remaining items were distributed; and (iii) efforts will be made to ensure the locations of the items are clarified.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure full compliance with the Stores Regulations at all times. (2017/338)

### Prior year matters, which have not been fully resolved

#### Current Expenditure

##### Office and Field Supplies

809. It should be noted that during 2011, fuel amounting to \$733,076 were uplifted for three vehicles that were not owned by the Regional Administration. Checks made at the Licence Revenue Office revealed that two of these vehicles were never registered with the Regional Administration. This matter is the subject of a Police investigation which was still on-going at the time of reporting. Also, the Audit Office had concluded a special investigation into the alleged theft of fuel and lubricants, which were uplifted by drivers from the Regional Democratic Council - Region No. 4 at the GUYOIL Gas Station located in Kitty, Georgetown from 01-31 January 2013. A separate report was issued, which included recommendations for disciplinary action and possible criminal charges against the alleged perpetrators.

**Region's Response:** The Head of Budget Agency explained that there has been no progress to date on this issue despite numerous follow-up.

**Recommendation:** The Audit Office once again recommends that the Regional Administration continue to ensure that systems are functioning effectively and provide the necessary information to the Audit Office when the Police conclude the investigation. (2017/339)

### Capital Expenditure

#### Warrants

810. The contract for the Community Ground Enhancement Project in Tucville Georgetown was awarded by the Regional Tender Board in the sum of \$7.799M. The contract was signed on 15 November 2016, with duration of six months for completion and the defects liability period being six months. Amounts totalling \$7.799M were paid to the contractor for works completed and no performance bond or insurances were seen. Based on physical verification overpayments totalling \$392,993 were discovered.

**Region's Response:** The Head of Budget Agency explained that the amount overpaid will be recovered.

**Recommendation:** The Audit Office recommends that the Regional Administration renew its efforts to recover the overpayments and put systems in place to avoid future recurrence. (2017/340)

### Follow-Up on the Implementation of Prior Year Audit Recommendations

811. The table below summarises the prior year matters as contained in the Auditor General's 2016 Report and the action taken by the Head of the Budget Agency regarding the recommendations made by the Audit Office.

Rec. №.	Category of Findings	Recommendations		
		Fully Implemented	Partially Implemented	Not Implemented
2016/406	Circularised instructions	√		
2016/407	Overpayment of salaries			√
2016/408	IDW Drugs and Medical Supplies			√
2016/409	Breaches of FMA Act 2003	√		
2016/410	Circularised instructions	√		
2016/411	Overpayment of construction works	√		
2016/412	Breaches of the Stores Regulations		√	
2016/413	Breaches of FMA Act 2003		√	
2016/414	Circularised instructions			√
2016/415	Misclassification of expenditure	√		
2016/416	Breaches of Procurement Act of 2003	√		
2016/417	Shortfall capital expenditure	√		
2016/418	Overpayment of construction works		√	
2016/419	Non-delivery of items	√		
2016/420	Non-delivery of items	√		

Rec. №.	Category of Findings	Recommendations		
		Fully Implemented	Partially Implemented	Not Implemented
2016/421	Overpayment of construction works	√		
2016/422	Overpayment of Salaries			√
2016/423	Others			√
2016/424	Overpayment of construction works	√		
2016/425	Cheques Orders and Missing Vouchers		√	
2016/426	Expired drugs	√		
2016/427	Overpayment of construction works	√		

AGENCY 75  
REGION 5 – MAHAICA/BERBICE

Current year matters, with recommendations for improvement in the existing system

Current Expenditure

Employment Cost

812. According to the National Estimates amounts totalling \$1.434 billion were budgeted for Employment Cost for a staff complement of 1,092. As at 31 December 2017, amounts totalling \$1.414 billion were expended for 1,142 staff as shown below. This represents fifty staff more than was budgeted for and \$20M under the budgeted expenditure. As such, it would appear that Employment Cost was over budgeted.

Line Item	Description	Filled 2017	Actual 2017	Increase/ (Decrease) 2017
6111	Administrative	178	156	(22)
6112	Senior Technical	394	441	47
6113	Other Technical and Craft Skilled	251	253	2
6114	Clerical and Office Support	46	61	15
6115	Semi Skilled Operatives and Unskilled	166	173	7
6116	Contracted Employees	57	58	1
6117	Temporary Employees	0	0	0
Total		1,092	1,142	50

**Region's Response:** The Head of Budget Agency indicated that savings would have been from transfers, resignations and retirements over the year some of which would have funded the new employment.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that its budget submission is in keeping with circularised instructions and the amount budgeted for employment cost is for staff positions that are filled. (2017/341)



813. The Public Service Commission (PSC) Circular №. 1/2017 dated 7 February 2017 stated that Permanent Secretaries, Heads of Government and Regional Executive Officers are required to submit a list of all officers on Contract/Gratuity to be appointed on the Pensionable establishment. An audit examination of the payroll for January to December 2017, revealed that amounts totalling \$4.425M were paid to fifty-eight contracted employees of which sixteen are eligible to be transferred to the pensionable establishment. Further, it was noted that the Regional Administration continued to hire employee on a contractual basis with fourteen such persons being offered employment during 2017.

**Region's Response:** The Head of Budget Agency indicated that the new persons recruited on contract was due to the absence of the PSC, however, these will be transitioned over to the pensionable establishment, whilst the sixteen eligible employees will be transferred to the pensionable establishment at the end of the contractual period.

**Recommendation:** The Audit Office recommends that the Regional Administration minimise the number of staff being employed on a contractual basis and take immediate steps to move its current employees over to the permanent establishment in keeping with circularised instructions. (2017/342)

814. A further analysis of the employment details revealed that the Regional Administration had a total of thirty-nine vacancies as advertised in the PSC Staff Vacancy Circular №. 2/2017 dated 27 June 2017. These vacancies included critical posts such as, one Assistant Secretary (Finance), a Senior Personnel Officer, an Administrative Officer and an Accountant. As, a result, these critical vacancies would have an adverse effect on the operations of the Region.

**Region's Response:** The Head of Budget Agency indicated that there has not been any significant improvement in this area due to the absence of the Public Service Commission.

**Recommendation:** The Audit Office recommends that the Regional Administration urgently review its staffing situation since the level of staffing would obviously have an adverse effect on the operations of the Region and in particular the level of control needed to ensure adequate checks and balances. (2017/343)

#### Office and Field Supplies

815. The sum of \$163.436M was budgeted for in 2017 for the procurement of Drugs and Medical Supplies under the Health Services Programme - Line Item 6221 for the Region. The Regional Administration expended \$33.435M and issued an Inter-Departmental Warrant for \$130M to the Ministry of Public Health (MOPH) for the Ministry to procure drugs and medical supplies on behalf of the Regional Administration.

816. With respect to the Inter-Departmental Warrant, IDW №. 1/2017 was issued on 20 March 2017 to the MOPH for \$130M. A Financial Return was received indicating that the full amount was expended. The table below summarises the expenditure for Drugs and Medical Supplies under Health Services Programme, Line Item 6221.

Budgeted Amount \$'000	IDWs to MOPH					Expended by Region \$'000	Total Expended \$'000	Total Unspent Balance \$'000
	No.	Date	Amount Warranted \$'000	Expended as per Financial Return \$'000	Unspent \$'000			
163,436	1/2017	20/03/2017	130,000	130,000	0	33,435	163,435	1
Total			130,000	130,000	0	33,435	163,435	1

817. Further, although drugs and medical supplies were received by the Region, the cost was not stated on the documentation that accompanied the deliveries. Nevertheless, a report for January to December 2017, issued by Materials Management Unit (MMU) shows that drugs and medical supplies to the value of \$865.646M was sent to the Region. Included in this sum is an estimated amount of \$317.769M for drugs and medical supplies with “unknown values”, while the amount of \$547.878M was the cost for drugs and medical supplies with a “value”. It was noted that the attached cost for drugs and medical supplies was obtained based on 2014, 2015 and 2016 contracts. Reconciliation between the quantities on the drug list supplied by MMU and the actual quantities received by the Region 5, Health Department was not done to determine whether those quantities were indeed received.

**Region’s Response:** The Head of Budget Agency indicated that the Regional Administration is in the process of reconciling the drugs received with amounts warranted to MOPH.

**Recommendation:** The Audit Office recommends that the Regional Administration put systems in place to reconcile supplies received by the respective health facilities with the drugs list initially submitted, and obtain the cost of the drugs and medical supplies from the MOPH so as to reconcile the value of the drugs and medical supplies received with that of the sum warranted to the MOPH. (2017/344)

Utilities

818. Amounts totalling \$139.306M were allocated for this Accounting Area. As at 31 December 2017, amounts totalling \$129.634M were expended. An examination of the official listings, utilities registers and related Payment Vouchers revealed the following:

- a) the GTT ledger was not updated to reflect balances on account;
- b) a comparison between GWI register and an official listing submitted on 11 April 2018 revealed that there were twenty-three meters on the official listing that was not in the register and one meter in the register that was not reflected on the official listing indicating that the register was not properly maintained;
- c) an examination of the GWI register revealed that a total of \$24.453M was owed for sixty-seven meters while a total of \$2.457M was prepaid for fourteen meters giving a total net balance of \$21.997M owed to GWI as at 31 December 2017;
- d) an authorised list of GPL meters was not submitted while the register was not properly maintained;

- e) an examination of the GPL register revealed that a total of \$26.526M was owed for thirteen meters while a total of \$59.144M was prepaid for ninety-four meters as at 31 December 2017; and
- f) the Region continued to pre-pay GTT and GPL bills

**Region’s Response:** The Head of Budget Agency indicated that the system of prepaying has been discontinued in 2018.

**Recommendation:** The Audit Office recommends that the Regional Administration adhere to the financial regulations and desist from prepaying large sums on utilities. (2017/345)

Maintenance Works

819. Amounts totalling \$459.613M were allocated for the repairs and maintenance of buildings and infrastructure within the Region, \$115.309M more than 2016. As at 31 December 2017, amounts totalling \$459.530M were expended under the various line items.

Line Item	Description	Amount Allocated \$’000	Amount Expended \$’000
6242	Maintenance of Buildings	124,300	124,299
6251	Maintenance of Roads	132,000	131,992
6252	Maintenance of Bridges	24,450	24,415
6253	Maintenance of Drainage & Irrigation	90,000	90,000
6255	Maintenance of Other Infrastructure	63,745	63,736
6264	Vehicle Spares and Supplies	12,398	12,377
6282	Equipment Maintenance	12,720	12,711
Total		459,613	459,530

820. Included in the budgeted amount is the sum of \$90M for Drainage and Irrigation Works of which the full sum was expended. An analysis of expenditure revealed that eighteen contracts amounting to \$59.1M was awarded to one particular contractor. These projects were not advertised publicly and, as such, were procured by restricted tendering, although, the Regional Tender Board (RTB) used the words “*Selective tendering*”. The reason given in the RTB minutes for using this method of procurement in ten cases were that the works were emergencies. No reason was given for using this method of procurement for the other eight contracts. Further, eight of the ten contracts awarded by the RTB on 7 September 2017 and recorded on RTB Minutes 16/2017 were valued \$21.515M, but these contracts had no commencement and completion dates stated as a means of ensuring that works are completed within a stipulated time.

**Region’s Response:** The Head of Budget Agency indicated that all the cases were emergencies and it was an oversight that the minutes did not indicate such for all the awards while corrective action will be taken to ensure commencement and completion dates are included.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure all contracts awarded are in keeping with the Procurement Act and all contracts are complete with commencement and completion dates to ensure proper monitoring and enforcing of penalties. (2017/346)

Stores and Other Public Property

821. The following breaches of the Stores Regulations were noted:

RDC Main Stores

- a) a register of used parts was not maintained and there was inadequate storage space;
- b) the unit of receipt and issues were not stated in the Stock Ledger;
- c) the cost of items was not quoted in the Stores Ledger; and
- d) a physical count of twenty-five items carried out on the 23 July 2018 at the Regional Stores revealed nineteen instances where there were differences between the Bin Card and Stock Ledger balances. Stock Ledgers were not updated and reconciled with the Bin Cards to show current stock on hand.

Fort Wellington Hospital

- a) no independent record in the form of a Stores Ledger was maintained by the Accounting Department;
- b) no segregation of duties, the same person would enter dietary, janitorial and stationery into the Goods Received Book and Bin Card;
- c) there was no cost recorded in the Gift Register for items received as gifts; and
- d) it was noted that medical supplies for the Fort Wellington Hospital Laboratory were requisitioned and received from MMU directly by the Lab. However, no records were maintained by laboratory personnel.

Log Books

- a) there were 114 Motor Vehicles, Motor Cycles, Machinery, Plant and Equipment on the authorised Inventory of the Region. Out of sixty-two serviceable Vehicles, Machinery, Plant and Equipment, Log Books were not produced for thirty seven;
- b) examination of the Log Books presented revealed that they were not properly maintained.
- c) an analysis of Log Books for three ambulances numbers PTT 2060, PSS 659 and PLL 2402 revealed that there were 237 instances where they were used to transport staff during working hours; and

- d) amounts totalling \$12.377M were expended on Vehicles Spares and Services for the 114 vehicles, plant and equipment operated and controlled by the Region, however, historical records were not maintained to enable management to monitor the individual cost of repairs and to determine whether it was economical to retain or dispose of these vehicles.

**Region's Response:** The Head of Budget Agency indicated that corrective action is being taken by the Region to address all the short comings.

**Recommendation:** The Audit Office recommends that the Regional Administration comply fully with the Stores Regulations at all times. (2017/347)

#### Other Matters

822. A contract for security services was awarded by National Procurement and Tender Administration Board (NPTAB) in the sum of \$300.358M to Integrated Security Services for the provision of services during the period 1 December 2017 to 30 November 2018. Examination of the payments made revealed that the sum of \$42.440M representing an advance payment for security services to be rendered to the RDC was made on 30 December 2017. No schedule showing the services provided was seen, however, a letter of advance guarantee issued by Scotia Bank to the value of \$42.440M dated 27 December 2017 with an expiry date of 26 March 2018 was attached to the Payment Voucher.

**Region's Response:** The Head of Budget Agency indicated that the Ministry of Communities had given permission for the advance payment to be made at year end due to fund being available under this line item.

**Recommendation:** The Audit Office recommends that the Regional Administration comply with financial regulations and desist from pre-paying for services. (2017/348)

823. Amounts totalling \$172.442M were expended on security services for the year under review. The Region had employed two checkers who would verify the number of security guards and the amount of hours worked for each guard at each location. It was observed that all payments made to the security firm bore no evidence of the checkers signature on the Payment Vouchers verifying number of security guards and number of hours worked. The checkers were employed after a matter of overpayment of security was raised in the 2015 Auditor General's Report. The Regional Administration had indicated that two checkers were employed and is currently monitoring the security services being provided.

**Region's Response:** The Head of Budget Agency indicated that the checkers were from the Works Department and would normally maintain time sheets to show their time spent doing security checks.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure all payments to the security firms are based on checks made to ensure security personnel are working. (2017/349)

824. Section 43 of the Fiscal Management and Accountability Act (2003) states that at the end of each fiscal year, any unexpended balance of public monies issued out of the Consolidated Fund shall be returned and surrendered to the Consolidated Fund. However, an inspection of the Sub-Treasury safe on the 24 May 2018 revealed that one cheque in the sum of \$1.759M was still on hand at the Sub-Treasury Department.

**Region's Response:** The Head of Budget Agency indicated that the cheque on hand is the final payment for the purchase of a land to build a nursery school and will be released when the Transport is issued.

**Recommendation:** The Audit Office recommends that the Regional Administration institute measures to ensure full repayment to the Consolidated Fund of all amounts remaining unpaid at the end of each financial year in compliance with the FMA Act. (2017/350)

825. Cheque Orders are required to be cleared within sixteen days of their issue through the submission of bills and/or receipts and other supporting documents. An examination of the register revealed that there were twenty Cheque Orders valued \$3.182M for the year 2017 that were outstanding as at 18 April 2018. Similarly, for 2016 there were six Cheque Orders valued at \$765,752 which remained outstanding.

**Region's Response:** The Head of Budget Agency indicated that efforts are still on-going to have these Cheque Orders cleared.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that these Cheque Orders are cleared within the stipulated timeframe in keeping with circularised instructions. (2017/351)

826. Circularised instructions state that for the occupation of Government Quarters, Public Servants are required to pay rent of 10% and 12% of their salary for unfurnished and furnished accommodation respectively, except where entitlement to rent-free Government Quarters had been previously approved, as a condition of service. The Region has forty-six living quarters of which twenty are occupied by staff of the Region, however no approval was seen to validate whether these officers are entitled to such benefits. Including in the twenty living quarters are two junior staff, a heavy duty vehicle driver and a School Welfare Officer, who continue to occupy these living quarters rent free and with free utilities. The Regional Administration had paid for these utilities and currently as of July 2018, continued to pay same without any approval.

**Region's Response:** The Head of Budget Agency indicated that the School Welfare Officer was transferred from Region four and sent to the Region but brought all her furnishings, while the heavy duty vehicle driver was allocated an apartment next to the REO, who is entitled to a vehicle and driver, in the event of an emergency for transportation purposes.

**Recommendation:** The Audit Office recommends that the Regional Administration take steps to ensure that: (i) only officers entitled to Government Quarters are accommodated there; and (ii) all outstanding amounts for rent are collected and deposited into the Consolidated Fund. (2017/352)

827. An examination of 285 Payment Vouchers for both capital and current expenditure revealed that 196 of these had discrepancies and shortcomings.

**Region’s Response:** The Head of Budget Agency indicated that this was due to inadequate staffing and corrective action will be taken.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure all Payment Vouchers are properly prepared before approved for payment. (2017/353)

Tender Board

828. The Regional Administration had engaged in pre-qualification proceedings of contractors for civil works on the 14 February 2017 via Regional Tender Board Minutes №. 2/2017. A total of ninety-two applications were received and evaluated of which twenty-nine were disqualified. Sixty-three contractors were prequalified by the Regional Tender Board in two categories, namely, main and alternative category, while first time contractors are only qualified to bid on works below \$2M. The number of contractors pre-qualified for categories are set out in the table below:

Category	Category Amounts	Main Choice	Alternative Choice	Total
A	\$10M - \$13.99M	9	2	11
B	\$5M - \$9.99M	21	15	36
C	\$2M - \$4.99M	20	19	39
D	\$0 - \$2M	12	0	12

829. As can be seen, the Regional Tender Board of this Region pre-qualify 11, 36, 39 and 12 contractors for Category A, B, C and D respectively. These contractors were not pre-qualified based on categories such as Road Works, Bridges, D&I, Buildings, Electrical and Plumbing etc, but rather on monetary values of the Engineer’s Estimates for projects. The Regional Tender Board needs to be more specific in categorizing works as the system currently in place allows for pre-qualified contractors to bid for any type of work as long their bids are in that particular monetary range.

830. Pre-qualification of contractors were done twice for the year under review, however, only the first was advertised. In addition, it was noted that although contractors were disqualified from the pre-qualification process they were allowed to bid and were awarded contracts. Further, some contractors who were pre-qualified were awarded contracts in categories for which they were not pre-qualified.

**Region's Response:** The Head of Budget Agency indicated that the pre-qualification was continuous, in that, persons who were not prequalified were written to stating their shortcomings and were allowed to resubmit their documentation at a later date to prequalify if they satisfied the conditions, while contractors were also allowed to bid for either the main or alternate categories.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure pre-qualification of contractors are advertised so as to enable all disqualified (in the first pre-qualification process) and new contractors are given a fair chance. (2017/354)

831. The Procurement Act states that a procuring entity may use a method of procurement other than public tendering in which case the procuring entity shall include in the records a statement of the grounds and circumstances on which it relied to justify the use of that particular method of procurement. Audit checks revealed that 127 contracts to the value of \$409.509M for both capital and current expenditures were not publicly advertised. Ninety-seven of these contracts, which totalled \$288.374M, as shown below, were awarded by the Regional Tender Board in which four or less bidders were invited to tender for these contracts. Further, a record of procurement proceedings (contract files) for each work awarded in the Region was not kept, in breach of the Procurement Act.

Nº. of Bids	Nº. of Contracts	Amount \$'000
4	48	151,104
3	46	134,110
1	2	1,960
2	1	1,200
Total		288,374

**Region's Response:** The Head of Budget Agency indicated that this system is time saving and pre-qualification assisted in selecting the contractors.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that the system for awarding contracts is in keeping with the Procurement Act. (2017/355)

Prior year matters, which have not been fully resolved

Current Expenditure

832. Net salaries which were overpaid to employees and the related deductions which were overpaid to the various agencies for the years 2012 to 2015, as shown below, remained outstanding:

Year	Net Salary Overpaid \$'000	Net Salary Recovered \$'000	Net Salary Outstanding \$'000	Deductions Overpaid \$'000	Deductions Recovered \$'000	Deductions Outstanding \$'000	Total Outstanding \$'000
2012	1,727	1,228	499	404	246	158	657
2013	623	130	493	340	0	340	833
2014	156	63	93	57	0	57	150
2015	181	29	152	142	0	142	294
Total	2,687	1,450	1,237	943	246	697	1,934



**Region's Response:** The Head of Budget Agency indicated that letter was written to both the Employees and the Agencies to recover the overpayment.

**Recommendation:** The Audit Office recommends that the Regional Administration follow-up this matter with the view of recovering the overpayments and ensure that pay change directives are effectively and efficiently communicated in a timely manner to the Regional Accounting Unit. (2017/356)

833. An examination of inventories for the year 2014 revealed that one 85hp Yamaha Outboard Engine and one Generator could not be accounted for. Audit checks revealed that these items were issued to senior officials of the Region Democratic Council. The Head of Budget Agency indicated that the outboard engine was sent to a workshop for repairs. However, the owner of the workshop has since died and the engine cannot be accounted for, while the generator suffered a similar fate, whereby a driver dropped it off at a workshop to be repaired and the owner of the workshop indicated that he has never received the generator. The matter was reported to the police in February 2017, however, as at 31 August 2018 no police report was submitted.

**Region's Response:** The Head of the Budget Agency indicated that reminders were sent to the Police and SARU was also written on this matter, however, to date there has been no progress.

**Recommendation:** The Audit Office once again recommends that the Regional Administration forward a report to the Audit Office as soon as a decision on this matter is taken. (2017/357)

#### Capital Expenditure

834. The Regional Administration had still not recovered overpayments totalling \$2.138M made to contractors for the years 2010, 2011 and 2013 as shown in the table below:

Year	Sub-Head	Description	Amount \$'000
2010	12036	Rehab of Moraikobai Primary Sch. Lower Flat	111
2011	12036	Construction Perimeter Drain at №. 8 Sec School	1,716
2013	12036	Extension to Mahaicony Secondary School	311
Total			2,138

**Region's Response:** The Head of the Budget Agency indicated that NPTAB was written to for advice on this matter and to enquire if these contractors are still doing Government works, however, no response has been received.

**Recommendation:** The Audit Office once again recommends that the Regional Administration make every effort to recover the overpayments and put proper systems to avoid a recurrence. (2017/358)

Follow-Up on the Implementation of Prior Year Audit Recommendations

835. The table below summarises the prior year matters as contained in the Auditor General's 2016 Report and the action taken by the Head of the Budget Agency regarding the recommendations made by the Audit Office.

Rec. №.	Category of Findings	Recommendations		
		Fully Implemented	Partially Implemented	Not Implemented
2016/428	Circularised instructions	√		
2016/429	Circularised instructions			√
2016/430	Weak internal controls	√		
2016/431	IDW Drugs and Medical Supplies			√
2016/432	Breaches of Procurement Act of 2003		√	
2016/433	Expired drugs	√		
2016/434	Breaches of Procurement Act of 2003			√
2016/435	Breaches of Procurement Act of 2003	√		
2016/436	Others			√
2016/437	Breaches of Procurement Act of 2003	√		
2016/438	Breaches of the Stores Regulations			√
2016/439	Breaches of the Stores Regulations			√
2016/440	Breaches of the Stores Regulations			√
2016/441	Breaches of FMA Act 2003		√	
2016/442	Breaches of FMA Act 2003		√	
2016/443	Cheques Orders and Missing Vouchers		√	
2016/444	Circularised instructions			√
2016/445	Tender board minutes		√	
2016/446	Tender board minutes		√	
2016/447	Tender board minutes		√	
2016/448	Tender board minutes		√	
2016/449	Breaches of the Stores Regulations	√		
2016/450	Overpayment of construction works	√		
2016/451	Overpayment of salaries		√	
2016/452	Others			√
2016/453	Cheques Orders and Missing Vouchers		√	
2016/454	Overpayment of construction works			√

AGENCY 76  
REGION 6 – EAST BERBICE/CORENTYNE

Current year matters, with recommendations for improvement in the existing system

Current Expenditure

Employment Cost

836. According to the National Estimates amounts totalling \$2.906 billion were budgeted for Employment Cost for a staff complement of 2,175. As at 31 December 2017, amounts totalling \$2.870 billion were expended for 2,327 staff as shown below. This represents 152 staff more than was budgeted for and \$36M under the budgeted expenditure. As such, it would appear that Employment Cost was over budgeted.

Line Item	Description	Filled 2017 as per Estimates	Actual 2017 as per December payroll	Shortage/ Excess 2017
6111	Administration	258	270	12
6112	Senior Technical	876	954	78
6113	Other Technical and Craft Skilled	452	465	13
6114	Clerical and Office Support	88	92	4
6115	Semi-Skilled Operatives	356	434	78
6116	Contracted Employees	145	112	(33)
Total		2,175	2,327	152

**Region's Response:** The Head of Budget Agency indicated that the filled positions for the budget were done as at June 2016 for the 2017 budget and the allocations were made by the Ministry of Finance.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that its budget submission is in keeping with circularised instructions and the amount budgeted for employment cost is for staff positions that are filled. (2017/359)

837. A further analysis of the employment details revealed that Public Service Commission Staff Vacancy Circular 2/2017 dated 27 June 2017 had advertised a total of thirty-six vacancies. However, at the time of reporting the Regional Administration had managed to fill seven of the vacant positions, leaving twenty-nine yet to be filled. The vacancies included critical posts such as one Senior Departmental Sister, one Senior Procurement Officer, one Senior Medical Technologist and one Procurement Officer. As a result, these critical vacancies would have an adverse effect on the operations of the Regional Administration.

**Region's Response:** The Head of Budget Agency indicated that eight of these vacancies have since been filled and the others are pending at the Public Service Commission.

**Recommendation:** The Audit Office recommends that the Regional Administration urgently review its staffing situation since the level of staffing would obviously have an adverse effect on the operations of the Regional Administration and in particular the level of control needed to ensure adequate checks and balances. (2017/360)

Office and Field Supplies

838. The sum of \$400M was budgeted for the procurement of Drugs and Medical Supplies under Health Services Programme - Line Item 6221 for 2017. The Regional Administration expended \$125M and issued two Inter-Departmental Warrants to the Ministry of Public Health (MOPH) for the Ministry to procure drugs and medical supplies on behalf of the Regional Administration.

839. Warrant №.s. 1 and 2 of 2017 were issued on 21 September 2017 and 21 November 2017 for \$250M and \$25M respectively. Financial returns were received from MOPH indicating that the full amounts were expended. The table below summarises the expenditure for Drugs and Medical Supplies under Health Services Programme - Line Item 6221.

Budgeted Amount \$'000	IDWs to MOPH					Expended by Region \$'000	Total Expended \$'000	Total Unspent Balance \$'000
	№.	Date	Amount Warranted \$'000	Expended as per Financial Return \$'000	Unspent \$'000			
400,000	1/2017	21/09/2017	250,000	250,000	0	125,000	400,000	0
	2/2017	21/11/2017	25,000	25,000	0			
Total			275,000	275,000	0	125,000	400,000	0

840. Further, as was reported in 2016, a similar situation occurred in 2017, whereby although drugs and medical supplies were received by the Regional Administration, the cost was not stated on the documentation that accompanied the deliveries. As a result, it could not be determined whether the full value was received for the sums warranted to the MOPH. Nevertheless, a cost listing was subsequently presented by the Materials Management Unit (MMU) for the items supplied to the Region and an examination of this listing revealed the following:

- a) the items supplied to the Region, as stated on the cost listing summary, indicated 60% of the drugs were valued at \$246.114M and 40% of the drugs carried a description of “estimated unknown value” with a value of \$98.445M which gave a total of \$344.559M as the value of drugs supplied to the Region despite warrants to the value of \$275M sent to MOPH;
- b) there were several items listed for which no unit price nor total value were quoted, however, the quantity of the items dispatched were recorded; and
- c) a reconciliation was not done. As a result, it could not be determined whether full value was received for the sum warranted to the MOPH.

**Region's Response:** The Head of Budget Agency indicated that a meeting will be set with the MMU, MOPH and the Region to assist in reconciling the drugs supplied.

**Recommendation:** The Audit Office recommends that the Regional Administration put systems in place to reconcile supplies received by the respective health facilities with the drugs list initially submitted, and obtain the cost of the drugs and medical supplies from the MOPH so as to reconcile the value of the drugs and medical supplies received with that of the sum warranted to the MOPH. (2017/361)

841. The \$125M expended by the Regional Administration was for the procurement of drugs and medical supplies from local suppliers whenever the requisite items are not available from MMU. It was explained that a 'nil' list was prepared and forwarded to the Regional Administration stating that the items required are not available after which the Administration will proceed to procure the needed items. However, upon request, 'nil' lists were only presented for 17th November 2017 and 15th December 2017.

**Region's Response:** The Head of Budget Agency explained that the system of obtaining a written 'nil' list only commenced in November 2017. Prior to this confirmation of non-availability at MMU was obtained verbally.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure items needed are not available at the MMU for supply before such items are purchased by the Region. (2017/362)

842. According to the Regulations made under the Procurement Act - Amendment of Schedule 1 and Schedule 2 to the Principal Regulations, Item 2. "*The threshold foreseen in section 27(1) of the Act for use of the request for quotations method of procurement shall be \$1,500,000*". It was discovered that the RDC breached the aforementioned regulations since the three quote method of procurement was utilised for nineteen instances totalling \$56.898M to procure drugs and medical supplies when these purchases should have been adjudicated by the Regional Tender Board due to the value exceeding the limit of \$1.500M.

**Region's Response:** The Head of Budget Agency explained that due to these purchases being emergencies, it was done based on quotations and were not advertised, nevertheless, they were still adjudicated by the Regional Tender Board.

**Recommendation:** The Audit Office recommends that the Regional Administration comply fully with the requirements of the Procurement Act. (2017/363)

843. According to section 27(2) of the Procurement Act, before awarding a contract the procuring entity shall obtain and compare quotations from as many qualified suppliers or contractors as feasible, but not fewer than three. However, it was noted that the Regional Tender Board Minutes №. 34/17 dated 5 September 2017 revealed that the Administration only requested quotations from two suppliers for the supply of 134 items of drugs and medical supplies. Further, it was noted that one of the suppliers did not have forty-two of the 134 items available while the other did not have thirty of the items. However, the Regional Tender Board approved and awarded the suppliers at their quoted prices rather than requesting the Administration to seek quotations from other suppliers so as to have a more competitive bidding process which could result in significant cost savings for the Region.

**Region's Response:** The Head of Budget Agency indicated that requests for quotations were sent to more than two suppliers, however, only two responded.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure full compliance with the Procurement Act at all times. (2017/364)

844. A comparison of the prices paid for drugs and medical supplies procured by the Regional Administration from local suppliers with that of the prices paid by MMU as indicated on the price listing submitted, revealed that for fourteen items the Regional Administration paid significantly higher prices when compared with MMU prices as shown below:

Description of Item	Unit	Price Paid by MMU \$	Price Paid by Region \$	Variance \$	Quantity of item procured by Region	Savings procured via MMU \$'000
Ciprofloxacin 500mg Tablets	Each	11	50	39	15,000 each	585
Infusion set	Each	30	130	100	5,000 each	500
Hydrophilic gauze 90cm x 91m	Roll	2,209	3,779	1,570	300 rolls	471
Simvastin 20mg Tablets	Box of 100	897	2,500	1,603	250 box	401
Ramipril 5mg Tablets	Box of 30	820	1,215	395	300 box	119
Amoxicillin Tablet 500mg	Bottle of 1000	10,525	17,139	6,614	15 bottle	99
Metformin 500mg Tablets	Bottle of 1000	3,520	5,120	1,600	50 bottle	80
Hyoscine Butylbromide 20mg/1ml Inj	Each	68	225	157	500 each	79
Azithromycin 250mg Tablet	Box of 6	124	300	176	390 box	69
Chloramphenicol 0.5 eyedrops 10ml	Each	295	608	313	200 bottle	63
Erythromycin 250mg Tablets	Box of 1000	16,995	22,356	5,361	5 box	27
Cephalexin 250mg Tablet	Each	9	17	8	3,000 each	24
Frusamide 40mg Tablets	Bottle of 1000	2,550	3,226	676	20 bottle	14
Haloperidol 5mg Tablets	Bottle of 1000	3,495	5,178	1,683	5 bottle	8
Total						2,539

**Region's Response:** The Head of Budget Agency indicated that the price paid by MMU will be less due to economies of scales when purchasing in large quantities.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure items needed are not available at the MMU for supply before such items are purchased by the Region and that these purchases are in keeping with the Procurement Act. (2017/365)

845. Amounts totalling \$91.997M were expended on dietary items purchased mainly for the consumption by patients at the Fort Canje and New Amsterdam Hospitals. An examination of a sample of twenty Payment Vouchers revealed five instances where payments were made for dietary items to the value of \$5.622M between the period January to June 2017. However, these items were not recorded in the Goods Received Book and Stock Ledgers maintained at the Fort Canje Hospital Stores. As a result, it could not be determined whether the items procured were actually received and accounted for.

**Region's Response:** The Head of Budget Agency indicated that systems have since been improved from July 2017 to account for all dietary items promptly.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that the Stores Regulations are strictly adhered to at all times. (2017/366)

#### Maintenance Works

846. The sum of \$981.138M was allocated under this account area. As at 31 December 2017, the sum of \$978.559M was expended. Included in this sum were amounts totalling \$48.778M expended on vehicle spares, services and repairs to the Regional Administration fleet of vehicles. An analysis of these costs revealed that twelve of the vehicles had very high maintenance costs that amounted to \$24.109M as detailed below:

Vehicle №.	Description of Vehicle	Amount \$'000
PVV 1992	David 'G' school bus (60 seater)	5,843
PKK 6310	Pick up (Toyota Hilux - Vigo)	2,462
PLL 2717	Pick up (Toyota Hilux)	2,305
PJJ 9502	Toyota Hilux Surf	2,073
PSS 657	Ambulance	1,907
PLL 2405	Ambulance	1,866
GKK 9654	Canter	1,847
PLL 3397	Pick up (Nissan Frontier)	1,701
PLL 2407	Ambulance	1,375
PVV 1993	David 'G' school bus (60 seater)	1,301
PKK 527	Pick up (Nissan Frontier)	753
PDD 7933	Toyota Land Cruiser	676
Total		24,109

847. Further, audit examination revealed that the contracts prepared by the Regional Administration for the repairs and maintenance of vehicles were deficient, in that clauses stipulating commencement, duration and completion dates were not included.

**Region's Response:** The Head of Budget Agency indicated that immediate action was taken to correct the deficiency as it relates to the contracts for repairs of vehicles.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure the proper preparation of all contract documents so that there is proper monitoring of all repair and maintenance works. (2017/367)

#### Other Matters

848. Section 43 of the Fiscal Management and Accountability Act (2003) states that at the end of each fiscal year, any unexpended balance of public moneys issued out of the Consolidated Fund shall be returned and surrendered to the Consolidated Fund. However, an inspection of the Sub-Treasury safe revealed that there were three cheques valued at \$15.195M at the time of reporting. These cheques should have been refunded to the Consolidated Fund at the end of 2017 and the necessary adjustments made to the Appropriation Accounts. As a result, the Appropriation Accounts was overstated by the said amount.

**Region's Response:** The Head of Budget Agency indicated that action will be taken to avoid a recurrence of this in the future.

**Recommendation:** The Audit Office recommends that the Regional Administration institute measures to ensure full repayment to the Consolidated Fund of all amounts remaining unpaid at the end of each financial year in compliance with the FMA Act. (2017/368)

849. An integral aspect of the system of internal control is the maintenance of a register of controlled forms. Audit checks revealed that books such as Requisition to Purchase/Local Purchase Order, Internal Stores Requisition and Stores Received Note were recorded in the Stock Ledgers and Bin Cards at the Fort Canje Stores and RDC main stores. Further, the books were recorded in quantities instead of sequentially. As a result, the serial number of books issued and the Department to which they were issued could not be determined.

**Region's Response:** The Head of Budget Agency explained that a Control Forms Register has since been implemented.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure this register is maintained and utilised for its purpose. (2017/369)

#### Methods of Procurement

850. Audit checks revealed that 153 contracts to the value of \$604.849M for both current and capital expenditures were not publicly advertised and, as such, were procured by means of Restricted Tendering. The Procurement Act 25(2) states that a procuring entity may use a method of procurement other than Public tendering proceedings in which case the procuring entity shall include in the records a statement of the grounds and circumstances on which it relied to justify the use of that particular method of procurement. However, no such statement was presented for audit scrutiny.



851. It was further stated in the Procurement Act 26 (1) (a) when the procurement method of Restricted Tendering is used the procuring entity shall invite all suppliers and contractors to submit tenders. However, audit checks revealed that the Regional Tender Board did not invite all its prequalified contractors to submit tenders for which they were qualified. Further, analysis of the RTB Minutes revealed that the Regional Tender Board had invited a maximum of four contractors and in some instances less than four, to submit tenders for 140 contracts valued at \$570.144M of the 153 contracts as stated above.

**Region's Response:** The Head of Budget Agency indicated that the Regional Administration will in future adhere to the Procurement Act.

**Recommendation:** The Audit Office recommends that the Regional Administration comply fully with the Procurement Act at all times. (2017/370)

852. Further, audit examination revealed eight instances, as noted below, where the contract sum was the same as the Engineer's Estimate. In addition, each item on the contractor's Bill of Quantities was identical to that of the Engineer's Bill of Quantities. All eight of these contracts were awarded by the Regional Tender Board of which four were awarded at one sitting. It should be noted that all eight contracts were awarded to one contractor. A special investigation on this issue is being carried out by the Audit Office of Guyana and a separate report will be issued.

No.	RTB No.	Contract No	Description	Engineer's Estimate \$'000	Tender Price \$'000	Amount Paid \$'000
1	30/17	460/17	Repairs to No. 61 Beach Entrance	1,343	1,343	1,343
2	30/17	493/17	Repairs to No. 63 Beach Entrance	1,864	1,864	1,864
3	42/17	964/17	Grading & Shaping of Manarabisi Pump Station Main Drain	13,327	13,327	13,327
4	42/17	917/17	Excavation of Lesbeholden North Frontlands Distributory Canal,	13,010	13,010	13,010
5	42/17	918/17	Excavation of Limilair /Friendship Drainage Canal	8,774	8,774	8,774
6	42/17	955/17	Excavation of Liverpool Drainage canal	10,010	10,010	10,010
7	47/17	1037/17	Landfilling & Fencing at 53 Union Community Ground	5,998	5,998	5,998
8	48/17	1024/17	Repairs to Main Entrance (inside of compound ) at National Psychiatric Hospital	2,915	2,915	2,915
Total				57,241	57,241	57,241

## Capital Expenditure

### Buildings

853. The contract for the extension of Regional Health Services Drugs Bond at New Amsterdam was awarded to the lowest of three bidders in the sum of \$5.743M. The Engineer's Estimate was \$5.962M. As at 31 December 2017, amounts totalling \$5.640M were paid to the contractor. A physical verification of the project revealed that the contractor was overpaid \$395,050 as detailed below:

Item	Description	Qty Paid	Qty Found	Unit	Diff	Rate \$	Amount Overpaid \$'000
4	Floor Slab						
	Supply and install №. 65 BRC Fabric as main reinforcement to concrete slab and apron.	87	76.6	m <sup>2</sup>	10.4	1,200	12
	Bill №. 4 Concrete works						
2	Structural Concrete (3000 PSI)						
(c)	Supply, place and compact structural concrete to columns as directed by engineer.	1.6	1.023	m <sup>3</sup>	0.577	60,000	35
	Supply, place and compact structural concrete to beams as directed by engineer.	3.05	2.5	m <sup>3</sup>	0.55	60,000	33
	Supply, place and compact structural concrete 100mm in thickness to ground floor slab	8.7	7.7	m <sup>3</sup>	1	60,000	60
	Bill №. 5 Blockwork						
1	Walls						
	Supply and place 150mm HCB laid in stretcher bond inclusive of ½" thick plaster to both sides as directed	144.8	93.8	m <sup>2</sup>	51	4,200	214
	Bill №. 8 Roof and Rainwater Goods						
1	Supply and install 27-gauge pre-painted aluminium corrugated zinc sheets using 2" roofing screws with rubber washers as directed.	106.3	90	m <sup>2</sup>	16.3	2,500	41
Total							395

**Region's Response:** The Head of Budget Agency explained that the contractor will be written to in order to recover the overpayment.

**Recommendation:** The Audit Office recommends that the Regional Administration make every effort to recover the overpayments and put systems in place to avoid future recurrences. (2017/371)

854. The construction of №. 36 Primary School Phase 2 was awarded to the lowest of seven Bidders in the sum of \$5.433M. The Engineer's Estimate was \$4.579M. As at 31 December 2017, amounts totalling \$5.336M were paid to the contractor. A physical verification of the project revealed that the contractor was overpaid \$360,840 as detailed below:

Item	Description	Qty Paid	Qty Found	Unit	Diff	Rate \$	Amount Overpaid \$'000
	Apron						
	Concrete Works						
14.03	Level and compact base of suspended slabs as directed	211.5	0	m <sup>2</sup>	211.5	200	42
14.06	Supply and install 4" 1:2:3 concrete mix (C30 grade) to form aprons 6' wide as directed.	22.33	19.76	m <sup>3</sup>	2.57	42,000	108
	Metal Works						
24.00	Supply, fabricate and install ½" ms bordered and 3/8" ms infilled metal grill to windows complete with metal ear attachments (6nos. per window), two coats of antirust metal paint to surfaces as directed. 30 nos windows are to be secured.	52.5	26.5	m <sup>2</sup>	26	8,100	211
Total							361

**Region's Response:** The Head of Budget Agency explained that the contractor will be written to in order to recover the overpayment.

**Recommendation:** The Audit Office recommends that the Regional Administration take steps to recover the overpayment and put proper systems in place to avoid future recurrences. (2017/372)

#### Capital Purchases

855. The Regional Administration had budgeted under its capital programme for the year 2017 the purchase of a bulldozer at a budgeted cost of \$15M. The Regional Executive Officer stated that the purchase of a D3 bulldozer in 2017 was approved by the Council at the RDC meeting held in August 2016. However, an examination of the minutes to the RDC meeting held on 8 August 2016 revealed that the purchase of the D3 bulldozer was not explicitly stated as one of the items approved by the Council at that meeting. The Regional Administration referred the tendering of this equipment to NPTAB since the budgeted cost exceeded the Region Tender limit of \$14M as outlined in the Procurement Act. The Audit Office had conducted a special investigation into this matter and a report was issued on the 3 August 2018. Below is a summary of the findings of the report issued:

- a) the supplier was awarded the contract even though there was no evidence that he satisfied the criteria which stipulated that the supplier must have supplied equipment of a similar nature;

- b) the Regional Administration and the supplier signed a construction contract instead of a supply contract. This resulted in irrelevant terms and condition of the contract;
- c) a performance security was not enforced;
- d) specific Special Conditions of the Contract were not adhered to, especially as it related to the submission of key documents;
- e) an advance payment of approximately 52.69% of the contract sum was paid to the supplier. However, the contract did not make provision for such payment;
- f) a physical inspection revealed that the chassis plate on the bulldozer indicated that the equipment was a D4. However, the Regional Administration had invited bids for a D3 bulldozer and the supplier submitted bid for a D3 bulldozer. It was observed that the bulldozer had various defects; and
- g) the Regional Administration had written the contractor on the 11 January 2018, instructing him to remove the D4 bulldozer and supply the D3 bulldozer as specified in the bid document. The contractor had removed the equipment and the Regional Administration had levied the performance guarantee in the sum \$14.8M, which was received and deposited in the Consolidated Fund on the 25<sup>th</sup> of June 2018.

856. The Regional Administration entered into two contracts with the same supplier of the bulldozer for the supply and delivery of one water ambulance on the 7 November 2017 and one fibre glass boat and engine on the 17 July 2017 in the sum of \$23.1M and \$8.8M respectively. However, the contractor failed to honour the terms of the agreement by not delivering these assets, even though the Administration had paid over the sums of \$12M or 52% and \$4.4M or 50% of the contract price. It was also noted that the procurement of the fibre glass boat and engine had required the adjudication at the level of the NPTAB, but were instead awarded through the Region's Board. Further, it was observed that the contract agreement between the two parties for both procurements was incorrect since the terms and conditions specified in the contract are relevant to that for construction works and not purchases. At the time of reporting two cheques in the sum of \$10.878M and \$4.312M dated 30 December 2017 were at the Region's Sub-Treasury office. These cheques were prepared for the supplier as outstanding balance of payments for the above mentioned contracts.

**Region's Response:** The Head of Budget Agency explained that to date two engines and the medical equipment were received for the water ambulance and the fibre glass boat. However, the water ambulance and the fibre glass boat were not yet received.

**Recommendation:** The Audit Office recommends that the Regional Administration make every effort to ensure all items paid for are delivered. (2017/373)

Prior year matters, which have not been fully resolved

Current Expenditure

857. For the years 2012 to 2016 unpaid net salaries totalling \$14.744M were refunded to the Consolidated Fund, while amounts totalling \$860,619 remained outstanding as overpaid net salaries. The related deductions totalling \$221,835 paid over to the various agencies were also not recovered as shown below:

Year	Net Salaries Overpaid \$	Net Salaries Recovered \$	Net Salary Outstanding \$	Deductions Overpaid & not recovered \$
2012	337,613	132,269	205,344	45,592
2014	535,098	150,990	384,108	62,822
2015	354,077	293,091	60,986	51,179
2016	210,181	0	210,181	62,242
Total	1,436,969	576,350	860,619	221,835

**Region's Response:** The Head of Budget Agency indicated that both the former Employees and deduction agencies were written to in order to recover the amounts overpaid.

**Recommendation:** The Audit Office once again recommends that the Regional Administration follow-up this matter with the relevant Officers and Agencies with the view of recovering all amounts overpaid. (2017/374)

858. Two hundred and thirty Cheque Orders valued at \$119.780M remained outstanding for prior years as shown in the table below.

Year	No. Of Cheque Orders	Amount \$'000
2010	63	20,300
2011	34	12,465
2012	32	29,073
2013	72	47,150
2014	27	10,109
2015	2	683
Total	230	119,780

**Region's Response:** The Regional Administration explained that efforts will continue to clear all outstanding Cheque Orders.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that Cheque Orders are cleared promptly. (2017/375)

### Capital Expenditure

859. The Regional Administration is still to recover overpayments totalling \$11.560M made on seventeen contracts for the year 2010, 2011, 2013 and 2016 as shown below.

Year	Sub Head	Description	Amount \$'000	Amount recovered \$'000	Amount Outstanding \$'000
2010	11007	Reconstruction of the Johanna/Yakusari High Bridge	160	0	160
“	11007	Reconstruction of timber revetment at Tain	263	27	236
“	14010	Rehabilitation of Last Street, Canefield	851	0	851
“	12040	Extension of Drugs Bond, New Amsterdam	863	0	863
2011	13010	Timber Revetment at Orealla	913	674	239
“	13010	Construction of reinforced concrete bridge at Germania	185	23	162
“	13010	Re-construction of concrete bridge at Johanna, BBP	700	0	700
“	14010	Rehabilitation of Grant 1780 Second Cross Street CWC	3,561	0	3,561
“	12039	Rehabilitation of Canje Secondary School Phase 2	370	285	85
“	12039	Skeldon Line Path Secondary	214	0	214
“	12040	New Amsterdam Hospital Bond	875	0	875
2013	12039	Construction of Albion Front Nursery - Phase 2	659	300	359
2016	11007	Rehabilitation of №. 52 cross Street	1,697	431	1,266
“	12039	Construction of №. 36 Primary School	1,093	0	1,093
“	12040	Construction of an Outpatient Building New Amsterdam	896	0	896
Total			13,300	1,740	11,560

**Region's Response:** The Head of Budget Agency indicated that the efforts are continuing to ensure the sums overpaid are recovered.

**Recommendation:** The Audit Office once again recommends that the Regional Administration make every effort to recover the overpayments and put proper systems in place to avoid future recurrences. (2017/376)

Follow-Up on the Implementation of Prior Year Audit Recommendations

860. The table below summarises the prior year matters as contained in the Auditor General's 2016 Report and the action taken by the Head of the Budget Agency regarding the recommendations made by the Audit Office.

Rec. №.	Category of Findings	Recommendations		
		Fully Implemented	Partially Implemented	Not Implemented
2016/455	Circularised instructions	√		
2016/456	Circularised instructions		√	
2016/457	Overpayment of salaries			√
2016/458	IDW Drugs and Medical Supplies			√
2016/459	IDW Drugs and Medical Supplies	√		
2016/460	Breaches of the Stores Regulations		√	
2016/461	Others	√		
2016/462	Misclassification of expenditure	√		
2016/463	Breaches of the Stores Regulations	√		
2016/464	Breaches of the Stores Regulations		√	
2016/465	Breaches of FMA Act 2003		√	
2016/466	Cheques Orders and Missing Vouchers		√	
2016/467	Overpayment of construction works			√
2016/468	Overpayment of construction works			√
2016/469	Breaches of Procurement Act 2003	√		
2016/470	Others	√		
2016/471	Overpayment of construction works		√	
2016/472	Breaches of FMA Act 2003	√		
2016/473	Breaches of Procurement Act 2003	√		
2016/474	Tender board minutes	√		
2016/475	Overpayment of construction works	√		
2016/476	Overpayment of salaries		√	
2016/477	Losses not yet written off			√
2016/478	Cheques Orders and Missing Vouchers			√
2016/479	Overpayment of construction works			√

AGENCY 77  
REGION 7 – CUYUNI/MAZARUNI

Current year matters, with recommendations for improvement in the existing system

Current Expenditure

Employment Costs

861. According to the National Estimates amounts totalling \$873.303M was budgeted for Employment Cost for a staff complement of 687. As at 31 December 2017, amounts totalling \$863.209M were expended for 697 staff as shown below. This represents ten staff more than was budgeted for and \$10.096M under the budgeted expenditure. As such, it would appear that Employment Cost was over budgeted.

Line Item	Description	Filled 2017	Actual 2017	Increase/ (Decrease) 2017
6111	Administrative	40	40	0
6112	Senior Technical	172	181	9
6113	Other Technical and Craft Skilled	186	206	20
6114	Clerical and Office Support	8	25	17
6115	Semi Skilled Operatives and Unskilled	104	160	56
6116	Contracted Employees	177	85	(92)
6117	Temporary Employees	0	0	0
Total		687	697	10

**Region's Response:** The Head of Budget Agency indicated that transition from contracted to the pensionable establishment resulted in the reduction of the employment cost, as such, savings were realised.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that its budget submission is in keeping with circularised instructions and the amount budgeted for employment cost is for staff positions that are filled. (2017/377)

862. A further analysis of the employment details revealed that Public Service Commission Staff Vacancy Circular №. 2/2017 had advertised a total of twenty-two vacancies. These vacancies included critical posts such as one Chief Accountant, one Senior Personnel Officer and one Procurement Officer. As a result, these critical vacancies would have an adverse effect on the operations of the Regional Administration. It should also be noted that the Regional Administration is without a Deputy Regional Executive Officer, this post was not advertised in the circular mentioned above.

**Region's Response:** The Head of Budget Agency indicated that the filling of these vacancies are pending at the Public Service Commission.



**Recommendation:** The Audit Office recommends that the Regional Administration urgently review its staffing situation since the level of staffing would obviously have an adverse effect on the operations of the Regional Administration and in particular the level of control needed to ensure adequate checks and balances. (2017/378)

863. Unpaid net salaries totalling \$565,011 were refunded to the Consolidated Fund for eight employees; however, the related deductions of \$39,178 paid to the various agencies were not recovered. Similarly, for the years 2011, 2012 and 2014 deductions totalling \$628,000 overpaid to the Guyana Revenue Authority (GRA), National Insurance Scheme (NIS) and other agencies were still not recovered as detailed below:

Years	GRA Paid Over \$'000	GRA Recovered \$'000	NIS Paid Over \$'000	Others \$'000	Total Deductions Outstanding \$'000
2011	210	0	87	0	297
2012	19	10	216	0	225
2014	20	0	68	18	106
Total	249	10	371	18	628

**Region's Response:** The Head of Budget Agency indicated that the employees will be written, while letters were already sent to the Agencies.

**Recommendation:** The Audit Office recommends that the Regional Administration follow-up this matter with the view of recovering the overpayments and ensure that pay change directives are effectively and efficiently communicated in a timely manner to the Regional Accounting Unit. (2017/379)

#### Office and Field Supplies

864. An amount of \$70M was budgeted for the procurement of drugs and medical supplies under Health Services Programmes - Line Item 6221 for the Region during 2017. According to the Appropriation Account the sum of \$49.997M was expended as at 31 December 2017, while \$20.003M was reflected as unspent.

865. Included in the amount spent, were sums totalling \$39M which were transferred by way of two Inter-Departmental Warrants (IDWs) to the Ministry of Public Health (MOPH) to procure drugs and medical supplies on behalf of the Region and \$30.996M was expended by the Region for the purchase of drugs and medical supplies on their own.

866. With respect to the IDW issued to the MOPH, Warrant No. 1/2017 for \$29M was dated 2 November 2017 while Warrant No. 4/2017 for \$10M was dated 15 November 2017. Financial returns were received from the MOPH in the sums of \$10.030M and \$8.971M, reflecting an unspent amount of \$19.999M. The table below summarises the expenditure for Drugs and Medical Supplies under Health Services Programme, Line Item 6221.

Budgeted Amount \$'000	IDWs to MOPH					Expended by Region \$'000	Total Expended \$'000	Total Unspent Balance \$'000
	No.	Date	Amount Warranted \$'000	Expended as per Financial Return \$'000	Unspent \$'000			
70,000	1/2017	02/11/2017	29,000	10,030	18,970	30,996	49,997	20,003
	4/2017	15/11/2017	10,000	8,971	1,029			
Total			39,000	19,001	19,999	30,996	49,997	20,003

867. Further, although drugs and medical supplies were received by the Regional Administration, the cost listing for the drugs and medical supplies was not presented. As a result, it could not be determined whether the value was received for the sum warranted to the MOPH.

**Region's Response:** The Head of Budget Agency indicated that efforts will be made to reconcile the list sent from MOPH with the actual drugs and medical supplies received.

**Recommendation:** The Audit Office recommends that the Regional Administration put systems in place to reconcile supplies received with the drugs list initially submitted, and obtain the cost of the drugs and medical supplies from the MOPH so as to reconcile the value of the drugs and medical supplies received with that of the sum warranted to the MOPH. (2017/380)

868. Physical verification of drugs and medical supplies at Bartica Hospital revealed thirty-five instances valued at \$1.285M, where expired drugs were found at this location.

**Region's Response:** The Head of Budget Agency indicate that action will be taken to dispose of these drugs.

**Recommendation:** The Audit Office recommends that the Regional Administration put systems in place to monitor the expiry dates of drugs in stock to ensure that wastage and loss through expiry is reduced. (2017/381)

#### Maintenance Works

869. The sum of \$399.990M was allocated under this account area. As at 31 December 2017, the sum of \$395.715M was expended as follows.

Line Item	Description	Total Funds Available \$'000	Amount Expended \$'000
6242	Maintenance of Buildings	157,000	155,993
6251	Maintenance of Roads	55,000	54,971
6252	Maintenance of Bridges	16,000	15,597
6253	Maintenance of Drainage & Irrigation	25,200	25,104
6254	Maintenance of Sea & River Defense	12,000	11,882
6255	Maintenance of Infrastructure	95,000	93,659
6264	Vehicle Spares & Maintenance	24,510	23,593
6282	Equipment Maintenance	15,280	14,916
Total		399,990	395,715

870. The contract for the maintenance of Duplex Living Quarters at Mongrippa Hill, Bartica was awarded to the lowest of fourteen bidders in the sum of \$3.293M. The Engineer's Estimate was \$4.200M. As at 31 December 2017 amounts totalling \$2.196M were paid to the contractor. A physical verification revealed that the works were incomplete and the site was abandoned and the final account was still to be prepared. Also, for the works completed so far, it was found that the contractor was overpaid \$1.541M, as detailed below:

Item	Description	Qty Paid	Qty Found	Unit	Diff	Rate \$	Amount Overpaid \$'000
2	Front Stairways Shed						
2.1	Cut platform walls etc in preparation to cast posts	1	0	sum	1	50,000	50
2.2	Install forms & dismantle on completion	13	0	sq.yd	13	1,000	13
2.3	Brush, cut ,tie & install the following						
A	1/2" dia main bars to columns & beams	187	0	lbs	187	300	56
B	3/8" dia stirrups to columns & beams	98	0	lbs	98	300	29
2.4	mix concrete (1:2:4) and cast:-						
A	6# 8'x6" x 6" columns	0.44	0	cu yds	0.44	28,000	12
B	2# 5' x 6" x6" + 1# 10' x 6" x 6" beam	0.19	0	cu yds	0.19	28,000	5
2.5	Install the following to sheds						
A	2" x 4" plates	19	0	bm	19	700	13
B	2" x 4" rafters	70	0	bm	70	700	49
C	1" x 6" perlins	50	0	bm	50	700	35
D	1" x 6" fascia	60	0	bm	60	700	42
2.6	26 guage pre-painted (same as main roof) sheets to shed	29	0	sq yds	29	1,500	44
3	Floor						
3.1	mix cement & sand mortar (1:3) & place 2" thick cap on floor	222	10	sq yds	212	800	170
3.2	Apply three (3) coats rubberised paint to floor less toilet & bath areas	210	0	sq yds	210	400	84

Item	Description	Qty Paid	Qty Found	Unit	Diff	Rate \$	Amount Overpaid \$'000
4	Toilets and Baths						
A	Stainless steel tissue holders	2	0	ea	2	4,000	8
B	Bath soap holder	2	0	ea	2	2,000	4
C	Toilet suit complete	2	0	ea	2	60,000	120
D	Small face sinks on brackets	2	0	ea	2	15,000	30
E	Curtain rods to baths	2	0	ea	2	3,000	6
G	Shower rose & stand pipe in baths	1	0	sum	1	0	-
J	Mirror over face sink	2	0	ea	2	4,000	8
5	Kitchens						
5.1	Construct two (2) 13'x2'x3' high L shape concrete kitchen floor cupboards, leaving space for sink , with six (6) doors each with ball catches & pulls ,one shelf and three (3) coats paint in and out and tiled top	2	0	ea	2	75,000	150
5.2	Install single bowl, single drain board, stainless steel sinks complete	2	0	ea	2	20,000	40
6	Paintings						
6.1	Prime, stop and apply two (2) coats anti fungus oil paint to all wooden areas of building	250	156	sq yds	94	500	47
7	Trestle						
7.1	Excavate area & spread and compact materials in low areas on site	1.18	0	cu yds	1.18	10,000	12
7.2	Place & compact 2" thk white sand blinding	10.67	0	sq yds	10.67	2,000	21
7.3	Install forms & dismantle on completion	20	0	sq yds	20	800	16
7.4	Brush, cut ,tie & install 1/2" dia reinforcement to						
A	Base in mat form at 8" ctrs	198	0	lbs	198	300	60
B	columns (4# main bars each)	82.5	0	lbs	82.5	300	25
C	Beams (4# main bars each)	27.5	0	lbs	27.5	300	8
D	Table in mat form at 8" ctrs both ways	119.62	0	lbs	119.62	300	36
7.5	Brush, cut ,tie & install 3/8" dia reinforcement as stirrups at 8" ctrs to columns & beams	60.9	0	lbs	60.9	300	18
7.6	Mix concrete (1:2:4) and cast						
A	1#12'x8'x4" thk base	1.18	0	cu yds	1.18	30,000	36
B	2#15'x10"x10" columns	0.77	0	cu yds	0.77	30,000	23
C	1#10'x8"x10" beams	0.2	0	cu yds	0.2	30,000	6
D	1# 10'X6'X4" Thk table	0.74	0	cu yds	0.74	30,000	22
8	Plumbing and Guttering						
B	Stop ends	6	4	ea	2	2,000	4
8.2	Allow for all pipes and fittings	1	0	sum	1	100,000	100

Item	Description	Qty Paid	Qty Found	Unit	Diff	Rate \$	Amount Overpaid \$'000
	(Provisional Sum)						
8.3	Allow for connection to G.W.I.	1	0	sum	1	100,000	100
9	Install 140'x16" high kerb wall to ground floor	20.68	0	sq yds	20.68	2,000	41
Total							1,541

**Region's Response:** The Head of Budget Agency explained that the contract was terminated and a valuation on termination will be prepared and the final overpayment quantified and recovered.

**Recommendation:** The Audit Office recommends that the Regional Administration recover the overpayment, ensure that completed works are accurately measured and quantified before payments are made to the contractor and implement proper systems to avoid future recurrences. (2017/382)

871. The contract for the maintenance of shed in Beach View Nursery School Compound, Bartica was awarded to the most responsive of eight bidders in the sum of \$2.224M. Amounts totalling \$2.219M were paid to the contractor. The Engineer's Estimate was \$2.322M. A physical verification revealed that \$58,000 was overpaid to the contractor, as shown below:

Item	Description	Qty Paid	Qty Found	Unit	Diff	Rate \$	Amount Overpaid \$'000
2	Play area shed						
2.2	Install grove 7 tongue close boarding to ceiling	12.54	0	sq yds	12.54	4,000	50
4	Fill sand box with white sand	6	3	cu yds	3	2,500	8
Total							58

**Region's Response:** The Head of Budget Agency indicated that the amount overpaid will be recovered.

**Recommendation:** The Audit Office once again recommends that the Regional Administration make every effort to recover the overpayment and put proper systems in place to avoid future recurrences. (2017/383)

872. The contract for the maintenance of sections of Bartica Secondary School was awarded to the most responsive of nine bidders in the sum of \$3.412M. The Engineer's Estimate was \$3.995M. Amounts totalling \$3.389M were paid to the contractor. A physical verification revealed that \$563,727 was overpaid to the contractor as shown below:

Item	Description	Qty Paid	Qty Found	Unit	Diff	Rate \$	Amount Overpaid \$'000
1.1	Apply three (3) coats oil paint to all wooden areas of patio less door of store room	45	0	sq yds	45	700	32
1.3	Apply three (3) coats emulsion paint to all concrete areas of patio & store room	273.66	0	sq yds	273.66	600	164
1.5	Dismantle & replace step treaders at big lap 1" x 12"	9	0	bm	9	500	4
1.6	Apply thee (3) coats oil paint to step at big lab	10	0	sq yds	10	700	7
2.1	Replace south exterior door at big lab 3' x 88" with solid panel door + 1# yale lock + 1 pull + 1pr hinges & 3 coats paint	1	0	ea	1	50,000	50
2.2	Replace door in office at big lab with pine door + 1# yale lock + 1 pull + 1pr hinges & 3 coats paint	1	0	ea	1	40,000	40
2.3	Replace floor boards of corridor to home Eco	30	0	bm	30	500	15
2.4	Apply three (3) coats rubberised paint to floor of corridor of Home Eco + big lab + wood working area	60	0	sq yds	60	700	42
3	Apply three (3) coats rubberised paint to floor of patio and concrete ceiling of store room	59.33	0	sq yds	59.33	700	42
5	Replace casement windows with 3'x4' sash windows at H.M. Office	6	0	ea	6	28,000	168
	Total						564

**Region's Response:** The Head of Budget Agency explained that the contactor was already written to in order to recover the amounts overpaid.

**Recommendation:** The Audit Office recommends that the Regional Administration take immediate steps to recover the overpayment and ensure that completed works are accurately measured and quantified before final payments are made. (2017/384)

873. Amounts totalling \$23.593M was expended for vehicles spares and maintenance for the period under review for the Regional Administration fleet of vehicles. An analysis of vehicles spares & maintenance revealed that twelve vehicles had exceedingly high maintenance costs that amounted to \$14.768M. The table below gives details of the costs associated with repairs of each vehicle and equipment:

Vehicle №.	Description of Vehicle	Amount \$'000
PVV 1998	David G # 6 School Bus	2,225
PKK 7077	Pick Up Double Cap	2,021
PLL 2521	Pick Up Double Cap	1,885
PVV 1876	Frontier Double Cap	1,579
PNN 7288	Pick Up Double Cap	1,525
PHH 1028	Suzuki Jeep	1,159
CF 6081	All-Terrain Vehicle	1,049
Sir Gordon	Boat	929
PSS 8404	Mini Bus	682
CH 7316	All-Terrain Vehicle	606
115 HP Engine	Yamaha Engine	576
150 HP Engine	Yamaha Engine	532
Total		14,768

**Region's Response:** The Head of Budget Agency explained that five new vehicles were budgeted for in the 2019 budget.

**Recommendation:** The Audit Office recommends that the Regional Administration monitor the maintenance cost to see whether it's economical to maintain some of these vehicles or budget to purchase new ones. (2017/385)

#### Other Matters

874. Section 43 of the Fiscal Management and Accountability Act (2003) states that at the end of each fiscal year, any unexpended balance of public moneys issued out of the Consolidated Fund shall be returned and surrendered to the Consolidated Fund. However, an inspection of the Sub-Treasury safe revealed that there were twelve cheques valued at \$4.741M at the time of reporting. It should also be noted that included in this amount were three cheques totalling \$173,600 which were without Payment Vouchers.

**Region's Response:** The Head of Budget Agency indicated that all the outstanding cheques will be refunded to the Consolidated Fund.

**Recommendation:** The Audit Office recommends that the Regional Administration institute measures to ensure full repayment to the Consolidated Fund of all amounts remaining unpaid at the end of each financial year in compliance with the FMA Act. (2017/386)

875. Circularised instructions state that for the occupation of Government Quarters, public servants are required to pay rent of 10% and 12% of their salary for unfurnished and furnished accommodation respectively, except where entitlement to rent-free Government Quarters had been previously approved, as a condition of service. Based on the records presented for audit examination there are 202 buildings controlled by the Regional Administration of which 102 are living quarters. Fourteen of these living quarters are vacant while the remaining eighty-eight are occupied by various persons. Audit checks revealed that only twelve persons were paying rent, thirty are entitled to rent free quarters and forty-six were not paying rent, this includes five civilians.

**Region's Response:** The Head of Budget Agency indicated that the staff members occupying the quarters rent-free are mainly Teachers, while the occupancy of the other quarters will be regularised shortly.

**Recommendation:** The Audit Office recommends that the Regional Administration take steps to ensure that only officers entitled to Government Quarters are accommodated there and all outstanding amounts for rent are collected and deposited into the Consolidated Fund. (2017/387)

Prior year matters, which have not been fully resolved

Current Expenditure

876. As at 31 December 2007, there were shortages in stock of fuel and lubricants valued at \$1.398M for the years 2001 to 2006, which was yet to be written off. At the time of reporting, the Regional Administration was still awaiting a decision from the Ministry of Finance as it relates to the writing off of these losses.

**Region's Response:** The Head of Budget Agency indicated that the Region is still awaiting a response from the Finance Secretary.

**Recommendation:** The Audit Office once again recommends that the Regional Administration pursue this matter with the Finance Secretary in order to bring closure to same. (2017/388)

877. The Regional Administration had still not recovered amounts totalling \$1.719M overpaid on the contract for the construction of living quarters at Mongrippa Hill, Bartica.

**Region's Response:** The Head of Budget Agency explained that an agreement was made with the contractor for repayment of the amount overpaid in installments.

**Recommendation:** The Audit Office once again recommends that the Regional Administration make every effort to recover the overpayments and put proper systems to avoid a recurrence. (2017/389)

Follow-Up on the Implementation of Prior Year Audit Recommendations

878. The table below summarises the prior year matters as contained in the Auditor General's 2016 Report and the action taken by the Head of the Budget Agency regarding the recommendations made by the Audit Office.



Rec. №.	Category of Findings	Recommendations		
		Fully Implemented	Partially Implemented	Not Implemented
2016/480	Circularised instructions	√		
2016/481	Circularised instructions			√
2016/482	IDW Drugs and Medical Supplies			√
2016/483	Expired drugs	√		
2016/484	Others	√		
2016/485	Overpayment of construction works	√		
2016/486	Overpayment of construction works	√		
2016/487	Breaches of the Stores Regulations		√	
2016/488	Breaches of the Stores Regulations		√	
2016/489	Cheques Orders and Missing Vouchers	√		
2016/490	Breaches of FMA Act 2003	√		
2016/491	Breaches of FMA Act 2003		√	
2016/492	Weak internal controls	√		
2016/493	Shortfall in capital expenditure	√		
2016/494	Overpayment of construction works			√
2016/495	Overpayment of salaries			√
2016/496	Losses not yet written off			√

AGENCY 78  
REGION 8 – POTARO/SIPARUNI

Current year matters, with recommendations for improvement in the existing system

Current Expenditure

Employment Cost

879. According to the National Estimates amounts totalling \$342.129M were budgeted for Employment Cost for a staff complement of 308. As at 31 December 2017, amounts totalling \$339.105M were expended for 380 staff as shown below. This represents seventy-two staff more than was budgeted for and \$3.027M under the budgeted expenditure. As such, it would appear that Employment Cost was over budgeted.

Line Item	Description	Filled 2017	Actual 2017	Increase/ (Decrease) 2017
6111	Administrative	16	18	2
6112	Senior Technical	40	36	(4)
6113	Other Technical and Craft Skilled	88	152	64
6114	Clerical and Office Support	8	7	(1)
6115	Semi-Skilled Operatives and Unskilled	92	128	36
6116	Contracted Employees	64	39	(25)
6117	Temporary Employees	0	0	0
Total		308	380	72

**Region's Response:** The Head of Budget Agency indicated that the transition of employees from contracted to the pensionable establishment resulted in the reduction of the employment cost while the increase in staff was mainly due to the inclusion of staff that resigned during the year who were placed on the December payroll for Government across the board increase.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that its budget submission is in keeping with circularised instructions and the amount budgeted for employment cost is for staff positions that are filled. (2017/390)

880. A further analysis of the employment details revealed that the Regional Administration had twelve vacancies as advertised in the Public Service Commission Staff Vacancy Circular. These vacancies included critical posts, such as, one Assistant Secretary (Finance), an Accountant, a School Welfare Officer and a Procurement Officer. As a result, these critical vacancies would have an adverse effect on the operations of the Region.

**Region's Response:** The Regional Administration explained that some of these vacancies has already been advertised and are with the Public Service Commission.

**Recommendation:** The Audit Office recommends that the Regional Administration urgently review its staffing situation since the level of staffing would obviously have an adverse effect on the operations of the Region and in particular, the level of control needed to ensure adequate checks and balances. (2017/391)

Office and Field Supplies

881. The sum of \$32M was budgeted for the procurement of Drugs and Medical Supplies under Health Services Programme - Line Item 6221 for 2017. The Regional Administration expended \$4M and issued two Inter-Departmental Warrants for \$28M to the Ministry of Public Health (MOPH) for the Ministry to procure drugs and medical supplies on behalf of the Regional Administration.

882. With respect to the IDWs issued to the MOPH, Warrant №. 1/2017 for \$15M was dated 3 April 2017. A financial return was received from MOPH indicating that the full amount was expended. Warrant №. 3/2017 for \$13M was dated 1 November 2017. A financial return was received indicating that the amount was not expended and the full sum was refunded.

883. The table below summarises the expenditure for Drugs and Medical Supplies under Health Services Programme- Line Item 6221.

Budgeted Amount \$'000	IDWs to MOPH					Expended by Region \$'000	Total Expended \$'000	Total Unspent Balance \$'000
	№.	Date	Amount Warranted \$'000	Expended as per Financial Return \$'000	Unspent \$'000			
32,000	1/2017	03/04/2017	15,000	15,000	0	4,000	19,000	13,000
	3/2017	01/11/2017	13,000	0	13,000			
Total			28,000	15,000	13,000	4,000	19,000	13,000

884. Further, as was reported in 2016, a similar situation occurred in 2017 whereby although drugs and medical supplies were received by the Regional Administration, the cost was not stated on the documentation that accompanied the deliveries. As a result, it could not be determined whether the full value was received for the sum warranted to the MOPH.

**Region's Response:** The Head of Budget Agency indicated that the MOPH had sent a list to the Region but no cost was attached, as such, the Region has made contact with the MOPH to obtain the cost so that reconciliation can be done.

**Recommendation:** The Audit Office recommends that the Regional Administration put systems in place to reconcile supplies received with the drugs list initially submitted, and obtain the cost of the drugs and medical supplies from the MOPH so as to reconcile the value of the drugs and medical supplies received with that of the sums warranted to the MOPH. (2017/392)

885. Physical verification exercises conducted on drugs and medical supplies at Mahdia Hospital found sixty-eight instances where expired drugs with no values attached were at this location.

**Region's Response:** The Head of Budget Agency indicated that the costs were not attached because no costs were received from MMU, however, efforts will be made to dispose of the expired drugs.

**Recommendation:** The Audit Office recommends that the Regional Administration put systems in place to monitor the expiry dates of Drugs in stock to ensure that wastage and loss through expiry is reduced. (2017/393)

886. The Regional Administration expended amounts totalling \$69.791M on the procurement of fuel and lubricants for the year 2017 on a credit basis from a local representative of Guyana Oil Company (GUYOIL) in the Region. However, reconciliations of payments made against the fuel and lubricants received by the Regional Administration were not done. As a result, it was difficult to determine if the Regional Administration received all fuel and lubricants paid for. Similar observations were made in previous year's reports.

**Region's Response:** The Head of Budget Agency stated that efforts will be made to engage a qualified person who is capable to reconcile the fuel received with the payments made.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure controls are in place for the acquisitions and monthly reconciliation of fuel. (2017/394)

887. Amounts totalling \$258.890M were allocated for Dietary Supplies under Line Item 6292, Programme 783 - Education Delivery and Programme 784 - Health Services. As at 31 December 2017, amounts totalling \$231.730M were expended. A special investigation on the purchases of Dietary Supplies was done by the Audit Office of Guyana and a separate report will be issued.

Maintenance Works

888. Amounts totalling \$358.600M were allocated for the maintenance of buildings and infrastructure within the Region. As at 31 December 2017, amounts totalling \$356.894M were expended under the various Line Items as follows:

Line Item	Description	Amount Allocated \$'000	Amount Expended \$'000
6242	Maintenance of Buildings	176,100	175,820
6251	Maintenance of Roads	35,000	35,000
6252	Maintenance of Bridges	35,000	35,000
6253	Maintenance of Drainage & Irrigation	20,500	20,186
6254	Maintenance of Sea & River Defence	7,500	7,500
6255	Maintenance of Other Infrastructure	84,500	83,388
Total		358,600	356,894

889. A contract for the repairs to bridge at Itabac №.1 was awarded in the sum of \$6.112M. No documentation for the award of this project was seen. The works comprise the replacing of timber beams, mud sill, decking, kerb rails and wearing strips and the application of tar to all new timber members. As at 31 December 2017, amounts totalling \$5.391M was paid to the contractor. Physical verification revealed that no work had commenced on this project. It was however noted that timber beams, piles, mud sill, deck planks, wearing strips and kerb rails were on site and were left exposed to the weather. As such, the entire amount paid to date will be considered as an overpayment and should be recovered.

**Region's Response:** The Head of Budget Agency indicated that the contractor has since mobilised and started the works.

**Recommendation:** The Audit Office recommends that the Regional Administration: (i) submit documentation relating to the tendering and award of this contract; (ii) present the signed contract document/agreement for audit examination; and (iii) put systems in place to ensure that all works completed are properly inspected and measured before full payments are prepared and made to contractors. (2017/395)



Itabac Bridge №.1

Stores and Other Public Property

890. The Stores Regulations 1993 requires the Regional Administration to maintain several forms, registers, books and ledgers to manage items of stores under their control. However, an examination of the Main Stores located in the compound of the Regional Democratic Council in Mahdia revealed the following breaches:

- a) amounts totalling \$21.798M were expended on vehicles spares and services for the vehicles, plant and machinery operated and controlled by the Regional Administration. However, historical records were not maintained to enable management to monitor the individual cost of repairs and to determine whether it was economical to retain or dispose these vehicles;
- b) there was no Stores Ledger maintained by the Regional Accounting Unit neither were there any Goods Receive Notes prepared by the Stores;
- c) the Storekeeper was not preparing a pre-numbered and pre-printed Purchase Requisition in quadruplicate;
- d) Sectional and Master Inventories were not maintained;
- e) assets purchased were not marked to readily identify them as property of the Regional Administration; and
- f) of a sample of thirty items selected for physical count at the Regional Stores, none were entered in any of the stores records at the time of audit in August 2018.

**Region's Response:** The Head of Budget Agency indicated that the stores was being managed by an Accounts Clerk, however, the Region has since recruited three stores personnel and efforts are being made to comply with the Stores Regulations.

**Recommendation:** The Audit Office recommends that the Regional Administration comply fully with the Stores Regulations at all times. (2017/396)

#### Other Matters

891. Section 43 of the Fiscal Management and Accountability Act states that at the end of each fiscal year, any unexpended balance of public moneys issued out of the Consolidated Fund shall be returned and surrendered to the Consolidated Fund. However, at the time of reporting there were twenty-five cheques totalling \$13.696M still on hand. Of these, eleven had no supporting Payment Vouchers. These cheques should have been refunded to the Consolidated Fund and the necessary adjustments made to the Appropriation Accounts. As a result, the Appropriation Accounts would be overstated by the said amount. In addition, the Sub-Treasury Department safe is non-functional and cheques are being stored in a two door metal filing cabinet which has no locks.

**Region's Response:** The Head of Budget Agency indicated that the Regional Administration will make efforts to update and pay over the cheques to the payees and return the others to the Consolidated Fund.

**Recommendation:** The Audit Office recommends that the Regional Administration institute measures to ensure full repayment to the Consolidated Fund of all amounts remaining unpaid at the end of each financial year in compliance with the FMA Act. (2017/397)

892. Cheque Orders are required to be cleared within sixteen days of their issue through the submission of bills/receipts and other documents in support of the payments made. In addition, there is a system in place at the Accountant's General Department whereby only three Cheque Orders are allowed per Line Item. However, the Regional Administration failed to adhere to these requirements, since an examination of the records revealed that Cheque Orders were cleared on average of 365 days after the stipulated time. Further, during the year under review, 224 Cheque Orders amounting to \$281.516M remained outstanding. Similarly, 397 Cheque Orders amounting to \$182.108M were still not cleared for the years 2013 and 2015-2016, at the time of reporting. As a result, it could not be ascertained whether the Regional Administration received full value for the sums expended.

**Region's Response:** The Head of Budget Agency indicated that the Regional Administration will make every effort to ensure the clearing of these Cheque Orders.

**Recommendation:** The Audit Office recommends that the Regional Administration make efforts to ensure Cheque Orders are cleared in the stipulated time. (2017/398)

893. For the period under review a sample of ninety-nine Payment Vouchers totalling \$233.714M were requested for audit examination. However, seven vouchers totalling \$12.888M were not presented for audit. Similarly, for the years 2013, 2015 and 2016, a total of 832 Payment Vouchers were still not presented for audit. As a result, the scope of the audit was limited and a determination could not be made as to the propriety of the payments or whether value was received for the sums expended.

**Region's Response:** The Head of Budget Agency indicated that efforts will be made to work with the Sub-Treasury to locate and present these vouchers for examination.

**Recommendation:** The Audit Office recommends that the Regional Administration take all necessary measures to review the controls in relation to the accounting for vouchers and ensure the security and retention of all vouchers for audit examination. (2017/399)

894. Circularised instructions states that for the occupation of Government Quarters' Public Servants are required to pay rent of 10% and 12% of their salary for unfurnished and furnished accommodation respectively, except where entitlement to rent-free Government quarters had been previously approved, as a condition of service. There are eighty-five Residential Buildings controlled by the Regional Administration. Of these, fifty-three are occupied by officers of the Regional Administration and rents are not being paid by any of the occupants. From the documents presented for audit it could not be determined whether persons occupying the living quarters were entitled to rent-free quarters as a condition of service. Nevertheless, it was explained that rent was last collected in December 2014.

**Region's Response:** The Head of Budget Agency explained that efforts will now be made to ascertain the entitlement of each officer and corrective action taken.

**Recommendation:** The Audit Office recommends that the Regional Administration take steps to ensure that: (i) only officers entitled to Government Quarters are accommodated there; and (ii) all outstanding amounts for rent are collected and deposited into the Consolidated Fund. (2017/400)

895. The Contract Register maintained by the Regional Accounting Unit was not properly and accurately written up. It was noted that payments made could not be easily traced, Payment Voucher numbers were seldom recorded, information pertaining to dates of contracts was not entered and the contract payments were not updated in a timely manner.

**Region's Response:** The Head of Budget Agency indicated that the Regional Administration has since put systems in place to prevent a recurrence and the contract register is now being properly maintained.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that the Contract Register is properly written-up and a senior officer checks it on a regular basis. (2017/401)

896. Despite numerous requests for all the Minutes of the Regional Tender Board, Minutes for №. 5,6,7,11,14 and 15 were not presented for audit examination. In addition, evaluation reports and advertisements were also not presented for audit.

**Region's Response:** The Head of Budget Agency indicated that the Regional Administration has since taken corrective action and all Minutes are properly prepared and kept.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure all meetings of the Tender Board are properly documented and retained for audit scrutiny. (2017/402)

## Capital Expenditure

### Public Works

897. The contract for the construction of roadway Phase 2 - Bamboo Creek to Paramakatoi was awarded in the sum of \$7.999M to the lowest of two bidders. The works comprised the excavating of surface drains, general grading, shaping and filling, removal of boulders and clearing of vegetation from along the existing roadway. The contractor received an advance payment of \$3.136M, representing thirty-nine percent of the contract sum. A physical verification revealed that the contractor never mobilised, as such, no works were carried out. In addition, there was an advance payment bond with no expiry date, as such, it could not be determined at the time of reporting if this bond was still valid.

**Region's Response:** The Head of Budget Agency indicated that the contract was terminated and the entire sum overpaid will be recovered.

**Recommendation:** The Audit Office recommends that the Regional Administration make every effort to recover the overpayments and put proper systems in place to avoid future recurrences. (2017/403)

898. The contract for the construction of a heavy duty GH timber bridge at Kawa was awarded in the sum of \$24.931M to the most responsive of nine bidders. The defects liability period was not stated in the contract. The works comprised the construction of a reinforced concrete and timber bridge, timber revetment and backfilling within the revetment area. The contractor received an advance payment of \$4.737M representing nineteen percent of the contract sum. Physical verification on 7 August 2018 revealed that the contractor never mobilized, as such, no works were carried out. In addition, the advance payment bond expired on 29 May 2018 and the advance payment has not been recovered.

**Region's Response:** The Head of Budget Agency indicated that the contract was awarded in December but due to unfavourable weather conditions the contractor was unable to start the works, however, the works have now started and the bridge is under construction.



**Recommendation:** The Audit Office recommends that the Regional Administration: (i) urge the contractor to complete the works and extend the advance payment bond; and (ii) improve on the monitoring of work progress. (2017/404)

Photographs of the site



The old collapsed bridge - Kawa Creek



The site for the new bridge - Kawa Creek

899. The contract for the construction of heavy duty GH bridge at Yawong was awarded in the sum of \$17.8M to the most responsive of seven bidders. The defects liability period was not stated in the contract. The works comprise the construction of a reinforced concrete and timber bridge, timber revetment and backfilling within the revetment area. The contractor received an advance payment of \$2.534M representing fourteen percent of the contract sum. Physical verification on 7 August 2018 revealed the contractor never mobilised, as such, no works were carried out. In addition, there was an advance payment bond with no expiry date, as such, it could not be determined at the time of reporting if this bond was still valid.

**Region's Response:** The Head of Budget Agency indicated that the contract was awarded in December but due to unfavourable weather conditions the contractor was unable to start the works, however, the works have now started and the bridge is under construction.

**Recommendation:** The Audit Office recommends that the Regional Administration: (i) urge the contractor to complete the works and extend the advance payment bond; and (ii) improve on the monitoring of work progress. (2017/405)



The old existing bridge still on site

### Buildings

900. The contract for the construction of an incinerator at Mahdia District Hospital was awarded in the sum of \$9.866M to the highest of seven bidders without any justification as to why the lowest bidder was not awarded the contract. No Engineer's Estimate was seen for this project. The defects liability period was not stated in the contract. The works comprised the construction of a clay brick furnace equipped with ash traft, three metal doors, chimney and blowpipes. The furnace is constructed within a well ventilated HCB and grill work structure with roof. As at 31 December 2017 amounts totalling \$9.677M were paid to the contractor. A physical verification of the works revealed overpayments totalling \$210,000 for galvanize blow pipes to allow air to access the incinerator to allow for effective burning of refuse.

901. It was noted that the difference between the highest and lowest bidder was \$3.811M, and as such, it is unclear why the RDC awarded the works to a bidder with the significantly higher bid price without any justifications. It was discovered that RDC №. 2 constructed a larger incinerator and associated housing at a cost of \$7.866M. Detailed examination of the priced Bills of Quantity by the contractor in this instance revealed that the rate for two specific items in the Bills, namely the incinerator door and ash traft, are significantly higher when compared to the larger incinerator constructed by RDC №. 2. The total cost of the incinerator door and ash traft under the contract by RDC №. 8 was \$4.5M which represents approximately forty-six percent of the total contract sum, while the larger incinerator door and ash traft under RDC №. 2 contract costs a total of \$489,460.

902. A comparison of these two Items and the respective prices are presented in the table below:

<u>RDC 8 Contract:</u> Construction of Incinerator at Mahdia District Hospital			<u>RDC 2 Contract:</u> Construction of Incinerator at Public Hospital Suddie, Essequibo Coast, Region №. 2		
Item	Description	Cost \$'000	Item	Description	Cost \$'000
e	To supply all materials to fabricate and install incinerator door into position using 14" x 14" x ¼" steel plates welded to 2"x2" angle iron frame inclusive of open and closing mechanism as directed.	2,000	2.33	Supply all materials to fabricate and install Incinerator door into position using 1.1m x 1.73m x 8mm steel plates welded to 50mm x 50mm angle iron frame inclusive of open and closing mechanism as directed.	89
F	To supply all materials to fabricate and install Ash traft to retrieve and dispose of all ashes 2"x2" angle iron channels and approved plain sheets inclusive of open and closing mechanism as directed.	2,500	2.34	Supply all materials to fabricate and install Ash traft to retrieve and dispose of all ashes measuring 1.45m x 1.75m x 8mm thick in a truncated pyramid from framed with 50mm x 50mm angle iron inclusive of 25mm dia. Bars to form grillwork, open and closing mechanism as directed.	400
	Total Cost	4,500		Total Cost	489

**Region's Response:** The Head of Budget Agency indicated that the amount overpaid will be recovered.

**Recommendation:** The Audit Office recommends that the Regional Administration: (i) make every effort to recover the overpayment; (ii) ensure that the award of contracts to the highest bidder is justified and that proper documentation of the tendering process is available for audit examination; and (iii) proper systems are in place to ensure all works completed are properly inspected and measured before full payments are prepared and made to contractors. (2017/406)

### Capital Purchases

903. Amounts totalling \$63.500M were budgeted for the purchase of capital items. As at 31 December 2017, amounts totalling \$60.991M were expended. Audit examination of the expenditure and documents in relation to these payments revealed that it was difficult to ascertain whether items purchased totalling \$60.991M were received and brought to account in the relevant stores records. Further, physical verification of these items could not be done since all the relevant information were not recorded in the relevant registers of the Regional Administration.

**Region's Response:** The Head of Budget Agency indicated that the Stores was being managed by an Accounts Clerk, however, the Region has since recruited three stores personnel and efforts are being made to comply with the Stores Regulations.

**Recommendation:** The Audit Office recommends that the Regional Administration comply fully with the Stores Regulations at all times. (2017/407)

Prior year matters, which have not been fully resolved

Current Expenditure

Employment Cost

904. The Regional Administration had still not been able to fully recover outstanding overpayments of net salaries and deductions which were overpaid to employees and various agencies for the years 2012 to 2015, as detailed below:

Year	Net Salary Overpaid \$'000	Net Salary Recovered \$'000	Net Salary Outstanding \$'000	Deductions Overpaid \$'000	Deductions Recovered \$'000	Deductions Outstanding \$'000	Net Salary & Deductions Outstanding \$'000
2012	0	0	0	56	0	56	56
2013	0	0	0	291	0	291	291
2014	245	0	245	34	34	0	245
2015	390	0	390	15	0	15	405
Total	635	0	635	396	34	362	997

**Region's Response:** The Head of Budget Agency indicated that the deduction agencies were written to and only NIS responded indicating that they were making a refund. Follow-up will be made with GRA.

**Recommendation:** The Audit Office recommends that the Regional Administration follow-up this matter with the view of recovering the overpayments and ensure that pay change directives are effectively and efficiently communicated in a timely manner to the Regional Accounting Unit. (2017/408)

905. The Regional Administration was yet to recover mobilisation advances totalling \$4.072M paid on contracts which were terminated due to failure to complete the works within the contractual period, as shown below:

Contract No.	Description	Contract Sum \$'000	Amount \$'000
14/12	Repairs to Paramakatoi Dormitory	5,592	1,119
15/12	Repairs to Mahdia Dormitory School Fence	2,703	270
20/12	Rehab. of Paramakatoi Primary School Annex	3,036	607
22/12	Rehab. of Paramakatoi Health Centre	1,736	347
43/12	Repairs to Chiung Mouth Primary School	2,003	401
60/12	Repairs to Monkey Mountain Primary School	3,825	765
61/12	Repairs to Monkey Mountain Primary School Annex	2,816	563
Total		21,711	4,072

906. The Regional Administration was still to recover overpayments totalling \$17.621M made on the following contracts during the years 2011, 2012, 2015 and 2016.

Year	Description	Amount Overpaid \$'000
2011	Repairs to Kanapang Teacher's Quarters	1,618
"	Repairs to Hand Rail Bridge at Mahdia	296
2012	Revetment at Mahdia Dorms	1,626
"	Repairs to Kato Cottage Hospital Fence	617
"	Repairs to Micobie Bridge	207
"	Repairs to Kato Bridge	346
2015	Rehabilitation to Sand Hills Primary	428
"	Rehabilitation of Paramakatoi Secondary School fence	927
"	Repairs to the Nurses' Quarters 2A	180
"	Repairs to the bridge revetment at Mahdia	338
2016	Repairs to Kato Guest House	570
"	Repairs to Admin Building Kato	617
"	Upgrading of Kato Playfield	150
"	Repairs to Revetment Kawa Creek	1,462
"	Rehab roadways Chiung Mouth to Kato Phase 1&2	3,000
"	Repairs Sanitary Block Bamboo Creek Primary School	1,875
"	Repairs to revetment at Wrong Turn Mahdia	888
"	Repairs to Admin Building Mahdia	200
"	Repairs to Regional Chairman's Gate & Driveway	149
"	Repairs to "4 Apartment Building Mahdia"	350
"	Repairs to Mahdia District Hospital Mortuary	156
"	Repairs to Staff Quarter's Mahdia	701
"	Repairs to Mahdia Nursery School	320
"	Repairs to floor, Mahdia Secondary School	419
"	Repairs to Campbelltown Nursery School	181
Total		17,621

**Region's Response:** The Head of Budget Agency stated that the contractors were written to with an October deadline to respond and the overpayments will be followed up.

**Recommendation:** The Audit Office once again recommends that the Regional Administration make every effort to recover the overpayments and put proper systems in place to avoid recurrences. (2017/409)

### Capital Expenditure

907. The Regional Administration was still to recover overpayments totalling \$13.638M made on the following contracts during the years 2011, 2013 and 2016:

Description	Amount Overpaid \$'000	Amount Cleared \$'000	Balance \$'000
Construction of drain at Mahdia	3,500	0	3,500
Construction of Chiung Mouth Bridge	3,834	2,659	1,175
Construction of Industrial Arts Department at Paramakatoi	1,664	1,000	664
Enclosure of Bottom Flat at Mahdia Secondary School	1,476	1,100	376
Construction of Teacher's Quarters at Mahdia	1,426	1,400	26
Repairs to Paramakatoi Secondary School	2,448	0	2,448
Repairs to Kato Cottage Hospital	746	606	140
Construction of Chairman's Quarters at Mahdia	146	0	146
Rehabilitation of Kato Guest House	485	0	485
Extension of Kurukubaru Primary School	301	0	301
Enclosure of Paramakatoi Teacher's Quarters Extension of Kurukubaru Health Post	987	0	987
Upgrading of the electrical system at Mahdia District Hospital	505	0	505
Construction of Staff Quarter's Kato	247	0	247
Construction of Doctor's Quarters Kato	1,978	700	1,278
Upgrade of Electrical Sys. Paramakatoi Health Centre (2016)	1,940	700	1,240
	120	0	120
<b>Total</b>	<b>21,803</b>	<b>8,165</b>	<b>13,638</b>

908. The Regional Administration was yet to recover mobilisation advances totalling \$2.213M paid to contractors but whose contracts were terminated for failure to complete the works within the contractual period as shown below:

Contract No.	Name of Project	Contract Sum \$'000	Amount \$'000
18/12	Extension of Chenapau Primary School	7,033	1,407
33/12	Upgrade of Mahdia Secondary School Dormitory	4,851	485
41/12	Construction of Culverts at 7Miles	3,207	321
<b>Total</b>		<b>15,091</b>	<b>2,213</b>

**Region's Response:** The Head of Budget Agency stated that the contractors were written to with an October deadline to respond and the overpayments will be followed up.

**Recommendation:** The Audit Office once again recommends that the Regional Administration make every effort to recover the overpayments and put proper systems in place to avoid recurrences. (2017/410)

909. An amount of \$12.000M was budgeted for the purchase of an ambulance and according to the Appropriation Account, the full amount was shown as having been expended as at 31 December 2016. However, audit checks revealed that the cheque was still at the Sub-Treasury and only refunded to the Consolidated Fund on 6 June 2018. In addition, the ambulance was not bought/delivered at the time of reporting although it was noted that this asset was classified as critical in the 2016 National Budget. It was also explained by the Regional Health Officer and patients of the hospital at the time of audit, that an ambulance is very critical to the Health Sector of the Region and it can also minimise the cost of transporting patients, as a result the delay in obtaining the item is affecting the Region.

910. Further, it should be noted that the Regional Administration attempted to purchase one Nissan ambulance since 2013. The contract for the purchase was approved by NPTAB for \$10.300M and entered into on 28 August 2013 between the Ministry of Local Government and Regional Development and a local supplier. On 12 September 2013, a cheque for the full contract sum was prepared and held at the Sub-Treasury. The ambulance was received by the Regional Administration and registered on 27 March 2014. The cheque was paid to the supplier on 10 April 2014. The ambulance was returned to the supplier due to defects and subsequently returned to the Region. The ambulance was not in a working condition and was transferred to the Ministry of Public Health at the time of audit in July 2017. In addition, the contract agreement stated that a performance bond equivalent to ten percent of the contract sum be lodged. However, no performance bond was lodged by the supplier.

**Region's Response:** The Head of Budget Agency explained that the Region has since re-budgeted for three ambulances in its 2019 budget submission.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that all assets that are critical to the functioning of the Health Sector are purchase to ensure the proper functioning of the Sector. (2017/411)

911. Two ACER laptops with carrying case totalling \$300,000 were budgeted and purchased under the charge of Accounts - Furniture & Equipment Health. At the time of verification in July 2017, these items could not be physically verified. However, it was explained by the Assistant Accountant that the stated items were issued to the former Regional Executive Officer (REO) and the former Regional Health Officer (RHO.) However, both officers have resigned from their posts and have not returned the items; and

912. No vehicle registrations were presented for audit examination in relation to the two All-Terrain Vehicles (ATV) and the one Pick Up purchased for the year under review.

**Region's Response:** The Head of Budget Agency stated that efforts will be made to recover the two lap tops and locate the registrations.

**Recommendation:** The Audit Office once again recommends that the Regional Administration make every effort to locate the laptops and registrations and submit same for verification. (2017/412)



Follow-Up on the Implementation of Prior Year Audit Recommendations

913. The table below summarises the prior year matters as contained in the Auditor General's 2016 Report and the action taken by the Head of the Budget Agency regarding the recommendations made by the Audit Office.

Rec. No.	Category of Findings	Recommendations		
		Fully Implemented	Partially Implemented	Not Implemented
2016/497	Circularised instructions	√		
2016/498	Circularised instructions			√
2016/499	Circularised instructions			√
2016/500	Weak internal controls		√	
2016/501	Misclassification of expenditure	√		
2016/502	Other			√
2016/503	IDW Drugs and Medical Supplies			√
2016/504	Expired Drugs	√		
2016/505	Misclassification of expenditure	√		
2016/506	Overpayment of construction works			√
2016/507	Overpayment of construction works			√
2016/508	Overpayment of construction works			√
2016/509	Overpayment of construction works			√
2016/510	Overpayment of construction works			√
2016/511	Overpayment of construction works			√
2016/512	Misclassification of expenditure	√		
2016/513	Overpayment of construction works			√
2016/514	Overpayment of construction works			√
2016/515	Overpayment of construction works			√
2016/516	Misclassification of expenditure	√		
2016/517	Overpayment of construction works			√
2016/518	Overpayment of construction works		√	
2016/519	Overpayment of construction works			√
2016/520	Overpayment of construction works			√
2016/521	Overpayment of construction works			√
2016/522	Overpayment of construction works			√
2016/523	Duplication of payment	√		
2016/524	Breaches of Procurement Act of 2003	√		
2016/525	Weak internal controls	√		
2016/526	Breaches of Stores Regulations			√
2016/527	Cheque Order and Missing Vouchers			√
2016/528	Weak internal controls		√	
2016/529	Breaches of FMA Act 2003		√	
2016/530	Circularised instructions			√
2016/531	Weak internal controls			√
2016/532	Tender board minutes			√
2016/533	Weak internal controls	√		
2016/534	Inclusion of Programme	√		
2016/535	Overpayment of construction works		√	
2016/536	Overpayment of construction works		√	



Rec. №.	Category of Findings	Recommendations		
		Fully Implemented	Partially Implemented	Not Implemented
2016/537	Breaches of Procurement Act of 2003		√	
2016/538	Overpayment of construction works	√		
2016/539	Overpayment of construction works			√
2016/540	Breaches of Procurement Act of 2003		√	
2016/541	Breaches of Procurement Act of 2003		√	
2016/542	Breaches of the Store Regulations			√
2016/543	Overpayment of salaries			√
2016/544	Overpayment of salaries			√
2016/545	Breaches of the Stores Regulations			√
2016/546	Overpayment of construction works			√
2016/547	Overpayment of construction works			√
2016/548	Outstanding Cheque Order			√
2016/549	Weak internal controls		√	
2016/550	Overpayment of construction works		√	
2016/551	Overpayment of construction works			√
2016/552	Breaches of the Stores Regulations			√

AGENCY 79  
REGION 9 - UPPER TAKUTU/UPPER ESSEQUIBO

Current year matters, with recommendations for improvement in the existing system

Current Expenditure

Employment Cost

914. According to the National Estimates amounts totalling \$810.124M were budgeted for Employment Cost for a staff complement of 696. As at 31 December 2017, amounts totalling \$807.582M were expended for 725 staff as shown below. This represents twenty-nine staff more than was budgeted for and \$2.542M under the budgeted expenditure. As such, it would appear that Employment Cost was over budgeted.

Line Item	Description	Filled 2017	Actual 2017	Increase/ (Decrease) 2017
6111	Administrative	41	37	(4)
6112	Senior Technical	167	180	13
6113	Other Tech and Craft Skill	230	200	(30)
6114	Clerical and Office Support	13	29	16
6115	Semi-Skilled Operatives & Unskilled	137	215	78
6116	Contracted Employees	108	44	(64)
6117	Temporary Employees	0	20	20
Total		696	725	29

**Region's Response:** The Head of Budget Agency indicated that transition of employees from the contracted to the pensionable establishment resulted in the reduction of the employment cost which was utilised to pay the additional staff.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that its budget submission is in keeping with circularised instructions and the amount budgeted for employment cost is for staff positions that are filled. (2017/413)

915. Eighteen instances were observed where employees who resigned, retired or had their services terminated, remained on the payroll beyond the stated effective dates. In two of these instances, employees were observed on the payrolls for as long as three months after the effective dates. The net salaries overpaid to these employees, amounted to \$1.725M, of which \$312,278 was repaid, leaving a balance of \$1.412M, while PAYE and NIS paid over to the respective agencies amounted to \$115,034 and \$91,684, respectively. Similarly, for the years 2012, 2015 and 2016, amounts totalling \$931,771 remained outstanding as overpaid net salaries to employees while the related deductions totalling \$272,346, paid over to the various agencies were also not recovered as shown below:

Year	Net Salary Overpaid \$'000	Net Salary Recovered \$'000	Net Salary Outstanding \$'000	Deductions Overpaid & not recovered \$'000
2012	159	52	107	27
2015	831	256	575	202
2016	350	101	249	42
Total	1,340	409	931	271

**Region's Response:** The Head of Budget Agency indicated that salaries were recovered from three persons while the other employees and the agencies were written to in order to recover the overpayments.

**Recommendation:** The Audit Office recommends that the Regional Administration follow-up this matter with the view of recovering the overpayments and ensure that pay change directives are effectively and efficiently communicated in a timely manner to the Regional Accounting Unit. (2017/414)

916. An analysis of the employment details revealed that the Regional Administration had a total of eleven vacancies as advertised in the Public Service Commission Staff Vacancy Circular No. 2/2017 These vacancies included critical posts such as one Regional Education Officer, a Procurement Officer, a Field Auditor and two School Welfare Officers. In the year 2017, two School Welfare Officers had been employed, however as at 31 December 2017, the remaining positions were not filled and would have an adverse effect on the operations of the Regional Administration.

**Region's Response:** The Head of Budget Agency indicated that eight of these vacancies have since been filled and the others are pending at the Public Service Commission.

**Recommendation:** The Audit Office recommends that the Regional Administration urgently review its staffing situation since the level of staffing would obviously have an adverse effect on the operations of the Region and in particular the level of control needed to ensure adequate checks and balances. (2017/415)

917. Circularised instructions urge that cash payments of salaries be minimised after the introduction of the Integrated Financial Management and Accounting System (IFMAS) in 2004, and that employees be paid under the bank deposit system as stipulated by Circular №. 3/2003 dated 29 September 2003. However, an examination of salaries records for the month of December 2017 revealed that the Regional Administration continued to pay cash totalling \$1.271M to twenty employees stationed at central locations in contravention of the circularised instructions.

**Region's Response:** The Head of Budget Agency indicated that nine of the persons are at the central location and corrective action will be taken.

**Recommendation:** The Audit Office recommends that the Regional Administration adhere to Finance Secretary's Circular and minimise cash payments. (2017/416)

#### Office and Field Supplies

918. An amount of \$100M was budgeted for the procurement of drugs and medical supplies under Health Services Programmes - Line Item 6221 for 2017. According to the Appropriation Account the sum of \$91.699M was expended as at 31 December 2017, while \$8.301M was reflected as unspent.

919. Included in the amount spent, were sums totalling \$44.595M which were transferred by way of two Inter-Departmental Warrants (IDWs) to the Ministry of Public Health (MOPH) to procure drugs and medical supplies on behalf of the Region and \$55.406M were expended by the Region for the purchase of drugs and medical supplies on their own

920. With respect to the IDW issued to the MOPH, Warrant №. 1/2017 for \$15M was in March 2017 while Warrant №. 2/2017 for \$29.595M was in November 2017. Financial returns were received from the MOPH in the sums of \$11.210M and \$25.083M, respectively, reflecting an unspent amount of \$8.301M. However, audit check at the MOPH revealed that the sum of \$346,000 was refunded to the Consolidated Fund by the MOPH on 20 March 2018 via a cheque dated 27 December 2017. The table below summarises the expenditure for Drugs and Medical Supplies under Health Services Programme - Line Item 6221.

Budgeted Amount \$'000	IDWs to MOPH					Expended by Region \$'000	Total Expended \$'000	Total Unspent Balance \$'000
	No.	Date	Amount Warranted \$'000	Expended as per Financial Return \$'000	Unspent \$'000			
100,000	1/2017	03/03/2017	15,000	11,210	3,790	55,406	91,699	8,301
	2/2017	21/11/2017	29,595	25,083	4,512			
Total			44,595	36,293	8,302	55,406	91,699	8,301

Note: \$346,000 was refunded from the IDW by MOPH to the Consolidate Fund on 20 March 2018 via Cheque №. 07-022057 dated 27 December 2017.

921. The Regional Administration received a cost listing for the drugs and medical supplies from the MOPH; however, this was not reconciled with the register the hospital utilised to record receipts.

**Region's Response:** The Head of Budget Agency indicated that the Regional Administration is in the process of reconciling the list received from MOPH with the drugs supplied to the Region.

**Recommendation:** The Audit Office recommends that the Regional Administration put systems in place to reconcile supplies received with the drugs list initially submitted, and obtain the cost of the drugs and medical supplies from the MOPH so as to reconcile the value of the drugs and medical supplies received with that of the sum warranted to the MOPH. (2017/417)

922. For the year 2017 examination of records and physical verification at the Lethem Regional Hospital revealed thirty instances of expired drugs with quantities in the range of 540 to 30,100 that were stored in a bond in the Hospital's compound. Similarly, for the year 2016, physical verification exercises conducted on drugs and medical supplies at the Lethem Regional Hospital revealed 113 instances of expired drugs.

**Region's Response:** The Head of Budget Agency explained that action will be taken to dispose of these drugs.

**Recommendation:** The Audit Office recommends that the Regional Administration put systems in place to monitor the expiry dates of drugs in stock to ensure that wastage and loss through expiry is reduced. (2017/418)

923. Audit Examination of the Combined Requisition and Issuing Vouchers (CRIVs) revealed that they were not utilised in a sequential order in 2017 and there was no control register over the receipt and issuance of CRIV books. As such, the accuracy of the amounts and value of drugs and medical supplies received by MOPH could not be determined.

**Region's Response:** The Head of Budget Agency noted this finding and stated that corrective action will be taken.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that a Control Forms Register is maintained and utilised for its purpose intended. (2017/419)

### Fuel and Lubricants

924. Audit examination revealed four instances where 9,449 liters of gasoline valuing \$2.079M was recorded in the Fuel Register but was not recorded in the Goods Received Book. In addition, it was observed in the month of July 2017, 6,075 litres of gasoline was recorded as received in the Goods Received Book, however, the departmental Fuel Register only reflected the receipt of 5,477 litres of fuel, a difference of 598 litres valuing \$131,560. Further, within the same month, it was observed that records of entry of the purchase order numbers for gasoline supplied were made in pencil in the Fuel Register.

925. At the time of audit, the Stores Keeper identified three drums in which gasoline was being stored and one in which diesel was being stored, however, physical verification of the accuracy of the quantity of fuel on hand could not be determined, as the Regional Administration did not have a dipstick or similar instrument to measure fuel in the Stores.

**Region's Response:** The Head of Budget Agency stated that corrective action has since been taken to reconcile the Fuel Register and the Good Received Book, while the Region is in possession of two dip sticks to measure fuel.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure fuel purchased is properly and accurately recorded in the records at all time and reconciled with the Fuel Register. (2017/420)

### Maintenance Works

926. The amount of \$19.135M was expended on Vehicle Spares and Maintenance in 2017, while the amount of \$6.920M was expended on Equipment Maintenance. However, Historical Records for the vehicles and equipment owned and controlled by the Regional Administration were not updated by the Administration.

**Region's Response:** The Head of Budget Agency indicated that action will be taken to update the Historical Records.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that all repairs and maintenance works are properly carried out and documented in the Historical Records in compliance with the Stores Regulations. (2017/421)

927. Amounts totalling \$323M were allocated for repairs and maintenance works within the Region. As at 31 December 2017, amounts totalling \$322.431M were expended under the various Line Items, as shown in the table below:

Line Item	Description	Allotted \$'000	Expended \$'000
6242	Maintenance of Buildings	186,000	183,395
6251	Maintenance of Roads	45,000	45,000
6252	Maintenance of Bridges	30,000	30,000
6255	Maintenance of Other Infrastructure	62,000	64,036
Total		323,000	322,431

928. The Regional Tender Board awarded the contract for repairs to section of the Aishalton Hospital Building to the highest ranked of nine evaluated bidders at the “corrected bid price” of \$10.108M. The contractor had bid \$9.239M and the Engineer’s Estimate was \$10.731M. However, it was observed that the works were instead undertaken by another contractor, who had ranked 3rd in the Evaluation Report, in the contract sum of \$9.993M. As at 31 December 2017, the full contract sum was paid to the contractor. Similarly, the contract for repairs to Potarinau Primary School was awarded to the highest of nine evaluated bidders at the bid price of \$5.826M. The Engineer’s Estimate was \$7.699M. However, examination of the Contract Register revealed that the works were instead undertaken by another contractor. This contractor was not included in the Evaluation Report. As at 31 December 2017, total payments made to the contractor amounted to \$8.123M.

**Region’s Response:** The Head of Budget Agency indicated that this was as a result of a deficiency in the minutes, however, action will be taken to ensure that the all decisions at Tender Board are fully captured.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure all contracts awarded are in keeping with the Procurement Act and ensure that its Tender Board Minutes contain adequate details that would enable a proper determination of the basis of award of each contract. (2017/422)

929. Evaluation Reports were not presented for six maintenance projects undertaken in 2017, as shown in the table below:

Works Undertaken	Bids Rec'd	Engineer’s Estimate \$'000	Highest Bid \$'000	Lowest Bid \$'000	Awarded Contract Sum \$'000
Repairs to Toka Nursery School	13	7,048	7,360	969	6,925
Repairs to Yakerinta Primary	6	6,147	6,160	4,918	6,160
Repairs to Government Buildings R#26	17	6,047	7,528	5,453	5,797
Repairs to Macushi Teachers Quarters	9	5,636	5,621	5,041	4,921
Repairs to Sand Creek Primary School Fence	8	3,172	3,614	3,057	3,151
Repairs to Rupertee Nursery School Fence	6	1,530	1,461	1,040	1,461
Total					28,415

**Region’s Response:** The Head of Budget Agency indicated that efforts will be made to locate these Evaluation Reports and present them for audit.

**Recommendation:** The Audit Office recommends that the Regional Administration take all the necessary measures to review the controls in relation to evaluation reports and ensure the security of these records for audit examination. (2017/423)

Stores and Other Public Property

930. Circularised instructions state that for the occupation of Government Quarters, public servants are required to pay rent of 10% and 12% of their salary for furnished and unfurnished accommodation respectively, except where entitlement to rent-free Government Quarters had been previously approved, as a condition of service. Records at the Regional Administration reflected 204 residential properties. Examination revealed 154 of these residential properties were occupied, while the remaining fifty were unoccupied. The occupied residential properties comprised twenty-six persons who were entitled and 128 persons who were not, however, for those not entitled; rent was only seen as received from five of these occupants in the year 2017.

**Region's Response:** The Head of Budget Agency indicated that corrective action will be taken.

**Recommendation:** The Audit Office recommends that the Regional Administration take steps to ensure that: (i) only officers entitled to Government Quarters are accommodated there; and (ii) all outstanding amounts for rent are collected and deposited into the Consolidated Fund. (2017/424)

931. The Stores Regulations 1993 require the Regional Administration to maintain several forms, registers, books and ledgers to manage items of stores under their control. An examination of the stock keeping system and records maintained for 2017 revealed that:

- a) the Regional Administration did not maintain a Master Inventory of all assets owned and controlled, while the Sectional Inventories were not updated; and
- b) at the time of audit, the section of the Regional Administration Stores in which capital items were being stored was not arranged in the manner as required by the Stores Regulations.

**Region's Response:** The Head of Budget Agency indicated the inventories were being updated, while on-going renovation works when completed will ensure the stores is in a better state.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that the Stores Regulations are complied with at all times. (2017/425)

932. The official list of vehicles presented by the Regional Administration reflected sixty-four serviceable vehicles; however, Log Books were not presented for fourteen of these vehicles. In addition, seven Log Books were presented for audit scrutiny for vehicles that were not on the list of vehicles submitted by the RDC. Further, there were no Log Books maintained for outboard engines neither were there a Register of Used Spare Parts, while the Historical Records for vehicles, equipment and machinery under the control of the Regional Administration were not updated. A similar situation existed in 2016.

**Region's Response:** The Head of Budget Agency indicated that efforts will be made to locate the Log Books and present them for audit verification.

**Recommendation:** The Audit Office recommends that the Regional Administration ensures that the Stores Regulations are complied with at all times. (2017/426)

#### Other Matters

933. Section 43 of the Fiscal Management and Accountability Act states that at the end of each fiscal year, any unexpended balance of public moneys issued out of the Consolidated Fund shall be returned and surrendered to the Consolidated Fund. However, an inspection of the Sub-Treasury's safe in July 2018 revealed that there were eight cheques on hand valuing \$3.723M. Further, it was observed that these cheques were stale dated.

**Region's Response:** The Head of Budget Agency indicated that the Regional Administration will pay over all cheques immediately to the Consolidated Fund.

**Recommendation:** The Audit Office recommends that the Regional Administration institute measures to ensure full repayment to the Consolidated Fund of all amounts remaining unpaid at the end of each financial year in compliance with the FMA Act. (2017/427)

934. Cheque Orders are required to be cleared within sixteen days of their issue through the submission of bills/receipts and other documents in support of the payments made. However, at the time of audit, there were nine outstanding 2017 Cheque Orders totalling \$28.170M. Similarly, for the years 2010 to 2012, there were fifteen Cheque Orders totalling \$8.773M that remained outstanding as shown below.

Year	No. of Cheque Orders Outstanding	Amount \$'000
2010	11	7,796
2011	2	722
2012	2	255
Total	15	8,773

**Region's Response:** The Head of Budget Agency indicated that the advice of the Finance Secretary will be sought with respect to the long outstanding Cheque Orders, while efforts are on-going to clear the current Cheque Orders.

**Recommendation:** The Audit Office recommends that the Regional Administration make efforts to have these Cheque Orders cleared and submit the necessary information to the Audit Office when this is completed. (2017/428)

#### Capital Expenditure

##### Purchases

935. A total of forty-one capital items to the value of \$12.140M acquired in 2017 were still at the Regional Administration Stores at the time of audit.



**Region's Response:** The Head of Budget Agency indicated that a number of these items are for the hospital and due to renovation works at the hospital the items were kept in stores and will be issue when these works are completed.

**Recommendation:** The Audit Office recommends that the Regional Administration ensures that all assets purchased are promptly delivered to the required locations and put to use as required. (2017/429)

Warrants

936. The construction of Livestock (Sheep) Pen at Hiawa Village, Central Rupununi was awarded to the lowest responsive of three bidders in the sum of \$5.820M. The Engineer's Estimate was \$5.946M. Amounts totalling \$5.704M were paid to the contractor. The contractor received an advance payment of \$1.711M, representing thirty percent of the contract sum, followed by two interim payments and a final payment. A physical verification of the project revealed the contractor was overpaid \$119,580.

**Region's Response:** The Head of Budget Agency explained that the contractor was currently on site and has already completed some of the outstanding works.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure works are accurately measured and quantified before payments are made to contractors. (2017/430)

937. The construction of sanitary block at Bina Hill Institute, Annai was awarded to a contractor in the sum of \$3.112M. Amounts totalling \$3.050M was paid to the contractor. The basis of award for this project could not be ascertained since the details regarding the tendering and award of this contract were not seen. A physical verification of the project revealed the contractor was overpaid \$878,800 as shown below:

Item	Description	Qty Paid	Qty Found	Unit	Diff	Rate \$	Amount Overpaid \$'000
7.0	<i>Floor slab</i>						
7.5	Supply and place 1" thick sand/cement screed finish to reinforced concrete floor slab, wood float finish to receive tiles	16	0	sq.yd	16	2,400	38
8.0	<i>Block Work</i>						
8.2	Supply and place high strength 4" thick H.C.B to internal walls	32	0	sq.yd	32	2,450	78
8.5	Supply and installation of 4"x6" lintel above windows and doors with triangular ¼" dia. stirrups and 3/8" dia. main bars including 6" rest	12	6	ft.	6	1,100	7
10.0	<i>Doors</i>						
10.5	Internal- Fabricate and hang in place pine panel door with 2 Nr. 4" butt hinges 1 Nr. Yale branded Mortice Lock. Size 6'-9" x 2'-6"	6	0	Nr.	6	30,000	180
10.7	Supply and place 1"x2" H.W Jams to	10	0	bm	10	350	4

Item	Description	Qty Paid	Qty Found	Unit	Diff	Rate \$	Amount Overpaid \$'000
	doors						
10.8	Supply and place 1"x3" H.W facing	10	0	bm	10	350	4
14.0	<i>Sanitary Appliances</i>						
14.1	Standard water closet complete with cistern, flush pipe, seat, cover and fixed to brackets	6	0	Nr.	6	32,000	192
14.2	Wash basin complete with chromium plate pillar valve, water outlet, plug, chain and fixed to brackets	2	0	Nr.	2	20,000	40
14.3	Provide and fix ceramic toilet roll holder	6	0	Nr.	6	3,400	20
14.5	Allow for a provisional sum for other material PVC or other and labour to make entire system operable from trestle to sanitary facilities	Sum	0			150,000	150
15.0	<i>Tiling</i>						
15.1	Supply and install 6"x6" ceramic tiles as splash to hand basins	4	0	sq.yd	4	4,150	17
15.2	Supply and install 8"x12" ceramic tiles to toilet and bathroom area walls as directed by Engineer	20	0	sq.yd	20	4,150	83
15.3	Supply and install 12"x12" ceramic tiles to toilet and bathroom area floors as directed by Engineer	16	0	sq.yd	16	4,150	66
<b>Total</b>							<b>879</b>

**Region's Response:** The Head of Budget Agency explained that the contractor was currently on site and has already completed some of the outstanding works.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure works are accurately measured and quantified before payments are made to contractors. (2017/431)

Prior year matters, which have not been fully resolved

Current Expenditure

Maintenance Works

938. The Regional Administration had still not recovered amounts totalling \$3.151M overpaid on the following contracts for the years 2012 and 2016:

Year	Works Undertaken	Amount Overpaid \$'000
2012	Rehabilitation of Shulinab Nursery School	81
"	Rehabilitation of Moco-Moco Teacher's Quarters	126
2016	Repairs to Quarrie Bridge	2,494
"	Repairs to Culvert at Rodeo Ground	450
<b>Total</b>		<b>3,151</b>

**Region's Response:** The Head of Budget Agency indicated efforts are continuing to recover the amounts overpaid.

**Recommendation:** The Audit Office once again recommends that the Regional Administration make every effort to recover the overpayments and put proper systems in place to avoid a recurrence. (2017/432)

939. It was reported that amounts totalling \$5.002M were stolen from the Regional Administration during an alleged robbery on 18 January 2013.

**Region's Response:** The Head of the Budget Agency indicated that this matter is still with the police and in court and, as such, the Finance Secretary is awaiting this report before approval for write off of the amount is given.

**Recommendation:** The Audit Office recommends that the Regional Administration follow-up on this issue. (2017/433)

#### Capital Expenditure

940. The Regional Administration had still not recovered overpayments totalling \$21.465M that were made on the following contracts for the years 2010, 2011, 2015 and 2016:

Year	Description	Balance \$'000
2010	Construct Amerindian Hostel at Annai	84
2011	DBST Road in Lethem	1,210
"	Construct Teacher's Quarters at Maruranau Village	452
"	Construction of the bridge at Chiliwau	596
"	Extension of St. Ignatius Primary School	483
2015	Rehabilitation to Agriculture Complex - St. Ignatius R №. 96	402
"	Upgrading to Aishalton Secondary Female Dorms	2,408
"	Upgrading to Aishalton Secondary Male Dorms	2,356
2016	Construction of five Apartment Building at Sand Creek	4,852
"	Upgrading to Karasabai Health Center	749
"	Extension to Sand Creek Health Center	5,407
"	Rehabilitation to Slaughter House at Aishalton	440
"	Construction of Trestle, Well and Install Solar Pump at Meriwau	455
"	Construction of culverts at Kabanawau Bridge Approach	1,571
<b>Total</b>		<b>21,465</b>

**Region's Response:** The Head of Budget Agency indicated efforts are continuing to recover the amounts overpaid.

**Recommendation:** The Audit Office once again recommends that the Regional Administration make every effort to recover the overpayments and put proper systems to avoid a recurrence. (2017/434)

Follow-Up on the Implementation of Prior Year Audit Recommendations

941. The table below summarises the prior year matters as contained in the Auditor General's 2016 Report and the action taken by the Head of the Budget Agency regarding the recommendations made by the Audit Office.

Rec. №.	Category of Findings	Recommendations		
		Fully Implemented	Partially Implemented	Not Implemented
2016/553	Circularised instructions		√	
2016/554	Circularised instructions			√
2016/555	Overpayment of salaries		√	
2016/556	Circularised instructions	√		
2016/557	Employees without NIS and TIN	√		
2016/558	IDW Drugs and Medical Supplies			√
2016/559	Expired drugs			√
2016/560	Overpayment of construction works			√
2016/561	Overpayment of construction works	√		
2016/562	Misclassification of expenditure	√		
2016/563	Overpayment of construction works			√
2016/564	Overpayment of construction works	√		
2016/565	Breaches of the Stores Regulations			√
2016/566	Breaches of the Stores Regulations		√	
2016/567	Outstanding Cheque Orders		√	
2016/568	Outstanding Cheque Orders	√		
2016/569	Tender board minutes	√		
2016/570	Breaches of FMA Act 2003	√		
2016/571	Breaches of FMA Act 2003	√		
2016/572	Overpayment of construction works			√
2016/573	Overpayment of construction works			√
2016/574	Overpayment of construction works			√
2016/575	Overpayment of construction works			√
2016/576	Overpayment of construction works			√
2016/577	Overpayment of construction works			√
2016/578	Overpayment of construction works	√		
2016/579	Overpayment of construction works	√		
2016/580	Weak internal controls	√		
2016/581	Tender board minutes	√		
2016/582	Overpayment of salaries	√		
2016/583	Overpayment of construction works		√	
2016/584	Outstanding Cheque Orders			√
2016/585	Other			√
2016/586	Overpayment of construction works		√	

AGENCY 80  
REGION 10 – UPPER DEMERARA/BERBICE

Current year matters, with recommendations for improvement in the existing system

Current Expenditure

Employment Costs

942. According to the National Estimates amounts totalling \$1.489 billion were budgeted for Employment Cost for a staff complement of 1,108. As at 31 December 2017, amounts totalling \$1.485 billion were expended for 1,186 staff, as shown below. This represents seventy-eight staff more than was budgeted for and \$4M under the budgeted expenditure. As such, it would appear that Employment Cost was over budgeted.

Line Item	Description	Filled 2017	Actual 2017	Shortage/ Excess 2017
6111	Administration	389	407	18
6112	Senior Technical	281	305	24
6113	Other Technical and Craft Skilled	180	185	5
6114	Clerical and Office Support	43	58	15
6115	Semi- Skilled Operatives and Unskilled	152	166	14
6116	Contracted Employees	63	48	(15)
6117	Temporary Employees	0	17	17
Total		1108	1186	78

**Region's Response:** The Head of Budget Agency indicated that the Regional Administration will need to recheck this issue and provide a feed back to the Audit Office.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that its budget submission is in keeping with circularised instructions and the amount budgeted for Employment Cost is for staff positions that are filled. (2017/435)

943. An analysis of the employment details revealed that the Regional Administration had twenty-seven vacancies as advertised in the Public Service Commission Staff Vacancy Circular No. 2/2017. These vacancies included critical posts such as one Senior Procurement Officer, one Junior Departmental Sister, one Senior School's Welfare Officer, one House Mother (Kwakwani Students Hostel), Personal Officer II and Supervisor, House Services (Kwakwani). As a result, these critical vacancies would have an adverse effect on the operations of the Region.

**Region's Response:** The Head of Budget Agency indicated that: (i) the position of Snr. Procurement Officer was created by the Department of Public Service and given to the Region, as Regions are now expected to have a Procurement Unit. The Regional Democratic Council's Unit is being managed by a Procurement Officer until the Snr. Procurement Officer is hired and in place; (ii) in the absence of Junior Departmental Sister, there is the Ward Sister, who is overlooking the activities. This position was advertised due to the retirement of an officer; (iii) the position of Personnel II not being filled is noted; and (iv) the other positions mentioned is expected to be filled with the Public Service Commission now in place.

**Recommendation:** The Audit Office recommends that the Regional Administration urgently review its staffing situation since the level of staffing would obviously have an adverse effect on the operations of the Regional Administration and in particular the level of control needed to ensure adequate checks and balances. (2017/436)

Office and Field Supplies

944. The sum of \$141.535M was budgeted for the procurement of Drugs and Medical Supplies under Health Services Programme - Line Item 6221 for 2017. The Regional Administration expended \$11.535M and issued an Inter-Departmental Warrant for \$130M to the Ministry of Public Health (MOPH) for the Ministry to procure drugs and medical supplies on behalf of the Regional Administration.

945. With respect to the Inter-Departmental Warrant, IDW №. 1/2017 was issued on 7 February 2017 to the MOPH for \$130M. A Financial Return was received indicating that the full amount was expended. The table below summarises the expenditure for Drugs and Medical Supplies under Health Services Programme- Line Item 6221.

Budgeted Amount \$'000	IDWs to MOPH					Expended by Region \$'000	Total Expended \$'000	Total Unspent Balance \$'000
	№.	Date	Amount Warranted \$'000	Expended as per Financial Return \$'000	Unspent \$'000			
141,535	1/2017	07/02/2017	130,000	130,000	0	11,535	141,535	0
Total			130,000	130,000	0	11,535	141,535	0

946. Further, as was reported in 2016, a similar situation occurred in 2017 whereby although drugs and medical supplies were received by the Regional Administration, the cost was not stated on the documentation that accompanied the deliveries. As a result, it could not be determined whether the full value was received for the sums warranted to the MOPH.

947. Nevertheless, a reconciliation report was subsequently presented by the Materials Management Unit (MMU) for the items supplied to the Region and an examination of this listing revealed the following:

- a) the total estimated value of items delivered for the period January to September 2017 amounted to \$135.933M, giving a difference of \$5.933M worth of drugs being received in excess of the sum warranted to MOPH;
- b) the reconciliation presented for audit scrutiny included health facilities that were not under the control of the Regional Administration. As a result, it could not be determined which items were related to the Regional Administration independently. Further, there were 265 items without a unit price or total cost assigned to them; and
- c) the reconciliation also did not contain vital information such as Combine Requisition and Issue Voucher (CRIV) number or any other relevant information that could be used to trace or match the items delivered to the entries recorded in the Goods Received Books or other records that are maintained by the Region. As a result, it could not be determined whether the full value was received for the sum warranted to the MOPH.

**Region's Response:** The Head of Budget Agency indicated: (i) that efforts have been made to have the reconciliations done but these have not been obtained; (ii) MMU supplied a costing for the entire region in one unit. No separate bill came for either Linden Hospital Complex or the Regional Democratic Council and; (iii) the Combine Requisitions and Issue Vouchers, were available for Regional Democratic Council and for Linden Hospital Complex

**Recommendation:** The Audit Office recommends that the Regional Administration put systems in place to reconcile supplies received by the respective health facilities with the drugs list initially submitted, and obtain the cost of the drugs and medical supplies from the MOPH so as to reconcile the value of the drugs and medical supplies received with that of the sum warranted to the MOPH. (2017/437)

Maintenance Works

948. Amounts totalling \$372.047M were allocated for the repairs and maintenance of buildings and infrastructure within the Regional Administration. As at 31 December 2017, amounts totalling \$362.297M were expended under the various line items, as shown below:

Line Item	Description	Amount Allocated \$'000	Amount Expended \$'000
6242	Maintenance of Buildings	142,300	137,698
6251	Maintenance of Roads	55,000	54,425
6252	Maintenance of Bridges	12,491	11,839
6253	Maintenance of Drainage & Irrigation	40,000	39,817
6255	Maintenance of Other Infrastructure	91,600	88,078
6264	Vehicle Spares & Services	17,525	17,474
6282	Equipment Maintenance	13,131	12,966
Total		372,047	362,297

949. The contract for repairs and maintenance to the Regional Democratic Council office at Ituni was awarded by the Regional Tender Board in the sum of \$938,000 to the lowest of nine bidders. There was an approved variation of \$412,000 revising the contract sum to \$1.350M against an Engineer's Estimate of \$1M. The Contract was signed on 24 August 2017, however, the start date, completion date and defects liability period could not be determined from the documents examined. As at 31 December 2017, the full contract sum was paid to the contractor. A physical verification of the completed works, measurements and calculations revealed that the sum of \$80,000 was overpaid on carpentry and grill works.

**Region's Response:** The Head of Budget Agency explained that the contractor will be engaged to either complete the outstanding works or repay the sum overpaid.

**Recommendation:** The Audit Office recommends that the Regional Administration take steps to recover the overpayment, ensures that completed works are accurately measured and quantified before payments are made to contractors for works completed. (2017/438)

950. The contract for emergency repairs to Ituni Guest House was awarded by the Regional Tender Board in the sum of \$2.185M. As at 31 December 2017, the full contract sum was paid to the contractor and based on physical verification of the completed works; measurements and calculations, amounts totalling \$420,000 were overpaid on carpentry and general plumbing works.

**Region's Response:** The Head of Budget Agency explained that the contractor was re-engaged and has already completed some of the outstanding works.

**Recommendation:** The Audit Office recommends that the Regional Administration take steps to recover the overpayment, ensures that completed works are accurately measured and quantified before payments are made to contractors for works completed. (2017/439)

#### Other Matters

951. The Regional Administration was in breach of Section 3 Part 8 of the Guyana Legal and Policy Framework for Public Procurement - Guide to Public Procurement which stated that "Pursuant the Procurement Act, all tender boards shall appoint an Evaluation Committee for each procurement subject to its jurisdiction. The National Board shall select and appoint a pool of evaluators with appropriate expertise and experience, to serve as members. Further, each Regional Board shall nominate for consideration by the National Board qualified individuals to serve as an Evaluation Committee member within its jurisdiction". The Regional Administration presented a list of nominees dated 2012. However, no nominees were approved by the National Procurement and Tender Administration Board for the Evaluation Committee for the period under review.

**Region's Response:** The Head of Budget Agency indicated that the Regional Tender Board is unable to get reputable persons to accept nomination to a Committee which is paying such meager sums for hard work. The team is down to two. A retired Engineer and a Mechanical Supervisor are the current members. Initially there were five members that have now left.



**Recommendation:** The Audit Office recommends that the Regional Administration ensure full compliance with the Procurement Act. (2017/440)

### Capital Expenditure

952. The sum of \$409.560M was budgeted in 2017 for the Regional Administration to execute its capital programme. According to the Appropriation Accounts the sum of \$368.048M was expended, leaving an unspent amount of \$41.512M, as shown in the table below:

Programme	Description	Total Funds Available \$'000	Expenditure \$'000	Shortfall \$'000
1	Regional Administration & Finance	58,500	58,075	425
2	Public Works	172,580	170,427	2,153
3	Education Delivery	97,333	79,665	17,668
4	Health Services	81,147	59,881	21,266
<b>Total</b>		<b>409,560</b>	<b>368,048</b>	<b>41,512</b>

953. The shortfall in the above expenditure of \$41.512M was as a result of the Regional Administration terminating three contracts for the construction of Staff Quarters - Ituni, General Rehabilitation to Linden Foundation Secondary School, and construction of concrete Health centre and living quarters - Wiruni.

**Region's Response:** The Head of Budget Agency indicated that a contract was awarded for rehabilitation to Linden Foundation Secondary School and the works were since completed while the other works will be re-budgeted for.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure all works budgeted for are executed and completed as budgeted. (2017/441)

### Buildings

954. The contract for the rehabilitation of Church Road, Block 22 was awarded by the Regional Tender Board in the sum of \$5.904M to the lowest of seven responsive bidders. There was an approved variation of \$2.538M revising the contract sum to \$8.442M. As at 31 December 2017, the full contract sum was paid to the contractor. A physical verification of the completed works, measurements and calculations revealed an overpayment of \$96,000 for supplying, placing and compacting (hot mix) asphaltic speed bump.

955. Further, it was discovered that the contract agreement, the request for 90% payment from the Contractor as well as the approval for payment by the Regional Engineer were all signed on the same date, 4 December 2017. In addition, the Regional Executive Officer (ag) approved the payment on the very next day of 5 December 2017. It was difficult to ascertain how on the same day of signing the contract the value of the works completed could have been in the vicinity of 90% of the contract sum. In addition, our examination of the aforementioned payment further revealed that there was a variation in the value of \$2.538M, comprised in the payment request of 4 December 2017. Further, it was noted that the final inspection certificate which was signed by the contractor, Regional Engineer and the Chairman of the Regional Works Committee was dated 10 November 2017 or approximately one month before the contract was even signed.

**Region's Response:** The Head of Budget Agency indicated that the sum overpaid will be recovered while they are currently unable to explain the approval of payment.

**Recommendation:** The Audit Office recommends that the Regional Administration: (i) take steps to recover the overpayment; (ii) ensure that completed works are accurately measured and quantified before payments are made to contractors for works completed; (iii) clarify how the works could have been deemed completed by way of final inspection certificate before the contract was signed; and (iv) how the contract agreement, 90% valuation for payment and variation all occurred on the same dates. (2017/442)

956. The contract for the rehabilitation of Dageraad Avenue Mackenzie was awarded by the Regional Tender Board in the sum of \$8.449M to the lowest of eight bidders. There was an approved variation of \$144,000 revising the contract sum to \$8.593M against an Engineer's Estimate of \$11M. As at 31 December 2017, the full contract sum was paid to the contractor. A physical verification of the completed works, measurements and calculations revealed the following overpayment:

Item	Description	Qty Paid	Qty Found	Unit	Diff	Rate \$	Amount Overpaid \$'000
	Add Variation						
2.d	Surface Treatment						
	(2.) Application of Bituminous Binder CRS -2 at 0.3 gallon / sq.yd:) NB. Comprise for dusting / washing existing asphalt or DBST surface before applying binder	195	144	s yd	51	320	16
	(3) Supply and Place Asphalt material/Hotmix @ 38mm thk (when compacted) roll/compact with pneumatic tired roller	195	144	S yd	51	3,500	179
	Total						195

**Region's Response:** The Head of Budget Agency explained that efforts will be made to recover the amount overpaid.

**Recommendation:** The Audit Office recommends that the Regional Administration take steps to recover the overpayment and put proper systems in place to avoid future recurrences. (2017/443)

957. The contract for upgrading of Drainage System – Potaro Road, Mackenzie was awarded by the Regional Tender Board in the sum of \$6.420M. There was an approved variation of \$1.862M revising the contract sum to \$8.282M against an Engineer’s Estimate of \$6.987M. As at 31 December 2017, the full contract sum was paid to the contractor. A physical verification of the completed works, measurements and calculations revealed the following overpayment:

Item	Description	Qty Paid	Qty Found	Unit	Diff	Rate \$	Amount Overpaid \$'000
	Add Variation						
2.j	Reinforcement						
	Supply and place 1/2" high tensil steel bars at 9" crs as reinforcement to slabs / crossings as directed	4634	3810	lbs	824	200	165
2.g	Supply & fix 1:2:4 institu concrete 4"thk to form crossing and compact into position	30.5	25.5	cu yd	5	35,000	175
	Total						340

**Region’s Response:** The Head of Budget Agency explained that efforts will be made to recover the amount overpaid.

**Recommendation:** The Audit Office once again recommends that the Regional Administration take steps to recover the overpayment and put proper systems in place to avoid future recurrences. (2017/444)

958. The contract for upgrading of Drainage System – Wismar Street, Mackenzie was awarded by the Regional Tender Board in the sum of \$8.947M. There was an approved variation of \$2.959M revising the contract sum to \$11.906M against an Engineer’s Estimate of \$9M. As at 31 December 2017, the full contract sum was paid to the contractor. Physical verification in 2018 revealed that the works were incomplete and the contractor was on site completing the reinforced concrete drain works.

**Region’s Response:** The Head of Budget Agency explained that these works were on-going.

**Recommendation:** The Audit Office recommends that the Regional Administration immediately desist from certifying and making payments to contractors for incomplete works and put proper systems in place to avoid future recurrences. (2017/445)

959. The contract for the construction of Regional Administration Building was awarded by the National Procurement and Tender Administration Board to the lowest responsive of six bidders in the sum of \$265.588M against an Engineer's Estimate of \$249.262M. The contract was signed on the 29 December 2017 and the works were expected to be completed two years after the commencement date. As at 31 December 2017, an advance payment in the sum of \$39M was paid to the contractor. A physical verification in July 2018 revealed the following:

- a) the site was abandoned and no personnel or equipment from the contractor was seen on site while only a quantity of white sand was stockpiled on site with two material storage sheds/ bond;
- b) the full advance payment in the sum of \$39M was prepared and processed in the name of the contractor in 2017 while at that time no advance payment bond by the contractor was in existence. The advance bond was only issued on 2 February 2018 by Caricom General Insurance Company Inc; and
- c) at the time of audit in July 2018, the RDC was now requesting permission to go to tender for supervisory consultancy services for the supervision of the works under this contract which was awarded since 29 December 2017 and for which the contractor was already in possession of \$39M as an advance payment.

**Region's Response:** The Head of Budget Agency indicated that the mobilisation advance of \$39M was paid only on 29 December 2017 and the matter is engaging the attention of the Ministry of Communities and the Ministry of Finance with a view of engaging a Supervising Consultant.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure proper monitoring of all contracts awarded. (2017/446)



The Bond and Stock Pile of Sand

960. The contract for construction of chain link fence at One Mile Primary School, Wismar was awarded by the Regional Tender Board in the sum of \$12.583M. There was an approved negative variation of \$2.521M revising the contract sum to \$10.062M against an Engineer's Estimate of \$13.002M. As at 31 December 2017, the full contract sum was paid to the contractor. A physical verification of the completed works, measurements and calculations revealed the following overpayment:

Item	Description	Qty Paid	Qty Found	Unit	Diff	Rate \$	Amount Overpaid \$'000
	Bill №. 2 - Fence						
2.14	Supply and install 6" PVC pipes as directed	60	0	ft.	60	600	36
	Bill №. 3 - Other Works						
3.1	Supply, place and compact white sand as directed	8	0	cu.yds	8	2500	20
3.2	Supply and install #65 BRC Fabric	67	0	sq.yds	67	1,800	121
3.3	Supply, place and compact structural concrete (1:2:4 mix) to foundation 18" dia. X 24" depth for the installation of Galva. Post	8	0	cu.yds	8	50,000	400
	Add Variation						
V.8	Supply and install 4" dia. Gate Post (rate must comprise for cavity filling)	10	0	nr.	10	15,000	150
	Total						727

**Region's Response:** The Head of Budget Agency explained that efforts will be made to recover the amount overpaid.

**Recommendation:** The Audit Office once again recommends that the Regional Administration take steps to recover the overpayment and put proper systems in place to avoid future recurrences. (2017/447)



The Completed Fence

961. The contract for general rehabilitation to Christiansburg Secondary School at Wismar was awarded in 2016 by the NPTAB in the sum of \$14.335M. There was an approved negative variation of \$1.197M, revising the contract sum to \$13.138M. As at 31 December 2017, the full contract sum was paid to the contractor. A physical verification of the completed works, measurements and calculations revealed the following overpayment:

Item	Description	Qty Paid	Qty Found	Unit	Diff	Rate \$	Amount Overpaid \$'000
	Bill №. 4 – Electrical						
1.4.2	Supply and install double gang switch	11	0	№.	11	5,000	55
	Add Variation						
	Service concrete urinals stall removing broken ceramic tiles and replacing with new and seal as directed. Comprise for all accessories for functioning of same	3	0	№.	3	110,000	330
	Total						385

**Region’s Response:** The Head of Budget Agency explained that efforts will be made to recover the amount overpaid.

**Recommendation:** The Audit Office recommends that the Regional Administration take steps to recover the overpayment and put proper systems in place to avoid future recurrences. (2017/448)

962. A contract for construction of water trough at Kwakwani Secondary School, Region №. 10 was awarded by the Regional Tender Board in the sum of \$3.781M to the lowest of three bidders. The Engineer’s Estimate was \$4.028M. The contract was signed on 28 November 2017 with a defects liability period of six months. The total payments made to date for works completed were \$3.781M. Physical verification of the completed works, measurements and calculations, the following overpayment and observations were discovered:

Item	Description	Qty Paid	Qty Found	Unit	Diff	Rate \$	Amount Overpaid \$'000
4	Carpentry						
G	Provide and install metal door	1	0	nr.	1	100,000	100
6	Plumbing						
	Provide and install complete stand pipe made of brass or cast iron 3/4"	2	0	nr.	2	10,000	20
	Total						120

**Region’s Response:** The Head of Budget Agency explained that efforts will be made to recover the amount overpaid.

**Recommendation:** The Audit Office recommends that the Regional Administration takes steps to recover the overpayments, ensure that completed works are accurately measured and quantified before payments are made to contractors for works completed. (2017/449)

963. The contract for construction of health Centre & living quarters – Wiruni, Berbice River was awarded by the NPTAB in the sum of \$19.684M. The defects liability period was for three months. The total payments made to date for works completed were \$9.167M. Physical verification revealed the following observations:

- a) the contract agreement date, start date and duration of the contract could not be determined from the documents examined;
- b) the contractor received an advance payment of \$3.937 representing 20% of the contract sum, followed by three interim payments of \$2.019M, \$1.390M and \$1.822M respectively. It was difficult to ascertain whether or not the advance payment was fully recovered;
- c) physical verification on 06 July 2018, revealed that the works were incomplete and the site was abandoned;
- d) it was discovered that a correspondence dated 27 November 2017 and captioned “*Termination of Contractual Agreement – Construction of Concrete Health Centre and Living Quarters, Wiruni, Region №. 10*” to the contractor indicates that the contract was terminated. However, an examination of this correspondence revealed the following inaccuracies;

- e) the correspondence references clauses 4 and 12 of the General Condition of Contract (GCC) as it relates to liquidated damages. However, our examination of the contract document revealed that GCC Clause 4 actually addresses the *Engineer* while GCC Clause 12 addresses “*works to be completed by the Expected period of completion.*” These clauses were therefore inaccurately quoted in the letter of termination;
- f) the correspondence states the rate for liquidated damages as 0.2% per day; however, our examination of the contract document revealed that GCC Clause 32 - liquidated damages stipulates a rate in the SCC of “*0.05% per week of the bid price.*” This also was used inaccurately in the letter of termination.
- g) the actual basis of termination of the contract could not be determined from the documents examined;
- h) no performance bond or advance bonds were noted in the documents examined; and
- i) it was difficult to ascertain from the Payment Voucher examined whether or not the advance payment was fully recovered. In addition, it is unclear whether or not a valuation at termination was prepared and all accounts settled.

***Region’s Response:*** The Head of Budget Agency explained that the contract was terminated and request will be made in the 2019 budget for completion of this building, while an assessment will be undertaken of the work done to date to verify the value for payment.

***Recommendation:*** The Audit Office recommends that the Regional Administration ensure any bonds issued are honoured, a final account or valuation at termination be prepared, and any amount overpaid be recovered. (2017/450)





The Abandoned Works

964. The contract for construction of staff quarters – Ituni was awarded by the Regional Tender Board in the sum of \$10.166M to the third lowest of fourteen bidders. The Engineer's Estimate was \$11.373M. The total payments made to date for works completed were \$1.525M. Physical verification revealed the following observations:

- a) the start date and completion date could not be determined from the documents examined;
- b) the contractor received an advance payment of \$1.525M representing 15% of the contract sum, however, it is unclear whether or not the advance was fully recovered at the time of reporting;

- c) physical verification on 6 July 2018, revealed that the works are incomplete and the site was abandoned;
- d) it was discovered that the contract document which was used to administer the contract was modified from the standard documents issued by NPTA. The value of the works under this contract is above Five Million (\$5,000,000) and the SBD for works valued above same should have been used by the RDC;
- e) it was noted that the contract was terminated however, no valuation at termination was seen;
- f) the mobilisation bond dated 4 August 2017 issued by North American Fire and General Insurance Co. Ltd expired on 14 November 2017 and it is unclear if the advance payment was recovered at the time of reporting; and
- g) the performance bond dated 4 August 2017 issued by North American Fire and General Insurance Co. Ltd expired on 14 November 2017.

**Region's Response:** The Head of Budget Agency explained that the contract was terminated and the valuation at termination will be submitted to the Audit Office.

**Recommendation:** The Audit Office recommends that the Regional Administration submit the valuation at termination for audit examination. (2017/451)



The abandoned site with two separate foundation works

### Capital Purchases

965. An amount of \$10.500M was allocated for the purchase of a refurbished roller. A supplementary provision of \$2.610M was approved giving a revised allocation of \$13.110M. However, as at 31 December 2017, the full amount allocated was expended. Physical verification exercise carried out on 9 July 2018 revealed that while the roller was on loan to the National Drainage and Irrigation Authority, no entry was made in the Loan's Register nor was the period of the loan stated in the loan agreement presented for audit scrutiny.

**Region's Response:** The Head of Budget Agency indicated that the roller has been loaned to the National Drainage and Irrigation Authority to conduct road works in Ebini.

**Recommendation:** The Audit Office recommends that the Regional Administration comply fully with the Stores Regulations. (2017/452)

### Award of Contracts

966. An examination of the awards for fourteen contracts totalling \$18.331M for the execution of works of current nature revealed that these contracts were awarded by way of waiver of Tender Board procedures to use selective contractors with no reasons for this type of award neither was the Engineer's Estimate stated. Similarly, in 2016 fourteen contracts valued at \$38.567M were not awarded to the lowest or most competitive bidder and no reason was stated in the minutes, while for capital expenditure nine contracts valued at \$20.086M were awarded for the execution of works by way of waiver of Tender Board procedures to use selective contractors.

**Region's Response:** The Head of Budget Agency indicated that the Tender Minutes will be reviewed to ensure all details are recorded.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure all meetings of the Tender Board are properly documented. (2017/453)

### Prior year matters, which have not been fully resolved

#### Capital Expenditure

967. During the period under review, there was some progress in recovering overpayments made on contracts by the Regional Administration for the years 2010 to 2012 and 2015. Amounts totalling \$12.167M remained outstanding as shown below:

Year	Description	Original O/payment \$'000	Amount Cleared \$'000	Balance \$'000
2010	Construct revetment at Watooka	21	0	21
"	Extension of Farm to Market Road	4,628	0	4,628
"	Construct revetment at Fox Road Hill Foot	221	0	221
"	Rehab revetment at Burnham Drive, Wismar	939	0	939
"	Upgrading Lower Well Road, Amelia's Ward	1,491	0	1,491
"	Construct Fence at Mabura Nursery School	1,021	296	725
2011	Completion of Charles Rosa Nursery	229	0	229
"	Construct Sanitary block at Wiruni Primary	227	50	177
"	Enclose Bottom Flat, Student Hostel, Kwakwani	155	0	155
"	Extension of Kwakwani Secondary School	2,515	0	2,515
2012	Construction of Medex House, Hururu	805	366	439
"	Installation of HDPE culvert at West Watooka	6,788	6,161	627
	Total	19,040	6,873	12,167

**Region's Response:** The Head of Budget Agency indicated that the Regional Administration will continue with its efforts to recover the amounts overpaid.

**Recommendation:** The Audit Office recommends that the Regional Administration vigorously pursue the recovery of the amounts overpaid and improve on the efficiency of the systems in place to monitor projects in order to avoid such overpayments. (2017/454)

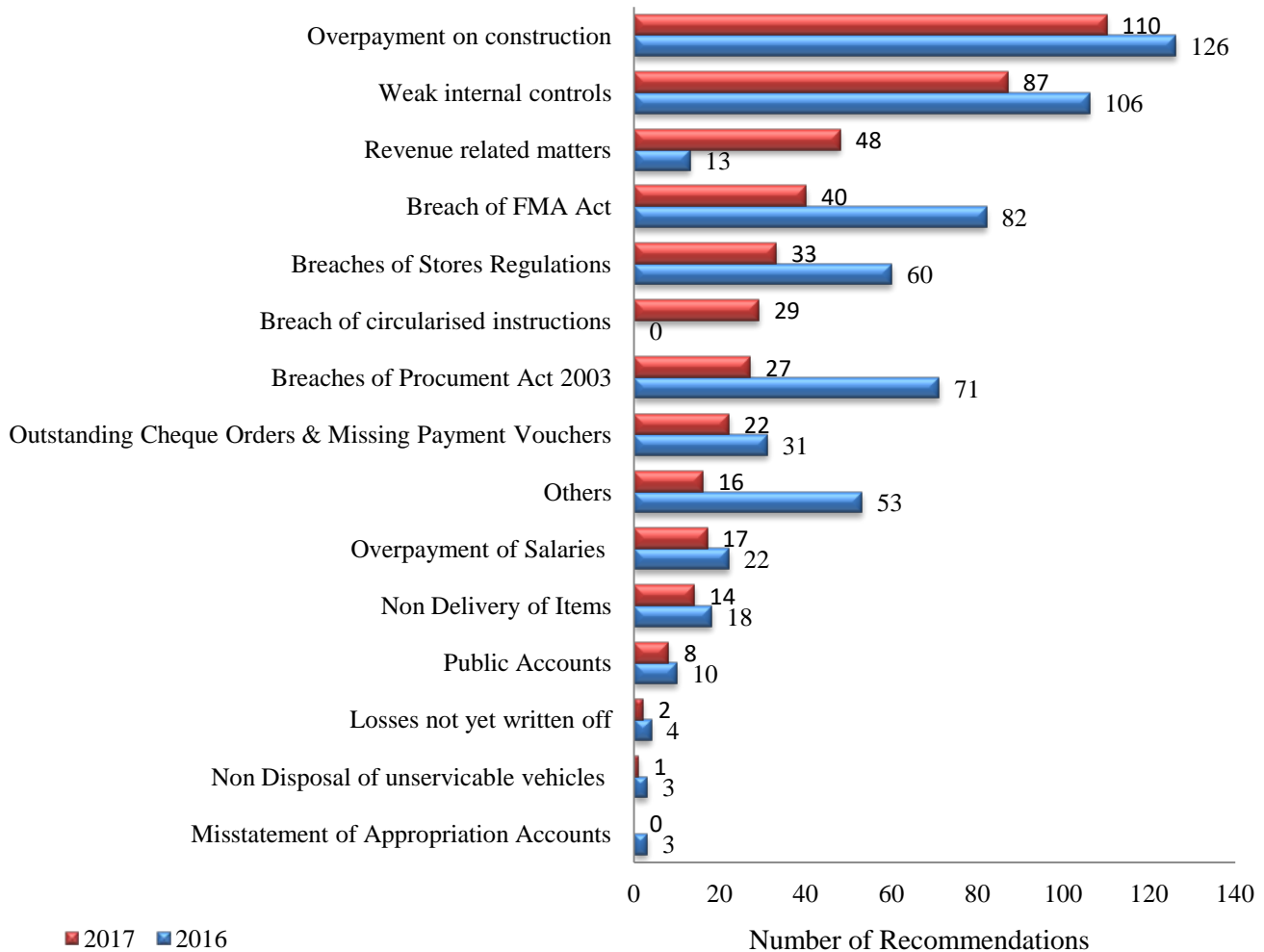
#### Follow-Up on the Implementation of Prior Year Audit Recommendations

968. The table below summarises the prior year matters as contained in the Auditor General's 2016 Report and the action taken by the Head of the Budget Agency regarding the recommendations made by the Audit Office.

Rec. №.	Category of Findings	Recommendations		
		Fully Implemented	Partially Implemented	Not Implemented
2016/587	Circularised instructions	√		
2016/588	Circularised instructions			√
2016/589	Overpayment of salaries	√		
2016/590	IDW Drugs and Medical Supplies		√	
2016/591	Overpayment of construction works	√		
2016/592	Tender board minutes	√		
2016/593	Breaches of FMA Act 2003	√		
2016/594	Shortfall in expenditure	√		
2016/595	Overpayment of construction works	√		
2016/596	Tender board minutes	√		
2016/597	Overpayment of construction works	√		
2016/598	Overpayment of construction works	√		
2016/599	Tender board minutes	√		
2016/600	Breaches of Procurement Act of 2003	√		
2016/601	Overpayment of construction works	√		
2016/602	Overpayment of construction works		√	

## SUMMARY OF RECOMMENDATIONS

969. The Bar-Graph below illustrates the comparison of my recommendations (2017 – 454) and 2016 – 602) under generalise areas. As can be seen, overpayments on construction works and breaches of relevant legislations, which include the Fiscal Management and Accountability Act, Stores Regulations, Procurement Act 2003 and Lack of or weak Internal Controls continued to dominate the findings, and are viewed with grave concern.



### Status of Implementation of Prior Year Audit Recommendations

970. Each year, the Audit Office issues recommendations to Ministries, Departments and Regions that are designed at improving systems and practices at these entities and improving the Government's governance and accountability mechanisms. Six hundred and two recommendations were made in the 2016 Audit Report; we reviewed the recommendations to determine what action, if any, was taken by the respective Accounting Officers. At the time of reporting, 250 (41%) were fully implemented, 178 (30%) partially implemented, while 174 (29%) were not implemented.

971. Whilst there is evidence that action has been taken, there is still a concern with the lack of action towards the full implementation of these recommendations with 59% of the recommendations yet to be fully implemented. Once again, I encourage the Government, through the Ministry of Finance, the Accountant General's Department and the respective Head of Budget Agency to take appropriate actions and put measures in place to address the recommendations.

## OTHER ENTITIES

### SUMMARY OF AUDIT OPINIONS

972. A total of 191 opinions in relation to audits conducted on other entities were issued during the period 1 September 2017 to 31 August 2018. These include the audits of Public Enterprises, Statutory Bodies, Trade Unions, Foreign Funded Projects, Neighbourhood Democratic Councils and Constitutional Agencies. Of these 191 audits twenty-seven years of accounts for twenty-one entities were audited by Chartered Accountants in public practice under the contracting out arrangement, in accordance with Part IV of the Audit Act 2004 and at a total cost of \$66.115M. Outlined below is a summary of the audit opinions issued.

Category	Opinions Issued from 1 September 2017 to 31 August 2018		
	In House	Contracted	Total
Public Enterprises	6	16	22
Statutory Bodies	20	11	31
Trade Unions	2	-	2
Foreign Funded Projects	28	-	28
Neighbourhood Democratic Councils	103	-	103
Constitutional Agencies	5	-	5
Total	164	27	191

### AUDIT OF PUBLIC ENTERPRISES

973. There are thirty-six Public Enterprises that are required to be audited under the Public Corporations Act 1988. Of the thirty-six entities, twenty-two audits had been finalised in respect of eighteen entities. A total of sixteen audits were executed under the contracting out arrangement while the other six audits were executed in-house. An analysis of the opinions issued in respect of the sixteen contracted audits revealed that two were disclaimed, four were qualified and ten were unqualified. The six audits executed in-house, two were qualified and four were unqualified. The following tables provide the details:

Disclaimed Opinions – Contracted Audit

№.	Name of Entity	Year(s) of Audit	Summary of Reasons for Disclaimed Opinions
1	Guyana Post Office Corporation	2010 & 2011	<p>Details were unavailable to support an amount of \$9.911 billion and 10.178 billion owing to agencies for the years 2010 and 2011, respectively. Independent confirmations were also not received.</p> <p>\$9.007 billion owed by agencies was outstanding from previous years. This was not cleared neither was any reconciliation done. Independent confirmation of balances was requested but not obtained. An aged listing was not available and balances denominated in foreign currency were not converted at closing exchange rate.</p> <p>Fixed assets amounting to \$65.443M could not be verified as a listing or a register was not provided. The title deeds were not available for examination. There were no policies for acquisition, capitalisation and disposal of assets and depreciation was computed on the closing balances for each category of asset. No impairment test was carried out.</p> <p>The trial balance was greater than the receivables schedule by \$297.254M and \$74.566M for the years 2010 and 2011, respectively. No reconciliations of these differences were done. Details of other receivables totalling \$56.546M were not provided.</p> <p>The inventory balances of \$158.441M and \$159.034M included credit balances of \$30.644M and \$39.936M which represent incorrect postings for the years 2010 and 2011, respectively.</p> <p>Payables and accruals included a suspense account of \$57.812M and \$19.458M, debit balances of \$136.683M and \$39.822M for the years 2010 and 2011, respectively.</p> <p>Tax recoverable of \$153.905M from the Guyana Revenue Authority was coming forward from previous years and no details were provided to verify this balance.</p> <p>The bank balance included unreconciled differences of \$246.639M and \$479.020M for the years 2010 and 2011, respectively.</p>



Qualified Opinions – Contracted Audit

№.	Name of Entity	Year(s) of Audit	Summary of Reasons for Qualified Opinions
1	National Communications Network Incorporated	2015 & 2016	Title deeds for property with net book values of \$474.552M and \$487.355M were not available and a fixed asset register was not maintained by the Company for years 2015 and 2016, respectively. Further, the Company only recognized annual depreciation charge on additions to fixed assets.
2	Guyana Marketing Corporation	2016	Included in the receivables and prepayments of \$88.472M is an amount of \$86.995M due from the Guyana Sugar Corporation and outstanding for more than one year for which no provision was made.
3	Demerara Harbour Bridge Corporation	2014	<p>The Corporation did not maintain production books. No other records were available to verify raw materials used in production, production output, wastage and sales.</p> <p>A general ledger for the asphalt plant operation was not maintained.</p> <p>A difference of \$6.716M for inventory balance was observed between the general ledger balance of \$949.181M and the stock report balance of \$955.897M.</p> <p>Performance and advances guarantee bonds were not renewed when expired which placed the Corporation at a credit risk of \$210.682M if the contractor fails to honour the contracts.</p>

Unqualified Opinions – Contracted Audit

No.	Name of Entity	Year (s) of Audit	No. of Opinions
1	Guyana National Shipping Corporation Limited	2017	1
2	Guyana Oil Company Limited	2017	1
3	Guyana Oil Company Limited Consolidated	2017	1
4	GUYOIL Aviation Services Incorporated	2017	1
5	Guyana Power and Light Incorporated	2017	1
6	Guyana National Newspapers Limited	2016	1
7	Guyana National Printers Limited	2016	1
8	Guyana Water Incorporated	2016	1
9	Cheddi Jagan International Airport Corporation	2015	1
10	Guyana Marketing Corporation	2015	1
	Total		10

Qualified Opinion – In-house

No.	Name of Entity	Years of Audit	Summary of Reasons for Qualified Opinions
1	Linden Electricity Company Incorporated	2014	The amount of \$185.395M represented long-term payables since 2003. This amount is attributed to capacity charges of \$151.331M paid by Ministry of Finance and an amount of \$34.064M for fuel consumption paid for by LINMINE. However, this amount remains unsettled in excess of ten years.
2	Port Kaituma Power and Light Company Incorporated	2014	Building, generators and fuel tanks were not capitalised and recorded as assets.

Unqualified Opinions – In-house

No.	Name of Entity	Year (s) of Audit	No. of Opinions
1	Power Producers and Distributions Incorporated	2017	1
2	Property Holdings Incorporated	2016	1
3	Cheddi Jagan International Airport Corporation	2014	1
4	Kwakwani Utilities Incorporated	2014	1
	Total		4

AUDIT OF STATUTORY BODIES

974. There are fifty-eight Statutory Bodies that are required under relevant Acts of Parliament to be audited. Of the fifty-eight entities, thirty-one audits had been finalized in respect of twenty-two entities, of which eleven were executed under the contracting out arrangement and twenty executed in-house. An analysis of the opinions issued in respect of the eleven contracted audits revealed that one was disclaimed, three were qualified and seven were unqualified. Of the opinions issued for the twenty audits executed in-house, six were qualified and fourteen were unqualified. The details are stated below.

Disclaimed Opinion – Contracted Audit

No.	Name of Entity	Year(s) of Audit	Summary of Reasons for Disclaimed Opinion
1	MARDS Rice Milling Complex Limited	2014	<p>During years 2000 to 2007, the Company borrowed three loans amounting to \$680M from the Government of Guyana. The signed agreements for the loans were not available to determine terms and conditions of the loans and whether the Company was in compliance with the agreements. Interest has not been accrued for and to date no repayments were made.</p> <p>The balance of trade and other receivables included an amount of \$35.937M owed by the Guyana Rice Development Board (GRDB). This amount was not confirmed by the GRDB. Rather, the GRDB confirmed that MARDS owed them \$30M as at 31 December 2012.</p> <p>The Company acquired an excavator and bulldozer in 2011 and 2012 for \$44M and 14.5M respectively. However, these assets are controlled by Mahaica Mahaicony Abary – Agricultural Development Authority (MMA/ADA) while an amount of \$10.743M was paid for fuel in the current year by MARDS on behalf of MMA/ADA. No evidence of the Board’s approval or any terms and conditions attached to the amounts received by MMA/ADA over the years were seen.</p> <p>Taxation payable of \$73.993M represents corporation and capital gains tax payable to the Guyana Revenue Authority. There was an absence of adequate records and reconciliation to support this amount.</p>

Qualified Opinions – Contracted Audit

№.	Name of Entity	Year (s) of Audit	Summary of Reasons for Qualified Opinions
1	Guyana Geology and Mines Commission	2011	<p>Titles and transports in relation to land and buildings with a net book value of \$538.628M were not presented for examination.</p> <p>Confirmation of amounts totalling \$463.466M were outstanding from National Industrial &amp; Commercial Investments Limited (NICIL) and the Ministry of Public Works and Communications (MPW&amp;C). No provision for impairment was done.</p> <p>The trial balance was greater than the payables schedule by \$72.491M.</p>
2	Guyana Lands and Surveys Commission	2011	<p>Accounts receivables and prepayments of \$210.190M include numerous balances coming forward from previous years which were not settled. No impairment review of the balances was done.</p> <p>An impairment review was not done on property, plant and equipment stated at \$892.383M. The assets register contained assets not owned by the Commission. Also, evidence of ownership of properties and vehicles was not seen.</p> <p>Included in income are credit sales of \$92.537M which could not be verified with supporting documentation. Also, during the year, there was a fraud, the amount of which management quantified to be approximately \$2.332M.</p>
3	University of Guyana Pension Scheme	2006	<p>Sufficient appropriate audit evidence was not obtained to verify the accuracy of the amount of \$13.764M included in \$17.036M reported as pensions in the income and expenditure statement.</p>

Unqualified Opinions - Contracted Audit

No.	Name of Entity	Year (s) of Audit	No. of Opinions
1	Central Housing and Planning Authority	2016	1
2	Guyana Energy Agency	2016	1
3	Guyana Forestry Commission	2015&2016	2
4	Guyana National Bureau of Standards	2010-2012	3
	Total		7

Qualified Opinions – In-house

No.	Name of Entity	Year (s) of Audit	Summary of Reasons for Qualified Opinions
1	Competition and Consumer Affairs Commission	2012 & 2013	<p>Payment vouchers and other supporting documents, including payroll and statutory deduction files were not presented to support administrative costs totalling \$17.251M</p> <p>Payment vouchers and related documentations in relation to additions to fixed assets totalling \$1.809M were not presented for examination.</p>
2	Guyana Revenue Authority	2012 & 2013	<p>\$600M was reflected as payment of refunds of revenue to taxpayers for the year 2012. Of this sum, \$548.194M was reported as related expenditure for the year ended 31 December 2012. However, only \$18.860M was expended during 2012 and the remainder of \$529.334M was utilized during 2013 to 2016 for refund payments.</p> <p>\$660M was allocated from the 2013 appropriation for payment of refunds to taxpayers, but was received during the year 2014. This was accounted for as income in the year ended 31 December 2013.</p> <p>\$660M was shown as refund of revenue payments for the year ended 31 December 2013. However, these sums were expended out on the 22 December 2014 but was observed as recorded in the cash book for the year 2013.</p>

No.	Name of Entity	Year (s) of Audit	Summary of Reasons for Qualified Opinions
3	Institute of Applied Science and Technology	2012 & 2013	The cash book and general ledger for the sole bank account "General Account" reflected differences for the years reviewed. The cash book reflected a closing balance of \$8.277M and \$35.636M and the general ledger reflected a closing balance of \$8.950M and 34.390M resulting in a difference of \$673,000 and \$1.246M for the years 2012 and 2013, respectively.

Unqualified Opinions – In-house

No.	Name of Entity	Year (s) of Audit	No. of Opinions
1	Bank of Guyana	2017	1
2	Dependants Pension Fund	2017	1
3	Financial Intelligence Unit	2017& 2016	2
4	National Trust of Guyana	2017& 2016	2
5	Small Business Bureau	2017	1
6	Bank of Guyana Pension Scheme	2016	1
7	Guyana Office for Investment	2016	1
8	Pesticides and Toxic Chemicals Control Board	2016	1
9	Board of Industrial Training	2015	1
10	Guyana National Broadcasting Authority	2015 & 2014	2
11	Protected Areas Commission	01/07/2012 - 31/12/2012	1
Total			14

SUMMARY OF RECOMMENDATIONS – QUALIFIED OPINIONS

975. A number of recommendations to correct weaknesses identified and improve systems of internal control were made in the various audit reports issued:

- a) The Chart below gives an analysis of ninety audit recommendations made in respect of the six qualified audit opinions issued for Public Enterprises.

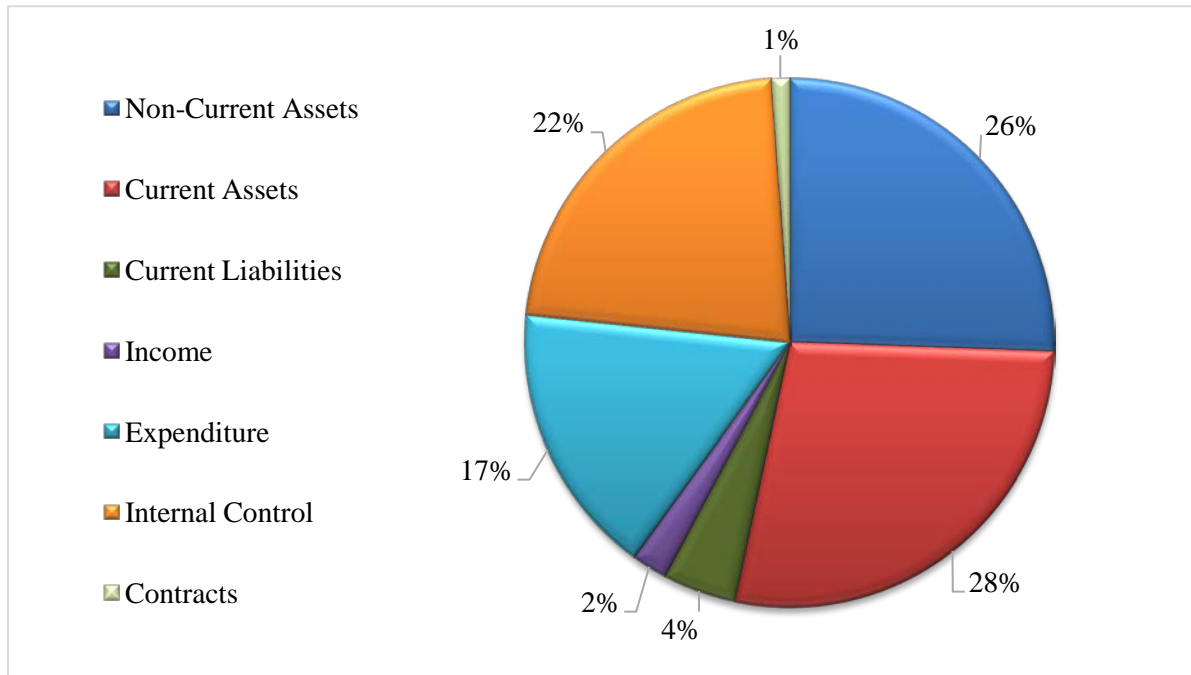


Figure (Source – Audit Reports)

- b) The Charts below gives an analysis of ninety-eight audit recommendations made in respect of the nine qualified audit opinions issued for Statutory Bodies.

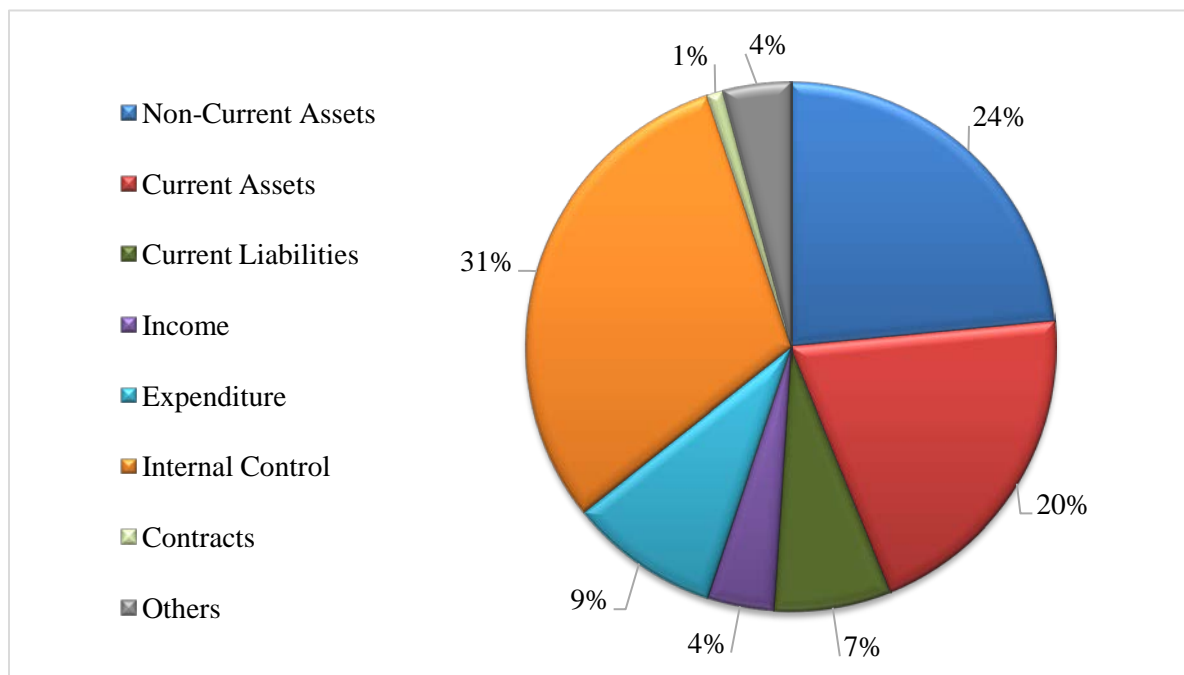


Figure (Source – Audit Reports)

#### AUDIT OF TRADE UNIONS

976. At the time of reporting, the financial statements for sixteen of the twenty-three Trade Unions were significantly in arrears with statements outstanding for ten or more years. In addition, the Office finalised the audit for Guyana Public Service Union for the years 2004 and 2005, both opinions were unqualified.

#### AUDIT OF FOREIGN FUNDED PROJECTS

977. The Audit Office completed twenty-eight audits of Foreign Funded Projects as shown below:

Name of Funding Agency	Year(s) of Audit	Type of Opinion	N <sup>o</sup> . of Opinions
Inter-American Development Bank	2017 & 2018	Unqualified	16
International Development Association	2017	Unqualified	5
CARICOM Development Fund	2017	Unqualified	1
United Nations Development Program	2017	Unqualified	3
Caribbean Development Bank	2015 & 2017	Unqualified	3
<b>Total</b>			<b>28</b>



AUDIT OF NEIGHBOURHOOD DEMOCRATIC COUNCILS

978. There are sixty-two Neighbourhood Democratic Councils that are required to be audited by the Audit Office. Of the sixty-two Councils, one hundred and three audits had been finalised in respect of seventeen Councils. An analysis of the opinions issued revealed that all were qualified. The details are stated below.

№.	Name of Neighbourhood Democratic Council	Year (s) of Audit	Summary of Reasons for Qualified Opinions
1	Hague/Blankenburg	2006-2017	Documentation to ascertain the value of fixed assets was not provided for audit scrutiny.  Debtors schedule was not produced for audit examination.
2	Kilcoy-Hampshire	2008-2015	
3	Goodhope/№.51	2010-2015	
4	Black Bush Polder	2011-2015	
5	Bloomfield-Whim	2011-2015	
6	Bushlot №.28/Adventure	2011-2015	
7	Enfield/New Doe Park	2011-2015	
8	Hogstye/Lancaster	2011-2015	
9	Maida-Tarlogie	2011-2015	
10	Canals Polder	2006-2014	
11	Hydronie/Goodhope	2006-2014	
12	№.52-74	2010-2014	
13	Canefield/Enterprise	2011-2014	
14	Macedonia/Joppa	2011-2014	
15	Best/Klien Pouderoyen	2007-2012	
16	Mora/Parika	2005-2010	
17	Greenwich Park/Vergenoegen	2007-2010	

AUDIT OF CONSTITUTIONAL AGENCIES

979. There are fifteen Constitutional Agencies that are required to be audited by the Audit Office. The accounts of three of the fifteen Agencies have been finalised and unqualified audit reports were issued as follows:

Name of Constitutional Agency	Year (s) of Audit	Type of Opinion	№. of Opinion
Director of Public Prosecutions	2017 & 2016	Unqualified	2
Parliament Office	2016 & 01/09/2015 – 31/12/2015	Unqualified	2
Police/Public Service Commission	2016	Unqualified	1
<b>Total</b>			<b>5</b>

## PERFORMANCE AUDIT

980. Being given the mandate to conduct Performance/Value-for-Money Audit by way of Section 24 of the Audit Act 2004, a Performance Audit Section was established in 2008 to conduct such audits. Examinations are conducted to determine the extent to which public entities are applying their resources and carrying out activities economically, efficiently and effectively and with due regards to ensuring effective internal control. In this regard, the Audit Office completed and presented the following four performance audit reports to the Speaker of the National Assembly, which were laid before the National Assembly:

- i. An Assessment of the Living Conditions of the Residents of the Palms Geriatric Institution;
- ii. A Review of the Old Age Pension Programme in Guyana;
- iii. Follow-up on the Assessment of the Living Conditions of the Residents of the Palms Geriatric Institution; and
- iv. The Construction of the New Access Road to the Cheddi Jagan International Airport.

981. In addition, the Audit Office is currently conducting a performance audit on the Procurement, Management and Distribution of Drugs and Medical Supplies at the Ministry of Public Health. The audit was to determine whether it was managed in an economic and efficient manner and in compliance with relevant laws, regulation and international standards. The audit covered the period January 2015 to December 2017. This audit is at the end of its examination phase and will be completed in November 2018.

982. The Audit Office next Performance Audit will be a follow-up audit, on the Review of the Old Age Pension Programme in Guyana. This audit will commence upon the completion of the Ministry of Health Performance Audit.

## SPECIAL INVESTIGATIONS

983. Two special investigations/audits were finalised during the period October 2017 to September 2018, as listed below:

- i. Regional Democratic Council №. 6 – Purchase of one bulldozer; and
- ii. Tutorial High School – Austin Castello Memorial Scholarship Fund.

984. The following eight special investigations/audits were at various stages:

- i. Ministry of Public Infrastructure – Durban Park Project;
- ii. Ministry of Social Protection – Board of Industrial Training, UCITC;

- iii. Ministry of Social Protection – Old age pension and public assistance, New Amsterdam and Corentyne;
- iv. Ministry of Public Health – Purchase of drugs;
- v. Regional Democratic Council №. 6 – Awarding of contracts by Regional Tender Board;
- vi. Regional Democratic Council №. 8 – School Feeding Programme;
- vii. Golden Grove/Diamond Place Neighbourhood Democratic Council – Various allegations; and
- viii. Annandale/Riverstown Neighbourhood Democratic Council – Financial irregularities.

#### ACKNOWLEDGEMENTS

985. 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 complete this Report. My sincere thanks also go out to Ministry of Finance, Accountant General and Heads of Budget Agencies 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.

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**END OF YEAR BUDGET OUTCOME AND RECONCILIATION REPORT - REVENUE  
OF THE GOVERNMENT OF GUYANA  
FOR THE FISCAL YEAR ENDED 31 DECEMBER 2017**

Reporting Object Group	Description	Approved Estimates		Actual Receipts Paid	Variance	Actual Receipts Paid
		2017	2016	into Consolidated Fund		into Consolidated Fund
		\$'000	\$'000	\$'000	\$'000	\$'000
<u>CURRENT REVENUE</u>						
500	Customs and Trade Taxes	15,837,353	18,889,985	3,052,632		<b>16,381,965</b>
510	Internal Revenue	67,054,763	76,513,743	9,458,980		<b>68,110,776</b>
520	Stamp Duties	35,723	386,735	351,012		<b>339,589</b>
525	Other Tax Revenues	3,325	313	(3,012)		<b>277</b>
530	Fees and Fines	1,569,462	1,368,460	(201,002)		<b>1,356,650</b>
541	Interest	1,002,427	1,001,934	(493)		<b>1,002,029</b>
545	Rents and Royalties	4,332,357	3,879,411	(452,946)		<b>4,301,266</b>
555	Dividends and Transfers	14,800,000	14,251,448	(548,552)		<b>14,276,069</b>
560	Miscellaneous Receipts	1,686,769	2,753,856	1,067,087		<b>4,255,435</b>
590	Value Added Taxes	45,179,802	42,422,904	(2,756,898)		<b>36,268,472</b>
594	Excise Taxes	34,369,401	33,458,566	(910,835)		<b>31,083,003</b>
597	Miscellaneous Receipts	150,605	132,958	(17,647)		<b>155,508</b>
	<b>SUB TOTAL</b>	<b>186,021,987</b>	<b>195,060,313</b>	<b>9,038,326</b>		<b>177,531,039</b>
<u>CAPITAL REVENUE</u>						
565	Sale of Assets	0	0	0		<b>0</b>
570	Miscellaneous Capital Revenue	1,491,668	759,373	(732,295)		<b>1,501,560</b>
575	External Grants	11,672,858	10,366,228	(1,306,630)		<b>5,368,888</b>
580	External Loans	18,243,819	17,286,112	(957,707)		<b>12,807,342</b>
585	Balance of Payment Support	0	0	0		<b>0</b>
	<b>SUB TOTAL</b>	<b>31,408,345</b>	<b>28,411,713</b>	<b>(2,996,632)</b>		<b>19,677,790</b>
	<b>GRAND TOTAL</b>	<b>217,430,332</b>	<b>223,472,026</b>	<b>6,041,694</b>		<b>197,208,829</b>

MS. J. CHAPMAN  
ACCOUNTANT GENERAL (ag.)

HON. WINSTON D. JORDAN  
MINISTER OF FINANCE

**END OF YEAR BUDGET OUTCOME AND RECONCILIATION REPORT - CURRENT EXPENDITURES  
OF THE GOVERNMENT OF GUYANA  
FOR THE FISCAL YEAR ENDED 31 DECEMBER 2017**

Agency No.	Description	Notes	Approved Allotment (Allotment 1) 2017	Actual Expenditure 2017	Over (Under) Approved Allotment 2017	Actual Expenditure 2016
			\$'000	\$'000	\$'000	\$'000
<b>02</b>	<b>Office of the Prime Minister</b>					
1	Prime Minister's Secretariat		587,613	536,390	(51,223)	<b>494,650</b>
<b>03</b>	<b>Ministry of Finance</b>					
1	Policy and Administration		13,295,330	13,248,269	(47,061)	<b>14,964,616</b>
2	Public Financial Management		4,435,935	4,207,233	(228,702)	<b>3,911,424</b>
<b>04</b>	<b>Ministry of Foreign Affairs</b>					
1	Development of Foreign Policy		1,948,228	2,035,455	87,227	<b>1,481,040</b>
2	Foreign Policy Promotions		2,971,735	2,966,965	(4,770)	<b>2,311,264</b>
3	Development of Foreign Trade Policy		35,299	19,654	(15,645)	<b>33,880</b>
<b>05</b>	<b>Ministry of Presidency</b>					
1	Policy Development and Administration		2,271,584	2,102,526	(169,058)	<b>2,570,339</b>
2	Defence and National Security		287,597	234,790	(52,807)	<b>90,967</b>
3	Public Service Management		1,143,177	1,200,486	57,309	<b>938,150</b>
4	Natural Resource Management		0	0	0	<b>121,863</b>
5	Citizenship and Immigration Service		444,526	364,365	(80,161)	<b>248,218</b>
6	Social Cohesion		88,129	109,790	21,661	<b>0</b>
7	Environmental Management and Compliance		667,870	666,572	(1,298)	<b>0</b>
<b>07</b>	<b>Parliament Office</b>					
1	National Assembly		1,442,546	1,430,316	(12,230)	<b>1,326,408</b>
<b>08</b>	<b>Audit Office of Guyana</b>					
1	Audit Office of Guyana		722,068	722,068	0	<b>701,810</b>
<b>09</b>	<b>Public and Police Service Commission</b>					
1	Public and Police Service Commission		87,377	85,707	(1,670)	<b>86,954</b>
<b>10</b>	<b>Teaching Service Commission</b>					
1	Teaching Service Commission		108,771	80,640	(28,131)	<b>95,359</b>
<b>11</b>	<b>Elections Commission</b>					
1	Elections Commission		1,909,932	1,626,969	(282,963)	<b>3,098,321</b>
2	Elections Administration		0	0	0	<b>0</b>
<b>17</b>	<b>Ministry of Indigenous Peoples' Affairs</b>					
1	Policy Development and Administration		991,716	931,831	(59,885)	<b>836,858</b>
<b>21</b>	<b>Ministry of Agriculture</b>					
1	Ministry Administration		13,909,698	13,838,390	(71,308)	<b>15,717,282</b>
2	Crops and Livestock Support Services		0	0	0	<b>0</b>
3	Fisheries		156,863	142,778	(14,085)	<b>140,667</b>
4	Hydrometeorological Services		568,894	539,129	(29,765)	<b>523,674</b>
	C/F		48,074,888	47,090,323	(984,565)	<b>49,693,744</b>

Agency No.	Description	Notes	Approved Allotment (Allotment 1) 2017	Actual Expenditure 2017	Over (Under) Approved Allotment 2017	Actual Expenditure 2016
			\$'000	\$'000	\$'000	\$'000
	B/F		48,074,888	47,090,323	(984,565)	49,693,744
<b>22</b>	<b>Ministry of Tourism</b>					
	1	Policy Development and Administration	0	0	0	14,836
	2	Tourism Development	0	0	0	12,016
	3	Consumer Protection	0	0	0	6,588
<b>25</b>	<b>Ministry of Business</b>					
	1	Policy Development and Administration	251,611	237,162	(14,449)	180,168
	2	Business Development, Support and Promotion	505,912	461,009	(44,903)	390,125
	3	Consumer Protection	69,346	67,677	(1,669)	61,439
	4	Tourism Development and Promotion	322,125	318,223	(3,902)	0
<b>26</b>	<b>Ministry of Natural Resources</b>					
	1	Policy Development and Administration	280,916	333,896	52,980	218,034
	2	Natural Resource Management	17,880	17,512	(368)	5,348
	3	Environmental Management	0	0	0	473,723
	4	Petroleum Management	200,720	139,061	(61,659)	0
<b>32</b>	<b>Ministry of Public Infrastructure</b>					
	1	Policy Development and Administration	3,803,850	3,781,782	(22,068)	3,470,124
	2	Public Works	3,408,224	3,416,213	7,989	2,947,273
	3	Transport	83,404	70,885	(12,519)	78,352
<b>33</b>	<b>Ministry of Public Telecommunication</b>					
	1	Policy Development and Administration	252,641	233,012	(19,629)	243,050
	2	Public Telecommunications	1,573,265	1,668,029	94,764	629,231
	3	Tourism Development	0	0	0	232,974
	4	Industry Innovations	38,550	33,817	(4,733)	0
<b>40</b>	<b>Ministry of Education</b>					
	1	Policy Development and Administration	1,792,246	1,646,841	(145,405)	1,602,607
	2	Training and Development	2,003,768	1,773,798	(229,970)	1,732,350
	3	Nursery Education	1,720,899	1,519,020	(201,879)	1,614,065
	4	Primary Education	3,151,508	2,912,016	(239,492)	2,369,220
	5	Secondary Education	3,299,960	3,224,195	(75,765)	3,168,760
	6	Post-Secondary/Tertiary Education	4,021,962	3,918,346	(103,616)	3,507,367
	7	Cultural Preservation and Conservation	493,385	457,760	(35,625)	724,614
	8	Youth	220,791	224,950	4,159	176,639
	9	Sports	441,201	436,110	(5,091)	387,286
<b>42</b>	<b>Ministry of Communities</b>					
	1	Sustainable Communities Management	540,874	528,449	(12,425)	495,884
	2	Sustainable Communities Development	1,445,154	1,442,293	(2,861)	1,349,778
<b>43</b>	<b>Ministry of Public Health</b>					
	1	Policy Development and Administration	1,435,848	1,420,653	(15,195)	1,047,961
	2	Disease Control	1,651,688	1,596,999	(54,689)	1,424,627
	3	Family Health Care Services	1,021,815	992,248	(29,567)	831,937
	4	Regional and Clinical Services	13,656,258	13,647,437	(8,821)	11,993,222
	5	Health Sciences Education	605,617	592,590	(13,027)	458,202
	6	Standards and Technical Services	784,428	754,576	(29,852)	624,171
	7	Disability and Rehabilitation Services	353,480	339,346	(14,134)	260,967
	C/F		97,524,214	95,296,228	(2,227,986)	92,426,682

Agency No.	Description	Notes	Approved Allotment (Allotment 1) 2017	Actual Expenditure 2017	Over (Under) Approved Allotment 2017	Actual Expenditure 2016
			\$'000	\$'000	\$'000	\$'000
	B/F		97,524,214	95,296,228	(2,227,986)	92,426,682
<b>49</b>	<b>Ministry of Social Protection</b>					
	1 Policy Development and Administration		283,356	274,207	(9,149)	247,244
	2 Social Services		14,788,649	13,181,288	(1,607,361)	12,059,245
	3 Labour Administration		514,560	486,540	(28,020)	423,176
	4 Child Care and Protection		552,727	542,643	(10,084)	468,898
<b>52</b>	<b>Ministry of Legal Affairs</b>					
	1 Main Office		20,017	75,489	55,472	26,194
	2 Ministry Administration		63,052	59,615	(3,437)	45,142
	3 Attorney General's Chambers		388,801	385,078	(3,723)	1,062,593
	4 State Solicitor		27,949	25,813	(2,136)	27,943
	5 Deeds Registry		0	0	0	0
<b>53</b>	<b>Guyana Defense Force</b>					
	1 Defence and Security Support		10,996,320	11,152,187	155,867	10,011,089
<b>54</b>	<b>Ministry of Public Security</b>					
	1 Policy Development and Administration		741,947	698,371	(43,576)	635,161
	2 Police Force		10,990,094	10,557,586	(432,508)	8,862,071
	3 Prison Service		1,756,605	1,844,974	88,369	1,507,801
	4 Police Complaints Authority		26,463	19,991	(6,472)	18,443
	5 Fire Service		1,054,758	1,052,438	(2,320)	902,673
	6 Customs Anti Narcotics Unit		205,866	198,861	(7,005)	155,487
<b>55</b>	<b>Supreme Court of Judicature</b>					
	1 Supreme Courts of Judicature		1,517,279	1,547,678	30,399	1,712,287
	2 Magistracy		0	0	0	0
<b>56</b>	<b>Public Prosecutions</b>					
	1 Public Prosecutions		153,972	153,969	(3)	152,337
<b>57</b>	<b>Office of the Ombudsman</b>					
	1 Ombudsman		48,311	48,311	0	43,237
<b>58</b>	<b>Public Service Appellate Tribunal</b>					
	1 Public Service Appellate Tribunal		12,499	30,016	17,517	2,318
<b>59</b>	<b>Ethnic Relations Commission</b>					
	1 Ethnic Relations Commission		83,482	50,598	(32,884)	49,429
<b>60</b>	<b>Judicial Service Commission</b>					
	1 Judicial Service Commission		10,020	10,020	0	7,043
<b>61</b>	<b>Rights Commission</b>					
	1 Rights Commission		136,120	113,397	(22,723)	109,425
<b>62</b>	<b>Public Procurement Commission</b>					
	1 Public Procurement Commission		56,200	110,373	54,173	0
	C/F		141,953,261	137,915,671	(4,037,590)	130,955,918



Agency No.	Description	Notes	Approved Allotment	Actual Expenditure	Over (Under) Approved Allotment	Actual Expenditure
			(Allotment 1)	2017	2017	2016
			\$'000	\$'000	\$'000	\$'000
	B/F		141,953,261	137,915,671	(4,037,590)	130,955,918
<b>71</b>	<b>Region 1 - Barima/Waini</b>					
	1 Regional Administration & Finance		184,668	178,365	(6,303)	168,443
	2 Public Works		286,601	283,958	(2,643)	245,706
	3 Education Delivery		1,160,448	1,144,980	(15,468)	1,028,235
	4 Health Services		641,263	627,193	(14,070)	547,247
<b>72</b>	<b>Region 2 - Pomeroon/Supenaam</b>					
	1 Regional Administration & Finance		184,171	200,947	16,776	189,340
	2 Agriculture		326,184	325,286	(898)	296,102
	3 Public Works		117,104	145,710	28,606	114,832
	4 Education Delivery		1,733,710	1,686,746	(46,964)	1,596,235
	5 Health Services		799,410	795,137	(4,273)	715,447
<b>73</b>	<b>Region 3 - Essequibo Islands/West Demerara</b>					
	1 Regional Administration & Finance		204,509	200,427	(4,082)	184,774
	2 Agriculture		334,304	328,731	(5,573)	281,002
	3 Public Works		106,616	106,017	(599)	86,208
	4 Education Delivery		2,686,927	2,618,651	(68,276)	2,207,824
	5 Health Services		1,302,983	1,261,662	(41,321)	970,436
<b>74</b>	<b>Region 4 - Demerara/Mahaica</b>					
	1 Regional Administration & Finance		192,743	197,115	4,372	161,972
	2 Agriculture		329,850	347,396	17,546	316,810
	3 Public Works		131,168	132,200	1,032	126,703
	4 Education Delivery		3,547,790	3,511,615	(36,175)	3,198,034
	5 Health Services		1,176,807	1,042,906	(133,901)	932,041
<b>75</b>	<b>Region 5 - Mahaica/Berbice</b>					
	1 Regional Administration & Finance		145,931	144,610	(1,321)	121,622
	2 Agriculture		199,143	198,263	(880)	138,103
	3 Public Works		158,813	155,962	(2,851)	129,089
	4 Education Delivery		1,481,490	1,462,003	(19,487)	1,297,501
	5 Health Services		625,841	625,125	(716)	480,443
<b>76</b>	<b>Region 6 - East Berbice/Corentyne</b>					
	1 Regional Administration & Finance		158,501	150,145	(8,356)	143,928
	2 Agriculture		716,114	692,410	(23,704)	606,107
	3 Public Works		264,709	242,594	(22,115)	192,565
	4 Education Delivery		2,786,033	2,799,159	13,126	2,708,867
	5 Health Services		1,661,873	1,651,569	(10,304)	1,571,423
<b>77</b>	<b>Region 7 - Cuyuni/Mazaruni</b>					
	1 Regional Administration & Finance		233,356	231,571	(1,785)	182,439
	2 Public Works		158,281	151,275	(7,006)	145,526
	3 Education Delivery		1,197,068	1,162,563	(34,505)	1,051,522
	4 Health Services		525,462	502,201	(23,261)	472,998
<b>78</b>	<b>Region 8 - Potaro/Siparuni</b>					
	1 Regional Administration & Finance		132,288	126,787	(5,501)	108,307
	2 Public Works		187,672	186,721	(951)	149,574
	3 Education Delivery		781,104	738,765	(42,339)	675,105
	4 Health Services		308,744	289,658	(19,086)	218,341
	5 Agriculture		21,401	19,201	(2,200)	16,385
	C/F		169,144,341	164,581,295	(4,563,046)	154,733,154

Agency No.	Description	Notes	Approved Allotment (Allotment 1) 2017	Actual Expenditure 2017	Over (Under) Approved Allotment 2017	Actual Expenditure 2016
			\$'000	\$'000	\$'000	\$'000
	B/F		169,144,341	164,581,295	(4,563,046)	154,733,154
<b>79</b>	<b>Region 9 - Upper Takatu/Upper Essequibo</b>					
	1 Regional Administration & Finance		162,404	168,123	5,719	142,239
	2 Agriculture		42,060	37,129	(4,931)	34,835
	3 Public Works		172,835	172,332	(503)	150,594
	4 Education Delivery		925,426	927,063	1,637	858,424
	5 Health Services		412,535	403,866	(8,669)	333,224
<b>80</b>	<b>Region 10 - Upper Demerara/Berbice</b>					
	1 Regional Administration & Finance		212,268	204,257	(8,011)	186,680
	2 Public Works		198,302	192,728	(5,574)	156,982
	3 Education Delivery		1,761,439	1,766,565	5,126	1,712,040
	4 Health Services		559,117	549,278	(9,839)	514,938
	<b>SUB TOTAL</b>		<b>173,590,727</b>	<b>169,002,636</b>	<b>(4,588,091)</b>	<b>158,823,110</b>
<b><u>STATUTORY</u></b>						
<b>03</b>	Ministry of Finance		3,874,554	4,330,677	456,123	3,900,072
<b>05</b>	Ministry of Presidency		24,063	23,650	(413)	23,710
<b>07</b>	Parliament Office		0	0	0	0
<b>08</b>	Office the the Auditor General		0	0	0	0
<b>09</b>	Public and Police Service Commission		0	0	0	0
<b>10</b>	Teaching Service Commission		0	0	0	0
<b>11</b>	Elections Commission		0	0	0	0
<b>51</b>	Ministry of Home Affairs		0	0	0	0
<b>54</b>	Ministry of Public Security		39,336	16,519	(22,817)	26,205
<b>55</b>	Supreme Court of Judicature		0	0	0	0
<b>56</b>	Public Prosecutions		0	0	0	0
<b>57</b>	Office of the Ombudsman		0	0	0	0
<b>58</b>	Public Service Appellate Tribunal		0	0	0	0
<b>90</b>	Public Debt		15,836,134	14,828,323	(1,007,811)	12,211,416
	<b>SUB TOTAL</b>		<b>19,774,087</b>	<b>19,199,169</b>	<b>(574,918)</b>	<b>16,161,403</b>
	<b>TOTAL PAYMENTS</b>		<b>193,364,814</b>	<b>188,201,805</b>	<b>(5,163,009)</b>	<b>174,984,513</b>

MS. J. CHAPMAN  
ACCOUNTANT GENERAL (ag.)

HON. WINSTON D. JORDAN  
MINISTER OF FINANCE

**END OF YEAR BUDGET OUTCOME AND RECONCILIATION REPORT - CAPITAL EXPENDITURES  
OF THE GOVERNMENT OF GUYANA  
FOR THE FISCAL YEAR ENDED 31 DECEMBER 2017**

Agency No.	Description	Notes	Approved Allotment (Allotment 1) 2017	Actual Expenditure 2017	Over (Under) Approved Allotment 2017	Actual Expenditure 2016
			\$'000	\$'000	\$'000	\$'000
<b>02</b>	<b>Office of the Prime Minister</b>					
1	Prime Minister's Secretariat		295,000	294,990	(10)	155,967
<b>03</b>	<b>Ministry of Finance</b>					
1	Policy and Administration		3,195,532	3,420,926	225,394	3,487,692
2	Public Financial Management		139,551	115,735	(23,816)	165,229
<b>04</b>	<b>Ministry of Foreign Affairs</b>					
1	Development of Foreign Policy		120,000	119,780	(220)	71,000
2	Foreign Policy Promotions		88,115	87,922	(193)	112,354
3	Development of Foreign Trade Policy		1,000	960	(40)	126
<b>05</b>	<b>Ministry of Presidency</b>					
1	Policy Development and Administration		496,000	498,714	2,714	418,213
2	Defence and National Security		59,000	57,243	(1,757)	38,445
3	Public Service Management		102,000	101,869	(131)	35,973
4	Natural Resource Management		0	0	0	0
5	Citizenship and Immigration Services		180,700	180,535	(165)	15,000
6	Social Cohesion		2,000	1,977	(23)	0
7	Environmental Management & Compliance		238,000	322,294	84,294	0
<b>07</b>	<b>Parliament Office</b>					
1	National Assembly		76,960	75,502	(1,458)	0
<b>08</b>	<b>Audit Office of Guyana</b>					
1	Audit Office of Guyana		32,842	32,728	(114)	
<b>09</b>	<b>Public and Police Service Commission</b>					
1	Public and Police Service Commission		4,226	4,225	(1)	0
<b>10</b>	<b>Teaching Service Commission</b>					
1	Teaching Service Commission		15,181	14,864	(317)	0
<b>11</b>	<b>Elections Commission</b>					
1	Elections Commission		120,000	120,000	0	0
2	Elections Administration		0	0	0	0
<b>17</b>	<b>Ministry of Indigenous Peoples' Affairs</b>					
1	Policy Development and Administration		1,471,232	1,331,382	(139,850)	1,403,137
<b>21</b>	<b>Ministry of Agriculture</b>					
1	Ministry Administration		2,106,000	2,288,663	182,663	2,103,122
2	Crops and Livestock Support Services		1,346,550	1,302,092	(44,458)	1,136,914
3	Fisheries		26,300	26,171	(129)	19,991
4	Hydrometeorological Services		34,000	32,591	(1,409)	43,283
	C/F		<u>10,150,189</u>	<u>10,431,163</u>	<u>280,974</u>	<u>9,206,446</u>

Agency No.	Description	Notes	Approved Allotment (Allotment 1) 2017	Actual Expenditure 2017	Over (Under) Approved Allotment 2017	Actual Expenditure 2016
			\$'000	\$'000	\$'000	\$'000
	B/F		10,150,189	10,431,163	280,974	9,206,446
<b>25</b>	<b>Ministry of Business</b>					
	1	Policy Development and Administration	80,000	30,403	(49,597)	17,840
	2	Business Development, Support and Promotion	460,299	567,320	107,021	372,398
	3	Consumer Protection	1,490	1,490	0	2,150
	4	Tourism Development & Promotion	10,287	10,287	0	0
<b>26</b>	<b>Ministry of Natural Resources</b>					
	1	Policy Development & Administration	298,963	298,760	(203)	0
	2	Environmental Management	0	0	0	114,000
	3	Environmental Management	0	0	0	0
	4	Petroleum Management	0	0	0	0
<b>32</b>	<b>Ministry of Public Infrastructure</b>					
	1	Policy Development and Administration	2,378,319	3,061,074	682,755	985,836
	2	Public Works	15,185,816	16,430,569	1,244,753	12,743,791
	3	Transport	9,696,604	9,873,179	176,575	8,877,894
<b>33</b>	<b>Ministry of Public Telecommunications</b>					
	1	Policy Development and Administration	750	750	0	16,830
	2	Public Telecommunications	444,000	354,214	(89,786)	35,987
	3	Tourism Development	0	0	0	9,240
	4	Industry Innovations	2,955	2,955	0	0
<b>40</b>	<b>Ministry of Education</b>					
	1	Policy Development and Administration	129,678	47,755	(81,923)	51,190
	2	Training and Development	150,804	106,437	(44,367)	84,137
	3	Nursery Education	169,525	199,773	30,248	232,909
	4	Primary Education	184,963	152,581	(32,382)	99,114
	5	Secondary Education	1,184,969	618,732	(566,237)	588,901
	6	Post Secondary/Tertiary Education	1,304,992	931,776	(373,216)	1,664,550
	7	Cultural Preservation and Conservation	166,000	85,735	(80,265)	88,206
	8	Youth	244,379	239,597	(4,782)	144,116
	9	Sports	536,979	306,814	(230,165)	301,310
<b>42</b>	<b>Ministry of Communities</b>					
	1	Sustainable Communities Management	1,068,200	1,021,981	(46,219)	695,135
	2	Sustainable Communities Development	2,888,078	3,308,052	419,974	2,816,791
<b>43</b>	<b>Ministry of Public Health</b>					
	1	Policy Development and Administration	274,500	261,208	(13,292)	40,377
	2	Disease Control	373,864	488,180	114,316	389,530
	3	Family Health Care Services	174,095	51,695	(122,400)	5,199
	4	Regional & Clinical Services	1,029,160	883,141	(146,019)	1,029,653
	5	Health Sciences Education	61,652	57,239	(4,413)	61,335
	6	Standards & Technical Services	46,078	4,471	(41,607)	5,285
	7	Disability and Rehabilitation Services	21,837	10,351	(11,486)	10,102
<b>49</b>	<b>Ministry of Social Protection</b>					
	1	Policy Development and Administration	325,000	136,960	(188,040)	26,156
	2	Social Services	71,500	63,552	(7,948)	58,283
	3	Labour Administration	18,500	19,397	897	37,970
	4	Child Care and Protection	62,869	83,480	20,611	45,373
	C/F		49,197,294	50,141,071	943,777	40,858,034

Agency No.	Description	Notes	Approved Allotment (Allotment 1) 2017	Actual Expenditure 2017	Over (Under) Approved Allotment 2017	Actual Expenditure 2016
			\$'000	\$'000	\$'000	\$'000
	B/F		49,197,294	50,141,071	943,777	<b>40,858,034</b>
<b>52</b>	<b>Ministry of Legal Affairs</b>					
	1 Main Office		89,826	69,605	(20,221)	<b>116,052</b>
	2 Ministry Administration		15,000	14,995	(5)	<b>15,151</b>
	3 Attorney General's Chambers		0	0	0	<b>0</b>
	4 State Solicitor		1,427	1,424	(3)	<b>7,899</b>
	5 Deeds Registry		0	0	0	<b>0</b>
<b>53</b>	<b>Guyana Defense Force</b>					
	1 Defence & Security Support		844,800	844,786	(14)	<b>542,945</b>
<b>54</b>	<b>Ministry of Public Security</b>					
	1 Policy and Development and Administration		383,092	659,892	276,800	<b>186,564</b>
	2 Police Force		915,000	880,161	(34,839)	<b>786,545</b>
	3 Prison Service		743,500	1,498,845	755,345	<b>247,136</b>
	4 Police Complaints Authority		4,688	4,679	(9)	<b>1,078</b>
	5 Fire Service		315,035	314,803	(232)	<b>220,251</b>
	6 Customs Anti Narcotics Unit		125,000	119,662	(5,338)	<b>12,694</b>
<b>55</b>	<b>Supreme Court of Judicature</b>					
	1 Supreme Courts of Judicature		248,800	248,800	0	<b>0</b>
	2 Magistracy		0	0	0	<b>0</b>
<b>56</b>	<b>Public Prosecutions</b>					
	1 Public Prosecutions		14,385	3,166	(11,219)	<b>0</b>
<b>57</b>	<b>Office of the Ombudsman</b>					
	1 Ombudsman		0	0	0	<b>0</b>
<b>58</b>	<b>Public Service Appellate Tribunal</b>					
	1 Public Service Appellate Tribunal		0	4,546	4,546	<b>0</b>
<b>59</b>	<b>Ethnic Relations Commission</b>					
	1 Ethnic Relations Commission		1,500	1,474	(26)	<b>0</b>
<b>60</b>	<b>Judicial Service Commission</b>					
	1 Judicial Service Commission		0	0	0	<b>0</b>
<b>61</b>	<b>Rights Commission of Guyana</b>					
	1 Rights Commission of Guyana		5,995	5,447	(548)	<b>0</b>
<b>62</b>	<b>Public Procurement Commission</b>					
	1 Public Procurement Commission		20,000	27,946	7,946	<b>0</b>
<b>71</b>	<b>Region 1 - Barima/Waini</b>					
	1 Regional Administration & Finance		25,975	25,931	(44)	<b>6,135</b>
	2 Public Works		53,586	49,891	(3,695)	<b>82,754</b>
	3 Education Delivery		130,406	123,507	(6,899)	<b>103,427</b>
	4 Health Services		127,375	121,336	(6,039)	<b>121,939</b>
	C/F		53,262,684	55,161,967	1,899,283	<b>43,308,604</b>

Agency No.	Description	Notes	Approved Allotment (Allotment 1) 2017	Actual Expenditure 2017	Over (Under) Approved Allotment 2017	Actual Expenditure 2016
			\$'000	\$'000	\$'000	\$'000
	B/F		53,262,684	55,161,967	1,899,283	<b>43,308,604</b>
<b>72</b>	<b>Region 2 - Pomeroon/Supenaam</b>					
	1	Regional Administration & Finance	16,160	15,651	(509)	<b>24,216</b>
	2	Agriculture	47,000	45,882	(1,118)	<b>44,042</b>
	3	Public Works	69,500	67,573	(1,927)	<b>45,856</b>
	4	Education Delivery	161,170	157,887	(3,283)	<b>230,854</b>
	5	Health Services	145,140	143,914	(1,226)	<b>126,580</b>
<b>73</b>	<b>Region 3 - Essequibo Islands/West Demerara</b>					
	1	Regional Administration & Finance	17,600	17,085	(515)	<b>8,119</b>
	2	Agriculture	48,700	48,692	(8)	<b>48,018</b>
	3	Public Works	65,500	64,983	(517)	<b>98,359</b>
	4	Education Delivery	179,100	179,050	(50)	<b>133,037</b>
	5	Health Services	104,168	109,451	5,283	<b>98,419</b>
<b>74</b>	<b>Region 4 - Demerara/Mahaica</b>					
	1	Regional Administration & Finance	27,700	27,560	(140)	<b>24,186</b>
	2	Agriculture	44,100	44,100	0	<b>45,600</b>
	3	Public Works	79,800	79,530	(270)	<b>61,400</b>
	4	Education Delivery	263,243	262,764	(479)	<b>261,235</b>
	5	Health Services	88,297	88,292	(5)	<b>53,716</b>
<b>75</b>	<b>Region 5 - Mahaica/Berbice</b>					
	1	Regional Administration & Finance	13,500	13,246	(254)	<b>16,770</b>
	2	Agriculture	77,000	76,925	(75)	<b>57,168</b>
	3	Public Works	107,300	107,081	(219)	<b>119,675</b>
	4	Education Delivery	94,925	94,900	(25)	<b>103,817</b>
	5	Health Services	103,000	104,248	1,248	<b>90,701</b>
<b>76</b>	<b>Region 6 - East Berbice/Corentyne</b>					
	1	Regional Administration & Finance	11,200	11,197	(3)	<b>13,065</b>
	2	Agriculture	107,000	106,880	(120)	<b>103,865</b>
	3	Public Works	150,000	149,999	(1)	<b>158,468</b>
	4	Education Delivery	96,800	96,800	0	<b>87,579</b>
	5	Health Services	148,000	148,000	0	<b>115,667</b>
<b>77</b>	<b>Region 7 - Cuyuni/Mazaruni</b>					
	1	Regional Administration & Finance	1,750	1,748	(2)	<b>10,257</b>
	2	Public Works	31,000	30,565	(435)	<b>51,323</b>
	3	Education Delivery	114,660	111,290	(3,370)	<b>69,565</b>
	4	Health Services	81,436	80,217	(1,219)	<b>77,575</b>
<b>78</b>	<b>Region 8 - Potaro/Siparuni</b>					
	1	Regional Administration & Finance	10,500	10,107	(393)	<b>20,940</b>
	2	Public Works	32,283	45,561	13,278	<b>53,320</b>
	3	Education Delivery	65,665	64,166	(1,499)	<b>70,610</b>
	4	Health Services	94,052	92,154	(1,898)	<b>58,766</b>
	5	Agriculture	3,600	3,600	0	<b>16,936</b>
	C/F		<b>55,963,533</b>	<b>57,863,065</b>	<b>1,899,532</b>	<b>45,908,308</b>

Agency No.	Description	Notes	Approved Allotment (Allotment 1) 2017	Actual Expenditure 2017	Over (Under) Approved Allotment 2017	Actual Expenditure 2016
			\$'000	\$'000	\$'000	\$'000
	B/F		55,963,533	57,863,065	1,899,532	<b>45,908,308</b>
<b>79</b>	<b>Region 9 - Upper Takatu/Upper Essequibo</b>					
	1	Regional Administration & Finance	41,400	41,396	(4)	<b>13,926</b>
	2	Agriculture	21,000	20,598	(402)	<b>33,612</b>
	3	Public Works	145,100	145,099	(1)	<b>139,269</b>
	4	Education Delivery	105,870	105,845	(25)	<b>110,040</b>
	5	Health Services	74,500	74,203	(297)	<b>70,478</b>
<b>80</b>	<b>Region 10 - Upper Demerara/Berbice</b>					
	1	Regional Administration & Finance	58,500	58,075	(425)	<b>27,425</b>
	2	Public Works	169,970	170,428	458	<b>199,588</b>
	3	Education Delivery	97,333	79,665	(17,668)	<b>50,306</b>
	4	Health Services	81,147	59,881	(21,266)	<b>65,107</b>
<b>TOTAL PAYMENTS</b>			<b>56,758,353</b>	<b>58,618,255</b>	<b>1,859,902</b>	<b>46,618,059</b>

MS. J. CHAPMAN  
ACCOUNTANT GENERAL (ag.)

HON. WINSTON D. JORDAN  
MINISTER OF FINANCE

**STATEMENT OF RECEIPTS AND PAYMENTS  
OF THE CONSOLIDATED FUND (CURRENT) FOR THE GOVERNMENT OF GUYANA  
FOR THE FISCAL YEAR ENDED 31 DECEMBER 2017**

RECEIPTS

Reporting Object Group	Description	Approved	Actual Receipts	Variance	Actual
		Estimates	Paid into Consolidated Fund		Receipts Paid into Consolidated Fund
		2017	2017	2017	2016
		\$'000	\$'000	\$'000	\$'000
500	Customs and Trade Taxes	15,837,353	18,889,985	3,052,632	16,381,965
510	Internal Revenue	67,054,763	76,513,743	9,458,980	68,110,776
520	Stamp Duties	35,723	386,735	351,012	339,589
525	Other Tax Revenues	3,325	313	(3,012)	277
530	Fees and Fines	1,569,462	1,368,460	(201,002)	1,356,650
540	Interest	1,002,427	1,001,934	(493)	1,002,029
545	Rents and Royalties	4,332,357	3,879,411	(452,946)	4,301,266
555	Dividends and Transfers	14,800,000	14,251,448	(548,552)	14,276,069
560	Miscellaneous Receipts	1,686,769	2,753,856	1,067,087	4,255,435
590	Value Added Taxes	45,179,802	42,422,904	(2,756,898)	36,268,472
594	Excise Tax	34,369,401	33,458,566	(910,835)	31,083,003
597	Miscellaneous	150,605	132,958	(17,647)	155,508
SUB TOTAL		186,021,987	195,060,313	9,038,326	177,531,039
<u>OTHER RECEIPTS</u>					
Treasury Bills			99,593,080		109,458,458
TOTAL RECEIPTS			294,653,393		286,989,497

PAYMENTS

Agency No.	Description	Revised	Outstanding	Total Funds	Drawing Rights	Actual	Actual
		Allotment	Contingency Fund Advances				
		2017	2017	2017	2017	2017	2016
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>CURRENT</u>							
02	<b>Office of the Prime Minister</b>						
1	Prime Minister's Secretariat	587,613	0	587,613	579,166	536,390	494,650
03	<b>Ministry of Finance</b>						
1	Policy and Administration	13,543,330	0	13,543,330	13,543,330	13,248,269	14,964,616
2	Public Financial Management	4,435,935	0	4,435,935	4,435,935	4,207,233	3,911,424
04	<b>Ministry of Foreign Affairs</b>						
1	Development of Foreign Policy	2,060,916	0	2,060,916	2,060,906	2,035,455	1,481,040
2	Foreign Policy Promotion	2,967,338	0	2,967,338	2,967,338	2,966,965	2,311,264
3	Development of Foreign Trade Policy	27,006	0	27,006	25,798	19,654	33,880
05	<b>Ministry of Presidency</b>						
1	Policy Development and Administration	2,203,983	0	2,203,983	2,150,681	2,102,526	2,570,339
2	Defence and National Security	287,597	0	287,597	286,216	234,790	90,967
3	Public Service Management	1,201,045	0	1,201,045	1,201,045	1,200,486	938,150
4	Natural Resource Management	0	0	0	0	0	121,863
5	Citizenship and Immigration Services	444,526	0	444,526	437,158	364,365	248,218
6	Social Cohesion	111,456	0	111,456	111,456	109,790	0
7	Environmental Management & Compliance	667,870	0	667,870	667,870	666,572	0
C/F		28,538,615	0	28,538,615	28,466,899	27,692,495	27,166,411



**PAYMENTS**

Agency No.	Description	Revised Allotment	Outstanding Contingency Fund Advances	Total Funds Available	Drawing Rights (Allotment 2)	Actual Expenditure	Actual Expenditure
		2017	2017	2017	2017	2017	2016
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	B/F	28,538,615	0	28,538,615	28,466,899	27,692,495	<b>27,166,411</b>
07	<b>Parliament Office</b>						
	1 National Assembly	1,442,546	0	1,442,546	1,442,546	1,430,316	<b>1,326,408</b>
08	<b>Audit Office of Guyana</b>						
	1 Audit Office of Guyana	722,068	0	722,068	722,068	722,068	<b>701,810</b>
09	<b>Public Police Service Commission</b>						
	1 Public Police Service Commission	87,377	0	87,377	87,377	85,707	<b>86,954</b>
10	<b>Teaching Service Commission</b>						
	1 Teaching Service Commission	108,771	0	108,771	108,771	80,640	<b>95,359</b>
11	<b>Elections Commission</b>						
	1 Elections Commission	1,909,932	0	1,909,932	1,909,932	1,626,969	<b>3,098,321</b>
	2 Elections Administration	0	0	0	0	0	<b>0</b>
17	<b>Ministry of Indigenous Peoples' Affairs</b>						
	1 Policy Development and Administration	991,716	0	991,716	991,575	931,831	<b>836,858</b>
21	<b>Ministry of Agriculture</b>						
	1 Ministry Administration	13,909,698	0	13,909,698	13,909,681	13,838,390	<b>15,717,282</b>
	2 Crops and Livestock Support Service	0	0	0	0	0	<b>0</b>
	3 Fisheries Division	156,863	0	156,863	156,863	142,778	<b>140,667</b>
	4 Hydrometeorological Services	568,894	0	568,894	564,151	539,129	<b>523,674</b>
22	<b>Ministry of Tourism</b>						
	1 Policy Development and Administration	0	0	0	0	0	<b>14,836</b>
	2 Tourism Development	0	0	0	0	0	<b>12,016</b>
	3 Consumer Protection	0	0	0	0	0	<b>6,588</b>
25	<b>Ministry of Business</b>						
	1 Policy Development and Administration	251,611	0	251,611	251,611	237,162	<b>180,168</b>
	2 Business Development, Support & Promotion	505,912	0	505,912	505,912	461,009	<b>390,125</b>
	3 Consumer Protection	69,346	0	69,346	69,346	67,677	<b>61,439</b>
	4 Tourism Development & Promotion	322,125	0	322,125	322,125	318,223	
26	<b>Ministry of Natural Resources</b>						
	1 Policy Development and Administration	341,159	0	341,159	339,437	333,896	<b>218,034</b>
	2 Natural Resource Management	17,880	0	17,880	17,880	17,512	<b>5,348</b>
	3 Environmental Management	0	0	0	0	0	<b>473,723</b>
	4 Petroleum Management	140,478	0	140,478	140,478	139,061	<b>0</b>
32	<b>Ministry of Public Infrastructure</b>						
	1 Policy Development and Administration	3,803,850	0	3,803,850	3,794,810	3,781,782	<b>3,470,124</b>
	2 Public Works	3,419,929	0	3,419,929	3,419,737	3,416,213	<b>2,947,273</b>
	3 Transport	71,699	0	71,699	71,311	70,885	<b>78,352</b>
33	<b>Ministry of Public Telecommunication</b>						
	1 Policy Development and Administration	247,922	0	247,922	247,295	233,012	<b>243,050</b>
	2 Public Telecommunications	1,668,865	0	1,668,865	1,668,865	1,668,029	<b>629,231</b>
	3 Tourism Development	0	0	0	0	0	<b>232,974</b>
	4 Industry Innovations	43,031	0	43,031	43,031	33,817	<b>0</b>
	C/F	59,340,287	0	59,340,287	59,251,701	57,868,601	<b>58,657,025</b>

**PAYMENTS**

Agency No.	Description	Revised	Outstanding	Total Funds Available	Drawing Rights (Allotment 2)	Actual	Actual
		Allotment	Contingency Fund Advances			Expenditure	Expenditure
		2017	2017			2017	2016
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	B/F	59,340,287	0	59,340,287	59,251,701	57,868,601	<b>58,657,025</b>
<b>40</b>	<b>Ministry of Education</b>						
	1 Policy Development and Administration	1,783,812	0	1,783,812	1,783,812	1,646,841	<b>1,602,607</b>
	2 Training and Development	1,991,768	0	1,991,768	1,991,768	1,773,798	<b>1,732,350</b>
	3 Nursery Education	1,720,899	0	1,720,899	1,720,899	1,519,020	<b>1,614,065</b>
	4 Primary Education	3,153,508	0	3,153,508	3,153,508	2,912,016	<b>2,369,220</b>
	5 Secondary Education	3,305,894	0	3,305,894	3,305,894	3,224,195	<b>3,168,760</b>
	6 Post Secondary/Tertiary Education	4,024,462	0	4,024,462	4,024,462	3,918,346	<b>3,507,367</b>
	7 Cultural Preservation and Conservation	493,385	0	493,385	493,385	457,760	<b>724,614</b>
	8 Youth	230,791	0	230,791	230,791	224,950	<b>176,639</b>
	9 Sports	441,201	0	441,201	441,201	436,110	<b>387,286</b>
<b>42</b>	<b>Ministry of Communities</b>						
	1 Sustainable Communities Management	537,374	0	537,374	537,374	528,449	<b>495,884</b>
	2 Sustainable Communities Development	1,448,654	0	1,448,654	1,448,654	1,442,293	<b>1,349,778</b>
<b>43</b>	<b>Ministry of Public Health</b>						
	1 Policy Development and Administration	1,430,080	0	1,430,080	1,430,080	1,420,653	<b>1,047,961</b>
	2 Disease Control	1,650,688	0	1,650,688	1,615,448	1,596,999	<b>1,424,627</b>
	3 Family Health Care Services	1,021,815	0	1,021,815	1,011,862	992,248	<b>831,937</b>
	4 Regional & Clinical Services	13,676,258	0	13,676,258	13,667,785	13,647,437	<b>11,993,222</b>
	5 Health Science Education	602,885	0	602,885	600,463	592,590	<b>458,202</b>
	6 Standards and Technical Services	773,428	0	773,428	762,485	754,576	<b>624,171</b>
	7 Disability and Rehabilitation Services	353,980	0	353,980	345,156	339,346	<b>260,967</b>
<b>49</b>	<b>Ministry Of Social Protection</b>						
	1 Policy Development and Administration	281,356	0	281,356	281,356	274,207	<b>247,244</b>
	2 Social Services	14,803,449	0	14,803,449	14,803,448	13,181,288	<b>12,059,245</b>
	3 Labour Administration	509,760	0	509,760	497,166	486,540	<b>423,176</b>
	4 Child Care Protection	544,727	0	544,727	544,320	542,643	<b>468,898</b>
<b>52</b>	<b>Ministry of Legal Affairs</b>						
	1 Main Office	112,475	0	112,475	112,474	75,489	<b>26,194</b>
	2 Ministry Administration	62,359	0	62,359	59,847	59,615	<b>45,142</b>
	3 Attorney General's Chambers	388,775	0	388,775	385,469	385,078	<b>1,062,593</b>
	4 State Solicitor	26,107	0	26,107	25,989	25,813	<b>27,943</b>
	5 Deeds Registry	0	0	0	0	0	<b>0</b>
<b>53</b>	<b>Guyana Defense Force</b>						
	1 Defence and Security Support	11,167,494	0	11,167,494	11,158,174	11,152,187	<b>10,011,089</b>
<b>54</b>	<b>Ministry of Public Security</b>						
	1 Policy Development and Administration	741,947	0	741,947	741,947	698,371	<b>635,161</b>
	2 Police Force	10,898,629	0	10,898,629	10,898,629	10,557,586	<b>8,862,071</b>
	3 Prison Service	1,853,070	0	1,853,070	1,853,070	1,844,974	<b>1,507,801</b>
	4 Police Complaints Authority	26,463	0	26,463	26,463	19,991	<b>18,443</b>
	5 Fire Service	1,054,758	0	1,054,758	1,054,758	1,052,438	<b>902,673</b>
	6 Customs Anti Narcotics Unit	200,866	0	200,866	200,866	198,861	<b>155,487</b>
<b>55</b>	<b>Supreme Court of Judicature</b>						
	1 Supreme Courts of Judicature	1,547,678	0	1,547,678	1,547,678	1,547,678	<b>1,712,287</b>
	2 Magistracy	0	0	0	0	0	<b>0</b>
<b>56</b>	<b>Public Prosecutions</b>						
	1 Public Prosecutions	153,972	0	153,972	153,972	153,969	<b>152,337</b>
<b>57</b>	<b>Office of the Ombudsman</b>						
	1 Ombudsman	48,311	0	48,311	48,311	48,311	<b>43,237</b>
	C/F	142,403,365	0	142,403,365	142,210,665	137,601,267	<b>130,787,703</b>

**PAYMENTS**

Agency No.	Description	Revised Allotment	Outstanding Contingency Fund Advances	Total Funds Available	Drawing Rights (Allotment 2)	Actual Expenditure	Actual Expenditure
		2017	2017	2017	2017	2017	2016
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	B/F	142,403,365	0	142,403,365	142,210,665	137,601,267	<b>130,787,703</b>
58	<b>Public Service Appellate Tribunal</b>						
	1 Public Service Appellate Tribunal	30,052	0	30,052	30,052	30,016	<b>2,318</b>
59	<b>Ethnic Relations Commission</b>						
	1 Ethnic Relations Commission	83,482	0	83,482	83,482	50,598	<b>49,429</b>
60	<b>Judicial Service Commission</b>						
	1 Judicial Service Commission	10,020	0	10,020	10,020	10,020	<b>7,043</b>
61	<b>Rights Commission of Guyana</b>						
	1 Rights Commission of Guyana	136,120	0	136,120	136,120	113,397	<b>109,425</b>
62	<b>Public Procurement Commission</b>						
	1 Public Procurement Commission	110,373	0	110,373	110,373	110,373	<b>0</b>
71	<b>Region 1 - Barima/Waini</b>						
	1 Regional Administration & Finance	184,668	0	184,668	178,428	178,365	<b>168,443</b>
	2 Public Works	286,601	0	286,601	286,251	283,958	<b>245,706</b>
	3 Education Delivery	1,160,448	0	1,160,448	1,145,306	1,144,980	<b>1,028,235</b>
	4 Health Services	641,263	0	641,263	631,972	627,193	<b>547,247</b>
72	<b>Region 2 - Pomeroon/Supenaam</b>						
	1 Regional Administration & Finance	201,069	0	201,069	200,981	200,947	<b>189,340</b>
	2 Agriculture	325,412	0	325,412	325,400	325,286	<b>296,102</b>
	3 Public Works	146,356	0	146,356	145,923	145,710	<b>114,832</b>
	4 Education Delivery	1,688,332	0	1,688,332	1,688,321	1,686,746	<b>1,596,235</b>
	5 Health Services	799,410	0	799,410	797,094	795,137	<b>715,447</b>
73	<b>Region 3 - Essequibo Islands/West Demerara</b>						
	1 Regional Administration & Finance	208,309	0	208,309	200,570	200,427	<b>184,774</b>
	2 Agriculture	331,304	0	331,304	330,943	328,731	<b>281,002</b>
	3 Public Works	106,616	0	106,616	106,114	106,017	<b>86,208</b>
	4 Education Delivery	2,686,127	0	2,686,127	2,670,149	2,618,651	<b>2,207,824</b>
	5 Health Services	1,302,983	0	1,302,983	1,262,344	1,261,662	<b>970,436</b>
74	<b>Region 4 - Demerara/Mahaica</b>						
	1 Regional Administration & Finance	202,743	0	202,743	197,993	197,115	<b>161,972</b>
	2 Agriculture	349,545	0	349,545	348,796	347,396	<b>316,810</b>
	3 Public Works	137,473	0	137,473	133,509	132,200	<b>126,703</b>
	4 Education Delivery	3,535,790	0	3,535,790	3,515,981	3,511,615	<b>3,198,034</b>
	5 Health Services	1,152,807	0	1,152,807	1,079,261	1,042,906	<b>932,041</b>
75	<b>Region 5 - Mahaica/Berbice</b>						
	1 Regional Administration & Finance	150,736	0	150,736	145,785	144,610	<b>121,622</b>
	2 Agriculture	199,143	0	199,143	198,824	198,263	<b>138,103</b>
	3 Public Works	159,928	0	159,928	156,080	155,962	<b>129,089</b>
	4 Education Delivery	1,475,570	0	1,475,570	1,465,342	1,462,003	<b>1,297,501</b>
	5 Health Services	625,841	0	625,841	625,841	625,125	<b>480,443</b>
76	<b>Region 6 - East Berbice/Corentyne</b>						
	1 Regional Administration & Finance	158,501	0	158,501	158,501	150,145	<b>143,928</b>
	2 Agriculture	701,114	0	701,114	700,964	692,410	<b>606,107</b>
	3 Public Works	264,709	0	264,709	264,709	242,594	<b>192,565</b>
	4 Education Delivery	2,801,033	0	2,801,033	2,801,033	2,799,159	<b>2,708,867</b>
	5 Health Services	1,661,873	0	1,661,873	1,661,873	1,651,569	<b>1,571,423</b>
	C/F	166,419,116	0	166,419,116	166,005,000	161,172,553	<b>151,712,957</b>

**PAYMENTS**

Agency No.	Description	Revised	Outstanding	Total Funds Available	Drawing Rights (Allotment 2)	Actual	Actual
		Allotment	Contingency Fund Advances			Expenditure	Expenditure
		2017	2017	2017	2017	2017	2016
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	B/F	166,419,116	0	166,419,116	166,005,000	161,172,553	<b>151,712,957</b>
<b>77</b>	<b>Region 7 - Cuyuni/Mazaruni</b>						
	1 Regional Administration & Finance	233,356	0	233,356	233,356	231,571	<b>182,439</b>
	2 Public Works	158,281	0	158,281	158,003	151,275	<b>145,526</b>
	3 Education Delivery	1,197,068	0	1,197,068	1,197,068	1,162,563	<b>1,051,522</b>
	4 Health Services	525,462	0	525,462	525,428	502,201	<b>472,998</b>
<b>78</b>	<b>Region 8 - Potaro/Siparuni</b>						
	1 Regional Administration & Finance	128,438	0	128,438	128,438	126,787	<b>108,307</b>
	2 Public Works	187,672	0	187,672	187,672	186,721	<b>149,574</b>
	3 Education Delivery	784,954	0	784,954	784,954	738,765	<b>675,105</b>
	4 Health Services	308,744	0	308,744	306,135	289,658	<b>218,341</b>
	5 Agriculture	21,401	0	21,401	21,101	19,201	<b>16,385</b>
<b>79</b>	<b>Region 9 - Upper Takatu/Upper Essequibo</b>						
	1 Regional Administration & Finance	168,151	0	168,151	168,151	168,123	<b>142,239</b>
	2 Agriculture	39,670	0	39,670	37,136	37,129	<b>34,835</b>
	3 Public Works	172,835	0	172,835	172,835	172,332	<b>150,594</b>
	4 Education Delivery	927,069	0	927,069	927,069	927,063	<b>858,424</b>
	5 Health Services	412,535	0	412,535	412,535	403,866	<b>333,224</b>
<b>80</b>	<b>Region 10 - Upper Demerara/Berbice</b>						
	1 Regional Administration & Finance	206,549	0	206,549	204,529	204,257	<b>186,680</b>
	2 Public Works	200,842	0	200,842	200,842	192,728	<b>156,982</b>
	3 Education Delivery	1,769,717	0	1,769,717	1,769,684	1,766,565	<b>1,712,040</b>
	4 Health Services	554,019	0	554,019	552,801	549,278	<b>514,938</b>
	<b>SUB TOTAL</b>	<b>174,415,879</b>	<b>0</b>	<b>174,415,879</b>	<b>173,992,737</b>	<b>169,002,636</b>	<b>158,823,110</b>
<b>STATUTORY</b>							
03	Ministry of Finance	4,333,992	0	4,333,992	4,333,992	4,330,677	<b>3,900,072</b>
05	Ministry of Presidency	24,063		24,063	24,063	23,650	<b>23,710</b>
07	Parliament Office	0	0	0	0	0	<b>0</b>
08	Office the the Auditor General	0	0	0	0	0	<b>0</b>
09	Public and Police Service Commission	0	0	0	0	0	<b>0</b>
10	Teaching Service Commission	0	0	0	0	0	<b>0</b>
11	Elections Commission	0	0	0	0	0	<b>0</b>
51	Ministry of Home Affairs	0	0	0	0	0	<b>0</b>
54	Ministry of Public Security	39,336		39,336	38,852	16,519	<b>26,205</b>
55	Supreme Court of Judicature	0	0	0	0	0	<b>0</b>
56	Public Prosecutions	0	0	0	0	0	<b>0</b>
57	Office of the Ombudsman	0	0	0	0	0	<b>0</b>
58	Public Service Appellate Tribunal	0	0	0	0	0	<b>0</b>
90	Public Debt	15,836,134	0	15,836,134	15,836,134	14,828,323	<b>12,211,416</b>
	<b>SUB TOTAL</b>	<b>20,233,525</b>	<b>0</b>	<b>20,233,525</b>	<b>20,233,041</b>	<b>19,199,169</b>	<b>16,161,403</b>
<b>OTHER EXPENDITURE</b>							
	Treasury Bills					100,512,629	<b>105,374,913</b>
	<b>TOTAL PAYMENTS</b>					<b>288,714,434</b>	<b>280,359,426</b>
	<b>SURPLUS (DEFICIT)</b>					<b>5,938,959</b>	<b>6,630,071</b>

MS. J. CHAPMAN  
ACCOUNTANT GENERAL (ag.)

HON. WINSTON D. JORDAN  
MINISTER OF FINANCE

**STATEMENT OF RECEIPTS AND PAYMENTS  
OF THE CONSOLIDATED FUND (CAPITAL) OF THE GOVERNMENT OF GUYANA  
FOR THE FISCAL YEAR ENDED 31 DECEMBER 2017**

RECEIPTS

Reporting Object Group	Description	Approved Estimates	Actual Receipts Paid into Consolidated Fund 2017	Variance	Actual Receipts Paid into Consolidated Fund 2016
		\$'000	\$'000	\$'000	\$'000
570	Miscellaneous Capital Revenue	1,491,668	759,373	(732,295)	1,501,560
575	External Grants	11,672,858	10,366,228	(1,306,630)	5,368,888
580	External Loans	18,243,819	17,286,112	(957,707)	12,807,342
	<b>TOTAL RECEIPTS</b>	<b>31,408,345</b>	<b>28,411,713</b>	<b>(2,996,632)</b>	<b>19,677,790</b>

PAYMENTS

Agency No.	Description	Revised Allotment 2017	Outstanding Contingency Fund Advances 2017	Total Funds Available 2017	Drawing Rights (Allotment 2) 2017	Actual Expenditure 2017	Actual Expenditure 2016
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
02	<b>Office of the Prime Minister</b>						
	1 Prime Minister's Secretariat	295,000	0	295,000	295,000	294,990	155,967
03	<b>Ministry of Finance</b>						
	1 Policy and Administration	3,565,235	0	3,565,235	3,421,182	3,420,926	3,487,692
	2 Public Financial Management	139,551	0	139,551	115,943	115,735	165,229
04	<b>Ministry of Foreign Affairs</b>						
	1 Development of Foreign Policy	120,000	0	120,000	120,000	119,780	71,000
	2 Foreign Policy Promotions	88,115	0	88,115	87,926	87,922	112,354
	3 Development of Foreign Trade Policy	1,000	0	1,000	1,000	960	126
05	<b>Ministry of Presidency</b>						
	1 Policy Development and Administration	499,010	0	499,010	499,010	498,714	418,213
	2 Defence and National Security	59,000	0	59,000	58,999	57,243	38,445
	3 Public Service Management	102,000	0	102,000	102,000	101,869	35,973
	4 Natural Resource Management	0	0	0	0	0	0
	5 Citizenship and Immigration Services	180,700	0	180,700	180,700	180,535	15,000
	6 Social Cohesion	2,000	0	2,000	2,000	1,977	0
	7 Enviro Management & Compliance	322,294	0	322,294	322,294	322,294	0
07	<b>Parliament Office</b>						
	1 National Assembly	76,960	0	76,960	76,960	75,502	0
08	<b>Audit office of Guyana</b>						
	1 Audit Office of Guyana	32,842	0	32,842	32,842	32,728	0
09	<b>Public and Police Service Commission</b>						
	1 Public and Police Service Commission	4,226	0	4,226	4,226	4,225	0
10	<b>Teaching Service Commission</b>						
	1 Teaching Service Commission	15,181	0	15,181	15,181	14,864	0
11	<b>Elections Commission</b>						
	1 Elections Commission	120,000	0	120,000	120,000	120,000	0
	2 Elections Administration	0	0	0	0	0	0
	<b>C/F</b>	<b>5,623,114</b>	<b>0</b>	<b>5,623,114</b>	<b>5,455,263</b>	<b>5,450,264</b>	<b>4,499,999</b>

Agency No.	Description	Revised Allotment	Outstanding Contingency Fund Advances	Total Funds Available	Drawing Rights (Allotment 2)	Actual Expenditure	Actual Expenditure
		2017	2017	2017	2017	2017	2016
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	B/F	5,623,114	0	5,623,114	5,455,263	5,450,264	4,499,999
17	<b>Ministry of Indigenous People's Affairs</b>						
	1 Policy Development and Administration	1,471,232	0	1,471,232	1,453,483	1,331,382	1,403,137
21	<b>Ministry of Agriculture</b>						
	1 Ministry Administration	2,449,000	0	2,449,000	2,288,665	2,288,663	2,103,122
	2 Crops and Livestock Support Services	1,734,190	0	1,734,190	1,302,092	1,302,092	1,136,914
	3 Fisheries	26,300	0	26,300	26,300	26,171	19,991
	4 Hydrometeorological Services	34,000	0	34,000	34,000	32,591	43,283
25	<b>Ministry of Business</b>						
	1 Policy Development and Administration	80,000	0	80,000	30,404	30,403	17,840
	2 Business Development, Support and Promotion	657,398	0	657,398	591,603	567,320	372,398
	3 Consumer Protection	1,490	0	1,490	1,490	1,490	2,150
	4 Tourism Development & Promotion	10,287	0	10,287	10,287	10,287	0
26	<b>Ministry of Natural Resources</b>						
	1 Policy Development & Administration	298,963	0	298,963	298,963	298,760	0
	2 Environmental Management	0	0	0	0	0	114,000
	3 Environmental Management	0	0	0	0	0	0
	4 Petroleum Management	0	0	0	0	0	0
32	<b>Ministry of Public Infrastructure</b>						
	1 Policy Development and Administration	4,375,450	0	4,375,450	3,062,865	3,061,074	985,836
	2 Public Works	20,658,118	0	20,658,118	16,437,583	16,430,569	12,743,791
	3 Transport	9,996,604	0	9,996,604	9,898,703	9,873,179	8,877,894
33	<b>Ministry of Public Telecommunication</b>						
	1 Policy Development & Administration	750	0	750	750	750	16,830
	2 Public Telecommunication	463,537	0	463,537	363,537	354,214	35,987
	3 Tourism Development	0	0	0	0	0	9,240
	4 Industry Innovations	2,955	0	2,955	2,955	2,955	0
40	<b>Ministry of Education</b>						
	1 Policy Development and Administration	129,678	0	129,678	49,105	47,755	51,190
	2 Training and Development	150,804	0	150,804	118,440	106,437	84,137
	3 Nursery Education	221,730	0	221,730	212,007	199,773	232,909
	4 Primary Education	184,963	0	184,963	153,254	152,581	99,114
	5 Secondary Education	1,168,932	0	1,168,932	622,336	618,732	588,901
	6 Post-Secondary/Tertiary Education	1,314,343	0	1,314,343	939,547	931,776	1,664,550
	7 Cultural Preservation and Conservation	166,000	0	166,000	95,597	85,735	88,206
	8 Youth	244,379	0	244,379	244,379	239,597	144,116
	9 Sports	536,979	0	536,979	351,340	306,814	301,310
42	<b>Ministry of Communities</b>						
	1 Sustainable Communities Management	1,068,200	0	1,068,200	1,068,200	1,021,981	695,135
	2 Sustainable Communities Development	3,308,078	0	3,308,078	3,308,078	3,308,052	2,816,791
43	<b>Ministry of Public Health</b>						
	1 Policy Development and Administration	274,500	0	274,500	267,844	261,208	40,377
	2 Disease Control	659,964	0	659,964	491,955	488,180	389,530
	3 Family Health Care Services	174,095	0	174,095	51,695	51,695	5,199
	4 Regional & Clinical Services	1,029,160	0	1,029,160	883,756	883,141	1,029,653
	5 Health Sciences Education	61,652	0	61,652	57,239	57,239	61,335
	6 Standards and Technical Services	58,278	0	58,278	4,471	4,471	5,285
	7 Disability and Rehabilitation Services	21,837	0	21,837	10,492	10,351	10,102
	C/F	58,656,960	0	58,656,960	50,188,678	49,837,682	40,690,252

Agency No.	Description	Revised Allotment	Outstanding Contingency Fund Advances	Total Funds Available	Drawing Rights (Allotment 2)	Actual Expenditure	Actual Expenditure
		2017	2017	2017	2017	2017	2016
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	B/F	58,656,960	0	58,656,960	50,188,678	49,837,682	40,690,252
49	<b>Ministry of Social Protection</b>						
	1 Policy Development and Administration	326,574	0	326,574	141,892	136,960	26,156
	2 Social Services	72,550	0	72,550	69,399	63,552	58,283
	3 Labour Administration	19,425	0	19,425	19,425	19,397	37,970
	4 Child Care and Protection	86,178	0	86,178	86,178	83,480	45,373
52	<b>Ministry of Legal Affairs</b>						
	1 Main Office	116,250	0	116,250	74,597	69,605	116,052
	2 Ministry Administration	15,000	0	15,000	15,000	14,995	15,151
	3 Attorney General's Chambers	0	0	0	0	0	0
	4 State Solicitor	1,427	0	1,427	1,424	1,424	7,899
	5 Deeds Registry	0	0	0	0	0	0
	6 Magistracy	0	0	0	0	0	0
53	<b>Guyana Defense Force</b>						
	1 Defence and Security Support	844,800	0	844,800	844,800	844,786	542,945
54	<b>Ministry of Public security</b>						
	1 Policy Development and Administration	660,632	0	660,632	660,083	659,892	186,564
	2 Police Force	915,000	0	915,000	880,169	880,161	786,545
	3 Prison Service	1,499,660	0	1,499,660	1,499,618	1,498,845	247,136
	4 Police Complaints Authority	4,688	0	4,688	4,688	4,679	1,078
	5 Fire Service	315,035	0	315,035	314,870	314,803	220,251
	6 Custom Anti Narcotics Unit	125,000	0	125,000	125,000	119,662	12,694
55	<b>Supreme Court</b>						
	1 Supreme Court of Judicature	248,800	0	248,800	248,800	248,800	0
	2 Magistracy	0	0	0	0	0	0
56	<b>Public Prosecutions</b>						
	1 Public Prosecutions	14,385	0	14,385	3,433	3,166	0
58	<b>Public Service Appellate Tribunal</b>						
	1 Public Service Appellate Tribunal	5,000	0	5,000	5,000	4,546	0
59	<b>Ethnic Relations Commission</b>						
	1 Ethnic Relations Commission	1,500	0	1,500	1,483	1,474	0
61	<b>Rights Commission of Guyana</b>						
	1 Rights Commission of Guyana	5,995	0	5,995	5,555	5,447	0
62	<b>Public Procurement Commission</b>						
	1 Public Procurement Commission	27,946	0	27,946	27,946	27,946	0
71	<b>Region 1 Barima/Waini</b>						
	1 Regional Administration and Finance	25,975	0	25,975	25,931	25,931	6,135
	2 Public Works	53,586	0	53,586	50,662	49,891	82,754
	3 Education Delivery	130,406	0	130,406	124,149	123,507	103,427
	4 Health Services	127,375	0	127,375	122,104	121,336	121,939
72	<b>Region 2 - Pomeroon/Supenaam</b>						
	1 Regional Administration & Finance	16,160	0	16,160	15,683	15,651	24,216
	2 Agriculture	47,000	0	47,000	45,889	45,882	44,042
	3 Public Works	69,500	0	69,500	68,589	67,573	45,856
	4 Education Delivery	161,170	0	161,170	159,515	157,887	230,854
	5 Health Services	145,140	0	145,140	144,492	143,914	126,580
	C/F	64,739,117	0	64,739,117	55,975,052	55,592,874	43,780,152

Agency No.	Description	Revised Allotment	Outstanding Contingency Fund Advances	Total Funds Available	Drawing Rights (Allotment 2)	Actual Expenditure	Actual Expenditure
		2017	2017	2017	2017	2017	2016
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	B/F	64,739,117	0	64,739,117	55,975,052	55,592,874	43,780,152
73	<b>Region 3 - Essequibo Islands/West Demerara</b>						
	1 Regional Administration & Finance	17,600	0	17,600	17,085	17,085	8,119
	2 Agriculture	48,700	0	48,700	48,700	48,692	48,018
	3 Public Works	65,500	0	65,500	64,988	64,983	98,359
	4 Education Delivery	179,100	0	179,100	179,070	179,050	133,037
	5 Health Services	109,548	0	109,548	109,532	109,451	98,419
74	<b>Region 4 - Demerara/Mahaica</b>						
	1 Regional Administration & Finance	27,700	0	27,700	27,700	27,560	24,186
	2 Agriculture	44,100	0	44,100	44,100	44,100	45,600
	3 Public Works	79,800	0	79,800	79,700	79,530	61,400
	4 Education Delivery	263,243	0	263,243	263,243	262,764	261,235
	5 Health Services	88,297	0	88,297	88,297	88,292	53,716
75	<b>Region 5 - Mahaica/Berbice</b>						
	1 Regional Administration & Finance	13,500	0	13,500	13,389	13,246	16,770
	2 Agriculture	77,000	0	77,000	76,925	76,925	57,168
	3 Public Works	107,300	0	107,300	107,162	107,081	119,675
	4 Education Delivery	94,925	0	94,925	94,904	94,900	103,817
	5 Health Services	104,383	0	104,383	104,348	104,248	90,701
76	<b>Region 6 - East Berbice/Corentyne</b>						
	1 Regional Administration & Finance	11,200	0	11,200	11,200	11,197	13,065
	2 Agriculture	107,000	0	107,000	106,880	106,880	103,865
	3 Public Works	150,000	0	150,000	150,000	149,999	158,468
	4 Education Delivery	96,800	0	96,800	96,800	96,800	87,579
	5 Health Services	148,000	0	148,000	148,000	148,000	115,667
77	<b>Region 7 - Cuyuni/Mazaruni</b>						
	1 Regional Administration & Finance	1,750	0	1,750	1,750	1,748	10,257
	2 Public Works	31,000	0	31,000	30,805	30,565	51,323
	3 Education Delivery	114,660	0	114,660	112,748	111,290	69,565
	4 Health Services	81,436	0	81,436	81,436	80,217	77,575
78	<b>Region 8 - Potaro/Siparuni</b>						
	1 Regional Administration & Finance	10,500	0	10,500	10,186	10,107	20,940
	2 Public Works	47,129	0	47,129	47,105	45,561	53,320
	3 Education Delivery	65,665	0	65,665	65,443	64,166	70,610
	4 Health Services	94,052	0	94,052	93,799	92,154	58,766
	5 Agriculture	3,600	0	3,600	3,600	3,600	16,936
	C/F	67,022,605	0	67,022,605	58,253,947	57,863,065	45,908,308



Agency No.	Description	Revised Allotment	Outstanding Contingency Fund Advances	Total Funds Available	Drawing Rights (Allotment 2)	Actual Expenditure	Actual Expenditure
		2017	2017	2017	2017	2017	2016
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	B/F	67,022,605	0	67,022,605	58,253,947	57,863,065	<b>45,908,308</b>
79	<b>Region 9 - Upper Takatu/Upper Essequibo</b>						
	1 Regional Administration & Finance	41,400	0	41,400	41,396	41,396	<b>13,926</b>
	2 Agriculture	21,000	0	21,000	20,777	20,598	<b>33,612</b>
	3 Public Works	145,100	0	145,100	145,100	145,099	<b>139,269</b>
	4 Education Delivery	105,870	0	105,870	105,855	105,845	<b>110,040</b>
	5 Health Services	74,500	0	74,500	74,500	74,203	<b>70,478</b>
80	<b>Region 10 - Upper Demerara/Berbice</b>						
	1 Regional Administration & Finance	58,500	0	58,500	58,494	58,075	<b>27,425</b>
	2 Public Works	172,580	0	172,580	172,579	170,428	<b>199,588</b>
	3 Education Delivery	97,333	0	97,333	86,038	79,665	<b>50,306</b>
	4 Health Services	81,147	0	81,147	65,737	59,881	<b>65,107</b>
	<b>SUB TOTAL</b>	<b>67,820,035</b>	<b>0</b>	<b>67,820,035</b>	<b>59,024,423</b>	<b>58,618,255</b>	<b>46,618,059</b>
	<b>SURPLUS (DEFICIT)</b>					<b>(30,206,542)</b>	<b>(26,940,269)</b>

MS. J. CHAPMAN  
ACCOUNTANT GENERAL (ag.)

HON. WINSTON D. JORDAN  
MINISTER OF FINANCE

**STATEMENT OF EXPENDITURES FROM THE CONSOLIDATED FUND  
AS COMPARED WITH THE TOTAL FUNDS AVAILABLE FOR EXPENDITURE (CURRENT) OF THE GOVERNMENT OF GUYANA  
FOR THE FISCAL YEAR ENDED 31 DECEMBER 2017**

Agency No.	Description	Approved Allotment (Allotment 1) 2017	Revised Allotment 2017	Total Funds Available 2017	Actual Expenditure 2017	Under Total Funds Available 2017	Actual Expenditure 2016
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>02</b>	<b>Office of the Prime Minister</b>						
1	Prime Minister's Secretariat	587,613	587,613	587,613	536,390	(51,223)	494,650
<b>03</b>	<b>Ministry of Finance</b>						
1	Policy and Administration	13,295,330	13,543,330	13,543,330	13,248,269	(295,061)	14,964,616
2	Public Financial Management	4,435,935	4,435,935	4,435,935	4,207,233	(228,702)	3,911,424
<b>04</b>	<b>Ministry of Foreign Affairs</b>						
1	Development of Foreign Policy	1,948,228	2,060,916	2,060,916	2,035,455	(25,461)	1,481,040
2	Foreign Policy Promotions	2,971,735	2,967,338	2,967,338	2,966,965	(373)	2,311,264
3	Development of Foreign Trade Policy	35,299	27,006	27,006	19,654	(7,352)	33,880
<b>05</b>	<b>Ministry of Presidency</b>						
1	Policy Development and Administration	2,271,584	2,203,983	2,203,983	2,102,526	(101,457)	2,570,339
2	Defence and National Security	287,597	287,597	287,597	234,790	(52,807)	90,967
3	Public Service Management	1,143,177	1,201,045	1,201,045	1,200,486	(559)	938,150
4	Natural Resource Management	0	0	0	0	0	121,863
5	Citizenship & Immigration Service	444,526	444,526	444,526	364,365	(80,161)	248,218
6	Social Cohesion	88,129	111,456	111,456	109,790	(1,666)	0
7	Environmental Management & Compliance	667,870	667,870	667,870	666,572	(1,298)	0
<b>07</b>	<b>Parliament Office</b>						
1	National Assembly	1,442,546	1,442,546	1,442,546	1,430,316	(12,230)	1,326,408
<b>08</b>	<b>Audit Office of Guyana</b>						
1	Audit office of Guyana	722,068	722,068	722,068	722,068	0	701,810
<b>09</b>	<b>Public and Police Service Commission</b>						
1	Public and Police Service Commission	87,377	87,377	87,377	85,707	(1,670)	86,954
<b>10</b>	<b>Teaching Service Commission</b>						
1	Teaching Service Commission	108,771	108,771	108,771	80,640	(28,131)	95,359
<b>11</b>	<b>Elections Commission</b>						
1	Elections Commission	1,909,932	1,909,932	1,909,932	1,626,969	(282,963)	3,098,321
2	Elections Administration		0	0	0	0	0
<b>17</b>	<b>Ministry of Indigenous People's Affairs</b>						
1	Policy Development and Administration	991,716	991,716	991,716	931,831	(59,885)	836,858
<b>21</b>	<b>Ministry of Agriculture</b>						
1	Ministry Administration	13,909,698	13,909,698	13,909,698	13,838,390	(71,308)	15,717,282
2	Crops and Livestock Support Services	0	0	0	0	0	0
3	Fisheries	156,863	156,863	156,863	142,778	(14,085)	140,667
4	Hydrometeorological Services	568,894	568,894	568,894	539,129	(29,765)	523,674
C/F		48,074,888	48,436,480	48,436,480	47,090,323	(1,346,157)	49,693,744

Agency No.	Description	Approved Allotment (Allotment 1) 2017	Revised Allotment 2017	Total Funds Available 2017	Actual Expenditure 2017	Under Total Funds Available 2017	Actual Expenditure 2016
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
B/F		48,074,888	48,436,480	48,436,480	47,090,323	(1,346,157)	49,693,744
<b>22</b>	<b>Ministry of Tourism</b>						
	1 Policy Development and Administration	0	0	0	0	0	14,836
	2 Tourism Development	0	0	0	0	0	12,016
	3 Consumer Protection	0	0	0	0	0	6,588
<b>25</b>	<b>Ministry of Business</b>						
	1 Policy Development and Administration	251,611	251,611	251,611	237,162	(14,449)	180,168
	2 Business Development, Support and Promotion	505,912	505,912	505,912	461,009	(44,903)	390,125
	3 Consumer Protection	69,346	69,346	69,346	67,677	(1,669)	61,439
	4 Tourism Development & Promotion	322,125	322,125	322,125	318,223	(3,902)	0
<b>26</b>	<b>Ministry of Natural Resources</b>						
	1 Policy Development and Administration	280,916	341,159	341,159	333,896	(7,263)	218,034
	2 Natural Resource Management	17,880	17,880	17,880	17,512	(368)	5,348
	3 Environmental Management	0	0	0	0	0	473,723
	4 Petroleum Management	200,720	140,478	140,478	139,061	(1,417)	
<b>32</b>	<b>Ministry of Public Infrastructure</b>						
	1 Policy Development and Administration	3,803,850	3,803,850	3,803,850	3,781,782	(22,068)	3,470,124
	2 Public Works	3,408,224	3,419,929	3,419,929	3,416,213	(3,716)	2,947,273
	3 Transport	83,404	71,699	71,699	70,885	(814)	78,352
<b>33</b>	<b>Ministry of Public Telecommunications</b>						
	1 Policy Development and Administration	252,641	247,922	247,922	233,012	(14,910)	243,050
	2 Public Telecommunications	1,573,265	1,668,865	1,668,865	1,668,029	(836)	629,231
	3 Tourism Development	0	0	0	0	0	232,974
	4 Industry Innovations	38,550	43,031	43,031	33,817	(9,214)	0
<b>40</b>	<b>Ministry of Education</b>						
	1 Policy Development and Administration	1,792,246	1,783,812	1,783,812	1,646,841	(136,971)	1,602,607
	2 Training and Development	2,003,768	1,991,768	1,991,768	1,773,798	(217,970)	1,732,350
	3 Nursery Education	1,720,899	1,720,899	1,720,899	1,519,020	(201,879)	1,614,065
	4 Primary Education	3,151,508	3,153,508	3,153,508	2,912,016	(241,492)	2,369,220
	5 Secondary Education	3,299,960	3,305,894	3,305,894	3,224,195	(81,699)	3,168,760
	6 Post- Secondary/ Tertiary Education	4,021,962	4,024,462	4,024,462	3,918,346	(106,116)	3,507,367
	7 Cultural Preservation and Conservation	493,385	493,385	493,385	457,760	(35,625)	724,614
	8 Youth	220,791	230,791	230,791	224,950	(5,841)	176,639
	9 Sports	441,201	441,201	441,201	436,110	(5,091)	387,286
<b>42</b>	<b>Ministry of Communities</b>						
	1 Sustainable Communities Management	540,874	537,374	537,374	528,449	(8,925)	495,884
	2 Sustainable Communities Development	1,445,154	1,448,654	1,448,654	1,442,293	(6,361)	1,349,778
<b>43</b>	<b>Ministry of Public Health</b>						
	1 Policy Development and Administration	1,435,848	1,430,080	1,430,080	1,420,653	(9,427)	1,047,961
	2 Disease Control	1,651,688	1,650,688	1,650,688	1,596,999	(53,689)	1,424,627
	3 Family Health Care Services	1,021,815	1,021,815	1,021,815	992,248	(29,567)	831,937
	4 Regional & Clinical Services	13,656,258	13,676,258	13,676,258	13,647,437	(28,821)	11,993,222
	5 Health Sciences Education	605,617	602,885	602,885	592,590	(10,295)	458,202
	6 Standards and Technical Services	784,428	773,428	773,428	754,576	(18,852)	624,171
	7 Disability & Rehabilitation Services	353,480	353,980	353,980	339,346	(14,634)	260,967
<b>49</b>	<b>Ministry of Social Protection</b>						
	1 Policy Development and Administration	283,356	281,356	281,356	274,207	(7,149)	247,244
	2 Social Services	14,788,649	14,803,449	14,803,449	13,181,288	(1,622,161)	12,059,245
	3 Labour Administration	514,560	509,760	509,760	486,540	(23,220)	423,176
	4 Child Care and Protection	552,727	544,727	544,727	542,643	(2,084)	468,898
C/F		113,663,506	114,120,461	114,120,461	109,780,906	(4,339,555)	105,625,245

Agency No.	Description	Approved Allotment (Allotment 1) 2017	Revised Allotment 2017	Total Funds Available 2017	Actual Expenditure 2017	Under Total Funds Available 2017	Actual Expenditure 2016
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	B/F	113,663,506	114,120,461	114,120,461	109,780,906	(4,339,555)	105,625,245
<b>52</b>	<b>Ministry of Legal Affairs</b>						
	1 Main Office	20,017	112,475	112,475	75,489	(36,986)	26,194
	2 Ministry Administration	63,052	62,359	62,359	59,615	(2,744)	45,142
	3 Attorney General's Chambers	388,801	388,775	388,775	385,078	(3,697)	1,062,593
	4 State Solicitor	27,949	26,107	26,107	25,813	(294)	27,943
	5 Deeds Registry	0	0	0	0	0	0
<b>53</b>	<b>Guyana Defense Force</b>						
	1 Defence and Security Support	10,996,320	11,167,494	11,167,494	11,152,187	(15,307)	10,011,089
<b>54</b>	<b>Ministry of Public Security</b>						
	1 Policy Development and Administration	741,947	741,947	741,947	698,371	(43,576)	635,161
	2 Police Force	10,990,094	10,898,629	10,898,629	10,557,586	(341,043)	8,862,071
	3 Prison Service	1,756,605	1,853,070	1,853,070	1,844,974	(8,096)	1,507,801
	4 Police Complaint Authority	26,463	26,463	26,463	19,991	(6,472)	18,443
	5 Fire Service	1,054,758	1,054,758	1,054,758	1,052,438	(2,320)	902,673
	6 Customs Anti Narcotics Unit	205,866	200,866	200,866	198,861	(2,005)	155,487
<b>55</b>	<b>Supreme Court of Judicature</b>						
	1 Supreme Courts of Judicature	1,517,279	1,547,678	1,547,678	1,547,678	0	1,712,287
	2 Magistracy	0	0	0	0	0	0
<b>56</b>	<b>Public Prosecutions</b>						
	1 Public Prosecutions	153,972	153,972	153,972	153,969	(3)	152,337
<b>57</b>	<b>Office of the Ombudsman</b>						
	1 Ombudsman	48,311	48,311	48,311	48,311	0	43,237
<b>58</b>	<b>Public Service Appellate Tribunal</b>						
	1 Public Service Appellate Tribunal	12,499	30,052	30,052	30,016	(36)	2,318
<b>59</b>	<b>Ethnic Relations Commission</b>						
	1 Ethnic Relations Commission	83,482	83,482	83,482	50,598	(32,884)	49,429
<b>60</b>	<b>Judicial Service Commission</b>						
	1 Judicial Service Commission	10,020	10,020	10,020	10,020	0	7,043
<b>61</b>	<b>Rights Commission of Guyana</b>						
	1 Rights Commission of Guyana	136,120	136,120	136,120	113,397	(22,723)	109,425
<b>62</b>	<b>Public Procurement Commission</b>						
	1 Public Procurement Commission	56,200	110,373	110,373	110,373	0	0
<b>71</b>	<b>Region 1 - Barima/Waini</b>						
	1 Regional Administration & Finance	184,668	184,668	184,668	178,365	(6,303)	168,443
	2 Public Works	286,601	286,601	286,601	283,958	(2,643)	245,706
	3 Education Delivery	1,160,448	1,160,448	1,160,448	1,144,980	(15,468)	1,028,235
	4 Health Services	641,263	641,263	641,263	627,193	(14,070)	547,247
<b>72</b>	<b>Region 2 - Pomeroon/Supenaam</b>						
	1 Regional Administration & Finance	184,171	201,069	201,069	200,947	(122)	189,340
	2 Agriculture	326,184	325,412	325,412	325,286	(126)	296,102
	3 Public Works	117,104	146,356	146,356	145,710	(646)	114,832
	4 Education Delivery	1,733,710	1,688,332	1,688,332	1,686,746	(1,586)	1,596,235
	5 Health Services	799,410	799,410	799,410	795,137	(4,273)	715,447
C/F		147,386,820	148,206,971	148,206,971	143,303,993	(4,902,978)	135,857,505

Agency No.	Description	Approved Allotment (Allotment 1) 2017	Revised Allotment 2017	Total Funds Available 2017	Actual Expenditure 2017	Under Total Funds Available 2017	Actual Expenditure 2016
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	B/F	147,386,820	148,206,971	148,206,971	143,303,993	(4,902,978)	135,857,505
<b>73</b>	<b>Region 3 - Essequibo Islands/West Demerara</b>						
	1 Regional Administration & Finance	204,509	208,309	208,309	200,427	(7,882)	184,774
	2 Agriculture	334,304	331,304	331,304	328,731	(2,573)	281,002
	3 Public Works	106,616	106,616	106,616	106,017	(599)	86,208
	4 Education Delivery	2,686,927	2,686,127	2,686,127	2,618,651	(67,476)	2,207,824
	5 Health Services	1,302,983	1,302,983	1,302,983	1,261,662	(41,321)	970,436
<b>74</b>	<b>Region 4 - Demerara/Mahaica</b>						
	1 Regional Administration & Finance	192,743	202,743	202,743	197,115	(5,628)	161,972
	2 Agriculture	329,850	349,545	349,545	347,396	(2,149)	316,810
	3 Public Works	131,168	137,473	137,473	132,200	(5,273)	126,703
	4 Education Delivery	3,547,790	3,535,790	3,535,790	3,511,615	(24,175)	3,198,034
	5 Health Services	1,176,807	1,152,807	1,152,807	1,042,906	(109,901)	932,041
<b>75</b>	<b>Region 5 - Mahaica/Berbice</b>						
	1 Regional Administration & Finance	145,931	150,736	150,736	144,610	(6,126)	121,622
	2 Agriculture	199,143	199,143	199,143	198,263	(880)	138,103
	3 Public Works	158,813	159,928	159,928	155,962	(3,966)	129,089
	4 Education Delivery	1,481,490	1,475,570	1,475,570	1,462,003	(13,567)	1,297,501
	5 Health Services	625,841	625,841	625,841	625,125	(716)	480,443
<b>76</b>	<b>Region 6 - East Berbice/Corentyne</b>						
	1 Regional Administration & Finance	158,501	158,501	158,501	150,145	(8,356)	143,928
	2 Agriculture	716,114	701,114	701,114	692,410	(8,704)	606,107
	3 Public Works	264,709	264,709	264,709	242,594	(22,115)	192,565
	4 Education Delivery	2,786,033	2,801,033	2,801,033	2,799,159	(1,874)	2,708,867
	5 Health Services	1,661,873	1,661,873	1,661,873	1,651,569	(10,304)	1,571,423
<b>77</b>	<b>Region 7 - Cuyuni/Mazaruni</b>						
	1 Regional Administration & Finance	233,356	233,356	233,356	231,571	(1,785)	182,439
	2 Public Works	158,281	158,281	158,281	151,275	(7,006)	145,526
	3 Education Delivery	1,197,068	1,197,068	1,197,068	1,162,563	(34,505)	1,051,522
	4 Health Services	525,462	525,462	525,462	502,201	(23,261)	472,998
<b>78</b>	<b>Region 8 - Potaro/Siparuni</b>						
	1 Regional Administration & Finance	132,288	128,438	128,438	126,787	(1,651)	108,307
	2 Public Works	187,672	187,672	187,672	186,721	(951)	149,574
	3 Education Delivery	781,104	784,954	784,954	738,765	(46,189)	675,105
	4 Health Services	308,744	308,744	308,744	289,658	(19,086)	218,341
	5 Agriculture	21,401	21,401	21,401	19,201	(2,200)	16,385
<b>79</b>	<b>Region 9 - Upper Takatu/Upper Essequibo</b>						
	1 Regional Administration & Finance	162,404	168,151	168,151	168,123	(28)	142,239
	2 Agriculture	42,060	39,670	39,670	37,129	(2,541)	34,835
	3 Public Works	172,835	172,835	172,835	172,332	(503)	150,594
	4 Education Delivery	925,426	927,069	927,069	927,063	(6)	858,424
	5 Health Services	412,535	412,535	412,535	403,866	(8,669)	333,224
<b>80</b>	<b>Region 10 - Upper Demerara/Berbice</b>						
	1 Regional Administration & Finance	212,268	206,549	206,549	204,257	(2,292)	186,680
	2 Public Works	198,302	200,842	200,842	192,728	(8,114)	156,982
	3 Education Delivery	1,761,439	1,769,717	1,769,717	1,766,565	(3,152)	1,712,040
	4 Health Services	559,117	554,019	554,019	549,278	(4,741)	514,938
	<b>SUB TOTAL</b>	<b>173,590,727</b>	<b>174,415,879</b>	<b>174,415,879</b>	<b>169,002,636</b>	<b>(5,413,243)</b>	<b>158,823,110</b>

Agency No.	Description	Approved Allotment (Allotment 1) 2017	Revised Allotment 2017	Total Funds Available 2017	Actual Expenditure 2017	Under Total Funds Available 2017	Actual Expenditure 2016
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
B/F		173,590,727	174,415,879	174,415,879	169,002,636	(5,413,243)	<b>158,823,110</b>
<b><u>STATUTORY</u></b>							
03	Ministry of Finance	3,874,554	4,333,992	4,333,992	4,330,677	(3,315)	<b>3,900,072</b>
05	Ministry of Presidency	24,063	24,063	24,063	23,650	(413)	<b>23,710</b>
07	Parliament Office	0	0	0	0	0	<b>0</b>
08	Office the the Auditor General	0	0	0	0	0	<b>0</b>
09	Public and Police Service Commission	0	0	0	0	0	<b>0</b>
10	Teaching Service Commission	0	0	0	0	0	<b>0</b>
11	Elections Commission	0	0	0	0	0	<b>0</b>
54	Ministry of Public Security	39,336	39,336	39,336	16,519	(22,817)	<b>26,205</b>
55	Supreme Court of Judicature	0	0	0	0	0	<b>0</b>
56	Public Prosecutions	0	0	0	0	0	<b>0</b>
57	Office of the Ombudsman	0	0	0	0	0	<b>0</b>
58	Public Service Appellate Tribunal	0	0	0	0	0	<b>0</b>
90	Public Debt	15,836,134	15,836,134	15,836,134	14,828,323	(1,007,811)	<b>12,211,416</b>
SUB TOTAL		<u>19,774,087</u>	<u>20,233,525</u>	<u>20,233,525</u>	<u>19,199,169</u>	<u>(1,034,356)</u>	<u><b>16,161,403</b></u>
TOTAL PAYMENTS		<u>193,364,814</u>	<u>194,649,404</u>	<u>194,649,404</u>	<u>188,201,805</u>	<u>(6,447,599)</u>	<u><b>174,984,513</b></u>

MS. J. CHAPMAN  
ACCOUNTANT GENERAL (ag.)

HON. WINSTON D. JORDAN  
MINISTER OF FINANCE

**STATEMENT OF EXPENDITURES FROM THE CONSOLIDATED FUND  
AS COMPARED WITH THE TOTAL FUNDS AVAILABLE FOR EXPENDITURE (CAPITAL) OF THE GOVERNMENT OF GUYANA  
FOR THE FISCAL YEAR ENDED 31 DECEMBER 2017**

Agency No.	Description	Approved Allotment (Allotment 1) 2017	Revised Allotment 2017	Total Funds Available 2017	Actual Expenditure 2017	Under Total Funds Available 2017	Actual Expenditure 2016
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>02</b>	<b>Office of the Prime Minister</b>						
1	Prime Minister's Secretariat	295,000	295,000	295,000	294,990	(10)	<b>155,967</b>
<b>03</b>	<b>Ministry of Finance</b>						
1	Policy and Administration	3,195,532	3,565,235	3,565,235	3,420,926	(144,309)	<b>3,487,692</b>
2	Public Financial Management	139,551	139,551	139,551	115,735	(23,816)	<b>165,229</b>
<b>04</b>	<b>Ministry of Foreign Affairs</b>						
1	Development of Foreign Policy	120,000	120,000	120,000	119,780	(220)	<b>71,000</b>
2	Foreign Policy Promotions	88,115	88,115	88,115	87,922	(193)	<b>112,354</b>
3	Development of Foreign Trade Policy	1,000	1,000	1,000	960	(40)	<b>126</b>
<b>05</b>	<b>Ministry of Presidency</b>						
1	Policy Development and Administration	496,000	499,010	499,010	498,714	(296)	<b>418,213</b>
2	Defence and National Security	59,000	59,000	59,000	57,243	(1,757)	<b>38,445</b>
3	Public Service Management	102,000	102,000	102,000	101,869	(131)	<b>35,973</b>
4	Natural Resource Management	0	0	0	0	0	<b>0</b>
5	Citizenship & Immigration Service	180,700	180,700	180,700	180,535	(165)	<b>15,000</b>
6	Social Cohesion	2,000	2,000	2,000	1,977	(23)	<b>0</b>
7	Enviro Management & Compliance	238,000	322,294	322,294	322,294	0	<b>0</b>
<b>07</b>	<b>Parliament Office</b>						
1	National Assembly	76,960	76,960	76,960	75,502	(1,458)	<b>0</b>
<b>08</b>	<b>Audit Office of Guyana</b>						
1	Audit office of Guyana	32,842	32,842	32,842	32,728	(114)	<b>0</b>
<b>09</b>	<b>Public and Police Service Commission</b>						
1	Public and Police Service Commission	4,226	4,226	4,226	4,225	(1)	<b>0</b>
<b>10</b>	<b>Teaching Service Commission</b>						
1	Teaching Service Commission	15,181	15,181	15,181	14,864	(317)	<b>0</b>
<b>11</b>	<b>Elections Commission</b>						
1	Elections Commission	120,000	120,000	120,000	120,000	0	<b>0</b>
2	Elections Administration	0	0	0	0	0	<b>0</b>
<b>17</b>	<b>Ministry of Indigenous Peoples' Affairs</b>						
1	Policy Development and Administration	1,471,232	1,471,232	1,471,232	1,331,382	(139,850)	<b>1,403,137</b>
<b>21</b>	<b>Ministry of Agriculture</b>						
1	Ministry Administration	2,106,000	2,449,000	2,449,000	2,288,663	(160,337)	<b>2,103,122</b>
2	Crops and Livestock Support Services	1,346,550	1,734,190	1,734,190	1,302,092	(432,098)	<b>1,136,914</b>
3	Fisheries	26,300	26,300	26,300	26,171	(129)	<b>19,991</b>
4	Hydrometeorological Services	34,000	34,000	34,000	32,591	(1,409)	<b>43,283</b>
<b>25</b>	<b>Ministry of Business</b>						
1	Policy Development and Administration	80,000	80,000	80,000	30,403	(49,597)	<b>17,840</b>
2	Business Development, Support and Promotion	460,299	657,398	657,398	567,320	(90,078)	<b>372,397</b>
3	Consumer Protection	1,490	1,490	1,490	1,490	0	<b>2,150</b>
4	Tourism Development & Promotion	10,287	10,287	10,287	10,287	0	<b>0</b>
<b>26</b>	<b>Ministry of Natural Resources</b>						
1	Policy Development & Administration	298,963	298,963	298,963	298,760	(203)	<b>0</b>
2	Environmental Management	0	0	0	0	0	<b>114,000</b>
C/F		11,001,228	12,385,974	12,385,974	11,339,423	(1,046,551)	<b>9,712,833</b>

Agency No.	Description	Approved Allotment (Allotment 1) 2017	Revised Allotment 2017	Total Funds Available 2017	Actual Expenditure 2017	Under Total Funds Available 2017	Actual Expenditure 2016
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	B/F	11,001,228	12,385,974	12,385,974	11,339,423	(1,046,551)	9,712,833
<b>32</b>	<b>Ministry of Public Infrastructure</b>						
	1 Policy Development and Administration	2,378,319	4,375,450	4,375,450	3,061,074	(1,314,376)	985,836
	2 Public Works	15,185,816	20,658,118	20,658,118	16,430,569	(4,227,549)	12,743,791
	3 Transport	9,696,604	9,996,604	9,996,604	9,873,179	(123,425)	8,877,894
<b>33</b>	<b>Ministry of Public Telecommunication</b>						
	1 Policy Development and Administration	750	750	750	750	0	16,830
	2 Public Telecommunication	444,000	463,537	463,537	354,214	(109,323)	35,987
	3 Tourism Development	0	0	0	0	0	9,240
	4 Industry Innovations	2,955	2,955	2,955	2,955	0	0
<b>40</b>	<b>Ministry of Education</b>						
	1 Policy Development and Administration	129,678	129,678	129,678	47,755	(81,923)	51,190
	2 Training and Development	150,804	150,804	150,804	106,437	(44,367)	84,137
	3 Nursery Education	169,525	221,730	221,730	199,773	(21,957)	232,909
	4 Primary Education	184,963	184,963	184,963	152,581	(32,382)	99,114
	5 Secondary Education	1,184,969	1,168,932	1,168,932	618,732	(566,230)	588,901
	6 Post- Secondary/ Tertiary Education	1,304,992	1,314,343	1,314,343	931,776	(382,567)	1,664,550
	7 Cultural Preservation and Conservation	166,000	166,000	166,000	85,735	(80,265)	88,206
	8 Youth	244,379	244,379	244,379	239,597	(4,782)	144,116
	9 Sports	536,979	536,979	536,979	306,814	(230,165)	301,310
<b>42</b>	<b>Ministry of Communities</b>						
	1 Sustainable Communities Management	1,068,200	1,068,200	1,068,200	1,021,981	(46,219)	695,135
	2 Sustainable Communities Development	2,888,078	3,308,078	3,308,078	3,308,052	(26)	2,816,791
<b>43</b>	<b>Ministry of Public Health</b>						
	1 Policy Development and Administration	274,500	274,500	274,500	261,208	(13,292)	40,377
	2 Disease Control	373,864	659,964	659,964	488,180	(171,784)	389,530
	3 Family Health Care Services	174,095	174,095	174,095	51,695	(122,400)	5,199
	4 Regional & Clinical Services	1,029,160	1,029,160	1,029,160	883,141	(146,019)	1,029,653
	5 Health Sciences Education	61,652	61,652	61,652	57,239	(4,413)	61,335
	6 Standards and Technical Services	46,078	58,278	58,278	4,471	(53,807)	5,285
	7 Disability & Rehabilitation Services	21,837	21,837	21,837	10,351	(11,486)	10,101
<b>49</b>	<b>Ministry of Social Protection</b>						
	1 Policy Development and Administration	325,000	326,574	326,574	136,960	(189,614)	26,156
	2 Social Services	71,500	72,550	72,550	63,552	(8,998)	58,283
	3 Labour Administration	18,500	19,425	19,425	19,397	(28)	37,970
	4 Child Care and Protection	62,869	86,178	86,178	83,480	(2,698)	45,373
<b>52</b>	<b>Ministry of Legal Affairs</b>						
	1 Main Office	89,826	116,250	116,250	69,605	(46,645)	116,052
	2 Ministry Administration	15,000	15,000	15,000	14,995	(5)	15,151
	3 Attorney General's Chambers	0	0	0	0	0	0
	4 State Solicitor	1,427	1,427	1,427	1,424	(3)	7,899
	5 Deeds Registry	0	0	0	0	0	0
<b>53</b>	<b>Guyana Defense Force</b>						
	1 Defence and Security Support	844,800	844,800	844,800	844,786	(14)	542,945
<b>54</b>	<b>Ministry of Public Security</b>						
	1 Policy Development and Administration	383,092	660,632	660,632	659,892	(740)	186,564
	2 Police Force	915,000	915,000	915,000	880,161	(34,839)	786,545
	3 Prison Service	743,500	1,499,660	1,499,660	1,498,845	(815)	247,136
	4 Police Complaint Authority	4,688	4,688	4,688	4,679	(9)	1,078
	5 Fire Service	315,035	315,035	315,035	314,803	(232)	220,251
	6 Customs Anti Narcotics Unit	125,000	125,000	125,000	119,662	(5,338)	12,694
C/F		52,634,662	63,659,179	63,659,179	54,549,923	(9,109,256)	42,994,347



Agency No.	Description	Approved Allotment (Allotment 1) 2017	Revised Allotment 2017	Total Funds Available 2017	Actual Expenditure 2017	Under Total Funds Available 2017	Actual Expenditure 2016
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	B/F	52,634,662	63,659,179	63,659,179	54,549,923	(9,109,256)	<b>42,994,347</b>
<b>55</b>	<b>Supreme Court of Judicature</b>						
	1 Supreme Courts of Judicature	248,800	248,800	248,800	248,800	0	<b>0</b>
	2 Magistracy	0	0	0	0	0	<b>0</b>
<b>56</b>	<b>Public Prosecutions</b>						
	1 Public Prosecutions	14,385	14,385	14,385	3,166	(11,219)	<b>0</b>
<b>57</b>	<b>Office of the Ombudsman</b>						
	1 Ombudsman	0	0	0	0	0	<b>0</b>
<b>58</b>	<b>Public Service Appellate Tribunal</b>						
	1 Public Service Appellate Tribunal	0	5,000	5,000	4,546	(454)	<b>0</b>
<b>59</b>	<b>Ethnic Relations Commission</b>						
	1 Ethnic Relations Commission	1,500	1,500	1,500	1,474	(26)	<b>0</b>
<b>60</b>	<b>Judicial Service Commission</b>						
	1 Judicial Service Commission	0	0	0	0	0	<b>0</b>
<b>61</b>	<b>Rights Commission of Guyana</b>						
	1 Rights Commission of Guyana	5,995	5,995	5,995	5,447	(548)	<b>0</b>
<b>62</b>	<b>Public Procurement Commission</b>						
	1 Public Procurement Commission	20,000	27,946	27,946	27,946	0	<b>0</b>
<b>71</b>	<b>Region 1 - Barima/Waini</b>						
	1 Regional Administration & Finance	25,975	25,975	25,975	25,931	(44)	<b>6,135</b>
	2 Public Works	53,586	53,586	53,586	49,891	(3,695)	<b>82,754</b>
	3 Education Delivery	130,406	130,406	130,406	123,507	(6,899)	<b>103,427</b>
	4 Health Services	127,375	127,375	127,375	121,336	(6,039)	<b>121,939</b>
<b>72</b>	<b>Region 2 - Pomeroon/Supenaam</b>						
	1 Regional Administration & Finance	16,160	16,160	16,160	15,651	(509)	<b>24,216</b>
	2 Agriculture	47,000	47,000	47,000	45,882	(1,118)	<b>44,042</b>
	3 Public Works	69,500	69,500	69,500	67,573	(1,927)	<b>45,856</b>
	4 Education Delivery	161,170	161,170	161,170	157,887	(3,283)	<b>230,854</b>
	5 Health Services	145,140	145,140	145,140	143,914	(1,226)	<b>126,580</b>
<b>73</b>	<b>Region 3 - Essequibo Islands/West Demerara</b>						
	1 Regional Administration & Finance	17,600	17,600	17,600	17,085	(515)	<b>8,119</b>
	2 Agriculture	48,700	48,700	48,700	48,692	(8)	<b>48,018</b>
	3 Public Works	65,500	65,500	65,500	64,983	(517)	<b>98,359</b>
	4 Education Delivery	179,100	179,100	179,100	179,050	(50)	<b>133,037</b>
	5 Health Services	104,168	109,548	109,548	109,451	(97)	<b>98,419</b>
<b>74</b>	<b>Region 4 - Demerara/Mahaica</b>						
	1 Regional Administration & Finance	27,700	27,700	27,700	27,560	(140)	<b>24,186</b>
	2 Agriculture	44,100	44,100	44,100	44,100	0	<b>45,600</b>
	3 Public Works	79,800	79,800	79,800	79,530	(270)	<b>61,400</b>
	4 Education Delivery	263,243	263,243	263,243	262,764	(479)	<b>261,235</b>
	5 Health Services	88,297	88,297	88,297	88,292	(5)	<b>53,716</b>
<b>75</b>	<b>Region 5 - Mahaica/Berbice</b>						
	1 Regional Administration & Finance	13,500	13,500	13,500	13,246	(254)	<b>16,770</b>
	2 Agriculture	77,000	77,000	77,000	76,925	(75)	<b>57,168</b>
	3 Public Works	107,300	107,300	107,300	107,081	(219)	<b>119,675</b>
	4 Education Delivery	94,925	94,925	94,925	94,900	(25)	<b>103,817</b>
	5 Health Services	103,000	104,383	104,383	104,248	(135)	<b>90,701</b>
C/F		55,015,587	66,059,813	66,059,813	56,910,781	(9,149,032)	<b>45,000,370</b>

Agency No.	Description	Approved Allotment (Allotment 1) 2017	Revised Allotment 2017	Total Funds Available 2017	Actual Expenditure 2017	Under Total Funds Available 2017	Actual Expenditure 2016
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	B/F	55,015,587	66,059,813	66,059,813	56,910,781	(9,149,032)	<b>45,000,370</b>
<b>76</b>	<b>Region 6 - East Berbice/Corentyne</b>						
	1 Regional Administration & Finance	11,200	11,200	11,200	11,197	(3)	<b>13,065</b>
	2 Agriculture	107,000	107,000	107,000	106,880	(120)	<b>103,865</b>
	3 Public Works	150,000	150,000	150,000	149,999	(1)	<b>158,468</b>
	4 Education Delivery	96,800	96,800	96,800	96,800	0	<b>87,579</b>
	5 Health Services	148,000	148,000	148,000	148,000	0	<b>115,667</b>
<b>77</b>	<b>Region 7 - Cuyuni/Mazaruni</b>						
	1 Regional Administration & Finance	1,750	1,750	1,750	1,748	(2)	<b>10,257</b>
	2 Public Works	31,000	31,000	31,000	30,565	(435)	<b>51,323</b>
	3 Education Delivery	114,660	114,660	114,660	111,290	(3,370)	<b>69,565</b>
	4 Health Services	81,436	81,436	81,436	80,217	(1,219)	<b>77,575</b>
<b>78</b>	<b>Region 8 - Potaro/Siparuni</b>						
	1 Regional Administration & Finance	10,500	10,500	10,500	10,107	(393)	<b>20,940</b>
	2 Public Works	32,283	47,129	47,129	45,561	(1,568)	<b>53,320</b>
	3 Education Delivery	65,665	65,665	65,665	64,166	(1,499)	<b>70,610</b>
	4 Health Services	94,052	94,052	94,052	92,154	(1,898)	<b>58,766</b>
		3,600	3,600	3,600	3,600	0	<b>16,936</b>
<b>79</b>	<b>Region 9 - Upper Takatu/Upper Essequibo</b>						
	1 Regional Administration & Finance	41,400	41,400	41,400	41,396	(4)	<b>13,926</b>
	2 Agriculture	21,000	21,000	21,000	20,598	(402)	<b>33,612</b>
	3 Public Works	145,100	145,100	145,100	145,099	(1)	<b>139,269</b>
	4 Education Delivery	105,870	105,870	105,870	105,845	(25)	<b>110,040</b>
	5 Health Services	74,500	74,500	74,500	74,203	(297)	<b>70,478</b>
<b>80</b>	<b>Region 10 - Upper Demerara/Berbice</b>						
	1 Regional Administration & Finance	58,500	58,500	58,500	58,075	(425)	<b>27,425</b>
	2 Public Works	169,970	172,580	172,580	170,428	(2,152)	<b>199,588</b>
	3 Education Delivery	97,333	97,333	97,333	79,665	(17,668)	<b>50,306</b>
	4 Health Services	81,147	81,147	81,147	59,881	(21,266)	<b>65,107</b>
	<b>SUB TOTAL</b>	<b>56,758,353</b>	<b>67,820,035</b>	<b>67,820,035</b>	<b>58,618,255</b>	<b>(9,201,780)</b>	<b>46,618,057</b>

MS. J. CHAPMAN  
ACCOUNTANT GENERAL (ag.)

HON. WINSTON D. JORDAN  
MINISTER OF FINANCE

**STATEMENT OF EXPENDITURE IN RESPECT  
OF THOSE SERVICES WHICH BY LAW ARE  
DIRECTLY CHARGED UPON THE CONSOLIDATED FUND  
OF THE GOVERNMENT OF GUYANA  
FOR THE FISCAL YEAR ENDED 31 DECEMBER 2017**

Agency No.	Description	Wages and Salaries	Employment Overhead Expenses	Total Expenditure	<b>Total Expenditure</b>
		2017	2017	2017	<b>2016</b>
		\$'000	\$'000	\$'000	<b>\$'000</b>
05	Ministry of Presidency	20,550	3,100	23,650	<b>23,710</b>
54	Ministry of Public Security	13,432	3,087	16,519	<b>26,205</b>
	Sub-total	<u>33,982</u>	<u>6,187</u>	<u>40,169</u>	<b><u>49,915</u></b>
03	Ministry of Finance				
	Pension and Gratuities	4,212,373	0	4,212,373	<b>3,822,268</b>
	Payments to Dependent's Pension Fund	118,304	0	118,304	<b>77,804</b>
	Sub-total	<u>4,330,677</u>	<u>0</u>	<u>4,330,677</u>	<b><u>3,900,072</u></b>
90	Public Debt				
	Internal Principal	279,601	0	279,601	<b>35,478</b>
	Internal Interest	1,970,321	0	1,970,321	<b>1,863,059</b>
	External Principal	8,377,234	0	8,377,234	<b>6,710,241</b>
	External Interest	4,201,168	0	4,201,168	<b>3,602,637</b>
	Sub-total	<u>14,828,324</u>	<u>0</u>	<u>14,828,324</u>	<b><u>12,211,415</u></b>
	GRAND TOTAL			<u>19,199,170</u>	<b><u>16,161,402</u></b>

MS. J. CHAPMAN  
ACCOUNTANT GENERAL (ag.)

HON. WINSTON D. JORDAN  
MINISTER OF FINANCE

**STATEMENT OF RECEIPTS AND PAYMENTS OF THE CONTINGENCIES FUND  
OF THE GOVERNMENT OF GUYANA  
FOR THE FISCAL YEAR ENDED 31 DECEMBER 2017**

2017

Amount  
\$'000

R E C E I P T S (Replenishment)

NIL 0

Total Receipts 0

P A Y M E N T S (Drawing Rights)

Warrant No.	Date of Warrant	Ministry/Department/Region	Amount \$'000
Summary			2017
			\$'000
Uncleared advances for 2016			0
Add: Payments(Drawing Rights) Authorised in 2017			0
Less: Replishments Authorised in 2016			0
Less: Replenishments			0
Balance Outstanding as at 31/12/2017			0

MS. J. CHAPMAN  
ACCOUNTANT GENERAL (ag.)

HON. WINSTON D. JORDAN  
MINISTER OF FINANCE

**FINANCIAL REPORT OF THE DEPOSIT FUND  
FOR THE FISCAL YEAR ENDING 31 DECEMBER 2017**

Type of Deposit	Amount 2017 \$'000	Amount 2016 \$'000
Dependents Pension Fund	1,230,560	1,016,541
Sugar Industry Welfare Committee	50,691	50,691
Sugar Industry Welfare Labour Fund	970,684	975,930
Sugar Industry Rehabilitation Fund	72,432	72,432
Sugar Industry Price Stabilization Fund	14,033	14,033
Miscellaneous	3,804,721	3,719,645
<b>Total</b>	<b>6,143,121</b>	<b>5,849,272</b>

Type of Advances	Amount 2017 \$'000	Amount 2016 \$'000
Personal	19,266	14,824
Gratuity	1,281,183	1,281,408
Auto Advance	113,531	123,364
Guyana Gold Board	8,650,148	8,650,148
Imprest & Cash on Hand	1,523,418	1,240,579
Deposit Fund Advance Warrants	208,410	208,410
Crown Agents	409,040	406,246
Statutory and Other Bodies	1,554,456	1,554,456
<b>Total</b>	<b>13,759,452</b>	<b>13,479,435</b>

MS. J. CHAPMAN  
ACCOUNTANT GENERAL (ag.)

HON. WINSTON D. JORDAN  
MINISTER OF FINANCE

**SCHEDULE OF ISSUANCE OF LOANS AND EXTINGUISHMENT OF ALL LOANS  
MADE FROM THE CONSOLIDATED FUND  
AS AT 31 DECEMBER 2017**

DESCRIPTION	AMOUNT OF LOAN (1)	AMOUNT OUT-STANDING AT 1/1/2017 (2)	LOAN MADE DURING 2016 (3)	TOTAL (2)+(3)=(4) (4)	AMOUNT RE-PAID DURING 2017 (5)	AMOUNT WRITTEN-OFF DURING 2017 (6)	TOTAL (5)+(6)=(7) (7)	BALANCE OUT-STANDING AT 31-12-14 (4)-(7)=(8) (8)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Public Corporation and Boards</b>								
Guyana National Printers	100,000	100,000	0	100,000	0	0	0	100,000
Ogle Airport Inc.	402,251	371,308	0	371,308	5,000	0	5,000	366,308
<b>TOTAL</b>	<b>502,251</b>	<b>471,308</b>	<b>0</b>	<b>471,308</b>	<b>5,000</b>	<b>0</b>	<b>5,000</b>	<b>466,308</b>

MS. J. CHAPMAN  
ACCOUNTANT GENERAL (ag.)

HON. WINSTON D. JORDAN  
MINISTER OF FINANCE

**STATEMENT OF CURRENT ASSETS AND LIABILITIES OF THE GOVERNMENT OF GUYANA  
AS AT 31 DECEMBER 2017**

	Notes	2017 \$'000	2017 \$'000	2016 \$'000	2016 \$'000
<b>CURRENT ASSETS</b>					
<u>Central Government Bank Balances</u>					
<u>Consolidated Fund</u>					
New 407 Account		(109,019,284)		<b>(86,100,652)</b>	
Old 400 Account		(46,776,183)	(155,795,466)	<b>(46,776,183)</b>	<b>(132,876,835)</b>
LIS 11 Bank Account			0		<b>0</b>
WSG Bank A/c -Loan			36,198		<b>11,495</b>
WSG Bank A/c - TC841			0		<b>0</b>
WSG Bank A/c -TC 842			0		<b>0</b>
SMDR ATN/OC-1409-GY			0		<b>0</b>
2000 Series	2		11,365,083		<b>15,234,757</b>
Deposits Fund			0		
General Account			0		<b>0</b>
Non-sub Accounting Ministries/Departments ( <i>Account # 3001</i> )			7,209		<b>7,772</b>
Other Ministries/Departments			27,726,640		<b>19,027,078</b>
Monetary Sterilisation Account	3		77,537,035		<b>78,350,709</b>
Redemption of T-Bills ( <i>Account # 404</i> )			(3)		<b>(3)</b>
Total Current Assets			<u><u>(39,123,304)</u></u>		<u><u>(20,245,026)</u></u>
<b>CURRENT LIABILITIES</b>					
Treasury Bills					
90 Days & K Series		993,480		<b>5,972,542</b>	
180 & 360 Days	3	77,960,574	78,954,054	<b>73,901,601</b>	<b>79,874,143</b>
Interest (Outstanding)					
Other Liabilities					
Dependents Pension Fund		1,230,560		<b>1,016,541</b>	
Sugar Industry Welfare Committee		50,691		<b>50,691</b>	
Sugar Industry Welfare Labour Fund		970,684		<b>975,930</b>	
Sugar Industry Rehabilitation Fund		72,432		<b>72,432</b>	
Sugar Industry Price Stabilization Fund		14,033		<b>14,033</b>	
Miscellaneous		3,804,721	6,143,121	<b>3,719,645</b>	<b>5,849,272</b>
Total Current Liabilities			<u><u>85,097,175</u></u>		<u><u>85,723,415</u></u>
<b>NET CURRENT LIABILITIES</b>			<u><u>124,220,478</u></u>		<u><u>105,968,441</u></u>

MS. J. CHAPMAN  
ACCOUNTANT GENERAL (ag.)

HON. WINSTON D. JORDAN  
MINISTER OF FINANCE

## **Notes to and Forming Part of the Financial Statements**

### **Note 1 Summary of Significant Accounting Policies**

#### **1.1 Basis of Preparation**

The financial statements have been prepared in accordance with Guyana's Generally Accepted Accounting Standards and Principles. The modified cash basis of accounting convention is followed for determining when a financial transaction is recorded in the Government's records. This means, only when cash is paid or received is a transaction recorded.

The notes to the financial statements form an integral part to understanding the statements and must be read in conjunction with the statements.

The accounting policies have been applied consistently throughout the period.

#### **1.2 Reporting Entity**

The financial statements are for the Government of Guyana. The Consolidated Financial statements comprise the accounts of Ministries and Departments of Government. They do not include Statutory Bodies and Wholly-owned subsidiaries.

The consolidated financial statements only include those entities that perform their accounting through the Integrated Financial Management and Accounting System. Various Ministries implement projects that are funded directly by donors either via loans or grants and accounted for separately, however, their gross transactions are recorded in the government's accounts via "dummy transactions". This would mean an actual timing difference between actual transaction and when captured in the Integrated Financial and Information System (IFMIS).

#### **1.3 Cash**

Cash means notes and coins held and any deposits held at call with a bank or financial institution. Cash is recognized at its nominal amount. Interest is credited to revenue as it is received or to expense when it is deducted from the bank account.

#### **1.4 Loans/Advances Receivable**

Loans are recognized at the amounts lent. Provision is made for bad loans when collection of the loan or part thereof is judged to be less rather than more likely. Interest, if charged, is credited to revenue as it is received. This is a slight variation from the cash basis of accounting.

#### **1.5 Refunds of Previous Year Expenditures**

Expenditures refunded to the Consolidated Fund from previous years are recorded as revenue receipts in the current year and not as reductions of current year's expenditures. The banking effect also is what can be called a contra entry.



## **1.6 Capital Revenue**

Capital Revenue comprises mainly of loan, grant and debt relief proceeds. Loan proceeds are not recorded as a liability on the balance sheet but as capital revenue on the statement of receipts and payments. The Statement of Receipts and Disbursements (Capital) for the Ministry of Finance includes amounts for budget support that were not paid into the Consolidated Fund Bank account as at 31<sup>st</sup> December 2017 but were received in the respective 2000 Series Bank Accounts (refer to note 2).

## **1.7 Monetary Sterilization Account**

The purpose of the Monetary Sterilization Account is to remove excess liquidity from the financial system. The vehicle for performing this is that government issued 182 and 365 day Treasury Bills. The cost to the government is the interest charge on the redeemed T-bills as they come due. This is a statutory cost charged to internal interest expense. The monetary sterilization liability should be exactly offset by the monetary sterilization bank account, creating a fully funded liability.

## **1.8 Reporting Currency**

The reporting currency is Guyana Dollar (GY\$)

## **1.9 Authorization Date**

The financial statements were authorized for issue on April 30<sup>th</sup> 2017 by Mr. Winston Jordan, Minister of Finance.

### **Note 2 2000 Series Bank Accounts**

The 2000 series are a combination various project, grant, debt relief and balance of payment accounts. These accounts do not form part of the Consolidated Bank Account Number 01610000407, however, they are government funds. Please see Appendix 1 attached.

### **Note 3 Monetary Sterilization Account**

The Monetary Sterilization account deficit of \$1.417B is the difference between the outstanding liability (\$78.954B) and cash held for purpose of retiring the liability (\$77.537B). The difference of (\$1.417B) relates to unpaid discounts to the Bank of Guyana by the Government of Guyana of \$994M for 2017, and unexplained debits totalling \$563.811M and credits totalling \$140.271M.

### **Note 4 Statement of Receipts and Payments of the Contingencies Fund**

Contingency Fund Advance Warrants were not issued during the period January to December 2017.

APPENDIX 1

2000 Series Bank Accounts

ACC'T #	Description	2017	2016	Net Change
200810	Personal Investment Account	2,548,237	2,548,237	0
200830	Government of Guyana Project Account			0
200840	EEC Food Aid			0
200850	EEC Special Account			0
200860	Structural Adjustment			0
200870	Debenture Sinking Fund			0
200890	Chinese Commodity			0
200900	Accountant General RMBY Loan			0
200920	AG-GEC/WARTSILA Agreement			0
200940	Deposits - Guy Cooperative Agri. Dev. Bank			0
200950	Agricultural Sector Loan			0
200960	DIA	254,507,181	254,507,181	0
200990	Long Creek Settlement CIDA Project			0
201000	UK Programme Aid: GEA			0
201010	UK Programme Aid:Rice			0
201040	CDB/Gov't of Guy ERP Grant			0
201050	Ministry of Agriculture Rehabilitation Project			0
201080	Main Road Rehab Sub-Account 980			0
201090	SIMAP Pahse 2 Sub-Account			0
201100	Remedial Maintenance Project-Geo Sewerage			0
201110	Infrastructural Dev Fund Account			0
201130	Ministry of Finance/Financial Sector reform Programme			0
201160	Ministry of Finance-Agri Sector Prog 965-SF/GY			0
201180	Japanese-Non Project Grant Aid Deposit			0
201230	Japanese Agricultural Grant			0
201280	Guyana/USA Economy Support Grant			0
201300	030 Stale Dated Cheques	7,257,850	7,257,850	0
201340	CARICOM Headquarters Buildings Project	0	15,340,845	(15,340,845)
<b>TOTAL INACTIVE TO BE TRANSFERRED TO 407</b>		<b>264,313,268</b>	<b>279,654,113</b>	<b>(15,340,845)</b>
<b>OLD ACCOUNTS</b>				
200880	Accountant General	2,485,731,995	2,490,231,995	(4,500,000)
200970	HIA	3,098,089	3,098,089	0
200980	IDB - Technical Coop Small Projects Swiss Fund	3,519,545	2,584,442	935,103
<b>New Accounts for 2004</b>				
201380	GOG/IDB Fiscal & Financial Management Programme	1,601,236,251	1,601,236,251	0
<b>New Accounts for 2005</b>				
201400	GOG/IBRD Global Fund-National Initiative to Accelerat Access...	40,314,687	102,432,985	(62,118,298)
201410	GOG/IBRD Global Fund-National Initiative to Accelerat Access...			0
201420	GOG/IBRD Global Fund for Tuberculosis			0
<b>New Accounts for 2006</b>				
201440	Multilateral Debt Relief	464,217,348	464,217,348	0
201450	Japanese Non-Project Grant Aid	66,023,589	66,023,589	0
<b>New Accounts for 2008</b>				
201490	Official Power Sector 1938	1,032,500,000	1,032,500,000	0
201500	Japanese Non-Project Grant Aid Year 21	185,723,514	185,723,514	0
201510	Official READ M of A Lo # 742 Gr # 8015			0
201520	Official Global Fund/MOH Mal/Reg 9	115,853,471	9,600,548	106,252,923
<b>New Accounts for 2010</b>				
201590	Off Global Fund / MOH TB	31,555,151	34,717,079	(3,161,928)
<b>New Accounts for 2012</b>				
201600	LCDS Institutional Strengthen	1,995	39,085,172	(39,083,177)
201610	Off-GFC LCDS Proj US Acct			0
<b>New Accounts for 2013</b>				
201620	Off-SBB LCDS US	322,140	5,691,140	(5,369,000)
<b>New Accounts for 2014</b>				
201630	Off-UAWARP MOA GUYLO#0001			0
201640	Off-SMDR ATM/OC-14039-GY	40,887,620	11,106,869	29,780,751
201650	CARICOM MULTILATERAL CLEARING FACILITY WRITE OFF	2,227,002,541	2,969,336,738	(742,334,197)
201660	Off- SEPG-GRT/FM-13897-GY	26,460,266	43,132	26,417,134
201680	OFF- IDB/GOG IMPL. SEC. STRAT	2	136,738,766	(136,738,764)

ACCT #	Description	2017	2016	Net Change
<b>New Accounts for 2015</b>				
201681	OFF-GUY FOR TNC UNEP US\$	17,552,500	7,227,500	10,325,000
201682	OFF-GUY LCDS OUTREACH US\$			0
201684	OFF-AOG PEU 14809	0	16,263,816	(16,263,816)
201685	OFF- PPM FMS ATN/OC 14815-GY	11,630,080	38,608,446	(26,978,366)
201686	OFF-EARLY CHILDHOOD EDUCATION	39,203,199	71,622,859	(32,419,660)
201970	JAPANESE NON-PROJECT GRANT AID YEAR 2013		5,537,077	141,581,328
<b>New Accounts for 2016</b>				
201390	BUDGETARY SUPPORT	1,900,208,870	5,491,429,394	(3,591,220,524)
201683	OFF IDB/GOG CIT. SEC. STRENGTHEN	513,300,767	103,250,000	410,050,767
201687	OFF - NAC GUYANA	0	19,731,366	(19,731,366)
201688	OFF - STRENGTHENING OF CTVET	0	5,620,001	(5,620,001)
201689	OFFICIAL CCRPMOAG AC#132408	107,877,091	41,444,963	66,432,128
201690	OFFICIAL USD HINTERLAND PROG	21	21	0
<b>New Accounts for 2017</b>				
201670	JAPANESE NON-PROJECT GRANT AID YEAR 2013	147,118,405		
201691	OFFICIAL GUY NUR UNEP-US\$	2,065,000		
201692	OFFICIAL ATN/OC-15448-GY ESCG	12,784,415		
201693	OFFICIAL ATN/OC-15448-GY -FFMP USD	24,581,347		
<b>TOTAL ACTIVE</b>		<b>11,100,769,899</b>	<b>14,955,103,100</b>	<b>(3,893,763,963)</b>
<b>TOTAL (ACTIVE &amp; INACTIVE)</b>		<b>11,365,083,167</b>	<b>15,234,757,213</b>	<b>(3,869,674,046)</b>

**STATEMENT OF PUBLIC DEBT  
AS AT 31 DECEMBER 2017**

**SUMMARY SHEET**

DESCRIPTION	EXTERNAL	INTERNAL	TOTAL
	G\$'000	G\$'000	G\$'000
UNFUNDED	254,404,677	43,400,167	297,804,844
FUNDED	0	3,898,537	3,898,537
<b>SUB TOTAL</b>	<u>254,404,677</u>	<u>47,298,704</u>	<u>301,703,381</u>
SHORT-TERM Treasury Bills (91 days & K Series)	0	997,300	997,300
MEDIUM -TERM Treasury Bills (182 & 365 days)	0	78,994,800	78,994,800
<b>GRAND TOTAL</b>	<u><u>254,404,677</u></u>	<u><u>127,290,804</u></u>	<u><u>381,695,481</u></u>

MS. JENNIFER CHAPMAN  
ACCOUNTANT GENERAL (ag)

HON. WINSTON D. JORDAN  
MINISTER OF FINANCE

NAME OF CREDITOR/ LOAN IDENTIFICATION/ DESCRIPTION OF LOAN  1	NOTES	LOAN CURR- ENCY  2	REVISED/ ORIGINAL AMOUNT OF LOAN 3	OPENING BALANCE AS AT 01.01.2017 4	AMOUNT DIS- BURSED IN 2017 5	DEBT SERVICE COST DUE & PAYABLE IN 2017		ACTUAL DEBT SERVICE COST PAID IN 2017			DEBT RELIEF (DEBT CANCELL- ATION/ WRITE-OFF) 9	CLOSING BALANCE AS AT 31.12.17 10	GUYANA DOLLAR EQ- UIVALENT 31.12.17 11	TERMS AND CONDITIONS OF LOAN	
						PRINCIPAL 6	INTEREST 7	PRINCIPAL a	INTEREST b	TOTAL PAYMENT 8=7a+7b					
															a
<b>INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA)</b>															
Secondary Schools Reform Project Credit No. 2879-0 GUA		SDR	'000 2,081	'000 1,624	'000 0	'000 83	'000 12	'000 83	'000 12	'000 95	'000 0	'000 1,541	'000 454,252	The borrower shall repay the principal amount, the credit in semi-annual installments payable after 1 October 2006 and ending 1 April, 2036.	
Water Supply and Technical Assistance Credit No. 2559-0 GUA		SDR	2,606	1,422	0	84	10	84	10	94	0	1,338	394,413	Repayments commence on 1/6/2004 in 60 semi-annual install.and ends 1/12/2033. Int. rate each install. and including int. payable on 1/12/2013 shall be 1% of principal and 2% on bal. outstanding.	
Public Sector Technical Assistant Project Credit No. 3726 - GY		SDR	3,600	2,227	0	48	17	48	17	65	0	2,179	642,321	This loan shall be repaid in semi annual installments commencing 15 June 2013 ending 15 December 2042.	
Improving Teachers Education Project 4803-GY		SDR	2,800	2,785	0	0	21	0	21	21	0	2,785	820,956	The borrower shall repay the principal amount, the credit in semi-annual installments payable on 1 June 2015 and ending 1 June, 2030.	
University of Guyana Science & Technology Support Project 4969- GY		SDR	6,200	5,695	504	0	45	0	45	45	0	6,199	1,827,327	The borrower shall repay the principal amount, the credit in semi-annual installments payable on 1 December 2021 and ending 1 June 2031.	
Secondary Education Improvement Project - 5473 - GY		SDR	6,500	1,191	136	0	25	0	25	25	0	1,327	391,170	Repayment commencing June 1, 2019 to and including December 1, 2028 at 1.65% of Principal amount of credit and commencing June 1, 2029 to and including December 1, 2038. at 3.35% of Principal amount of credit.	
Flood Risk Management Project - 5474 - GY		SDR	7,700	2,050	4,036	0	80	0	80	80	0	6,086	1,794,017	Repayment commencing December 1, 2019 to and including June 1, 2029 at 1.65% of Principal amount of credit and commencing December 1, 2029 to and including June 1, 2039. at 3.35% of Principal amount of credit.	
Additional financing for University of Guyana Science and Technology Support Project-5753		SDR	2,700	1,608	1,092	0	25	0	25	25	0	2,700	795,900	Repayment commencing June 1, 2021 to and including December 1, 2030 at 1.65% of Principal amount of credit and commencing June 1, 2031 to and including December 1, 2040. at 3.35% of Principal amount of credit.	
Guyana Payments System Project 5966-GY		SDR	4,500	0	0	0	0	0	0	0	0	0	0	0	Repayment commencing on June 1, 2022 and including December 1, 2031 at 1.65% of the principal amount of credit and commencing on June 1, 2032 to and including December 1, 2041 at 3.35% of Principal amount of credit.
Guyana Education Sector Improvement Project 6009-GY		SDR	9,900	0	817	0	4	0	4	4	0	817	240,833	Repayment commencing on June 1, 2022 and including December 1, 2031 at 1.65% of the principal amount of credit and commencing on June 1, 2032 to and including December 1, 2041 at 3.35% of Principal amount of credit.	
<b>Caribbean Development Bank (CDB)</b>															
Caribbean Court of Justice 01/SFR-OR-GUY (OCR)		USD	4,400	2,805	0	220	91	220	91	311	0	2,585	533,803	This loan shall be repaid in 80 equal quarterly repayments beginning 1 October, 2009, ending 1 July, 2029.	
Caribbean Court of Justice 01/SFR-OR-GUY (SFR)		USD	4,400	2,805	0	220	54	220	54	274	0	2,585	533,803	This loan shall be repaid in 80 equal quarterly repayments beginning 1 October, 2009, ending 1 July, 2029.	
Third Road Project 2/SFR-OR-GUY (OCR)		USD	9,102	4,732	0	511	156	511	156	667	0	4,221	871,637	This loan shall be repaid in 68 equal quarterly repayments beginning 1 July, 2009, ending 1 April, 2026.	
Third Road Project 2/SFR-OR-GUY (SFR)		USD	10,000	8,500	0	500	166	500	166	666	0	8,000	1,652,000	This loan shall be repaid in 80 equal quarterly repayments beginning 1 January, 2014, ending 1 October, 2033.	
Skeldon Sugar Modernisation 3/SFR-OR-GUY (OCR)		USD XEU	14,321 0	8,023 0	0 0	845 0	257 0	845 0	257 0	1,102 0	0 0	7,178 0	1,482,257 0	This loan shall be repaid in 68 equal quarterly repayments beginning 1 July, 2009, ending 1 April, 2026.	
Skeldon Sugar Modernisation 3/SFR-OR-GUY (SFR)		USD XEU	14,035 0	11,842 0	0 0	697 0	232 0	697 0	232 0	929 0	0 0	11,145 0	2,301,443 0	This loan shall be repaid in 80 equal quarterly repayments beginning 1 January, 2014, ending 1 October 2033.	
C/F													14,736,130		

NAME OF CREDITOR/ LOAN IDENTIFICATION/ DESCRIPTION OF LOAN	NOTES	LOAN CURR- ENCY	REVISED/ ORIGINAL AMOUNT OF LOAN	OPENING BALANCE AS AT 01.01.2017	AMOUNT DIS- BURSED IN 2017	DEBT SERVICE COST DUE & PAYABLE IN 2017		ACTUAL DEBT SERVICE COST PAID IN 2017			DEBT RELIEF (DEBT CANCELL- ATION/ WRITE-OFF)	CLOSING BALANCE AS AT 31.12.17	GUYANA DOLLAR EQ- UIVALENT 31.12.17	TERMS AND CONDITIONS OF LOAN			
						PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	TOTAL PAYMENT							
															6	7	8
															a	b	8=7a+7b
10=(4+5+6b-7a-7b)-9																	
B/F			'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000				
Reconstruction of Sea Defences (2nd Loan) 4/SFR-OR-GUY (OCR)		USD	3,684	2,166	0	217	70	217	70	287	0	1,949	402,469	This loan shall be repaid in 68 equal quarterly repayments beginning 1 January, 2010, ending 1 October 2026.			
Reconstruction of Sea Defences (2nd Loan) 4/SFR-OR-GUY (SFR)		USD	3,249	2,925	0	162	57	162	57	219	0	2,763	570,560	This loan shall be repaid in 80 equal quarterly repayments beginning 1 January, 2015, ending 1 October 2034.			
Community Services Enhancement Project 5/SFR-OR-GUY (OCR)		USD	3,580	2,420	0	211	78	211	78	289	0	2,209	456,159	This loan shall be repaid in 68 equal quarterly repayments beginning 1 July, 2011, ending 1 April 2028.			
Community Services Enhancement Project 5/SFR-OR-GUY (SFR)		USD	9,453	9,335	0	473	183	473	183	656	0	8,862	1,830,003	This loan shall be repaid in 80 equal quarterly repayments beginning 1 October, 2016, ending 1 July 2036.			
Community Roads Improvement Programme 6/SFR-OR-GUY (OCR)		USD	4,015	3,682	0	227	120	227	120	347	0	3,455	713,458	This loan shall be repaid in 68 equal quarterly repayments beginning 1 April, 2016, ending 1 October 2033.			
Community Roads Improvement Programme 6/SFR-OR-GUY (SFR)		USD	12,277	12,270	0	0	245	0	245	245	0	12,270	2,533,755	This loan shall be repaid in 80 equal quarterly repayments beginning 1 April, 2021, ending 1 January 2041.			
CDB Debt Service to EEC Wisco 6/SFR-R		XEU	600	133	0	22	1	22	1	23	0	111	27,465	Annuity base repayment semi annually beginning 1 January, 1994.			
Fourth Road Project W.C.D. Road Improvement 7/SFR-OR-GUY (OCR)	*_/1	USD	9,200	6,463	2,140	0	196	0	196	196	0	8,603	1,776,520	This loan shall be repaid in 68 equal quarterly installments beginning 1 April, 2019.			
Fourth Road Project W.C.D. Road Improvement 7/SFR-OR-GUY (SFR)	*_/1	USD	25,000	14,997	7,632	0	293	0	293	293	0	22,629	4,672,889	This loan shall be repaid in 80 equal quarterly repayments beginning 1 April, 2023.			
Economic Recovery Programme 7/SFR-GUY	*_/1	USD	42,000	19,250	0	1,400	375	1,400	375	1,775	0	17,850	3,686,025	This loan shall be repaid in 120 equal quarterly repayments beginning 30 September, 2000, ending 1 July 2030.			
Sea Defence West Coast Berbice 8/SFR-GUY		USD XEU	7,180 0	4,335 0	0 0	241 0	85 0	241 0	85 0	326 0	0 0	4,094 0	845,411 0	This loan shall be repaid in 120 equal quarterly repayments beginning 31 December, 2004, ending 1 October 2034.			
Sea and River Defence Resilience Project - 8 SFR-OR-GUY - OCR	*_/1	USD	2,900	57	104	0	30	0	30	30	0	161	33,247	This loan shall be repaid in 68 Equal or approximately equal and consecutive quarterly installments on each due date commencing on the first due date after the expiry of five years following the date of this loan agreement or on such later due date as the Bank may specify in writing.			
Sea and River Defence Resilience Project - 8 SFR-OR-GUY - SFR		USD	22,100	841	1,124	0	16	0	16	16	0	1,965	405,773	This loan shall be repaid in 80 Equal or approximately equal and consecutive quarterly installments on each due date commencing on the first due date after the expiry of ten years following the date of this loan agreement or on such later due date as the Bank may specify in writing.			
Drainage and Irrigation 9/SFR-GUY		USD	5,026	4,312	0	168	85	168	85	253	0	4,144	855,736	This loan shall be repaid in 120 equal quarterly repayments beginning 1 October, 2012, ending 1 July 2042.			
Second Road Project 10/SFR-GUY		USD	10,702	7,401	0	357	145	357	145	502	0	7,044	1,454,586	This loan shall be repaid in 120 equal quarterly repayments beginning 30 September, 2007, ending 1 July 2037.			
Water Rehabilitation Project 11/SFR-GUY		USD	8,801	5,943	0	293	117	293	117	410	0	5,650	1,166,725	This loan shall be repaid in 120 equal quarterly repayments beginning 31 March 2007, ending 1 January 2037.			
Poor Rural Community Support Services 13/SFR-GUY		USD	5,100	3,825	0	255	75	255	75	330	0	3,570	737,205	This loan shall be repaid in 80 equal quarterly repayments beginning 1 January, 2012, ending 1 October 2031.			
Natural Disaster Management 17/SFR-GUY		USD	500	266	0	29	5	29	5	34	0	237	48,941	This loan shall be repaid in 68 equal quarterly repayments beginning 1 January, 2009, ending 1 October 2025.			
Enhancement of Tech., Voc., Edu. Training Prog (TVET) 18/SFR-GUY		USD	7,500	7,424	0	0	149	0	149	149	0	7,424	1,533,056	This loan shall be repaid in 80 equal quarterly repayments beginning 1 July, 2020, ending 1 April 2040.			
C/F													38,486,108				

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						PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	TOTAL PAYMENT				
1	2	3	4	5	6	7	8	9	10	11	10=(4+5+6b-7a-7b)-9			
B/F			'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	
Sugar Industry Mechanisation Project 9/SFR-OR-GUY-OCR	*_/1	USD	662	5	0	5	5	5	5	10	0	0	38,486,108	0 This loan shall be repaid in 68 equal or approximately equal and consecutive quarterly installments on each due date and interest being paid at a rate of 3.95% per annum on a quarterly basis each year.
Sugar Industry Mechanisation Project 9/SFR-OR-GUY-SFR		USD	6,838	0	0	0	0	0	0	0	0	0	0	0 This loan shall be repaid in 80 equal or approximately equal and consecutive quarterly installments on each due date and interest being paid at a rate of 2% per annum on a quarterly basis each year.
Skills Development and Employability Project 19/SFR-GUY		USD	11,700	0	0	0	0	0	0	0	0	0	0	0 This loan shall be repaid in eighty (80) equal or approximately equal and conservative quarterly installment on each due date, commencing on the first due date after the expiry of ten (10) years following the date of this Loan Agreement, and interest rate at (2%) per annum on the amount of principal withdrawn.
<b>CARICOM DEVELOPMENT FUND- (CDF)</b>														
Upgrade Weather Access Roads- Region #3, Parika and Ruby & Upgrade Fair- Weather Access Dams - Kuru Kuru to Laluni, Region 4 and Onvergwagt Loan No. GUY/L0001		USD	6,224	5,895	0	257	131	257	131	388	0	5,638	1,164,247	This loan amounts to US\$7,317,996 comprising of two components. The first component shall be repaid in quarterly installments at an annual interest rate of 3.0% per annum. First repayment 30 March, 2015 and ending 30 December, 2030. The second component amounting to US\$2,657,789 is considered as a grant and shall not be repaid.
For the Consultancy, Non Consultancy Services and Works for Rural Agricultural Infrastructure Development in Small Scale Farming Communities, to be completed in thirty (30) months Loan No.ROG/L0002		USD	6,625	0	2,319	0	6	0	6	0	0	2,319	478,874	This loan amounts to US\$10,432,263 comprising of two components. The first component shall be repaid in 60 equal or approximately equal and consecutive quarterly installments at an annual interest rate of 3% per annum. The second component amounting to US\$3,807,263 is considered as a grant and shall not be repaid.
<b>INTER-AMERICAN DEVELOPMENT BANK- (IDB)</b>														
Health Care Delivery Programme Loan No. 544-SF/GY		USD	1,257	83	0	42	1	42	1	43	0	41	8,467	Interest is calculated at 9% per annum on the outstanding bal. until 24-11-88 & thereafter at 2% per annum. Credit Commission Commitment fee is charged at 0.5% per annum on the undisbursed bal. Interest and credit commission fees are payable on 24-05 and 24-11 each year effective from 24-11-79. The principal shall be repaid by half yearly repayments on 5-4 and 40 yrs loan with an initial grace period of 10 yrs. 60 semi-annual installments beginning 8-10-2002. Int. rate of 1% for first 10 years thereafter. Final installment payable on 8.10.2032.
Food Crop Production Marketing Programme - Loan No. 583/SF - GY		USD	1,600	188	0	53	3	53	3	56	0	135	27,878	Principal repayable in 60 semi-annual installments from 6-7-90 to 6-1-2020. Interest is calculated at 1% per annum on the outstanding bal. of the loan until 6-1-90 and thereafter 20% per annum and payable on 6-1 and 6-7 each year w.e.f 6-7-80. A credit commission commitment fee is also charged.
Main Road Rehabilitation - Transportation Loan No. 999/SF-GY	*_/5 */_4	USD JPK	41,000 35,591	8,883 0	301 0	413 1,655	175 702	413 1,655	175 702	588 2,357	0 0	8,771 0	1,811,212 0	This loan shall be completely repaid by the Borrower by means of 60 semi-annual, equal installments. Interest shall be paid semi-annually on the outstanding daily balance of the loan at the rate of 1% per annum until 18 March 2008 and 2% per annum thereafter.
Urban Development Programme Loan No. 1021/SF-GY	*_/5 */_4	USD CAD DKK XEU	20,000	4,274 567 1,580 285	992 0 0 0	190 25 70 13	84 11 31 6	190 25 70 13	84 11 31 6	274 36 101 19	0 0 0 0	5,076 0 0 0	1,048,194 0 0 0	Loan to be repaid in 60 equal semi-annual installments beginning 13 September 2009 and ending 13 September 2039.
Transportation - Loan No. 1042-1/SF-GY	*_/5 */_4	USD XEU	20,200	0 7,792	8,769 0	0 332	0 154	0 332	0 154	0 486	0 0	8,769 0	1,810,799 0	The loan shall be completely repaid by the Borrower by means of 60 semi-annual equal installments. Interest shall be paid semi-annually on the outstanding daily balance of the loan at the rate of 1% per annum until 4 February 2010 and 2% per annum thereafter.
C/F													44,835,777	

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						PRINCIPAL 6	INTEREST 7	PRINCIPAL a	INTEREST b	TOTAL PAYMENT 8=7a+7b				
B/F			'000	'000	'000	'000	'000	'000	'000	'000	'000	'000		
Transportation - Loan No. 1042- 2 /SF-GY		USD	9,800	1,453	0	62	29	62	29	91	0	1,391	44,835,777	The loan shall be completely repaid by the Borrower by means of 60 semi-annual equal installments. Interest shall be paid semi-annually on the outstanding daily balance of the loan at the rate of 1% per annum until 4 February 2010 and 2% per annum thereafter.
Low Income Settlement Programme Loan No. 1044/SF-GY	*_/5 *_/_4	USD XEU XEU	27,000 69 2,009	5,190 0 2,009	2,388 0 0	273 1 43	127 1 20	273 1 43	127 1 20	400 2 63	0 0 0	7,305 0 0	1,508,483	This loan shall be completely repaid in 60 semi-annual installments. The first shall be paid on 2010-12-14.
Georgetown Sewerage and Water Rehabilitation Loan No. 1047/SF-GY	*_/5 *_/_4	USD XEU	27,000	10,138 98	112 0	434 2	202 1	434 2	202 1	636 3	0 0	9,816 0	2,027,004	60 Semi annual equal installments commencing 2010-12-14 and to be concluded 2040-06-14. Disbursements shall expire 5 years from the effective date of contract.
Environmental Protection Loan No. 1052/SF-GY		USD	900	295	0	12	6	12	6	18	0	283	58,440	The loan shall be completely repaid by the Borrower by means of 60 semi-annual equal installments. Interest shall be paid semi-annually on the outstanding daily balance of the loan at the rate of 1% per annum until 24 May 2010 and 2% per annum thereafter.
Social Impact Amelioration Prog Simap111- Loan No.1085		USD	20,000	11,527	0	452	228	452	228	680	0	11,075	2,286,988	The first installment shall be paid on 15th July 2012 & interest shall be paid semi-annually at 1% until January 15 2012 & 2% thereafter. Loan to be closed 2042/01/15.
Mahaica- Rosinlog Road Rehabilitation Project Loan No.1094	*_/5 *_/_4	USD XEU CAD	40,000	5,548 1,354 3,564	4,271 0 0	217 53 140	110 27 70	217 53 140	110 27 70	327 80 210	0 0 0	9,602 0 0	1,982,813	The first installment shall be paid on 15th July 2012 & interest shall be paid semi-annually at 1% until January 15 2012 & 2% thereafter. Loan to be closed 2042/01/15 this loan had cancellation in 2008.
Unservd Areas Electrification Prog Loan No.1103	*_/5 *_/_4	USD XEU	34,400	14,471 1,754	1,980 0	557 67	286 35	557 67	286 35	843 102	0 0	15,894 0	3,282,111	This loan shall be repaid semi-annual consecutive equal installments. The first installment shall be paid on 3 March 2013 & last installment 3 September 2042.
Basic Education Access Management Support Loan No. 1107	*_/5 *_/_4	USD CAD JPK	33,500	17,175 4,524 82,710	4,189 0 0	661 174 3,181	340 90 1,636	661 174 3,181	340 90 1,636	1,001 264 4,817	0 0 0	20,703 0 0	4,275,170	This loan shall be completed by 60 semi-annual, consecutive equal installments w.e.f 2013-01-25 to 2042-07-25
Basic Nutrition Programme Loan No. 1120 SF-GY		USD	5,000	3,854	0	145	76	145	76	221	0	3,709	765,909	This loan shall be repaid in 60 semi-annual installments. The first payment on 19 November 2013 and last on 19 May 2043. Disbursement shall expire 4 years from the effective date of contract.
Social Statistics and Policy Analysis Program Loan No.1516/SF-GY		USD	3,450	2,536	0	92	50	92	50	142	0	2,444	504,686	The first installment shall be paid on 24th September 2014 and interest shall be paid semi-annually at 1% until March 24 2014 and 2% thereafter. Loan to be closed 2044/03/24.
Health Sector Programme Loan No.1548/SF-GY		USD	23,000	21,850	0	767	433	767	433	1,200	0	21,083	4,353,640	The loan shall be completely repaid by the borrower by means of semi-annual consecutive, and insofar as possible equal installments no later than May 27,2045.
Fiscal & Financial Management Prog Loan No. 1550/SF-GY		USD	15,000	4,774	0	170	94	170	94	264	0	4,604	950,726	Interest shall be paid semi-annually on the outstanding daily balance of the loan at the rate of 1% per annum until 30/7/2044 and 2% per annum thereafter.
Fiscal & Financial Management Prog Loan No. 1551/SF-GY	*_/5 *_/_4	USD CAD CAD GBP	13,000	8,507 2,531 101 363	2,496 0 0 0	304 90 4 13	168 50 2 7	304 90 4 13	168 50 2 7	472 140 6 20	0 0 0 0	10,699 0 0 0	2,209,344	Interest shall be paid semi-annually on the outstanding daily balance of the loan at the rate of 1% per annum until 30/7/2044 and 2% per annum thereafter.
New Amsterdam Road Project Loan No.1554/SF-GY	*_/5 *_/_4	USD XEU	37,300	34,364 801	924 0	1,222 14	690 8	1,222 14	690 8	1,912 22	0 0	34,066 0	7,034,629	Loan shall be repaid semiannual, consecutive equal installments. The first installment on 6 Dec. 2015 and last installment 6 June 2045.
C/F													76,362,958	



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						PRINCIPAL 6	INTEREST 7	PRINCIPAL a	INTEREST b	TOTAL PAYMENT 8=7a+7b							
															a	b	8=7a+7b
															10=(4+5+6b-7a-7b)-9		
B/F			'000	'000	'000	'000	'000	'000	'000	'000	'000	'000					
Agriculture Support Services Prog Loan No. 1558/SF-GY		USD	22,500	15,783	0	564	313	564	313	877	0	15,219	3,142,724	This loan shall be repaid semi-annual consecutive and in so far possible equal installments. The first installment shall be paid on the 24 March 2015 and the last 24 March 2044. The first interest shall be made on 24 March 2005.			
Public Management Modernisation Program Loan No.1604/SF-GY		USD	5,000	2,866	0	101	57	101	57	158	0	2,765	570,973	The loan shall be repaid semi-annual, consecutive and equal installments. The first installment 15 Dec.2015 and last installment 15 June 2045.			
Georgetown Solid Waste Mng. Prog. Loan No. 1730/SF- GY		USD	18,070	15,188	0	253	227	253	227	480	0	14,935	3,084,078	The borrower shall repay this loan in 60 semi-annual installments commencing on the 22 August 2017 ending 22 February 2047 and Int. at 1% per annum for first 10 years 2007 and 2% thereafter beginning 22 April 2017.			
Georgetown Solid Waste Mng. Prog. Loan No. 1731/SF- GY		USD	2,500	0	0	0	6	0	6	6	0	0	0	0	This loan shall be completely repaid by the Borrower by means of semi-annual, equal installments during a period equivalent to the remaining validity period of the Guarantee. The loan shall be completely repaid by the Borrower by means of two semi-annual, consecutive equal installments. The first shall be paid on 22-08-17 and the last no later than 22-02-18. Interest shall be paid semi-annually on the outstanding daily balance of the loan at the rate of 1% per annum until 22 February 2017 and 2% per annum thereafter.		
Prog. For Modernisation of Justice Admin. Loan No. 1745/SF- GY		USD	15,000	15,000	0	250	226	250	226	476	0	14,750	3,045,875	Loan shall be repaid semi-annual, consecutive equal installments. The first installment on 6 Jun. 2017 and last installment 6 June 2057.			
Prog. For Modernisation of Justice Admin. Loan No. 1746/SF- GY		USD	10,000	9,994	0	167	150	167	150	317	0	9,827	2,029,276	Loan shall be repaid in 60 semi-annual, consecutive equal installments. The first installment on 20 September 2017 and last installment 20 March 2047.			
Support For Competitiveness Loan No. 1750/SF- GY		USD	18,000	18,000	0	300	271	300	271	571	0	17,700	3,655,050	Loan shall be repaid in 60 semi-annual installments commencing on 20 September 2017 ending 20 March 2047 and Int. at 1% per annum for first 10 years and 2% thereafter beginning 20 September 2017.			
Support For Competitiveness Loan No. 1751/SF- GY		USD	8,650	7,444	0	124	112	124	112	236	0	7,320	1,511,580	Loan shall be repaid in 60 semi-annual installments commencing on 20 September 2017 ending 20 March 2047 and Int. at 1% per annum for first 10 years and 2% thereafter beginning 20 September 2017.			
Citizen Security Programme Loan No. 1752/SF- GY		USD	19,800	19,799	0	330	296	330	296	626	0	19,469	4,020,349	Loan shall be repaid in 60 semi-annual, consecutive equal installments. The first installment on 31 July 2018 and last installment 31 January 2047. and int at 1% per annum until the 31 January 2018 and 2% thereafter.			
Transport Infrastructure Rehab. Prog. Loan No. 1803/SF- GY		USD	27,000	24,180	0	0	241	0	241	241	0	24,180	4,993,170	Loan shall be repaid in 60 semi-annual, consecutive equal installments. The first installment on 11 January 2018 and last installment 11 July 2047. and int at 1% per annum until the 11 January 2018 and 2% thereafter.			
Agricultural Export Diversification Programme Loan No 1929/BL - GY (FSO)		USD	10,450	10,448	0	0	26	0	26	26	0	10,448	2,157,512	This loan shall be repaid in a 1 shot payment on 6 April 2048 and Int. is 0.25% per annum.			
Agricultural Export Diversification Programme Loan No 1929/BL - GY (OCR)		USD	10,450	9,192	0	428	439	428	439	867	0	8,764	1,809,766	This loan shall be repaid by consecutive and equal installments. The 1st installment due 6 yrs from the date of this contract and the last 30 yrs from the said date.			
Power Sector Support Programme Loan No 1938/ BL - GY (FSO)		USD	6,000	6,000	0	0	15	0	15	15	0	6,000	1,239,000	This loan shall be repaid in a 1 shot payment on 6 April 2048 and Int. is 0.25% per annum.			
C/F													107,622,308				

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						PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	TOTAL PAYMENT				
1	2	3	4	5	6	7	8	9	10=(4+5+6b-7a-7b)-9	11				
B/F			'000	'000	'000	'000	'000	'000	'000	'000	'000	'000		
													107,622,308	
Power Sector Support Programme Loan No 1938/ BL - GY (OCR)		USD	6,000	5,265	0	245	232	245	232	477	0	5,020	1,036,630	This loan shall be repaid in semi-annual consecutive and equal installments. The 1st installments beginning 6 April 2014 ending 6 April 2038.
Financial Sector Reform Prog. 2091/ BL - GY Fixed (OCR)		USD	2,500	2,245	0	102	121	102	121	223	0	2,143	442,530	This loan shall be repaid in semi-annual consecutive and equal installments. First installments beginning 12 December 2014 and ending 12 December 2038. Int is 5.54% per annum.
Financial Sector Reform Prog. 2091/ BL - GY Fixed (FSO)		USD	2,500	2,500	0	0	6	0	6	6	0	2,500	516,250	This loan shall be repaid in a 1 shot payment on 12 December 2048 and Int. is 0.25% per annum.
Urban Development of Housing Prog. 2102 / BL - GY (OCR)		USD	13,950	12,782	0	568	332	568	332	900	0	12,214	2,522,191	This loan shall be repaid in a 1 shot payment on 17 April 2049 and Int. is 0.25% per annum.
Urban Development of Housing Prog. 2102 / BL - GY (FSO)		USD	13,950	13,918	0	0	35	0	35	35	0	13,918	2,874,067	This loan shall be repaid in semi-annual consecutive and equal installments. First installment beginning 17 April 2015 and ending 17 April 2049. Int is 4.66% per annum.
Transportation Rehab Project 2215 / BL-GY (FSO)		USD	12,400	10,372	2,027	0	25	0	25	25	0	12,399	2,560,394	This loan shall be repaid in a 1 shot payment on 21 March 2050 and Int. is 0.25% per annum.
Transportation Rehab Project 2215 / BL-GY (OCR)		USD	12,400	9,999	2,027	426	331	426	331	757	0	11,600	2,395,400	This loan shall be repaid in semi-annual consecutive and equal installments. First installment beginning 21 March 2016 and ending 21 March 2040.
Capital Markets Prog. 2235 / BL - GY (OCR)		USD	2,500	2,347	0	102	105	102	105	207	0	2,245	463,593	This loan shall be repaid in semi-annual consecutive and equal installments. First installment beginning 23 November 2015 and ending 23 November 2039. Int is 4.28% per annum.
Capital Markets Prog. 2235 / BL - GY (FSO)		USD	2,500	2,500	0	0	6	0	6	6	0	2,500	516,250	This loan shall be repaid in a 1 shot payment on 23 November 2049 and Int. is 0.25% per annum.
Health Sector Reform Prog. 2270 / BL-GY (FSO)		USD	2,500	1,070	517	0	3	0	3	3	0	1,587	327,716	This loan shall be repaid in a 1 shot payment on 17 February 2050 and Int. is 0.25% per annum.
Health Sector Reform Prog. 2270 / BL-GY (OCR)		USD	2,500	1,032	517	47	28	47	28	75	0	1,502	310,163	This loan shall be repaid in semi-annual consecutive and equal installments. First installment beginning 17 February 2016 and ending 17 February 2040. Int is 4.66% per annum.
Water and Sanitation Rehab. Proj. 2326 / BL- GY (OCR)		USD	1,000	980	0	41	34	41	34	75	0	939	193,904	This loan shall be repaid in semi-annual consecutive and equal installments. First installment beginning 26 July 2016 and ending 26 July 2040. Int is 4.66% per annum.
Water and Sanitation Rehab. Proj. 2326 / BL- GY (FSO)		USD	1,000	1,000	0	0	2	0	2	2	0	1,000	206,500	This loan shall be repaid in a 1 shot payment on 26 July 2050 and Int. is 0.25% per annum.
Water and Sanitation Rehab. Proj. 2428 / BL- GY (FSO)		USD	4,750	4,750	-55	0	12	0	12	12	0	4,695	969,518	This loan shall be repaid in a 1 shot payment on 8 December 2050 and Int. is 0.25% per annum.
Water and Sanitation Rehab. Proj. 2428 / BL- GY (OCR)		USD	4,750	4,653	-55	192	191	192	191	383	0	4,406	909,839	This loan shall be repaid in semi-annual consecutive and equal installments. First installment beginning 8 December 2016 and ending 8 December 2040.
Private Sector Development Prog. 2441 / BL - GY (FSO)		USD	2,500	2,500	0	0	6	0	6	6	0	2,500	516,250	This loan shall be repaid in a 1 shot payment on 9 November, 2050 and Int. is 0.25% per annum.
Private Sector Development Prog. 2441 / BL - GY (OCR)		USD	2,500	2,449	0	102	128	102	128	230	0	2,347	484,656	This loan shall be repaid in semi-annual consecutive and equal installments. First installment beginning 9 November 2016 and ending 9 November 2040. Int is 4.99% per annum.
C/F													124,868,156	

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						PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	TOTAL PAYMENT					
															a
1	2	3	4	5	6	7	8	9	10	11	10=(4+5+6b-7a-7b)-9				
B/F			'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000		
													124,868,156		
Transportation Rehab. Proj. 2454 / BL- GY (FSO)		USD	10,000	10,021	-21	0	25	0	25	25	0	10,000	2,065,000	This loan shall be repaid in a 1 shot payment on 8 December 2050 and Int. is 0.25% per annum.	
Transportation Rehab. Proj. 2454 / BL- GY (OCR)		USD	10,000	9,780	21	408	353	408	353	761	0	9,393	1,939,655	This loan shall be repaid in semi-annual consecutive and equal installments. First installment beginning 8 December 2016 and ending 8 December 2040.	
Linden Water Supply Rehabilitation Prog 2535 BL-GY (FSO)		USD	6,000	6,000	0	0	15	0	15	15	0	6,000	1,239,000	This loan shall be repaid in a 1 shot payment on 13 July 2051. and Int. is 0.25% per annum.	
Linden Water Supply Rehabilitation Prog 2535 BL-GY (OCR)		USD	6,000	6,000	0	122	233	122	233	355	0	5,878	1,213,807	This loan shall be repaid in semi-annual consecutive and equal installments. First installment beginning 13 July 2017 and ending 13 July 2041.	
New Energy Programme 2567 BL-GY (FSO)		USD	2,500	1,088	1,412	0	3	0	3	3	0	2,500	516,250	This loan shall be repaid in a 1 shot payment on 23 September 2051 and Int. is 0.25% per annum.	
New Energy Programme 2567 BL-GY (OCR)		USD	2,500	1,088	1,412	28	31	28	31	59	0	2,472	510,468	This loan shall be repaid in semi-annual consecutive and equal installments. First installment beginning 23 September 2017 and ending 23 September 2041. Int is 4.66% per annum.	
Road Network Upgrade & Expansion Prog 2741 BL-GY (FSO)		USD	33,100	705	1,000	0	3	0	3	3	0	1,705	352,083	This loan shall be repaid in a one shot payment on 15 March 2053.	
Road Network Upgrade & Expansion Prog 2741 BL-GY (OCR)		USD	33,100	705	1,000	0	187	0	187	187	0	1,705	352,083	Repayment begins 72 months from the date of contract and ends no later than 30 years on the same date.	
Environment Sector Strengthening Prog 3106 BL-GY (FSO)		USD	8,460	8,460	0	0	404	0	404	404	0	8,460	1,746,990	The first installment shall be paid 6 years from the date of signature of this contract and the last installment shall be paid no later than 30 years from the same date.	
Environment Sector Strengthening Prog 3106 BL-GY (OCR)		USD	8,460	8,460	0	0	21	0	21	21	0	8,460	1,746,990	This portion of the loan shall be repaid in one single installment 40 years from the date of signature of this contract.	
Power Utility Upgrade Program - 3238 OC- GY		USD	22,500	1,885	5,014	0	202	0	202	202	0	6,899	1,424,644	The first repayment installment shall be paid 72 months from the date of signature of this contract and the last installment shall be paid no later than 30 years from the same date.	
Power Utility Upgrade Program - 3239 BL- GY (OCR)		USD	7,571	0	0	0	38	0	38	38	0	0	0	0	The first repayment installment shall be paid 72 months from the date of signature of this contract and the last installment shall be paid no later than 30 years from the same date.
Power Utility Upgrade Program - 3239 BL- GY (FSO)		USD	7,571	0	0	0	0	0	0	0	0	0	0	0	This portion of the loan shall be repaid in one single installment 40 years from the date of signature of this contract.
Water Supply and Sanitation Infrastructure Improvement Program - 3242 OC- GY		USD	7,500	1,000	4,675	0	54	0	54	54	0	5,675	1,171,888	The first repayment installment shall be paid 72 months from the date of signature of this contract and the last installment shall be paid no later than 30 years from the same date.	
Water Supply and Sanitation Infrastructure Improvement Program - 3243 BL- GY (OCR)		USD	4,669	0	0	0	23	0	23	23	0	0	0	0	The first repayment installment shall be paid 72 months from the date of signature of this contract and the last installment shall be paid no later than 30 years from the same date.
Water Supply and Sanitation Infrastructure Improvement Program - 3243 BL- GY (FSO)		USD	4,669	0	0	0	0	0	0	0	0	0	0	0	This portion of the loan shall be repaid in one single installment 40 years from the date of signature of this contract.
Citizen Security Strengthening Prog.- 3369/BL GY-(OCR)		USD	7,500	500	1,810	0	44	0	44	44	0	2,310	477,015	The first repayment installment shall be paid 72 months from the date of signature of this contract and the last installment shall be paid no later than 30 years from the same date.	
C/F													139,624,026		

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						PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	TOTAL PAYMENT				
1	2	3	4	5	6	7	8	9	10=(4+5+6b-7a-7b)-9	11				
B/F			'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	
													139,624,026	
Citizen Security Strengthening Prog - 3369/BL GY-(FSO)		USD	7,500	500	1,810	0	1	0	1	1	0	2,310	477,015	This portion of loan shall be repaid in one single installment 40 years from the date of signature of this contract.
Environment and Natural Disaster 3422-BL/GY (OCR)		USD	8,580	8,580	0	0	306	0	306	306	0	8,580	1,771,770	The first repayment installment shall be paid 6 years from the date of signature of this contract and the last installment shall be paid no later than 30 years from the same date.
Environment and Natural Disaster 3422-BL/GY (FSO)		USD	8,580	8,580	0	0	21	0	21	21	0	8,580	1,771,770	This portion of loan shall be repaid in one single installment 40 years from the date of signature of this contract.
Support to Improve Maternal and Child Health No.3779/ BL-GY (OCR)		USD	4,000	0	129	0	0	0	0	0	0	129	26,639	The first repayment installment shall be paid 6 years from the date of signature of this contract and the last installment shall be paid no later than 30 years from the same date.
Support to Improve Maternal and Child Health No.3779/ BL-GY (FSO)		USD	4,000	0	129	0	7	0	7	7	0	129	26,639	This portion of loan shall be repaid in one single installment 40 years from the date of signature of this contract.
Sustainable Agricultural Development Program No.3798/BL-GY (OCR)		USD	7,500	0	501	0	21	0	21	21	0	501	103,457	The first repayment installment shall be paid 6 years from the date of signature of this contract and the last installment shall be paid no later than 30 years from the same date.
Sustainable Agricultural Development Program No.3798/BL-GY (FSO)		USD	7,500	0	501	0	21	0	21	21	0	501	103,457	This portion of loan shall be repaid in one single installment 40 years from the date of signature of this contract.
Enhancing the National Quality Infrastructure for Economic Diversification and Trade Promotion Program No. 3824/BL-GY (OCR)		USD	4,500	0	150	0	0	0	0	0	0	150	30,975	The first repayment installment shall be paid 6 years from the date of signature of this contract and the last installment shall be paid no later than 30 years from the same date.
Enhancing the National Quality Infrastructure for Economic Diversification and Trade Promotion Program No. 3824/BL-GY (FSO)		USD	4,500	0	150	0	7	0	7	7	0	150	30,975	This portion of loan shall be repaid in one single installment 40 years from the date of signature of this contract.
Support for the Criminal Justice System No. 3876/BL-GY (OCR)		USD	4,000	0	223	0	0	0	0	0	0	223	46,050	The first repayment installment shall be paid 6 years from the date of signature of this contract and the last installment shall be paid no later than 30 years from the same date.
Support for the Criminal Justice System No. 3876/BL-GY (FSO)		USD	4,000	0	223	0	7	0	7	7	0	223	46,050	This portion of loan shall be repaid in one single installment 40 years from the date of signature of this contract.
<b>INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT</b>														
CAD/Guyana Poor Rural Communities Support Services Project 436 - GY		SDR	7,300	4,418	0	221	33	221	33	254	0	4,197	1,237,182	Principal payment shall be made semi-annually on 1 April and 1 October commencing 1/4/2007 and ending 1/10/2036.
OPEC Fund for International Development 1058 H		USD	7,500	5,250	0	375	52	375	52	427	0	4,875	1,006,688	Repayment of 40 equal and consecutive semi-annual installments. Commencing 2011-01-15 and ending 2030-07-15.
GUYMINE'S Liabilities to Government Bonds - Ruston Bucyrus plc		GBP	21	21	0	0	0	0	0	0	0	21	5,858	The Bond no.3/1994 to Ruston Bucyrus plc for GBP21,273.94 date of maturity 17 May 2006.
PL 480 for 1999		USD	7,000	626	0	48	16	48	16	64	0	578	119,357	26 Annual Principal repayments commencing 2004-12-30 and ending 2029-12-30.
Rehabilitation of the Bauxite Industry Sysmin - 3663/Gua/P		XEU	10,496	5,889	0	410	58	410	58	468	0	5,479	1,355,660	Principal repayment in 51 semi-annual installments beginning 1 March 2005, ending 1 March 2030.
Financing Project (READ) IFAD 742 - GY		SDR	1,850	1,850	0	0	14	0	14	14	0	1,850	545,339	This loan shall be repaid in 60 semi-annual payments beginning June 15, 2018, ending December 15, 2047.
C/F													148,328,903	

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						PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	TOTAL PAYMENT				
1	2	3	4	5	6	7	8	9	10=(4+5+6b-7a-7b)-9	11				
B/F			'000	'000	'000	'000	'000	'000	'000	'000	'000	'000		
													148,328,903	
OPEC Fund for International Development 716pg		USD	15,188	8,504	0	608	84	608	84	692	0	7,896	1,630,524	Principal repayment shall be made semi-annually commencing 2006/02/16, ending 2030/08/16.
Rescheduling of Guyana Debt/ Trinidad & Tobago.		USD	55,979	19,075	0	6,968	562	6,968	562	7,530	0	12,107	2,500,096	Principal repayment shall be made semi-annually on 23/5 and 23/11 beginning 23/05/2006 and ending 23/05/2019
Hinterland Environmentally Sustainable Agriculture Development Project		USD	7,960	0	0	0	0	0	0	0	0	0	0	This loan shall be repaid in 50 semi-annual payments, with a grace period of 5 years at a Fixed Interest Rate of 1.25% pa.
<b>Non- Paris Club Creditors</b>														
Yugoslavia Credit Agreement		USD	1,175	1,334	0	0	24	0	0	0	0	1,358	280,427	Repayment of this loan shall be made semi-annually on 6 principal repayments of the loan shall be paid 21/6 and 21/12. Yearly beginning 83/12/21.
United Arab Emirates Economic Co-operation		UAE	19,840	28,569	0	0	476	0	0	0	0	29,045	1,635,996	The principal repayment of loan amount paid 4/3 yearly beginning 4-3-78. Interest is paid on 4/3 yearly beginning 4/3/78 and ending 4/3/87.
Argentina		USD	6,783	14,881	0	0	339	0	0	0	0	15,220	3,142,930	Repayable 1996 to 1998 at 7.5%.
Kuwait	*_/3	KWD	3,000	22,623	0	0	792	0	0	0	0	23,415	16,050,292	Repayable 1982 to 1993 at 7.5% to 10.8%.
Libya		USD	10,000	43,228	0	0	283	0	0	0	0	43,511	8,985,022	Repayable 1981 to 1993 at varying interest rates.
Italy Procurement of Equipment for the rehab. maint. and construct. of drainage and irrigation facilities in Mahaica.		XEU	3,305	2,794	0	175	28	175	28	203	0	2,619	648,015	36 semi-annual installments beginning April 23, 2015, ending October 23 2032.
<b>Export Import Bank of China</b>														
The design and supply of the co-generation plant under the Skeldon Sugar Modernisation Project		YUAN	270,000	146,417	0	17,226	2,842	17,226	2,842	20,068	0	129,191	4,104,175	31 equal semi-annual installments commencing 21 March 2010, ending on 21 March 2025.
Guyana Power and Light Infrastructure Development Project		YUAN	270,000	223,934	0	15,995	4,459	15,995	4,459	20,454	0	207,939	6,605,862	31 equal semi-annual installments commencing 21 September 2015, ending on 29 June 2030.
Supply and Implementation Service Contract for Guyana E-Government Project		YUAN	215,000	214,118	0	13,814	4,213	13,814	4,213	18,027	0	200,304	6,363,312	31 equal semi-annual installments commencing 21 March 2017, ending on 21 September 2032.
CJIA Loan Extension Project		YUAN	825,000	399,978	255,252	0	10,636	0	10,636	10,636	0	655,230	20,815,524	31 equal semi-annual installments commencing 21 March 2018, ending on 17 December 2032.
East Coast Demerara Road Improvement Project		YUAN	313,839	0	44,409	0	1,271	0	1,271	1,271	0	44,409	1,410,797	31 equal semi-annual installments principal, 5 years grace period and Fixed interest rate at 2% per annum.
<b>Exim Bank of India</b>														
Construction of Cricket Stadium		USD	19,000	10,144	0	1,265	174	1,265	174	1,439	0	8,879	1,833,514	30 equal semi-annual installments commencing 14.01.2010 & ending 14.07.2024. Interest rate 1.75 %.
Construction of Traffic Lights		USD	2,100	1,400	0	140	24	140	24	164	0	1,260	260,190	Repayment of 30 installments to be paid 2 times each year on 14 January and 14 July commencing 2012-01-14 and ending 2026-07-14
Acquisition and Installation of Irrigation Pumps		USD	2,991	2,530	0	195	44	195	44	239	0	2,335	482,178	30 equal semi-annual installments commencing 14 January 2015, ending on 14 July 2029.
Multi Speciality Hospital Project		USD	4,285	4,285	0	0	92	0	92	92	0	4,285	884,853	30 equal semi-annual installments commencing 14 January 2018, ending July 14 2032.
C/F													225,962,606	

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						PRINCIPAL 6	INTEREST 7	PRINCIPAL 8	INTEREST 9	TOTAL PAYMENT 8=7a+7b									
															a	b	a	b	8=7a+7b
															10=(4+5+6b-7a-7b)-9				
B/F			'000	'000	'000	'000	'000	'000	'000	'000	'000	'000							
Procurement of an Ocean Ferry		USD	10,000	0	0	0	0	0	0	0	0	0	225,962,606	0					
East Bank East Coast Road Linkage Project		USD	50,000	0	0	0	0	0	0	0	0	0	0	0					
High Capacity Fixed and Mobile Drainage Pumps and Associated Structures		USD	4,000	0	0	0	0	0	0	0	0	0	0	0					
Hospital Upgrade		USD	17,500	0	0	0	0	0	0	0	0	0	0	0					
Bulgaria		USD	323	53	0	53	0	53	0	53	0	0	0	0					
Atlantic Hotel Inc.		USD	17,307	0	17,307	0	1,765	0	1,765	1,765	0	17,307	3,573,896	0					
<b>VENEZUELA</b>																			
PetroCaribe Agreement-7th shipment 2014	*_/2	USD	3,199	2,307	0	90	23	90	23	113	0	2,217	457,811	0					
PetroCaribe Agreement-8th shipment 2014		USD	2,479	2,529	0	98	25	98	25	123	0	2,431	502,002	0					
PetroCaribe Agreement-9th shipment 2014		USD	2,337	2,384	0	93	24	93	24	117	0	2,291	473,092	0					
PetroCaribe Agreement-10th shipment 2014		USD	2,311	2,357	0	92	24	92	24	116	0	2,265	467,723	0					
PetroCaribe Agreement-11th shipment 2014		USD	2,118	2,161	0	84	22	84	22	106	0	2,077	428,901	0					
PetroCaribe Agreement-12th shipment 2014		USD	2,494	2,544	0	99	25	99	25	124	0	2,445	504,893	0					
PetroCaribe Agreement-13th shipment 2014		USD	2,077	2,119	0	82	21	82	21	103	0	2,037	420,641	0					
PetroCaribe Agreement-14th shipment 2014		USD	2,743	2,798	0	109	28	109	28	137	0	2,689	555,279	0					
PetroCaribe Agreement-15th shipment 2014		USD	2,527	2,578	0	100	26	100	26	126	0	2,478	511,707	0					
PetroCaribe Agreement-16th shipment 2014		USD	3,238	3,303	0	128	33	128	33	161	0	3,175	655,638	0					
PetroCaribe Agreement-17th shipment 2014		USD	2,452	2,501	0	97	25	97	25	122	0	2,404	496,426	0					
PetroCaribe Agreement-18th shipment 2014		USD	2,461	2,510	0	98	25	98	25	123	0	2,412	498,078	0					
C/F													235,508,688						

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						PRINCIPAL 6	INTEREST 7	PRINCIPAL a	INTEREST b	TOTAL PAYMENT 8=7a+7b				
B/F			'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	235,508,688	
PetroCaribe Agreement-19th shipment 2014		USD	1,837	1,874	0	73	19	73	19	92	0	1,801	371,907	Repayment of 23 installments to be paid once each year commencing 2017-05-14 & ending 2039-05-14.
PetroCaribe Agreement-20th shipment 2014		USD	2,142	2,185	0	85	22	85	22	107	0	2,100	433,650	Repayment of 23 installments to be paid once each year commencing 2017-05-16 & ending 2039-05-16.
PetroCaribe Agreement-21st shipment 2014		USD	2,535	2,586	0	101	26	101	26	127	0	2,485	513,153	Repayment of 23 installments to be paid once each year commencing 2017-06-01 & ending 2039-06-01.
PetroCaribe Agreement-22nd shipment 2014		USD	2,233	2,278	0	89	23	89	23	112	0	2,189	452,029	Repayment of 23 installments to be paid once each year commencing 2017-06-03 & ending 2039-06-03.
PetroCaribe Agreement-23rd shipment 2014		USD	2,298	2,344	0	91	23	91	23	114	0	2,253	465,245	Repayment of 23 installments to be paid once each year commencing 2017-06-13 & ending 2039-06-13.
PetroCaribe Agreement-24th shipment 2014		USD	2,928	2,987	0	116	30	116	30	146	0	2,871	592,862	Repayment of 23 installments to be paid once each year commencing 2017-06-17 & ending 2039-06-17.
PetroCaribe Agreement-25th shipment 2014		USD	2,217	2,262	0	88	23	88	23	111	0	2,174	448,931	Repayment of 23 installments to be paid once each year commencing 2017-06-27 & ending 2039-06-27.
PetroCaribe Agreement-26th shipment 2014		USD	1,786	1,822	0	71	18	71	18	89	0	1,751	361,582	Repayment of 23 installments to be paid once each year commencing 2017-07-02 & ending 2039-07-02.
PetroCaribe Agreement-27th shipment 2014		USD	2,756	2,811	0	109	28	109	28	137	0	2,702	557,963	Repayment of 23 installments to be paid once each year commencing 2017-07-09 & ending 2039-07-09.
PetroCaribe Agreement-28th shipment 2014		USD	2,208	2,252	0	88	23	88	23	111	0	2,164	446,866	Repayment of 23 installments to be paid once each year commencing 2017-07-15 & ending 2039-07-15.
PetroCaribe Agreement-29th shipment 2014		USD	2,538	2,589	0	101	26	101	26	127	0	2,488	513,772	Repayment of 23 installments to be paid once each year commencing 2017-07-30 & ending 2039-07-30.
PetroCaribe Agreement-30th shipment 2014		USD	2,294	2,340	0	91	23	91	23	114	0	2,249	464,419	Repayment of 23 installments to be paid once each year commencing 2017-07-31 & ending 2039-07-31.
PetroCaribe Agreement-31st shipment 2014		USD	2,364	2,412	0	94	24	94	24	118	0	2,318	478,667	Repayment of 23 installments to be paid once each year commencing 2017-08-04 & ending 2039-08-04.
PetroCaribe Agreement-32nd shipment 2014		USD	2,320	2,367	0	92	24	92	24	116	0	2,275	469,788	Repayment of 23 installments to be paid once each year commencing 2017-08-14 & ending 2039-08-14.
PetroCaribe Agreement-33rd shipment 2014		USD	2,101	2,143	0	83	21	83	21	104	0	2,060	425,390	Repayment of 23 installments to be paid once each year commencing 2017-08-26 & ending 2039-08-26.
PetroCaribe Agreement-34th shipment 2014		USD	2,976	3,036	0	118	30	118	30	148	0	2,918	602,567	Repayment of 23 installments to be paid once each year commencing 2017-08-28 & ending 2039-08-28.
PetroCaribe Agreement-35th shipment 2014		USD	2,513	2,564	0	100	26	100	26	126	0	2,464	508,816	Repayment of 23 installments to be paid once each year commencing 2017-09-10 & ending 2039-09-10.
PetroCaribe Agreement-36th shipment 2014		USD	1,922	1,961	0	76	20	76	20	96	0	1,885	389,253	Repayment of 23 installments to be paid once each year commencing 2017-09-14 & ending 2039-09-14.
PetroCaribe Agreement-37th shipment 2014		USD	2,174	2,218	0	86	22	86	22	108	0	2,132	440,258	Repayment of 23 installments to be paid once each year commencing 2017-09-18 & ending 2039-09-18.
PetroCaribe Agreement-38th shipment 2014		USD	1,926	1,965	0	0	0	0	0	0	0	1,965	405,773	Repayment of 23 installments to be paid once each year commencing 2017-09-26 & ending 2039-09-26.
PetroCaribe Agreement-39th shipment 2014		USD	2,228	2,273	0	0	0	0	0	0	0	2,273	469,375	Repayment of 23 installments to be paid once each year commencing 2017-09-27 & ending 2039-09-27.
C/F													245,320,949	

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						PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	TOTAL PAYMENT				
			'000	'000	'000	'000	'000	'000	'000	'000	'000	'000		
B/F													245,320,949	
PetroCaribe Agreement-40th shipment 2014		USD	1,322	1,349	0	0	0	0	0	0	0	1,349	278,569	Repayment of 23 installments to be paid once each year commencing 2017-10-10 & ending 2039-10-10.
PetroCaribe Agreement-41st shipment 2014		USD	1,918	1,957	0	0	0	0	0	0	0	1,957	404,121	Repayment of 23 installments to be paid once each year commencing 2017-10-12 & ending 2039-10-12.
PetroCaribe Agreement-42nd shipment 2014		USD	932	951	0	0	0	0	0	0	0	951	196,382	Repayment of 23 installments to be paid once each year commencing 2017-10-18 & ending 2039-10-18.
PetroCaribe Agreement-43rd shipment 2014		USD	1,428	1,457	0	0	0	0	0	0	0	1,457	300,871	Repayment of 23 installments to be paid once each year commencing 2017-10-25 & ending 2039-10-25.
PetroCaribe Agreement-44th shipment 2014		USD	2,418	2,467	0	0	0	0	0	0	0	2,467	509,436	Repayment of 23 installments to be paid once each year commencing 2017-10-29 & ending 2039-10-29.
PetroCaribe Agreement-45th shipment 2014		USD	1,098	1,120	0	0	0	0	0	0	0	1,120	231,280	Repayment of 23 installments to be paid once each year commencing 2017-11-13 & ending 2039-11-13.
PetroCaribe Agreement-46th shipment 2014		USD	1,388	1,416	0	0	0	0	0	0	0	1,416	292,404	Repayment of 23 installments to be paid once each year commencing 2017-11-15 & ending 2039-11-15.
PetroCaribe Agreement-47th shipment 2014		USD	1,251	1,276	0	0	0	0	0	0	0	1,276	263,494	Repayment of 23 installments to be paid once each year commencing 2017-11-20 & ending 2039-11-20.
PetroCaribe Agreement-48th shipment 2014		USD	1,189	1,213	0	0	0	0	0	0	0	1,213	250,485	Repayment of 23 installments to be paid once each year commencing 2017-11-24 & ending 2039-11-24.
PetroCaribe Agreement-49th shipment 2014		USD	1,012	1,032	0	0	0	0	0	0	0	1,032	213,108	Repayment of 23 installments to be paid once each year commencing 2017-11-25 & ending 2039-11-25.
PetroCaribe Agreement-50th shipment 2014		USD	826	843	0	0	0	0	0	0	0	843	174,080	Repayment of 23 installments to be paid once each year commencing 2017-12-08 & ending 2039-12-08.
PetroCaribe Agreement-51st shipment 2014		USD	928	947	0	0	0	0	0	0	0	947	195,556	Repayment of 23 installments to be paid once each year commencing 2017-12-08 & ending 2039-12-08.
PetroCaribe Agreement-52nd shipment 2014		USD	866	883	0	0	0	0	0	0	0	883	182,340	Repayment of 23 installments to be paid once each year commencing 2017-12-28 & ending 2039-12-28.
PetroCaribe Agreement-53rd shipment 2014		USD	913	931	0	0	0	0	0	0	0	931	192,252	Repayment of 23 installments to be paid once each year commencing 2017-12-28 & ending 2039-12-28.
<b>2015 shipments</b>														
PetroCaribe Agreement-1st shipment 2015	*_/2	USD	713	720	0	0	7	0	0	0	0	727	150,126	Repayment of 1% interest per annum until January 12 2040 commencing on January 12 2018.
PetroCaribe Agreement-2nd shipment 2015	*_/2	USD	832	840	0	0	9	0	0	0	0	849	175,319	Repayment of 1% interest per annum until January 17 2040 commencing on January 17 2018.
PetroCaribe Agreement-3rd shipment 2015	*_/2	USD	638	644	0	0	7	0	0	0	0	651	134,432	Repayment of 1% interest per annum until January 19 2040 commencing on January 19 2018.
PetroCaribe Agreement-4th shipment 2015	*_/2	USD	675	682	0	0	7	0	0	0	0	689	142,279	Repayment of 1% interest per annum until January 24 2040 commencing on January 24 2018.
PetroCaribe Agreement-5th shipment 2015	*_/2	USD	844	852	0	0	9	0	0	0	0	861	177,797	Repayment of 1% interest per annum until January 30 2040 commencing on January 30 2018.
PetroCaribe Agreement-6th shipment 2015	*_/2	USD	1,035	1,045	0	0	10	0	0	0	0	1,055	217,858	Repayment of 1% interest per annum until February 8 2040 commencing on February 8 2018.
C/F													250,003,130	



NAME OF CREDITOR/ LOAN IDENTIFICATION/ DESCRIPTION OF LOAN  1	NOTES	LOAN CURR- ENCY  2	REVISED/ ORIGINAL AMOUNT OF LOAN 3	OPENING BALANCE AS AT 01.01.2017 4	AMOUNT DIS- BURSED IN 2017 5	DEBT SERVICE COST DUE & PAYABLE IN 2017		ACTUAL DEBT SERVICE COST PAID IN 2017			DEBT RELIEF (DEBT CANCELL- ATION/ WRITE-OFF) 9	CLOSING BALANCE AS AT 31.12.17 10	GUYANA DOLLAR EQ- UIVALENT 31.12.17 11	TERMS AND CONDITIONS OF LOAN
						PRINCIPAL  6	INTEREST  7	PRINCIPAL  a	INTEREST  b	TOTAL PAYMENT 8=7a+7b				
B/F			'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	250,003,130	
PetroCaribe Agreement-7th shipment 2015	*_/2	USD	472	477	0	0	5	0	0	0	0	482	99,533	Repayment of 1% interest per annum until February 13 2040 commencing on February 13 2018.
PetroCaribe Agreement-8th shipment 2015	*_/2	USD	1,130	1,141	0	0	11	0	0	0	0	1,152	237,888	Repayment of 1% interest per annum until February 20 2040 commencing on February 20 2018.
PetroCaribe Agreement-9th shipment 2015	*_/2	USD	1,076	1,087	0	0	11	0	0	0	0	1,098	226,737	Repayment of 1% interest per annum until February 26 2040 commencing on February 26 2018.
PetroCaribe Agreement-10th shipment 2015	*_/2	USD	574	580	0	0	6	0	0	0	0	586	121,009	Repayment of 1% interest per annum until March 12 2040 commencing on March 12 2018.
PetroCaribe Agreement-11th shipment 2015	*_/2	USD	902	911	0	0	9	0	0	0	0	920	189,980	Repayment of 1% interest per annum until March 14 2040 commencing on March 14 2018.
PetroCaribe Agreement-12th shipment 2015	*_/2	USD	912	921	0	0	9	0	0	0	0	930	192,045	Repayment of 1% interest per annum until March 24 2040 commencing on March 24 2018.
PetroCaribe Agreement-13th shipment 2015	*_/2	USD	323	326	0	0	3	0	0	0	0	329	67,939	Repayment of 1% interest per annum until March 26 2040 commencing on March 26 2018.
PetroCaribe Agreement-14th shipment 2015	*_/2	USD	963	973	0	0	10	0	0	0	0	983	202,990	Repayment of 1% interest per annum until April 11 2040 commencing on April 11 2018.
PetroCaribe Agreement-15th shipment 2015	*_/2	USD	929	938	0	0	9	0	0	0	0	947	195,556	Repayment of 1% interest per annum until April 21 2040 commencing on April 21 2018.
PetroCaribe Agreement-16th shipment 2015	*_/2	USD	1,328	1,341	0	0	13	0	0	0	0	1,354	279,601	Repayment of 1% interest per annum until April 23 2040 commencing on April 23 2018.
PetroCaribe Agreement-17th shipment 2015	*_/2	USD	1,347	1,360	0	0	14	0	0	0	0	1,374	283,731	Repayment of 1% interest per annum until April 26 2040 commencing on April 26 2018.
PetroCaribe Agreement-18th shipment 2015	*_/2	USD	1,320	1,333	0	0	13	0	0	0	0	1,346	277,949	Repayment of 1% interest per annum until May 15 2040 commencing on May 15 2018.
PetroCaribe Agreement-19th shipment 2015	*_/2	USD	903	912	0	0	9	0	0	0	0	921	190,187	Repayment of 1% interest per annum until May 15 2040 commencing on May 15 2018.
PetroCaribe Agreement-20th shipment 2015	*_/2	USD	1,307	1,320	0	0	13	0	0	0	0	1,333	275,265	Repayment of 1% interest per annum until May 19 2040 commencing on May 19 2018.
PetroCaribe Agreement-21st shipment 2015	*_/2	USD	1,248	1,260	0	0	13	0	0	0	0	1,273	262,875	Repayment of 1% interest per annum until May 27 2040 commencing on May 27 2018.
PetroCaribe Agreement-22nd shipment 2015	*_/2	USD	1,211	1,223	0	0	12	0	0	0	0	1,235	255,028	Repayment of 1% interest per annum until June 2 2040 commencing on June 2 2018.
PetroCaribe Agreement-23rd shipment 2015	*_/2	USD	578	584	0	0	6	0	0	0	0	590	121,835	Repayment of 1% interest per annum until June 6 2040 commencing on June 6 2018.
PetroCaribe Agreement-24th shipment 2015	*_/2	USD	1,548	1,563	0	0	16	0	0	0	0	1,579	326,064	Repayment of 1% interest per annum until June 17 2040 commencing on June 17 2018.
PetroCaribe Agreement-25th shipment 2015	*_/2	USD	578	584	0	0	6	0	0	0	0	590	121,835	Repayment of 1% interest per annum until June 21 2040 commencing on June 21 2018.
PetroCaribe Agreement-26th shipment 2015	*_/2	USD	1,396	1,410	0	0	14	0	0	0	0	1,424	294,056	Repayment of 1% interest per annum until June 25 2040 commencing on June 25 2018.
PetroCaribe Agreement-27th shipment 2015	*_/2	USD	851	860	0	0	9	0	0	0	0	869	179,449	Repayment of 1% interest per annum until July 4 2040 commencing on July 4 2018.
<b>GRAND TOTAL</b>													<b>254,404,677</b>	

**\* Notes to the Accounts**

\* \_/1 It is to be noted that the amounts reflected under Actual Debt Service for loans - Fourth Road Project W.C.D. Road Improvement -CDB 7/SFR-OR-GUY(OCR), Fourth Road Project W.C.D. Road Improvement -CDB 7/SFR-OR-GUY(SFR), Sea & River Defence Resilience Project -CDB 8/SFR-OR-GUY(OCR), and Sugar Industry Mechanization Project CDB-9/ SFR-OR-GUY (OCR) includes the amounts financed from the Loan Resources.

**Table below reflects the Actual Payments made from Public Debt Section and Recorded in Files and the difference from Loan Resources**

Name of Creditor	Loan Identification	Currency	Recorded in Public Debt Register ( Debit Advice )	Paid from Loan Resources
			\$'000	\$'000
CDB	Fourth Road Project W.C.D. Road Improvement - 7/SFR-OR-GUY (OCR)	USD	29	167
CDB	Fourth Road Project W.C.D. Road Improvement - 7/SFR-OR-GUY (SFR)	USD	0	293
CDB	Sea & River Defence Resilience Project - 8/SFR OR GUY OCR	USD	28	2
CDB	Sea & River Defence Resilience Project - 8/SFR OR GUY SFR	USD	0	16
CDB	Sugar Industry Mechanisation Project - 9/SFR OR GUY (OCR) - Principal	USD	0	5

\* \_/2 In 2015 the Seventh (7th) Oil Debt Compensation agreement between Guyana and Venezuela has not been concluded. This Agreement specifies that in 2015, the white rice and Paddy shipped to Venezuela from Guyana to compensate Guyana's Oil Debt to Venezuela. Oil Shipment under the PetroCaribe Agreement from Shipment thirty three (33) of 2013 to shipment twenty Seven (27) of 2015 are included in the Seventh Oil Debt Compensation Agreement. The 2015 Sales Contract for Oil Shipment one (1) of 2015 to Shipment twenty seven (27) of 2015 under the PetroCaribe Agreement is to be concluded between the Government of Guyana and Venezuela in the near future. The Promissory Notes were prepared reflecting the shipments made in 2013 to 2015 through the sales contract. Since the oil shipments were made to Guyana, the terms and conditions outlined in the promissory notes are Enforceable and Valid.

\* \_/3 Opening balance for 2017 was revised to reflect Creditor Confirmation of Loan balances

\* \_/4 In keeping with the new IDB FSO Loan Dollarization policy which took effect from OCTOBER 2, 2017, the Government approved the conversion of ten (10) IDB Loans to a single currency (USD). As at September 30, 2017, this Dollarization/ conversion was applied to the FSO portions of the IDB loans balances dominated in JPK, CAD, DKK, XEU and GBP.

\* \_/5 This USD amount takes into account the converted amount for each currency dollarized under this loan. The total amount converted to USD is treated as a disbursement and is added to the USD component of the loan which increases the outstanding balance of the USD amount. In future statements, these loan should only be reflected in USD. Table 2 below shows the Dollarization for the IDB loan balances as at September 30, 2017.

**Table below shows the Dollarization for the IDB loan balance as at September 30, 2017**

Loan Number #	Currency	OBL (Units)	Exchange Rate	Dollarized OBL (USD)	Amounts Posted to Disbursements
Main Road Rehabilitation - Transportation Loan No. 999/SF-GY	JPK	33,934,646.000	112.584000	301,416.2403	301,416.2403
Urban Development Programme Loan No.- 1021/SF GY	CAD	540,872.230000	1.249230	432,964.4901	992,186.7285
	DKK	1,508,795.810000	6.333950	238,207.7235	
Transportation Loan No.- 1042 - 1/SF GY	EUR	273,157.350000	0.850919	321,014.5149	8,769,471.1130
	EUR	7,462,109.590000	0.850919	8,769,471.1130	
Low Income Settlement Programme Loan No.- 1044/SF GY	EUR	67,440.180000	0.850919	79,255.6988	2,387,619.3151
	EUR	1,964,230.460000	0.850919	2,308,363.6163	
Georgetown Sewerage and Water Rehab Loan No. - 1047/SF GY	EUR	95,427.950000	0.850919	112,146.9259	112,146.9259
Mahaica-Rosignol Road Rehabilitation Project Loan No.- 1094 /SF GY	CAD	3,424,733.830000	1.249230	2,741,475.8131	4,270,676.9357
	EUR	1,301,226.290000	0.850919	1,529,201.1226	
Unserved areas Electrification Prog. Loan No. 1103/SF GY	EUR	1,684,831.770000	0.850919	1,980,014.2787	1,980,014.2787
Basic Education Access Management Support Loan No. 1107 SF-GY	CAD	4,350,122.650000	1.249230	3,482,243.1818	4,188,634.7739
	JPY	79,528,391.000000	112.584000	706,391.5921	
Fiscal & Financial Management Prog. Loan No. 1551/ SF GY	CAD	98,306.030000	1.249230	78,693.2991	2,496,462.5735
	CAD	2,439,797.930000	1.249230	1,953,041.4175	
	GBP	349,882.450000	0.752876	464,727.8569	
New Amsterdam Road Project Loan No. 1554/ SF- GY	EUR	786,454.710000	0.850919	924,241.5671	924,241.5671
					<b>26,422,870.4515</b>

**ANALYSIS OF PUBLIC DEBT  
BY CURRENCIES AS AT 31 DECEMBER 2017**

NO.	DESCRIPTION	RATE AT 31-12-17	NO. OF UNITS OF CURRENCY OUTSTANDING '000	G\$ '000 EQUIVALENT
1	UNITED STATES DOLLARS (US\$)	206.50	901,879	186,238,014
2	JAPANESE YEN (JPY)	1.84717	0	0
3	POUND STERLING (GBP)	278.96085	21	5,858
4	SPECIAL DRAWING RIGHTS (SDR)	294.77771	31,019	9,143,710
5	CANADIAN DOLLAR (CAD)	165.10375	0	0
6	EUROPEAN CURRENCY UNITS (XEU)	247.42830	8,209	2,031,139
7	YUAN RENMINBIS (CNY)	31.76827	1,237,073	39,299,669
8	UAE DIRHAMS (AED)	56.32624	29,045	1,635,996
9	SWEDISH KRONA (SEK)	25.26718	0	0
10	DANISH KRONES (DKK)	33.36478	0	0
11	SWISS FRANCS (SFR)	212.28835	0	0
12	KUWAITI DINARS (KWD)	685.47051	23,415	16,050,292
	<b>GRAND TOTAL</b>			<b>254,404,677</b>

**STATEMENT OF PUBLIC DEBT  
EQUATED ANNUITY DEBENTURES 2017**

DESCRIPTION 1	AUTH- ORITY 2	DATE OF FIRST INSTALL- MENT 3	DATE OF FINAL INSTALL- MENT 4	DUE DATE OF INSTALL- MENT 5	AMOUNT OF LOAN 31-12-16 6	LOAN MADE IN 2017 7	AMOUNT OF LOAN 31-12-17 (8)=(6)+(7)	AMOUNT RE-PAID AT 31-12-16 9	AMOUNT RE-PAID IN 2017 10	AMOUNT RE-PAID AS AT 31-12-17 (11)=(9)+(10)	AMOUNT OUT- STANDING AT 31-12-16 (12)=(6)-(9)	AMOUNT OUT- STANDING AT 31-12-17 (13)=(8)-(11)
Government of Guyana debenture to National Paint Co. (1997)	Loan Act 11 of 73	30-11-91	31-05-97	31-5 & 30-11	\$'000 3,485	\$'000 0	\$'000 3,485	\$'000 1,405	\$'000 0	\$'000 1,405	\$'000 2,080	\$'000 2,080
<b>TOTAL</b>					3,485	0	3,485	1,405	0	1,405	2,080	2,080

**STATEMENT OF PUBLIC DEBT  
NON - INTEREST BEARING DEBENTURE 2017**

DESCRIPTION (1)	AMOUNT OF LOAN (2)	LOAN MADE IN 2017 (3)	AMOUNT OF LOAN AT 31 - 12 - 17 (4)=(2)+(3)	AMOUNT REPAID AT 31-12-16 (5)	AMOUNT REPAID IN 2017 (6)	AMOUNT REPAID AT 31-12-17 (7)=(5)+(6)	AMOUNT OUT- STANDING 31-12-16 (8)=(2)-(5)	AMOUNT OUT- STANDING 31-12-17 (9)=(4)-(7)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b><u>Non Interest Bearing Debenture</u></b>								
ID 31/12/00 (93 rd Issue) Non Interest Bearing Debenture	4,892,539	0	4,892,539	0	0	0	4,892,539	4,892,539
ID 31/12/01 (94th Issue) Non Interest Bearing Debenture	14,851,975	0	14,851,975	0	0	0	14,851,975	14,851,975
ID 31/12/02 (95th Issue) Non Interest Bearing Debenture	2,566,705	0	2,566,705	0	0	0	2,566,705	2,566,705
ID 31/12/04 (97th Issue) Non Interest Bearing Debenture	2,578,508	0	2,578,508	0	0	0	2,578,508	2,578,508
ID 31/12/06 (99th Issue) Non Interest Bearing Debenture	4,091,091	0	4,091,091	0	0	0	4,091,091	4,091,091
ID 31/12/07 (100th Issue) Non Interest Bearing Debenture	7,151,884	0	7,151,884	0	0	0	7,151,884	7,151,884
ID 31/12/12 (105th Issue) Non Interest Bearing Debenture	416,666	0	416,666	0	0	0	416,666	416,666
ID 31/12/13 (106th Issue) Non Interest Bearing Debenture	1,602,715	0	1,602,715	0	0	0	1,602,715	1,602,715
ID 31/12/14 (107th Issue) Non Interest Bearing Debenture	30,862	0	30,862	0	0	0	30,862	30,862
ID 31/12/15 (108th Issue) Non Interest Bearing Debenture	104,437	0	104,437	0	0	0	104,437	104,437
ID 31/12/16 (109th Issue) Non Interest Bearing Debenture	21,402	0	21,402	0	0	0	21,402	21,402
ID 31/12/17 (110th Issue)	0	169,519	169,519	0	0	0	0	169,519
<b>TOTAL</b>	<b>38,308,784</b>	<b>169,519</b>	<b>38,478,303</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>38,308,784</b>	<b>38,478,303</b>

**STATEMENT OF PUBLIC DEBT  
VARIABLE INTEREST RATES DEBENTURES 2017**

DESCRIPTION 1	AUTH- ORITY 2	DATE OF FIRST INSTALL- MENT 3	AMOUNT OF LOAN 4	LOAN MADE IN 2017 5	AMOUNT OF LOAN 31-12-17 (6)=(4)+(5)	AMOUNT REPAID AT 31-12-16 7	AMOUNT REPAID IN 2017 8	AMOUNT REPAID AS AT 31-12-17 (9)=(7)+(8)	AMOUNT OUT- STANDING AT 31-12-16 (10)=(4)-(7)	AMOUNT OUT- STANDING AT 31-12-17 (11)=(6)-(9)
			\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Variable Interest Rate Fixed Date Debentures 1st series 1995	5/1991	On Demand	2,835,122	0	2,835,122	0	0	0	2,835,122	2,835,122
Variable Interest Rate Fixed Date on demand Debenture 1st series 1996	5/1991	On Demand	927,449	0	927,449	0	0	0	927,449	927,449
Variable Interest Rate Debenture 3rd Series 1997	5/1991	On Demand	135,966	0	135,966	0	0	0	135,966	135,966
<b>TOTAL</b>			<b>3,898,537</b>	<b>0</b>	<b>3,898,537</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,898,537</b>	<b>3,898,537</b>

**STATEMENT OF PUBLIC DEBT  
INTERNAL LOANS 2017- UNFUNDED**

DESCRIPTION 1	CUR - RENCY LOAN 2	DATE OF FINAL INSTAL- MENT 3	ORIGINAL AMOUNT OF LOAN 4	AMOUNT OF LOAN 12/31/2016 5	LOAN MADE IN 2017 6	AMOUNT OF LOAN 12/31/2017 7=(5)+(6)	AMOUNT RE-PAID AT 12/31/2016 8	AMOUNT REPAID IN 2017 9	AMOUNT OF LOAN REPAID AS AT 31-12-17 10=(8)+(9)	AMOUNT OUT- STANDING AT 31-12-16 11=(5)-(8)	AMOUNT OUT- STANDING AT 31-12-17 12=(7)-(10)	GUYANA EQUIVALENT DOLLAR 13
			\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Caricom Headquarters Building Project with NIS - 25yrs (US \$4 m)	USD	12/1/2025	4,000	4,000	0	4,000	2,467	170	2,637	1,533	1,363	281,460
<b>TOTAL</b>			4,000	4,000	0	4,000	2,467	170	2,637	1,533	1,363	281,460

**STATEMENT OF PUBLIC DEBT  
Non-Negotiable Debentures Serial Number 01/2016 National Insurance Scheme (NIS)**

DESCRIPTION 1	CUR - RENCY BOND 2	DATE OF FINAL INSTAL- MENT 3	ORIGINAL AMOUNT OF BOND 4	AMOUNT OF BOND 12/31/2016 5	BOND MADE IN 2017 6	AMOUNT OF BOND 12/31/2017 7=(5)+(6)	AMOUNT RE-PAID AT 12/31/2016 8	AMOUNT REPAID IN 2017 9	AMOUNT OF BOND REPAID AS AT 31-12-17 10=(8)+(9)	AMOUNT OUT- STANDING AT 31-12-16 11=(5)-(8)	AMOUNT OUT- STANDING AT 31-12-17 12=(7)-(10)	GUYANA EQUIVALENT DOLLAR 13
			\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
NIS Debentures 01/2017	GUY	12/1/2036	4,882,446	0	4,882,446	4,882,446	0	244,122	244,122	0	4,638,324	4,638,324
<b>TOTAL</b>			4,882,446	0	4,882,446	4,882,446	0	244,122	244,122	0	4,638,324	4,638,324
<b>TOTAL INTERNAL UNFUNDED PRINCIPAL</b>												4,919,784

**STATEMENT OF PUBLIC DEBT  
TREASURY BILLS OUTSTANDING FOR 2017**

DATE OF ISSUE	ISSUE NO.	DESCRIPTION	SUBSCRIBED AMOUNT	FACE VALUE
		<b><u>91 DAYS</u></b>	<b>G\$'000</b>	<b>G\$'000</b>
		Nil	-	-
		<b>Sub Total</b>	-	-
10.11.2017	K162	Treasury Bill issued in 2017	549,338	551,450
15.12.2017	K163	Treasury Bill issued in 2017	444,142	445,850
		<b>Sub-Total</b>	<b>993,480</b>	<b>997,300</b>
		<b>Total (91 days &amp; K Series)</b>	<b>993,480</b>	<b>997,300</b>
			=====	=====
		<b><u>182-365 Days</u></b>		
<b>182 Days</b>				
21.07.2017		Treasury Bill#A 266	1,987,430	2,000,000
15.09.2017		Treasury Bill#A 267	3,976,979	4,000,000
10.11.2017		Treasury Bill#A 268	4,971,491	5,000,000
24.11.2017		Treasury Bill#A 269	330,853	332,750
		<b>Sub-Total</b>	<b>11,266,753</b>	<b>11,332,750</b>
<b>365 Days</b>				
27.01.2017		Treasury Bill# B 457	6,854,515	7,000,000
03.02.2017		Treasury Bill# B 458	1,135,895	1,160,000
24.02.2017		Treasury Bill# B 459	6,875,400	7,000,000
10.03.2017		Treasury Bill# B 460	3,936,160	4,000,000
07.04.2017		Treasury Bill# B 461	2,956,722	3,000,000
13.04.2017		Treasury Bill# B 462	689,899	700,000
19.05.2017		Treasury Bill# B 463	1,534,631	1,557,100
02.06.2017		Treasury Bill# B 464	3,077,103	3,120,000
<b>C/F</b>			<b>27,060,325</b>	<b>27,537,100</b>
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DATE OF ISSUE	ISSUE NO.	DESCRIPTION	SUBSCRIBED AMOUNT	FACE VALUE
			<b>G\$'000</b>	<b>G\$'000</b>
<b>B/F</b>			27,060,325	27,537,100
07.07.2017		Treasury Bill# B 465	2,465,186	2,500,000
28.07.2017		Treasury Bill# B 466	4,104,366	4,157,850
04.08.2017		Treasury Bill# B 467	3,949,300	4,000,000
11.08.2017		Treasury Bill# B 468	3,456,540	3,500,000
08.09.2017		Treasury Bill# B 469	6,913,900	7,000,000
20.10.2017		Treasury Bill# B 470	4,941,106	5,000,000
17.11.2017		Treasury Bill# B 471	6,425,702	6,500,000
08.12.2017		Treasury Bill# B 472	7,377,396	7,467,100
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		<b>Sub-Total</b>	<b>66,693,821</b>	<b>67,662,050</b>
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		<b>Total (182 &amp; 365 days)</b>	<b>77,960,574</b>	<b>78,994,800</b>
			=====	=====
		<b>Grand Total</b>	<b>78,954,054</b>	<b>79,992,100</b>
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