



# **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 2018**



Parliament of the Co-operative  
Republic of Guyana



Audit Office of Guyana



SAI Guyana  
Chairman of CAROSAI

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



## *Audit Office of Guyana*

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189/AG:10/2019/08

30 September 2019

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 2018

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 2018.

The report is required to be laid before the National Assembly, and I would very much appreciate if this is done at the earliest opportunity.

With best regards.

Yours sincerely,



## **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.

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 2018

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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 2018**

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 2018, as set out on pages 517 to 583 of Volume I and 2/1 to 2/208 of Volume II.

### *Opinion*

In my opinion, the Receipts and Payments of the Contingency Fund, Schedule of Issuance and Extinguishment of all Loans and Schedule of Government Guarantees present fairly, in all material respects the contingency advances for the year ended 31 December 2018, the loans issued and extinguished as at 31 December 2018 and Liabilities Guaranteed by the Government as at 31 December 2018.

### *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 2018.

### *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 2018.

## *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 ISAs and 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.



30 September 2019



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 2018

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 2018. 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 2018, and on the status of my prior year recommendations.

*Overpayments on Contracts and Procurement Breaches*

1. Overpayments amounting to \$166.076M were made in respect of measured works on ninety contracts administered by Ministries, Departments and Regions in 2018. Amounts totalling \$73.709M were in relation to the Regions, of which \$56.528M or approximately 77% were from Regions №. 2, 8, 9 and 10. As it relates to the Ministries/Departments, a total of \$92.367M in overpayments were noted, of which amounts totalling \$63.741M and \$8.330M or approximately 69% and 9% were from the Ministry of Public Infrastructure and the Ministry of Social Protection, respectively.
2. At the time of reporting in September 2019, a total of \$20.041M was recovered. Of this sum, \$10.503M and \$9.538M were in respect of Ministries/Departments and Regions, respectively. Taking these repayments into account, overpayments totalling \$146.035M remained outstanding.
3. 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 \$53M in 2018 from the Ministry of Education for the construction of St. Roses High School. At the time of reporting in September 2019, the site was abandoned and no construction works had commenced.
4. Also discovered were several instances where capital works totalling \$71.042M were completed and charged to current expenditure. Six such instances totalling \$36.028M (approximately 51%) were under the Ministry of Education.

5. Breaches of the Procurement Act were also discovered in relation to Regions №. 1, 5, 8, 9 and 10 where contracts were incorrectly awarded using Restricted Tendering instead of National Competitive Bidding. In addition, contracts were also incorrectly awarded using the three-quote method of procurement.

6. 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).

### Public Accounts Statement

#### Consolidated Fund

#### ExxonMobil Signature Bonus

7. On 31 October 2016, the Government of Guyana received the sum of US\$18M or G\$3.717 billion from ExxonMobil as a signing bonus. This amount was deposited into the Ministry of Finance ExxonMobil Account №. 845L5086 at Bank of Guyana. The Bank maintained cash and investment accounts to independently account for proceeds from investments. During the period 9 to 17 November 2016, amounts totalling US\$15.831M or G\$3.269 billion were transferred to the investment account and used to purchase overseas bonds. The balance of US\$2.176M or G\$449M remained in the Account №. 845L5086.

8. The Government of Guyana earned interest of US\$498,775 or G\$103.629M from its investments during the period 9 November 2016 to 31 December 2018, while Account №. 845L5086 interest totalled US\$2,889 or G\$598,443. In January 2019, the value of investments appreciated to US\$14.545M from US\$14.477M, an increase of US\$67,705.

9. ExxonMobil Signature Bonus was transferred from Bank of Guyana and paid into the Consolidated Fund Bank Account in 2018 and 2019 as shown in the table below:

Year	US \$	G \$
2018	3,780,000	788,100,000
2019	14,699,000 502.96	3,065,000,000 104,867
Total	18,982,583	3,853,204,867

10. Bank Account №. 845L5086 was closed in February 2019 after the entire sum was transferred to the Consolidated Fund.

### Overdraft

11. During 2018, the new Consolidated Fund was funded by additional liability to the Government of \$48.379 billion through the issuance of Treasury Bills (F Series - 182 days and G Series - 364 days) in order to reduce the overdraft on this account. The new Consolidated Fund had an overdraft of \$89.928 billion at the end of 2017, payments in excess of receipts made from this account increased the overdraft to \$112.827 billion during 2018, which was subsequently reduced by the issue of the F Series and G Series Treasury Bills to \$64.448 billion at the end of December 2018. The issuance of new Treasury Bills (F Series - 182 days and G Series - 364 days) of \$48.379 billion should have been deposited into the Monetary Sterilisation Account and not the Consolidated Fund Account.

### Shortfall of Capital Expenditure

12. Shortfalls of capital expenditure totalled \$4.683 billion. These were attributed mainly to delays and slow progress in the execution of various activities under five foreign funded projects. These activities included: (a) construction of an ocean-going ferry - \$1.133 billion; (b) slow progress on Sheriff Street and delays in startup of reprogrammed housing component - \$1.008 billion; (c) delays in agriculture census - \$464.382M; (d) construction of two secondary schools - \$369.778M; and (e) site identification for hospitality institute upgrading of PIC/PIDs - \$300M.

### Economic Fund/Economic Project

13. Regions №. 2, 5 and 6 operated Economic Projects on a cost recovery basis with the objective of making a profit. However, these ventures were inadequately managed and supervised. Region №. 2 had 356 advances totalling \$21.093M outstanding, while Region №. 6 incurred a loss of \$7.568M and did not present payment records to substantiate expenditure of \$1.355M. Most notably however, was Region №. 5, which operated a farm to provide agro-supplies to schools and hospitals and offer employment for persons in the Region. This farm planted and sold cash crops. However, there were no records or cash to substantiate the operations of this venture.

### Un-presented Payment Vouchers

14. Un-presented Payment Vouchers resulted in the limitation in scope of audits. Five hundred and eighty-two Payment Vouchers totalling \$811.757M were not presented for audit. Five hundred and nine totalling \$741.695M were in respect of Ministry of the Presidency, Ministry of Indigenous Peoples' Affairs, Ministry of Natural Resources, Guyana Defence Force and Ministry of Social Protection, while 73 valued \$70.062M were in respect of the Regions. Included in the amounts for Regions were 40 Payment Vouchers valued \$61.151M or approximately 87% of the total value for Region №. 9. As a result, it could not be ascertained whether value was received for the sums involved, and whether it has been used for the purposes intended.

### Procurement of Drugs and Medical Supplies

15. Eighteen Inter-Departmental Warrants totalling \$1.957 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 \$1.956 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, we could not ascertain the value of drugs and medical supplies received with that of the sum warranted to the MOPH.

### Fuel and Lubricants

16. Regions №. 1, 8 and 9 continued to have severe shortcomings with respect to the purchase, reconciliation and storage of fuel. In this regard, sums of \$163.673M, \$62.455M and \$46.399M respectively were expended for these Regions, with Regions №. 1 and 9 purchasing fuel in excess of its storage capacity, and Region №. 8 purchasing fuel on a credit basis. In addition, balances to reflect fuel on hand, reconciliations of payments made against the fuel and lubricants received, and inadequate stores records impeded the verification of the accuracy of the amounts expended.

### High Vehicle Maintenance Cost

17. Excessive maintenance cost was noted for Regions №. 1, 6 and 7 due to the Regions not assessing whether it is economical to retain or dispose of vehicles. In this regard, the sum of \$50.205M was expended on repairs and maintenance in respect of twelve motorcycles, three boats and twenty-six motor vehicles during 2018.

### Absence of Stores Records

18. A number of vital control mechanisms to ensure proper accountability for stock were not in place at Drug Bonds/Stores of several Regional Hospitals, such as, Mabaruma, Oscar Joseph, Suddie, West Demerara, Fort Wellington and Mahaicony.

### Cheque Order Vouchers

19. A number of Ministries, Departments and Regions continued to clear Cheque Ordered Vouchers long after the stipulated time frame. In addition, at the time of reporting in September, 1,372 cheque orders totalling \$1.411 billion remained outstanding. Of the sum currently outstanding, 581 Cheque Orders totalling \$739.335M were in relation to 2018, while the remaining 791 totalling \$671.665M were in relation to prior periods. As a result, we could not determine whether value was received for all sums expended.

### Vacancies within the Regions

20. An analysis of the employment details for Regions №. 1-10 revealed that the Public Service Commission Staff Vacancy Circular №. 1/2019 had advertised 307 vacancies. These vacancies included critical posts, such as, four Regional Health Officers, four Deputy Regional Executive Officers, four Regional Education Officers and one Procurement Officer, 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.

### Guyana Revenue Authority

21. Self-employed persons continue to be delinquent in filing their Income Tax Returns. During 2018, there were 82,986 or 83% of 100,607 registrants who did not file their Returns. It should be noted that only 17,621 or a mere 17% filed Returns totalling \$6.229 billion.

### Late and Non-delivery of Items

22. At the time of reporting, items valued \$77.499M were not delivered, even though payments were already made to the suppliers in respect of Ministries and Departments. Included in the sum were items valued \$64.632M or approximately 83%, which were in relation to the non-delivery of furniture, office and medical equipment to the Ministry of Public Health.

### Employment Costs

23. Employment Costs were over budgeted for 2018. In this regard the ten Administrative Regions expenditure amounted to \$17.088 billion for 13,112 staff. According to the National Estimates, the total funds available under Employment Costs totalled \$17.109 billion for a staff complement of 12,211. This represents 901 staff more than was budgeted for and \$21.830M under the budgeted expenditure.

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

24. 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. Four hundred and fifty-four recommendations were made in my 2017 Audit Report. We reviewed each recommendation to determine what action, if any, was taken by the respective Accounting Officers. At the time of reporting in September 2019, 110 or 24% were fully implemented, 116 or 26% were partially implemented, while 228 or 50% were not implemented.

25. Overall, I am concerned with the lack of action towards the implementation of these recommendations; since, 76% 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 these recommendations.

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 2018

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.
- 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.
- 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 consist 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.
  - 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.
- 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 25 September 2019.



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).
  - xii. Schedule of the Issuance and Extinguishments of all Loans – Section 70.
  - xiii. Schedule of Government Guarantees - Section 71(1).

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 517 to 518. This Report reflected a positive variance of \$15.156 billion and a negative variance of \$4.760 billion between the estimates of revenue and the actual Government receipts for Current and Capital Revenue respectively, as shown below:

Description	2018 \$'000	2017 \$'000	2016 \$'000
<u>Current Revenue</u>			
Estimated Revenue	201,859,924	186,021,987	173,324,662
Actual Receipts	217,016,363	195,060,313	177,531,039
Over/(Under) the Estimates	15,156,439	9,038,326	4,206,377
<u>Capital Revenue</u>			
Estimated Revenue	31,822,106	31,408,345	31,735,350
Actual Receipts	27,062,046	28,411,713	19,677,790
Over/(Under) the Estimates	(4,760,060)	(2,996,632)	(12,057,560)
Total Estimated Revenue	233,682,030	217,430,332	205,060,012
Total Revenue	244,078,409	223,472,026	197,208,829
Net Over/(Under) the Estimates	10,396,379	6,041,694	(7,851,183)

Current Revenue

11. As illustrated in the table above, Current Revenue collections for 2018 surpassed the budgeted amount by \$15.156 billion. This outturn was attributed mainly to higher-than anticipated receipt of estimated revenue as follows:

- Import Duties of \$2.316 billion.
- Excise Tax of \$1.276 billion.
- Personal Income Tax of \$3.826 billion.
- Value Added Tax of \$4.991 billion.
- Other Income Tax of \$4.810 billion.
- Tax on Property of \$671M.
- Ministry of Finance - Sundries of \$1.054 billion.

12. The categories with higher collections cushioned the categories with major shortfalls, such as Value Added Tax (VAT) on Domestic Supply and Excise Tax by \$1.191 billion and, \$132M, respectively. 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	19,363,881	22,191,266	2,827,385
510	Internal Revenue	80,437,182	88,732,848	8,295,666
520	Stamp Duties	426,063	424,703	(1,360)
525	Other Tax Revenues	3,305	17	(3,288)
530	Fees and Fines	1,507,502	1,408,057	(99,445)
540	Interest	1,002,049	753,297	(248,752)
545	Rents and Royalties	4,632,828	4,311,778	(321,050)
555	Dividends and Transfers	11,200,000	8,532,282	(2,667,718)
560	Miscellaneous Receipts	1,717,241	2,800,240	1,082,999
590	Value Added Tax	43,044,425	48,035,523	4,991,098
594	Excise Tax	38,404,684	39,680,443	1,275,759
597	Miscellaneous	120,764	145,909	25,145
Total		201,859,924	217,016,363	15,156,439

**Ministry's Response:** Central Government current receipts for 2018 surpassed the budgeted amount by \$15.2 billion. The main contributors were internal revenue, value added taxes, customs and trade taxes and excise taxes that exceeded the budgeted amount by \$8.3 billion, \$5.0 billion, \$2.8 billion and \$1.3 billion respectively.

The increase from the internal revenue category were withholding tax \$4.5 billion and personal income tax \$3.8 billion. The higher collections from withholding tax was on account of more companies making payments on overseas remittances. Personal income tax reported larger receipts on account of substantial arrears payment from self-employed individuals as well as additional initiatives that resulted in an additional 193 employers and 171 self-employed individuals making payments in 2018. Value-added taxes and excise taxes both recorded higher-than anticipated revenues of \$5.0 billion and \$1.3 billion respectively.

The increase was due to higher value of several categories of commodities imported and 208 more importers making VAT payments. Custom and trade taxes categories grew by \$2.8 billion reflecting higher revenue collections of import duties of \$2.3 billion and environmental levy of \$0.2 billion. However, dividends and transfers to consolidated fund declined by \$2.7 billion mainly on account of lower transferred amount by Guyana Geology and Mines Commission.

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>			
Sales of Asset	7,000	3,754	(3,246)
<i>External Grants</i>			
Germany- Guyana Protected Areas System	100,000	0	(100,000)
United Nations	210,000	0	(210,000)
CDF	55,000	54,000	(1,000)
CDB	955,264	181,043	(774,221)
EU	2,100,000	1,884,230	(215,770)
IDB	659,463	524,248	(135,215)
Japan	200,000	63,057	(136,943)
Mexico	73,000	0	(73,000)
India	125,000	29,071	(95,929)
IFAD	50,000	2,284	(47,716)
Islamic Development Bank	40,000	0	(40,000)
EU	2,006,088	1,900,209	(105,879)
Other Assistance Grants	1,000,000	788,100	(211,900)
<i>External Loans</i>			
CDB	1,240,320	1,196,024	(44,296)
IDA	1,690,000	912,940	(777,060)
IDB	6,580,000	5,269,748	(1,310,252)
IFAD	50,000	15,740	(34,260)
India	1,743,023	152,575	(1,590,448)
CDF Project loan	800,000	711,000	(89,000)
Total	19,684,158	13,688,023	(5,996,135)

**Ministry's Response:** Capital revenue reflected a negative variance of \$4.760 billion which was as a result of challenges faced in execution ranging from delays in fulfilling conditions precedent to disbursement to poor contractors' performance. Also, the time between initiation of procurement for bilateral funded projects where procurement is done in donor country has proven very challenging in the period under review, for example the procurement of the ocean-going ferry from India.

Other Assistance Grants – ExxonMobil Signature Bonus

14. According Article 33 - 33.1 of the Petroleum Agreement between Government of the Cooperative of Guyana and Esso Exploration and Production Guyana Limited, CNOOC Nexen Petroleum Guyana Limited and HESS Guyana Exploration Limited “*The Contractor shall pay the Government a signature bonus of eighteen million United States Dollars (US\$18,000,000.00). Such payment will be made within a period of fifteen (15) Business Days after the Effective Date, or such earlier date as agreed amongst the Parties. Such payment will be made to a bank account within the Bank of Guyana, which is owned by the Government as designated in writing by the Minister of Finance of the Government. Contractor shall verify such bank accounts and the Minister agrees to cooperate, assist and provide Contractor any information it requires to conduct such verification.*”

15. On 31 October 2016, the Government of Guyana received the sum of US\$18M or G\$3.717 billion from ExxonMobil as a signing bonus. This amount was deposited into the Ministry of Finance ExxonMobil Account №. 845L5086 at Bank of Guyana. The Bank maintained a cash and investment accounts to independently account for proceeds from investments. During the period 9 to 17 November 2016, amounts totalling US\$15.831M or G\$3.269 billion was transferred to the investment account and expended to purchase overseas bonds. The balance of US\$2.176M or G\$449M remained in the Account №. 845L5086.

16. The Government of Guyana earned interest of US\$498,775 or G\$103.629M from its investments during the period 9 November 2016 to 31 December 2018, while Account №. 845L5086 interest totalled US\$2,889 or G\$598,443.

17. On 28 December 2018, the Ministry of Finance instructed the Bank to transfer the sum of G\$788.100M or US\$3.780M from Account №. 845L5086 to the Consolidated Fund. The amount was transferred to the Consolidated Fund on 31 December 2018, leaving a balance of G\$23.452M or US\$112,480 in the account.

18. In the month of January 2019, the value of investments appreciated to US\$14.545M from US\$14.477M, an increase of US\$67,705. In addition, interest earned on the investments and cash accounts totalled US\$42,378. The Ministry instructed the Bank in January 2019, to close account №. 845L5086 and transfer all balances to the Consolidated Fund. In keeping with the directive of the Ministry, an amount of G\$3.065 billion or US\$14.699M was transferred to the Fund on 24 January 2019. A final transfer of G\$104,867 or US\$502.96 was made on 14 February 2019, resulting in nil balances in the accounts. The Bank closed the accounts in February 2019.

**Ministry’s Response:** The Government of Guyana adopts the cash basis of accounting and revenues are recognised at time of receipt. Consequently, the sum of \$788.1M was received in 2018 and was included in the 2018 annual financial statements. In addition, the sum of \$3.065B was transferred to the Consolidated Fund in the fiscal year 2019.

19. 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 pages 517 to 518 properly represents the End of the Year Budget Outcome and Reconciliation Report (Revenue) for the year ended 31 December 2018.

END OF YEAR BUDGET OUTCOME AND RECONCILIATION REPORT  
(EXPENDITURE)

20. The End of Year Budget Outcome and Reconciliation Report (Expenditure) is shown on pages 519 to 529. This Report shows a total expenditure of \$208.831 billion, this represents a \$1.440 billion over the Approved Allotment of \$207.391 billion for Current Expenditures and \$4.683 billion under the Approved Allotment for Capital Expenditures, as shown below:

Description	2018 \$'000	2017 \$'000	2016 \$'000
<u>Current Expenditure</u>			
Approved Allotment	207,391,348	193,364,814	177,852,720
Actual Expenditure	208,831,457	188,201,671	174,984,513
Over/(Under) the Allotment	1,440,109	(5,163,143)	(2,868,207)
Percentage Over/(Under) allotment	0.69 %	2.67%	1.61%
<u>Capital Expenditure</u>			
Approved Allotment	59,702,423	56,758,353	52,183,806
Actual Expenditure	55,019,410	58,618,255	46,618,059
Over/(Under) the Allotment	(4,683,013)	1,859,902	(5,565,747)
Percentage Over/(Under) allotment	(7.84)	3.28	(10.67)
Total Approved Allotment	267,093,771	250,123,167	230,036,526
Total Expenditure	263,850,867	246,819,926	221,602,572
Net Over/(Under) the Allotment	(3,242,904)	(3,303,241)	(8,433,954)
Percentage Over/(Under) allotment	1.21%	1.32%	3.67%

Current Expenditure

**Ministry's Response:** Central Government current expenditure was \$1.4 billion above the 2018 budget allocation. This resulted from supplementary provision of \$7.418 billion, of which \$3.9 billion was allocated to Guyana Sugar Corporation (GuySuCo) for the disbursement of severance payment to former workers and \$1.2 billion to the National Drainage and Irrigation Authority for additional works.

Spending within the statutory category was \$1.3 billion below the \$23.7 billion that was budgeted in 2018.

Public debt accounted for 98.3 percent or \$1.28 billion of the unspent balance, the Debt Management Division (DMD) usually makes provisions in the Budget to service the debt of the Non-Paris Club Creditors if a debt settlement agreement is reached.

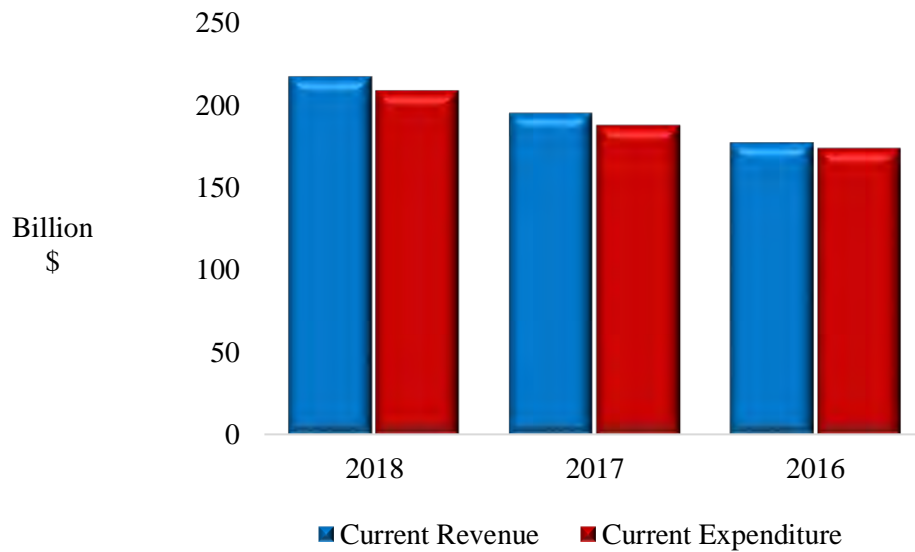
### Capital Expenditure

**Ministry's Response:** Capital Expenditure reflected an underperformance on the approved allotment by \$4.683 billion, this was primarily due to:

- a) Delays in the awards of contracts for construction of:
  - i. an ocean-going ferry.
  - ii. schools due to review of design parameters in the Secondary Education Improvement Project.
- b) Slow progress on Sheriff Street and delays in startup of reprogrammed housing component.
- c) Delays in site identification for hospitality institute. Upgrading of PIC/PIDs - bid price exceeded engineer's estimates resulted in reprioritisation of interventions.
- d) Delays in agriculture census.

21. 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 519 to 529 properly presents the End of Year Budget Outcome and Reconciliation Report (Expenditure) for the year ended 31 December 2018.

Comparisons between Current Revenue  
and Current Expenditure for the years  
2016 - 2018

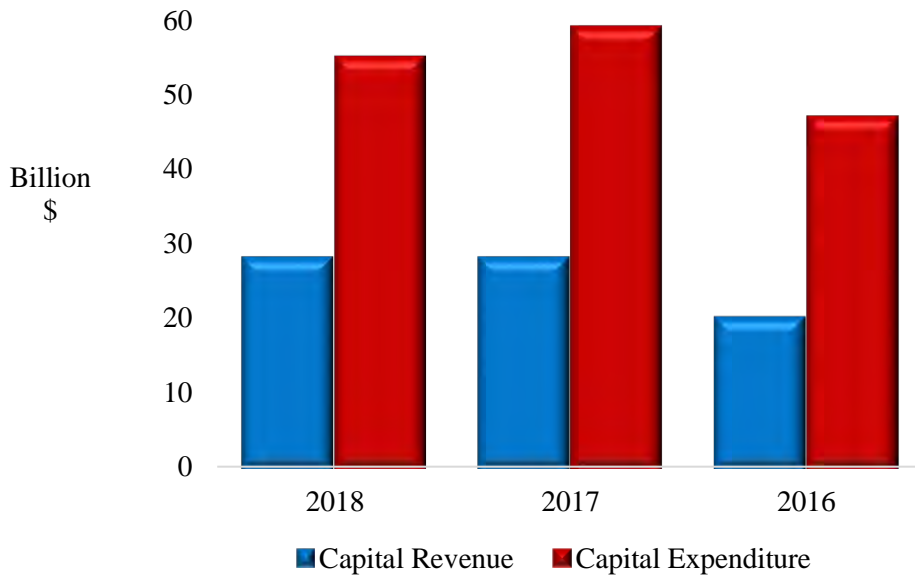


Description	2018 \$'000	2017 \$'000	2016 \$'000
Current Revenue	217,016,363	195,060,179	177,531,039
Current Expenditure	208,831,457	188,201,671	174,984,513
Surplus	8,184,906	6,858,508	2,546,526

**Figure 1**



Comparisons between Capital Revenue and  
Capital Expenditure for the years  
2016 - 2018



Description	2018 \$'000	2017 \$'000	2016 \$'000
Capital Revenue	27,062,046	28,411,713	19,677,790
Capital Expenditure	55,019,410	58,618,255	46,618,057
Deficit	(27,957,364)	(30,206,542)	(26,940,267)
Percentage Deficit	50.81%	51.53%	57.79%

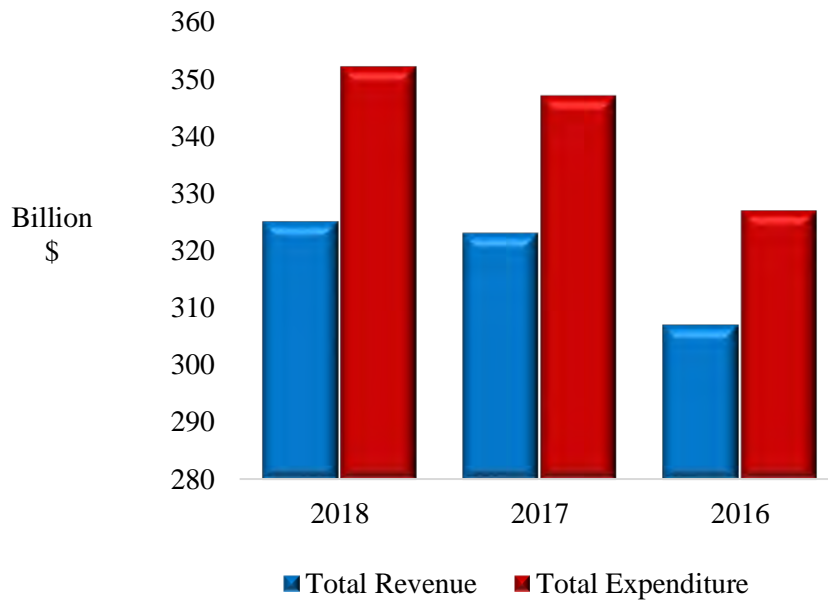
**Figure 2**

*Surplus/Deficit for the year ended 31 December 2018*

22. There was a net overall deficit of \$27.478 billion for the year ended 31 December 2018. The overall net deficit comprised of a current surplus of \$479.194M and a capital deficit of \$27.957 billion. See summary in table below:

<b>Current Revenue</b>		2018 \$'000	2017 \$'000	2016 \$'000
500	Customs and Trade Taxes	22,191,266	18,889,985	16,381,965
510	Internal Revenue	88,732,848	76,513,743	68,110,776
520	Stamp Duties	424,703	386,735	339,589
525	Other Tax Revenues	17	313	277
530	Fees and Fines	1,408,057	1,368,460	1,356,650
540	Interest	753,297	1,001,934	1,002,029
545	Rents and Royalties	4,311,778	3,879,411	4,301,266
555	Dividends and Transfers	8,532,282	14,251,448	14,276,069
560	Miscellaneous Receipts	2,800,240	2,753,722	4,255,435
590	Value Added Taxes	48,035,523	42,422,904	36,268,472
594	Excise Tax	39,680,443	33,458,566	31,083,003
597	Miscellaneous	145,909	132,958	155,508
	Sub Total	217,016,363	195,060,179	177,531,039
	Treasury Bills Issued	80,647,746	99,593,080	109,458,458
<b>Total Current Revenues</b>		<b>297,664,109</b>	<b>294,653,259</b>	<b>286,989,497</b>
<b>Current Expenditure</b>				
	Current Budgetary Expenditure	186,416,844	169,002,502	158,823,111
	Current Statutory Expenditure	22,414,613	19,199,169	16,161,403
	Treasury Bills Redeemed	88,353,458	100,512,629	105,374,913
<b>Total Current Expenditure</b>		<b>297,184,915</b>	<b>288,714,300</b>	<b>280,359,427</b>
<b>Current Surplus/Deficit</b>		<b>479,194</b>	<b>5,938,959</b>	<b>6,630,070</b>
<b>Capital Revenue</b>				
565	Sale of Assets	0	0	0
570	Miscellaneous Capital Revenue	2,230,757	759,373	1,501,560
575	External Grants	7,573,261	10,366,228	5,368,888
580	External Loans	17,258,028	17,286,112	12,807,342
<b>Total Capital Revenues</b>		<b>27,062,046</b>	<b>28,411,713</b>	<b>19,677,790</b>
<b>Total Capital Expenditure</b>		<b>55,019,410</b>	<b>58,618,255</b>	<b>46,618,058</b>
<b>Capital Surplus/Deficit</b>		<b>(27,957,364)</b>	<b>(30,206,542)</b>	<b>(26,940,268)</b>
	Total Revenue (Current and Capital)	324,726,155	323,064,972	306,667,287
	Total Expenditure (Current and Capital)	352,204,325	347,332,555	326,977,485
<b>TOTAL SURPLUS/DEFICIT</b>		<b>(27,478,170)</b>	<b>(24,267,583)</b>	<b>(20,310,198)</b>

Comparisons between  
Total Revenue and Total Expenditure  
for the years  
2016 - 2018



Description	2018 \$'000	2017 \$'000	2016 \$'000
Total Revenue	324,726,155	323,064,972	306,667,287
Total Expenditure	352,204,325	347,332,555	326,977,485
Deficit	(27,478,822)	(24,267,583)	(20,310,198)
Percentage Deficit	7.80%	6.99%	6.21%

**Figure 3**

## FINANCIAL INFORMATION

### RECEIPTS AND PAYMENTS OF THE CONSOLIDATED FUND

23. 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 \$64.448 billion as at 31 December 2018. The cash book reflected an overdraft \$80.034 billion, resulting in a difference of \$15.586 billion, as summarised below:

- a) Deposit of \$2.799 billion not yet debited to cash book.
- b) Unpresented cheques of \$19.668 billion.
- c) Deposits of \$5.213 billion not yet credited to the bank account.
- d) Debit advices of \$1.667 billion not yet credited in cash book.

24. At 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 2018, a total of twenty-six Government Bank Accounts with balances totalling \$210.212M were listed as inactive. On 5 September 2018, eleven of the twenty-six accounts were closed and their accumulated balance totalling \$336 were transferred to the Consolidated Account. As at December 2018, fourteen Bank Accounts with balances totalling \$209.357M were listed as inactive.

25. Five of these inactive accounts had zero balances. One account had a balance of \$200M, which represented the Revolving Housing Fund

**Ministry's Response:** The Revolving Housing Fund Account reflecting a balance of \$200M cannot be closed as discussions on issues between the Union and the Ministry of Education is still ongoing.

**Recommendation:** The Audit Office recommend that the Accountant's General Department take the necessary steps to bring closure to this matter. (2018/01)

26. The net accumulated balance of the fourteen accounts and other operational accounts (excluding the balances on the bank accounts of special projects) was negative \$68.148 billion as at 31 December 2018. This is the best available estimate of the cash position of the Government as at 31 December 2018. It should be noted that there was a decrease of \$36.715 billion in the estimated cash position of Guyana at the end of 2018 when compared to the negative balance of \$31.433 billion as at 31 December 2017 and an increase of the deficit to \$68.148 billion.

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

Account №.	Description	Amount 2018 \$M	Amount 2017 \$M	Amount 2016 \$M
407	Consolidated Fund(New)	(64,448)	(89,928)	(67,583)
400	Consolidated Fund(Old)	(46,776)	(46,776)	(46,776)
401	Deposit Fund	-	-	-
3001	Non-Sub Accounting Ministries/Departments	-	7	8
-	Other Ministries/Departments' Accounts	21,518	27,727	19,027
969	Monetary Sterilisation Account	21,558	77,537	78,351
Total		(68,148)	(31,433)	(16,973)

28. While Section 60(1) 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.”* Section 60(2) states *“the minister shall repay in full all advances in the form of an overdraft on an official bank account on or before the end of the fiscal year during which that overdraft was drawn”*, it was noted that during 2018 the new Consolidated Fund was funded by additional liability to the Government of \$48.379 billion through the issue of Treasury Bills (F Series 182 days and G Series - 364 days) in order to reduce the overdraft on this account. The new Consolidated Fund had an overdraft of \$89.928 billion at the end of 2017, payments in excess of receipts made from this account increased the overdraft to \$112.827 billion during 2018, which was subsequently reduced by the issue of the F Series and G Series - Treasury Bills to \$64.448 billion at the end of December 2018. The issue of new Treasury Bills (F Series – 182 days and G Series - 364 days) of \$48.379 billion should have been deposited into of the Monetary Sterilisation Account and not the Consolidated Fund Account.

29. It should be noted according to the notes forming part of the Consolidated Financial Statement states *“the purpose of the Monetary Sterilisation Account №.969 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 sterilisation bank account, creating a fully funded liability”*. See table below for details on the F Series and G Series Treasury Bills issued during 2018.

Treasury Bill №.	Issue Date	Face Value \$'000	Subscribe Amount \$'000	Discount Earned \$'000
F1	20/7/2018	2,000,000	1,989,860	10,140
F2	14/9/2018	4,000,000	3,980,935	19,065
<b>Sub-Total</b>		<b>6,000,000</b>	<b>5,970,795</b>	<b>29,205</b>
G1	6/1/2018	1,300,000	1,287,139	12,861
G2	6/1/2018	470,000	465,347	4,653
G3	7/6/2018	2,500,000	2,472,875	27,125
G4	7/27/2018	4,157,850	4,112,862	44,988
G5	7/30/2018	5,000,000	4,944,637	55,363
G6	8/10/2018	3,500,000	3,461,561	38,439
G7	9/7/2018	7,000,000	6,920,678	79,322
G8	10/19/2018	5,000,000	4,943,082	56,918
G9	11/16/2018	6,500,000	6,424,417	75,583
G10	12/7/2018	7,467,100	7,375,687	91,413
<b>Sub-Total</b>		<b>42,894,950</b>	<b>42,408,285</b>	<b>486,665</b>
<b>Grand Total</b>		<b>48,894,950</b>	<b>48,379,080</b>	<b>515,870</b>

*Old Consolidated Fund Bank Account №. 400*

30. 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.

**Ministry's Response:** The reconciliation of the old 400 Consolidated Account has posed new challenges. The Ministry of Finance explained that a request was made for data from the Bank of Guyana from the year 1992. However, it appears that the Bank has a difficulty in accessing from its database, the information requested by this ministry. In the absence of this data, the reconciliation exercise seems futile. The latter information was intended to fill existing gaps in the accounting records at the Accountant General's Department. Its absence, therefore, will not allow a bank reconciliation to be done in what is termed the generally accepted *conventional manner*.

The issue regarding the reconciliation of the old Consolidated Fund Account №. 400 shall continue to engage the attention of the Accountant General.

**Recommendation:** The Audit Office recommend that the Accountant's General Department take the necessary steps to bring closure to this matter. (2018/02)

31. It should be noted that there was no activity in this account during the years 2006, 2007, 2010, 2011, 2012, 2015, 2017 and 2018. 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 2018.

32. 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 2018.

### Gifts

33. 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 \$2.800 billion representing Miscellaneous Receipts as at 31 December 2018 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. Three Circulars have already been issued in which the guidelines are clearly set out.

**Recommendation:** The Audit Office recommend that the Ministry of Finance adopt stringent measures to ensure that there is compliance with the circulars issued. (2018/03)

34. 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 as shown on pages 530 to 538 properly presents the Receipts and Payments of the Consolidated Fund for the year ended 31 December 2018.

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

35. The Statement of Expenditure from the Consolidated Fund as compared with the Total Funds Available as shown on pages 539 to 546 revealed that amounts totalling \$279.136 billion were made available for expenditures. This comprised of \$214.810 billion and \$64.326 billion for current and capital expenditure, respectively. See summary in the table below:

Description	2018 \$'000	2017 \$'000	2016 \$'000
<u>Current Expenditure</u>			
Approved Allotment	207,391,350	193,364,814	177,852,720
Add: Supplementary Allotment	7,418,395	1,284,590	4,872,017
Total Funds Available	214,809,745	194,649,404	182,724,737
<b>Less: Actual Expenditure</b>	208,831,459	188,201,805	174,984,513
Over/(Under) the Total Funds Available	(5,978,286)	(6,447,599)	(7,740,224)
<u>Capital Expenditure</u>			
Approved Allotment	59,702,423	56,758,353	52,183,806
Add: Supplementary Allotment	4,623,441	11,061,682	8,124,838
Total Funds Available	64,325,864	67,820,035	60,308,644
<b>Less: Actual Expenditure</b>	55,019,410	58,618,255	46,618,059
Over/(Under) the Total Funds Available	(9,306,454)	(9,201,780)	(13,690,585)
Total Approved Allotment	267,093,773	250,123,167	230,036,526
Add: Total Supplementary Allotment	12,041,837	12,346,272	12,996,855
Total Funds Available	279,135,610	262,469,439	243,033,381
<b>Less: Total Expenditure</b>	263,850,869	246,820,060	221,602,572
Over/(Under) the Total Funds Available	(15,284,740)	(15,649,379)	(21,430,809)

Current Expenditure

36. As illustrated in the table above, Approved Allotment for current expenditure was \$207.391 billion. During the year, amounts totalling \$7.418 billion were granted in supplementary provisions, bringing the total revised allotment to \$214.810 billion. Total expenditure amounted to \$208.832 billion, resulting in a total shortfall of \$5.978 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 \$'000	Supplementary Allotment \$'000	Total Funds Available \$'000	Total Expenditure \$'000	Shortfall \$'000
<i>Ministry/Department</i>					
Ministry of Education	17,116,298	-	17,116,298	16,151,478	964,820
Ministry of Social Protection	16,586,796	-	16,586,796	15,805,269	781,527
Ministry of Foreign Affairs	5,089,440	788,049	5,877,489	5,267,578	609,911
Ministry of Public Security	15,536,541	-	15,536,541	15,166,517	370,024
Ministry of the Presidency	7,624,631	114,924	7,739,555	7,426,855	312,700
Ministry of Finance	19,203,614	-	19,203,614	18,970,128	233,486
Ministry of Legal Affairs	867,095	-	867,095	638,607	228,488
Ministry of Public Health	20,947,496	-	20,947,496	20,779,065	168,431
Ministry of Indigenous Peoples' Affairs	1,036,686	-	1,036,686	951,990	84,696
Office of the Prime Minister	694,819	-	694,819	612,104	82,715
Ministry of Business	1,366,034	-	1,366,034	1,285,050	80,984
Ministry of Natural Resources	830,930	-	830,930	755,767	75,163
Ministry of Communities	1,764,334	-	1,764,334	1,723,251	41,083
Ministry of Public Telecommunication	2,131,855	-	2,131,855	2,096,199	35,656
Ministry of Agriculture	12,256,036	5,582,000	17,838,036	17,802,662	35,374
Teaching Service Commission	114,742	-	114,742	91,076	23,666
Ministry of Public Infrastructure	7,879,054	-	7,879,054	7,857,577	21,477
Parliament Office	1,482,100	-	1,482,100	1,460,949	21,151
Rights Commission of Guyana	141,596	-	141,596	131,411	10,185
<i>Regions</i>					
Regions 1-10	33,797,402	738,572	34,535,974	34,052,638	483,336
<i>Statutory</i>					
Public Debt	19,011,828	-	19,011,828	17,729,930	1,281,898
Ministry of Public Security	20,592	-	20,592	3,049	17,543
Total					5,964,314

37. It should be noted that there were three Ministries and six Regions who applied for and received Supplementary Allotments totalling \$7.224 billion, but failed to utilise \$1.067 billion of the total funds available. As a result, it could not be determined if these Ministries and Regions achieved their objectives. See table below for details:

Description	Approved Allotment \$'000	Supplementary Allotment \$'000	Total Funds Available \$'000	Total Expenditure \$'000	Shortfall \$'000
Ministry of Foreign Affairs	5,089,440	788,049	5,877,489	5,267,578	609,911
Ministry of the Presidency	7,624,631	114,924	7,739,555	7,426,855	312,700
Ministry of Agriculture	12,256,036	5,582,000	17,838,036	17,802,662	35,374
Region 3	4,719,138	234,297	4,953,435	4,935,064	18,371
Region 4	5,721,254	280,124	6,001,378	5,995,866	5,512
Region 5	2,849,863	22,587	2,872,450	2,816,543	55,907
Region 6	5,918,360	124,289	6,042,649	6,037,497	5,152
Region 9	1,925,031	7,709	1,932,740	1,923,848	8,892
Region 10	2,957,778	69,566	3,027,344	3,011,739	15,605
Total		7,223,545	56,285,076	55,217,652	1,067,424

Capital Expenditure

38. The Approved Allotment for capital expenditure was \$59.702 billion. During the year, amounts totalling \$4.623 billion were granted in supplementary provisions, bringing the total revised allotment to \$64.326 billion. Total expenditure amounted to \$55.019 billion, resulting in a total shortfall of \$9.306 billion. This outturn was mainly attributed to projects under various Ministries, Departments and Regions that were either not undertaken or completed during the year.

39. The table below gives a breakdown of mainly those Ministries and Regions whose capital expenditure were under the revised allocations.

Description	Approved Allotment \$'000	Supplementary Allotment \$'000	Total Funds Available \$'000	Total Expenditure \$'000	Shortfall \$'000	Shortfall %
Ministry of Public Infrastructure	24,186,106	2,661,242	26,847,348	23,662,889	3,184,459	11.86
Ministry of Agriculture	4,602,617	296,899	4,899,516	3,647,469	1,252,047	25.55
Ministry of Education	2,870,953	4,883	2,875,836	1,647,741	1,228,095	42.70
Ministry of Public Health	2,508,461	0	2,508,461	1,830,199	678,262	27.04
Ministry of Public Security	3,156,387	132,812	3,289,199	2,706,730	582,469	17.71
Ministry of Finance	4,427,215	537,809	4,965,024	4,401,224	563,800	11.36
Ministry of Communities	4,751,320	62,092	4,813,412	4,268,824	544,588	11.31
Ministry of the Presidency	1,836,659	19,501	1,856,160	1,419,182	436,978	23.54
Ministry of Business	799,378	192,949	992,327	788,742	203,585	20.52
Ministry of Public Telecommunications	2,564,206	0	2,564,206	2,454,482	109,724	4.28
Ministry of Social Protection	401,257	81,614	482,871	422,782	60,089	12.44
Ministry of Foreign Affairs	487,709	0	487,709	428,989	58,720	12.04
Ministry of Legal Affairs	200,213	0	200,213	148,779	51,434	25.69
Region 2	461,000	0	461,000	382,669	78,331	16.99
Region 10	460,800	0	460,800	397,102	63,698	13.82
Region 1	350,000	0	350,000	309,026	40,974	11.71
Region 8	226,265	14,400	240,665	214,248	26,417	10.98
Region 7	255,232	2,001	257,233	238,992	18,241	7.09
Total					9,181,911	

40. It should be noted, Supplementary Allotments were granted to eleven Ministries and two Regions totalling \$4.623 billion in 2018. However, seven of the said Ministries and two Regions had significant unspent balances as illustrated in table above.

41. 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 2018.

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

42. 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 547 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 2018 \$'000	Employment Overhead Expenses 2018 \$'000	Total Expenditure 2018 \$'000	Total Expenditure 2017 \$'000
Ministries and Departments	22,816	3,882	26,698	40,169
Pensions and Gratuities	4,475,987	0	4,475,987	4,212,373
Payments to Dependent's Pension Fund	181,999	0	181,999	118,304
Public Debt:				
Internal Principal	279,944	0	279,944	279,601
Internal Interest	1,332,587	0	1,332,587	1,970,321
External Principal	11,556,215	0	11,556,215	8,377,234
External Interest	4,561,182	0	4,561,182	4,201,168
<b>Total</b>	<b>22,410,730</b>	<b>3,882</b>	<b>22,414,612</b>	<b>19,199,170</b>

43. 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 2018.

## RECEIPTS AND PAYMENTS OF THE CONTINGENCIES FUND

44. 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*”.

45. According to the Statement of Receipts and Payments of the Contingencies Fund as shown on page 548, there were no Receipts nor Contingency Advance for the year under review.

46. 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 2018.

## FINANCIAL REPORTS OF THE DEPOSIT FUND

47. 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 \$46.443 billion 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 2018 is shown on page 549.

48. 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. January 2004 opening balances in the Deposit Fund in IFMAS was as a result of information extracted from the Agencies records.

**Recommendation:** The Audit Office once again recommend that the Ministry of Finance establish a Deposit Fund in accordance with the requirement of the FMA Act. (2018/04)

49. The Audit Office was also unable to verify the accuracy of \$939.920M 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 2015, 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:** Despite the Ministry of Finance's (MOF) expressed 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 MOF has agreed to follow the recommendations of the Public Accounts Committee in verifying the deposits held for investment. The investigative work is ongoing.

50. 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 \$13.726 billion representing advances outstanding as at 31 December 2018 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 IFMIS 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 2018 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 recommend that the Ministry reconcile the advances granted prior to 2004 and submit the results for audit scrutiny. (2018/05)

51. 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 2018:

Description	Amount 2018 \$'000	Amount 2017 \$'000	Amount 2016 \$'000
<i>Types of Deposits</i>			
Dependents Pension Fund	1,575,177	1,230,560	1,016,541
Sugar Industry Welfare Committee	50,691	50,691	50,691
Sugar Industry Labour Welfare Fund	848,287	970,684	975,930
Sugar Industry Rehab. Fund	76,709	72,432	72,432
Sugar Industry Price Stabilisation Fund	14,924	14,033	14,033
Miscellaneous	1,639,422	3,804,721	3,719,645
<b>Total</b>	<b>4,205,210</b>	<b>6,143,121</b>	<b>5,849,272</b>
<i>Types of Advances</i>			
Personal	22,488	19,266	14,824
Gratuity	1,243,004	1,281,183	1,281,408
Auto Advance	109,345	113,531	123,364
Guyana Gold Board	8,650,148	8,650,148	8,650,148
Imprest and Cash on Hand	1,530,278	1,523,418	1,240,579
Deposits Fund Advance Warrants	208,410	208,410	208,410
Crown Agents	409,040	409,040	406,246
Statutory and Other Bodies	1,554,456	1,554,456	1,554,456
<b>Total</b>	<b>13,727,169</b>	<b>13,759,452</b>	<b>13,479,435</b>

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

- a) The amount for Guyana Gold Board is reflected as static for the period 2012 to 2018, however, the audited Financial Statements of Guyana Gold Board reflects \$8.732 billion.
- b) Advances in relation to Deposit Fund Advance Warrants remained static for the period 2014 to 2018.
- c) The amount for Statutory and Other Bodies remained static for the period 2005 to 2018.

**Ministry's Response:** The Ministry of Finance explained that:

- a) They continue to engage the Guyana Gold Board with a view to have the indebtedness cleared. At a meeting between officials of the GGB and the Ministry of Finance it was agreed that the amount owing by the GGB would be repaid on a quarterly basis with effective 2019. However, the GGB have not commenced the repayment as at August 2019.

The total indebtedness by the Board in respect of advances granted up to September 2012, is \$8.732B and no advances were issued thereafter, hence the static position.

- b) The static position covering the period 2014 to 2018 is as a result of advances being granted to Agencies in instances involving payroll theft and other forms of losses, and the matters are still being dealt with in the Courts.
- 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.

**Recommendation:** The Audit Office once again recommend that the Ministry take urgent action to bring closure to these issues. (2018/06)

53. 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 2018 made in pursuance of Section 42 of the FMA Act, could not be satisfactorily determined.

#### SCHEDULE OF ISSUANCE AND EXTINGUISHMENT OF ALL LOANS

54. 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 550 reflected a balance of \$433.007M at the end of 2018 as shown below:

Description	Balance as at 31 December 2018 \$'000	Balance as at 31 December 2017 \$'000
Guyana National Printers	100,000	100,000
Ogle Airport Inc.	333,007	366,308
<b>Total</b>	<b>433,007</b>	<b>466,308</b>

55. The Schedule of Issuance and Extinguishment of all loans presents fairly, in all material respects the loans issued and extinguished as at 31 December 2018.

#### STATEMENT OF ASSETS AND LIABILITIES OF THE GOVERNMENT

56. The assets and liabilities of the Government comprised mainly cash and bank balances and cash equivalents, as well as short and long-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.



57. The Statement of Assets and Liabilities of the Government for the year ended 31 December 2018, is summarised as follows:

Description	2018 \$M		2017 \$M	
<u>Assets</u>				
Central Government Accounts	(83,734)		(50,524)	
LIS 11 Bank Account				
WSG Bank A/c –Loan	0		36	
Cash at Bank of Guyana in respect of special accounts (2000 Series)	17,594		11,365	
Cash at Bank of Guyana in respect of Redemption of Treasury Bills Account	(0.003)		(0.003)	
		(66,140)		(39,123)
<u>Less: Liabilities</u>				
Treasury Bills				
90 days	993		993	
182 & 365days	21,876		77,961	
G Series	42,408		0	
F Series	5,971		0	
	71,248		78,954	
Sugar Industry Welfare, Labour, Rehabilitation & Price Stabilisation Funds	940		1,056	
Miscellaneous Deposits	1,639		3,805	
Dependants' Pension Fund and Sugar Industry Welfare Committee	1,626		1,282	
		75,453		85,097
Net Liability		141,593		124,220

58. The sum of negative \$83.734 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 No.	Description	Amount 2018 \$M	Amount 2017 \$M	Amount 2016 \$M
407	Consolidated Fund (New) (Cash Book)	(80,034)	(109,019)	(86,101)
400	Consolidated Fund (Old)	(46,776)	(46,776)	(46,776)
3001	Non-Sub Accounting Min/Dept.	-	7	8
-	Other Ministries/Departments' Accounts	21,518	27,726	19,027
969	Monetary Sterilisation Account	21,558	77,537	78,351
Total		(83,734)	(50,524)	(35,491)

59. The balance of the new Consolidated Fund as per the Statement of Assets and Liabilities of the Government reflected an overdraft of \$80.034 billion at the end of December 2018 compared with an overdraft of \$109.019 billion at the end of 2017 this represented an decrease of \$28.985 billion. This decrease was due to the Government of Guyana issued new Treasury Bills F Series of \$5.971 billion and G Series of \$42.408 billion, which were deposited into the new Consolidated Fund. As a result, the overdraft was reduced from \$128.413 billion to \$80.034 billion.

60. 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 \$21.558 billion as at 31 December 2018. However, the related balance in the Statement of Public Debt was stated as \$71.007 billion, resulting in a difference of \$49.449 billion of which \$5.971 billion represents F Series and \$42.408 billion represents G-series that was deposited into the Consolidated Fund and \$1.070 billion relates to unpaid discounts to the Bank of Guyana by the Government of Guyana.

61. Further, according to the Notes to the Account which states the Monetary Sterilization account variance of \$1.070 billion is the difference between the outstanding liability \$22.628 billion and cash held for purpose of retiring the liability \$21.558B.

**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 installments over a five years' period. The Estimates of Income and Expenditure for each year, commensurate with the decision taken by the Government, reflects the amount allotted for 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. (2018/07)

62. 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 Ministry of Finance continues to increasingly explore methods and systems to modernise and improve public financial management. Towards this end, the IFMAS was upgraded in 2018 to a current Version 7.0 and thereafter renamed the Integrated Financial Management and Information System (IFMIS). The upgrade is geared to support the public sector functions in order to increase the effectiveness and efficiency of state financial management and facilitate the adoption of modern public expenditure practices, in keeping with international standards and benchmarks.

Additionally, efforts have been directed towards strengthening Public Financial Management (PFM) Systems, including re-engineering of business processes and the restructuring the government chart of account that would be more aligned with the reforms that are considered prerequisites towards the adoption of the International Public Sector Accounting Standards (IPSAS).

63. In view of the foregoing observations, I am unable to form an opinion whether the Statement as shown on pages 551 to 556 properly presents the Assets and Liabilities as at 31 December 2018.

#### SCHEDULE OF GOVERNMENT GUARANTEES

64. Section 71(1) of the FMA Act states that the Minister shall, within the annual consolidated financial statements, certify and issue an official Schedule of Government Guarantees. According to the Schedule of Government Guarantees as shown on page 557, there were no liabilities guaranteed by Government as at 31 December 2018.

65. As such, the Schedule of Government Guarantees presents fairly, in all material respects the liabilities guaranteed by the Government as at 31 December 2018.

#### STATEMENT OF CONTINGENT LIABILITY

66. No Statement of Contingent Liability was provided in accordance with Section 73 of the FMA Act for the period under review.

## SCHEDULE OF PUBLIC DEBT

67. 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.

68. During the period under review, the Government of Guyana entered into seven new loan agreements totalling G\$22.743 billion as detailed in the table below. Amounts totalling G\$10.697 billion or US\$51.305M were disbursed from some of the loans. The related loan agreements for six of these loans were laid in the National Assembly during 2018, while the other loan agreement was laid in 2019.

№.	Date of Agreement	Donor/ Loan Ref.	Description of Loan	Currency	Amount \$'000	Equivalent G\$'000	Date laid in National Assembly
1	18.07.2018	The World Bank-IDA-V2160	Preparation of Proposed Guyana Oil and Gas Capacity Building Project Preparation Advance	USD	1,600	333,600	18.10.2018
2	27.07.2018	IDA-6286-GY	First Programmatic Financial and Fiscal Stability Development Policy Credit	SDR	24,400	7,074,677	18.10.2018
3	04.09.2018	CDB-20/SFR-GY	Water Sector Enhancement Project	USD	1,265	263,753	31.10.2018
4	18.09.2018	CDB-21/SFR-GY	Transport Sector Enhancement Project	USD	4,367	910,520	31.10.2018
5	19.09.2018	IsDB	Power Utility Upgrade Programme	USD	20,000	4,170,000	18.10.2018
6	26.10.2018	Export-Import Bank of China	Guyana National Broadband Project	YUAN	249,044	7,563,055	19.11.2018
7	10.12.2018	IDB-4698/BL-GY	Strengthening the Energy Sector	USD	11,640	2,426,940	26.04.2019
Total						22,742,545	

69. However, the following two agreements related to PetroCaribe which were entered 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.
- b) A 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

**Ministry Response:** The Ministry indicated that the sales agreements between the Bolivarian Republic of Venezuela and the Co-operative Republic of Guyana were approved by Cabinet in 2019 for submission to the National Assembly.

70. The reported Public Debt as at 31 December 2018 (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 2018 G\$'000	Total 2017 G\$'000
Unfunded	272,091,211	43,137,680	315,228,891	297,804,844
Funded	0	3,898,537	3,898,537	3,898,537
Treasury Bills (91 days)	0	997,300	997,300	997,300
(182 & 365 days)	0	71,007,450	71,007,450	78,994,800
<b>Total</b>	<b>272,091,211</b>	<b>119,040,967</b>	<b>391,132,178</b>	<b>381,695,481</b>

71. As can be noted, the total Public Debt stood at G\$391.132 billion or the equivalent of US\$1.876 billion at the end of 2018, as compared with the sum of G\$381.695 billion or US\$1.848 billion at the end of 2017, representing an increase of G\$9.437 billion.

72. Expressed as a factor of Current Revenue (G\$217.016 billion), the total Public Debt at the end of 2018 was 1.80 times current revenue, compared with a factor of 1.96 at the end of 2017, and 2.1 at the end of 2016.

#### External Debt

73. The External Debt at the end of 2018 was G\$272.091 billion, compared with G\$254.405 billion at the end of 2017, a net increase of G\$17.686 billion. Equivalent in United States Dollars, the External Debt as at 31 December 2018 was US\$1.305 billion, compared with US\$1.232 billion at the end of 2017 a net increase of US\$86M, this increase was due mainly to:

- a) Opening balances were revised to reflect the closing balances stated on the creditor statements.
- b) Disbursements totalling G\$28.310 billion or US\$135.782M in respect of loans contracted.
- c) Repayments of principal totalling G\$11.315 billion or US\$54.267M.
- d) Accrued interest for Non Paris Club Creditors amounted to G\$804.078M or US\$3.856M.
- e) Fluctuations of exchange rates.

74. 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.

75. According to Bank of Guyana Statement of Account as at 31 December 2018, the account held at Bank for International Settlements reflected amounts totalling G\$1.499 billion or US\$7.187M which includes principal repayments and interest which is due to Petroleos de Venezuela (PDVSA) and accumulated interest earned. For the period under reviewed amounts totalling US\$7.113M were reflected on the Statement of Public Debt as repayments of principal and interest although these payments were not made to PDVSA directly.

*Recall of Disbursed Amount that was not utilised*

76. The Inter-American Development Bank (IDB) and the Government of Guyana (GoG) signed a loan agreement on the 21 March 2010 for the Loan Contract №. 2215/BL-GY Road Improvement and Rehabilitation Program amounting to US\$24.8M which comprise of Ordinary Capital Financing of (US\$12.4M) and Fund for Special Operations of (US\$12.4M).

77. Reflected on the submitted Statement of Public Debt were the amounts of US\$49,000 and US\$236,000 which represents funds returned to the Inter-American Development Bank under the financing of Fund for Special Operations and the Ordinary Capital Financing respectively.

78. This project came to a close in 2018 and letters were issued by the Ministry of Public Infrastructure Works Services Group, dated 28 September 2018 and 3 October 2018 to the Bank of Guyana to transfer amounts of US\$236,358.12 and US\$49,196.94 respectively to the IDB. These amounts were verified as being transferred to IDB on 11 October 2018 and 3 October 2018.

79. The Inter-American Development Bank and the Government of Guyana signed a loan agreement on the 8 December 2010 for the Loan Contract №. 2454/BL-GY East Bank Four Lane Expansion. The total project costs amounting to US\$22M which comprise of Ordinary Capital Financing of (US\$10M) and Fund for Special Operations of (US\$10M) while the Government of Guyana shall contribute US\$2M as additional resources to the project.

80. An examination of the Statement of Public Debt revealed that amounts of US\$4,000 each for Special Operations and the Ordinary Capital Financing represents funds were returned to the Inter-American Development Bank. The project came to end in December 2017 and the Ministry of Public Infrastructure Works Services Group via a letter dated 26 January 2018 requested the Bank of Guyana to transfer the amount of US\$8,610.29 to the Inter-American Development Bank. This amount was verified as having been transferred to IDB on 31 January 2018.

### Credit Fees Paid on Undisbursed Amounts

81. 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). The IDB on 22 May 2015 requested the return US\$4.400M, since the project did not advance 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.

82. The Government of Guyana on 2 May 2017 requested the reformulation of this loan agreement to modify its original objective and reassign the undisbursed loan balance of US\$63.500M to the Adequate Housing and Urban Accessibility Program. On 7 December 2017, the Board of Executive Directors of the Bank approved the reassignment of the loan balance. During 2018, the amounts of US\$147,146.23 were paid as credit fees, while the project received disbursements of US\$8.168M.

### Repayment of Loan

83. The Loan Contract №. 544-SF/GY Health Care Delivery Programme has loan amount of US\$8.481M which came into effect on 11 August 1978 between the Inter-American Development Bank and the Government of Guyana. The maturity period for this loan is 8 November 2018. This loan was executed by the Ministry of Health, Housing and Labour. The purpose of the loan was for the expansion and upgrading of preventative and curative health services in the country. It should be noted that the loan has concluded and the final repayment of US\$42,000 was paid during the year 2018.

### Internal Debt

84. The Internal Debt decreased by G\$8.250 billion, from G\$127.291 billion to G\$119.041 billion. This decrease was due mainly to:

- a) A decrease of Treasury Bills totalling G\$7.987 billion.
- b) The issuance of a non-interest bearing debenture totalling G\$14.671M.
- c) Principal repayment of an internal loan totalling G\$279.612M.

### Treasury Bills

85. For the period under review, the Bank of Guyana issued two new series of Treasury Bills, the G-Series and F-Series. There were ten G-Series Treasury Bills issued with a total face value of G\$42.895 billion and two F-Series with a total face value of G\$6 billion. These Treasury Bills were all properly reflected in the Statement of Public Debt as at 31 December 2018. However, it was noted that these amounts were deposited into the Consolidated Fund and not the Monetary Sterilisation Account.

**Ministry Response:** The Government of Guyana issued new Treasury Bills for the purpose of Fiscal Policy. The G Series matures in 364 days and the F Series matures in 182 days. The G and F Series were issued with effect from May and July 2018 respectively. Due to prudence both Series are deposited and repaid from the Consolidated Fund Bank Account aimed to reduce the overdraft of the Consolidated Fund Bank Account over time.

#### Other Matters

##### Computerisation of Public Debt Register

86. 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, 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 Response:** The Ministry of Finance has commenced the process of computerizing the activities of the Public Debt Section in 2014 with the use of the CS-DRMS. However, the MOF plans to operationalise the Domestic Debt Module and to use the system reports for reconciliation purposes. During 2019 training continued which is aimed at improving the skills of the staff as the system evolves.

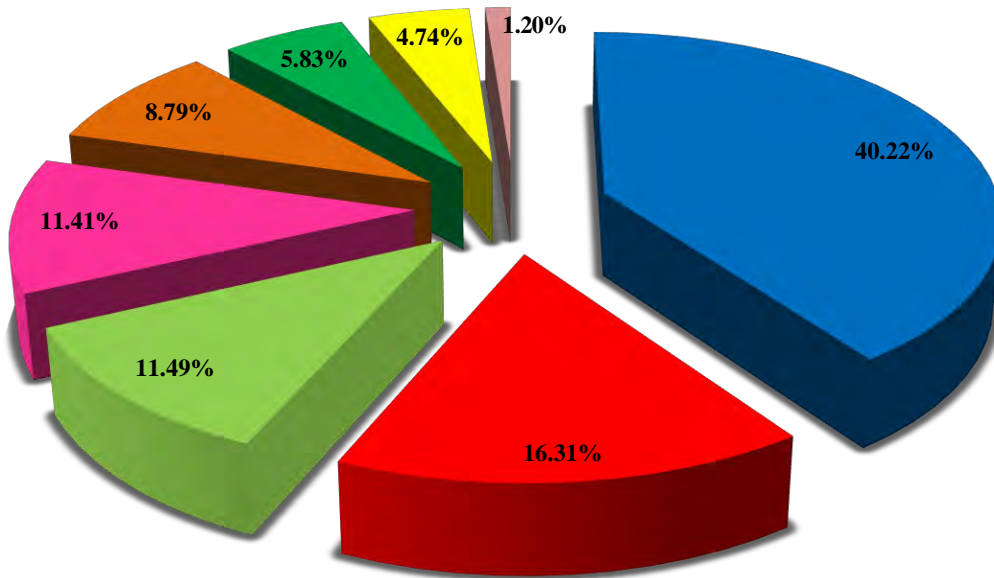
The preparation of the Public Debt Statement was done with the assistance of the CS-DRMS information and hence over time there will be less reliance on the manual records in the Public Debt Section as the CS-DRMS would become the single repository for all debt related transactions and the other manual registers will also be automated in the near future.

CS-DRMS integrates with financial systems and allows seamless exchange of debt related data for improving efficiency and accuracy of information. As such as the IFMIS System continues to evolve the Ministry intends to have an interface between the two systems for greater efficiency accountability and transparency which will align with the Public Financial Management.

87. 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 558 to 583 properly presents the Schedule of Public Debt for the year ended 31 December 2018.



## Public Debt- External Loans



■ IDB  
 ■ CHINA  
 ■ CDB  
 ■ NPC  
 ■ VENEZUELA  
 ■ IDA  
 ■ OTHERS  
 ■ INDIA

IDB	CHINA	CDB	NPC	VENEZUELA	IDA	OTHERS	INDIA	TOTAL
40.22%	16.31%	11.49%	11.41%	8.79%	5.83%	4.74%	1.20%	100.00%
\$109.441B	\$44.394B	\$31.271B	\$31.056B	\$23.921B	\$15.870B	\$12.885B	\$3.253B	\$272.091B

**Figure 4**

### APPROPRIATION ACCOUNTS OF HEADS OF BUDGET AGENCIES

88. The Appropriation Accounts of Head of Budget Agencies for the year ended 31 December 2018 in respect of the Current and Capital Appropriations for which they were responsible are shown on pages 2/1 to 2/196 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

89. The Statements of Receipts and Disbursements by Heads of Budget Agencies for the year ended 31 December 2018 are shown on pages 2/197 to 2/208 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

90. 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

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

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

### AGENCY 02 OFFICE OF THE PRIME MINISTER

#### Current Year Matters

#### Current Expenditure

#### Employment Costs

92. An examination of the Appropriation Account revealed that the sum of \$88.498M was expended on Employment Costs. This represents 14% of total current expenditure for the year under review. The table below shows the staffing details at the time of preparation of 2018 National Estimates versus actual staffing according to the payroll as at 31 December 2018:

Chart of Account	Description	National Estimates 2018	Actual as per Payroll 31.12.2018	Difference
6114	Clerical and Office Support	0	1	1
6115	Semi-Skilled Operatives	1	2	1
6116	Contracted Employees	28	24	(4)
Total		29	27	(2)

93. During the period under review, of the \$88.498M expended on Employment Costs for the Office of the Prime Minister, amounts totalling \$85.314M were paid to twenty-four 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 2018, there were a total of fifteen 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-four contracted employees according to the December 2018 payroll:

Salary Range \$	№. of Employees	Amount \$'000
Below 100,000	13	885
100,000 - 250,000	8	1,625
250,001 - 400,000	2	703
Above 400,000	1	411
Total	24	3,624

**Office's Response:** The Head of Budget Agency indicated that 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. The Office is currently in the process of completing the appraisal forms for submission to the Public Service Commission.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency continue the process of moving all eligible employees over to the Pensionable Establishment in keeping with circularised instructions. (2018/08)

Subsidies and Contributions to Local Organisations

94. According to the Appropriation Account the sum of \$429.102M was expended on subsidies and contribution during the year. The details of the expenditure are shown in the table below:

Details	Amount \$'000
Government Information Agency (GINA/DPI)	250,574
National Communications Network (NCN)	145,375
Integrity Commission	19,430
Salaries and deductions for two officers	13,598
Stipend for students	100
Purchase of boxes	15
Rent fees for PO Box	10
<b>Total</b>	<b>429,102</b>

95. Included in the sum of \$429.102M are amounts totalling \$415.379M which was disbursed to the Department of Public Information, Integrity Commission 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. The table below summarises the status of related audit reporting, including details on the progress of outstanding audits for these entities:

Entity	Amount Released for 2018 \$'000	Year of Last Audit	Years Laid in National Assembly	Remarks
Government Information Agency (GINA/DPI)	250,574	2013	2013	Financial Statements for 2014 -2017 received. Financial Statement for 2018 to be submitted.
Integrity Commission	19,430	2015	2014	Financial Statements for 2016 received. Financial Statements for 2017- 2018 to be submitted.
National Communications Network (NCN)	145,375	2017	2014	Financial Statement for 2018 received.
<b>Total</b>	<b>415,379</b>			

**Office's Response:** The Head of Budget Agency indicated that the reports will be sent to Parliament for laying in the National Assembly and efforts are being made to have the outstanding Financial Statements submitted for audit.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency ensure that all audited accounts are laid in the National Assembly promptly and all outstanding Financial Statements be submitted for audit. (2018/09)

Follow-up on the Implementation of Prior Year Audit Recommendations

96. The table below shows the prior year matters as contained in the Auditor General's 2017 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
2017/09	Breach of circularised instructions - contracted employees		√	
2017/10	Non - submission of Financial Statements		√	

AGENCY 03  
THE MINISTRY OF FINANCE

Programme 1 - Ministry Administration

Current Year Matters

Current Expenditure

Employment Costs

97. Examination of the Appropriation Account revealed that the sum of \$7.282 billion was expended on Employment Costs for the period under review. Included in this amount is the sum of \$7.141 billion which represents revision of wages and salaries for the entire Public Service for 2018, the balance of \$141M was expended on Employment Costs for the Ministry of Finance. The table below shows the staffing details at the time of preparation of 2018 National Estimates versus the actual staffing as at 31 December 2018:

Chart of Accounts	Description	National Estimates 2018	Actual as per Payroll 31.12.2018	Difference
6111	Administrative	4	5	1
6112	Senior Technical	1	1	0
6113	Other Technical and Craft Skilled	10	10	0
6114	Clerical and Office Support	28	38	10
6115	Semi-Skilled Operatives	5	9	4
6116	Contracted Employees	29	32	3
6117	Temporary Employees	1	0	(1)
6321	Subsidies & Contribution to Local Org.	0	28	28
Total		78	123	45

98. During the period under review, of the \$141M expended on Employment Costs for the Ministry of Finance, amounts totalling \$75.375M were paid to thirty-two contracted employees of which twenty-nine received salaries, vacation allowance and gratuity, while the remaining three received arrears in basic salary, 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 2018, there were a total of eight contracted employees below the age of forty-five 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 2018 payroll:

Salary Range \$	No. of Employees	Amount \$'000
Below 100,000	16	1,072
100,000 - 200,000	8	979
200,001 - 400,000	2	500
Above 400,000	3	2,066
Total	29	4,617

**Ministry's Response:** The Head of Budget Agency stated that in relation to the employees that should have been transitioned to the Pensionable Establishment (PE), five persons have been recruited on what is described as technical based appointment and specialised skills set, one person has been transitioned to the PE, one person is yet to be transitioned and one person is still awaiting the approval of PSC.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency continue the process of moving all eligible employees over to the Pensionable Establishment in keeping with circularised instructions. (2018/10)

Subsidies and Contributions to Local Organisations

99. According to the Appropriation Accounts, \$7.445 billion was budgeted for Subsidies and Contributions to Local Organisations for the period under review. However, this allocation was reduced to \$6.553 billion by way of a virement for \$892M. As at 31 December 2018, amounts totalling \$6.546 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 are subjected to separate financial reporting and auditing. Of the seven entities, the Guyana Association of Securities, Companies and Intermediaries, and Guyana Securities Council are audited by private auditors while the status of the other four entities are as follows:

Agencies	Current Amount \$'000	Last Audit Report	Last Report Laid in National Assembly	Remarks
Financial Intelligence Unit	100,758	2018	2014	Audit up to date.
National Industrial and Commercial Investments Limited	200,000	2013	-	Financial Statements for 2014 to 2016 submitted. Financial Statements for 2017-2018 not received.
Guyana Revenue Authority	5,466,080	2014	2006	Financial Statements for 2015 submitted. Financial Statements for 2016 - 2018 not received.
Bureau of Statistics	582,980	-	-	Financial Statements for 2004 - 2010 submitted. Financial Statements for 2011-2018 not received.
Total	6,349,818			

**Ministry's Response:** The Ministry of Finance noted the comment and indicated that it continues to engage the respective Agencies to make efforts to finalise and submit all outstanding Financial Statements.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency follow-up with National Industrial and Commercial Investments Limited, the Guyana Revenue Authority and Bureau of Statistics to have the outstanding Financial Statements submitted for audit and ensure that all outstanding audited accounts are laid in the National Assembly. (2018/11)

*Audit of the Accounts of the Guyana Lotteries Commission*

100. The Government of Guyana and Canadian Bank Note Ltd (CBN) entered into an agreement establishing a Government Lottery which was organised 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 was established in August 1996 by a Cabinet Decision, manages the Licence Fees receivable and ensure that amounts expended are within the National Sector and in accordance with the guidelines for access to the lottery funding.

101. The Lotteries Commission continued to receive proceeds from the National Lottery which were used to make payments approved by the Cabinet. The Commission is subject to separate financial reporting and auditing. The last set of audited accounts was for the year 2013.

102. According to the Receipts and Disbursements Statement of the Ministry of Finance, for 2018, the Ministry budgeted \$300M for Lottery Receipts under the category of Miscellaneous Revenue and an amount of \$326M was transferred from bank account No. 3119 to the Consolidated Fund. For 2017, the amount of \$500M was budgeted while amounts totalling \$334M 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.

103. The following is a summary of the bank statements for the years 2018:

Description	Amount 2018 \$'000	Amount 2017 \$'000
Opening balance	47,786	76,231
Proceeds received	715,322	466,758
Transfers to Consolidated Fund	(326,000)	(334,000)
Expenditure for various activities	(355,893)	(161,203)
Closing balance	81,215	47,786



104. According to the Cash Book, amounts totalling \$355.893M were expended as detailed in the table below:

Receiving Agency	Activities	Amount \$'000
Ministry of Presidency	Purchase of Relay screen for the hosting of the Women's World T20 Cricket matches	39,868
	Amount for Guyana's Independence Anniversary Celebrations 2018	34,723
	Funds for the purchase of National Flags for Durban Park and Stabroek Square	2,426
	Payment for expenses associated with cultural activities to celebrate Emancipation 2018	17,030
	Funding for 2018 Emancipation Festival scheduled to be held at the Union Cultural Complex	30,554
Atlantic Hotel Inc.	Hosting of the International Decade for People of African Descent Summit 2018	22,955
Frandec Travel Service	Payment for travel for invited guests for the hosting of the International Decade for People of African Descent Summit 2018	7,058
Ministry of Public Infrastructure	Funding for the construction of the Indian Arrival Monument at Palmyra	170,000
African Business Roundtable Inc.	Hosting of the first Guyana Green Economy International Business Summit at Princess Hotel	18,300
National Data Management Authority	Funds to provide Core IT and Telecommunications Infrastructure at the Guyana National Stadium for ICC World Women's T20 2018 tournament	7,303
Ministry of Social Cohesion	Guyana's participation in the 47 <sup>th</sup> Carifesta Games in Bahamas	5,676
Total		355,893

105. In the absence of audited Financial Statements for the years 2015 to 2018, it was not possible to verify the completeness, accuracy and validity of the revenue and expenditure for the Guyana Lottery Commission for those years. However, in August 2019 draft Financial Statements for the years 2015 to 2018 were submitted for audit and these audits are in progress at the time of reporting in September 2019.

**Ministry's Response:** The Head of Budget Agency indicated that draft Financial Statements for the period 2014 to 2018, along with supporting documents for the said period were submitted to the Audit Office via a letter dated 9 August 2019. It is anticipated that the completeness and accuracy of the revenue and expenditure for the Guyana Lottery Commission will be determined upon the completion of the audit. That determination will now cover the entire period covering 2014 to 2018.

**Recommendation:** The Audit Office recommends that Financial Statements are submitted promptly for audit examination. (2018/12)

Programme 2 - Public Financial Management

Employment Costs

106. Examination of the Appropriation Account revealed that the sum of \$463.119M was expended on Employment Costs for the period under review. The table below shows the staffing details at the time of preparation of the 2018 National Estimates versus actual staffing as at 31 December 2018:

Chart of Accounts	Description	National Estimates 2018	Actual as per Payroll 31.12.2018	Difference
6111	Administrative	24	23	(1)
6112	Senior Technical	2	3	1
6113	Other Technical and Craft Skilled	16	18	2
6114	Clerical and Office Support	34	48	14
6115	Semi-Skilled Operatives	0	0	0
6116	Contracted Employees	80	81	1
6117	Temporary Employees	1	1	0
6321	Subsidies & Contribution to Local Org.	0	0	0
<b>Total</b>		<b>157</b>	<b>174</b>	<b>17</b>

107. During the period under review, of the \$463.119M expended on Employment Costs, amounts totalling \$348.939M were paid to eighty-one contracted employees of which seventy-five employees received basic salary, vacation allowance and gratuity. The remaining six received arrears in basic salary, 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 2018, there were a total of fifty-one 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-five contracted employees receiving basic salaries according to the December 2018 payroll:

Salary Range \$	№. of Employees	Amount \$'000
Below 100,000	5	451
100,000 - 200,000	27	3,813
200,001 - 300,000	20	5,127
300,001 - 400,000	11	4,141
Above 400,000	12	7,319
<b>Total</b>	<b>75</b>	<b>20,851</b>

**Ministry's Response:** The Head of Budget Agency stated that of the fifty-two contracted employees below the age of forty-five, three have so far been transitioned to the Pensionable Establishment (PE), one has not met the requirements to be placed on the PE while the remaining forty-eight is as a result of staff with specialised skills for key and critical positions. In concurrence with the Department of Public Service, the requisite approval was issued for these contracted employees to promote retention and to attract a cadre of personnel to assist the Ministry of Finance as it continues to reform Public Financial Management which is geared to improve institutional capacity, maximise performance and impact, improve transparency and accountability, and ultimately improves government performance.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency continue the process of moving all eligible employees over to the Pensionable Establishment in keeping with circularised instructions. (2018/13)

#### Current Revenue

108. The sum of \$18.937 billion represents current revenue estimated to be collected for the fiscal year 2018. Examination of the Statement of Receipts and Disbursements (Current) revealed that total revenue actually collected and paid into the Consolidated Fund was \$16.764 billion. This represents a decrease of 11.47% 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>409,940</u>	<u>403,783</u>	<u>(6,157)</u>
Revenue Stamps	407,885	401,958	(5,927)
Cheques	2,055	1,825	(230)
<u>Other Tax Revenue:</u>	<u>3,305</u>	<u>17</u>	<u>(3,288)</u>
Rice Levy	0	0	0
Auction Duty	3,305	17	(3,288)
<u>Interest:</u>	<u>1,002,049</u>	<u>753,297</u>	<u>(248,752)</u>
Other Loans and Advances	2,049	3,297	1,248
Loans to Public Corporations	1,000,000	750,000	(250,000)
<u>Rents and Royalties:</u>	<u>4,604,972</u>	<u>4,276,843</u>	<u>(328,129)</u>
Fees	0	0	0
Royalties	4,604,972	4,276,843	(328,129)
<u>Dividends and Transfers:</u>	<u>11,200,000</u>	<u>8,532,282</u>	<u>(2,667,718)</u>
Bank of Guyana Profits	3,700,000	3,332,282	(367,718)
Dividend from Non - Financial Institutions	1,200,000	1,200,000	0
Special Transfers from Statutory and Non - Statutory Bodies	6,300,000	4,000,000	(2,300,000)
<u>Miscellaneous:</u>	<u>1,717,091</u>	<u>2,798,077</u>	<u>1,080,986</u>
Guyana R.E.D.D Investment Fund	0	0	0
Sundries	1,392,691	2,446,717	1,054,026
Lottery Receipts	300,000	326,000	26,000
Pension Contributions - Seconded Officers	0	554	554
Pension Contributions - Legislators	24,400	24,806	406
Total	18,937,357	16,764,299	(2,173,058)

109. 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 2018.

110. The amount of \$4 billion reflected as Special Transfers from Statutory and Non-Statutory Bodies was received from the Guyana Geology and Mines Commission, Guyana Civil Aviation Authority and Deeds and Commercial Registries Authorities.

111. The sum of \$1.393 billion was recorded in the 2018 Statement of Receipts and Disbursements (Current) as estimated Sundries Receipts, while the sum of \$2.447 billion was paid into the Consolidated Fund, which includes refunds of revenue, refund of unsupplied goods, refunds from overseas trips, refunds on insurance, refunds from releases issued for Employment Costs and other operational expenses, refund of unused capital releases fund for project, funds transfer from pension contributions, refund of cheques, refund on gratuity, closure of Petrocaribe account, refund of overpayment and refund from sale of unserviceable articles.

## Capital Revenue

112. 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 2018 as shown in the table below:

Loans	Statement of Public Debt \$'000	Statement of Receipts and Disbursements \$'000	Difference \$'000
Caribbean Development Bank	1,396,742	1,196,024	200,718
Export-Import Bank of China	9,607,878	9,000,000	607,878
Inter-American Dev. Association	8,692,352	912,940	7,779,412
Inter-American Dev. Bank	7,596,281	5,269,748	2,326,533
International Fund for Agricultural Development	166,800	15,740	151,060
Export-Import Bank of India	151,580	152,575	(995)
Caricom Development Fund	759,774	711,000	48,774
<b>Total</b>	<b>28,371,407</b>	<b>17,258,027</b>	<b>11,113,380</b>

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

**Recommendation:** The Audit Office urges that the Ministry of Finance comply with the cash basis of accounting as it relates to revenue collection. (2018/14)

113. With respect to External Grants, amounts totalling \$9.227 billion were budgeted to be collected for 2018, however only \$7.573 billion was collected, resulting in a shortfall of \$1.654 billion. However, the reason/s for the non-expenditure was not provided for audit. Included in this shortfall were four grants for which \$423M was budgeted to be collected, however no monies were collected as detailed in the table below:

External Grants	Budgeted Amount \$'000
Germany - Guyana Protected Area	100,000
United Nations - Support to Sustainable Development	210,000
Mexico	73,000
Islamic Development Bank	40,000
<b>Total</b>	<b>423,000</b>

**Ministry's Response:** The Head of the Budget Agency stated that the shortfalls were as a result of delays in procuring a consultant to undertake scoping for infrastructural improvements required in targeted protected areas for the Grant from Germany. The UNDP Grant encountered difficulties with obtaining information from UN partners on SDGs related expenditure. Two projects were scheduled to be funded by Mexico, however, only one has reached project preparation phase whilst the other proposal is still to be approved. Two projects were scheduled to be funded by IsDB, however, due to the steep learning curve associated with the IsDB policies and procedures only the Palms project commenced, and procurement was completed in 2018.

Overseas Conference and Official Visits

114. 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 2018 there were seven advances totalling \$2.887M still outstanding at the time of reporting. In addition, there were twenty-nine advances totalling \$6.802M and forty-one advances totalling \$11.862M for 2017 and 2016 respectively, which were still outstanding at the time of reporting in September 2019.

**Ministry's Response:** The Head of Budget Agency indicated that joint reconciliation exercise is still in progress with a view to alter the current position of outstanding advances.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency continue its efforts to have the outstanding advances cleared within the stipulated time-frame. (2018/15)

Capital Expenditure

115. The sum of \$4.427 billion was budgeted for in 2018 to execute the capital programme of the Ministry. Supplementary Provision totalling \$537.809M were approved, increasing the budgetary allocation to \$4.965 billion. According to the Appropriation Accounts, the sum of \$4.401 billion was expended, leaving an unspent amount of \$564M. Shown in the table below is the shortfall in capital expenditure for 2018:

Description	Total Funds Available \$'000	Expenditure \$'000	Shortfall \$'000
Technical Assistance	112,512	67,095	45,417
National Payment System	63,280	33,485	29,795
Institutional Strengthening	45,887	11,690	34,197
Fiscal Management Modernisation	20,000	2,535	17,465
Statutory Bodies	1,351,010	1,157,902	193,108
Buildings/Minor Works	198,462	180,577	17,885
Acquisition of Equity	50,000	50,000	0
Low Carbon Development Programme	1,840,297	1,840,297	0
Others	1,283,576	1,057,643	225,933
<b>Total</b>	<b>4,965,024</b>	<b>4,401,224</b>	<b>563,800</b>

### Technical Assistance

116. The sum of \$65M was budgeted in 2018 to facilitate two Technical Assistance (TC) Projects. A Supplementary Provision of \$47.512M was approved, taking the revised allocation to \$112.512M. One TC was funded by the Inter-American Development Bank. For 2018, the amount of \$55M was budgeted while there was an approved Supplementary Provision of \$47.512M for: (a) modernisation of public procurement system; and (b) strengthening of public financial management systems. However, only amounts totalling \$67.095M were expended, resulting in a shortfall of \$35.417M. The other TC was to be financed by Caribbean Development Bank (CDB) and the sum of \$10M was budgeted in 2018 for: (a) conduct assessment of well-being of the population; and (b) development of recommendations on policies and strategies to reduce poverty in Guyana. However, as at 31 December 2018, the budgetary allocation was not expended.

**Ministry's Response:** The Head of Budget Agency indicated that under this TC project two key consultancies were delayed namely the assessment of the IFMIS system and capacity building for procurement planning; hence the shortfall. The other Technical Assistance Caribbean Development Bank (CDB) "*Country Poverty Assessment*" which focuses on analysis of key poverty data sets awaits the completion of an ongoing IDB interventions which is assisting in the creation of a Poverty Unit and collection of data.

### National Payments System

117. The sum of \$63.280M was budgeted for: (a) establishment of National Payments System infrastructure at Bank of Guyana, Guyana Revenue Authority, National Insurance Scheme and Accountant General's Department; and (b) legislative and policy reform. The allocation for the year 2018 was to be financed by International Development Association. However, only amounts totalling \$33.485M were expended, resulting in a shortfall of \$29.795M.

**Ministry's Response:** The Head of Budget Agency indicated that there were delays in finalising and tendering National Payment System hardware and software.

### Institutional Strengthening

118. The sum of \$45.887M was budgeted for the project in 2018. The project entails provision for studies to re-establish capacity for national planning and the National Development Bank. The amount of \$44.887M was to be financed by Caribbean Development Bank while the sum of \$1M was funded by Government. As at 31 December 2018, the sum of \$11.690M was expended, resulting in a shortfall of \$34.197M.

**Ministry's Response:** The Head of Budget Agency indicated that the expenditure incurred related to a Market Demand Study for the re-establishment of a National Development Bank; final payment of approximately \$4M was delayed due to the protracted process related to the acceptance of the final report. On the other hand, the Capacity for Development Planning consultancy continued to face challenges as the Government of Guyana and the Caribbean Development Bank were unable to secure a suitable qualified candidate which resulted in the project being retendered and currently being evaluated.

### Fiscal Management Modernisation

119. The sum of \$20M was budgeted for: (a) strengthening Guyana Revenue Authority; (b) modernisation of Valuation Division; and (b) capacity building and change management. The allocation for the year 2018 was to be financed by Inter-American Development Bank (IDB). However, only amounts totalling \$2.535M were expended, resulting in a shortfall of \$17.465M.

**Ministry's Response:** The Head of Budget Agency indicated that the assessment and a strategic plan for the Valuation Division commenced, however outputs were delayed due to illness of consultant. Whereas, the GRA component was re-programmed after activities were completed with other Technical Assistance support, including CARTAC.

**Recommendation:** The Audit Office recommends that where applicable, the Head of Budget Agency should monitor the execution of its programme more closely, with a view of achieving its goals. (2018/16)

### Statistical Bureau

120. Included in the amount of \$1.351 billion shown as expenditure under statutory bodies is the sum of \$120M which was budgeted for support to Bureau of Statistics, of which \$40M was locally funded, while the amount of \$80M to be financed by Inter-American Development Bank for the purpose of: (1) (a) Labour Force Survey; (b) Institutional Strengthening and Capacity Building; and (2) purchase of vehicle, furniture and equipment. As at 31 December 2018, amounts totalling \$118.920M were expended, resulting in a shortfall of \$1.080M.

121. 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 2018 were not submitted for audit.

**Ministry's Response:** The Head of Budget Agency explained that the project was granted an extension to March 2020 as a result of delays in National Strategy for the Development of Statistics, associated staff training and procurement of hardware and software. The Ministry of Finance have engaged the Statistical Bureau on the submission of the Financial Statements and to date 2004 to 2010 were re-prepared and submitted for the audit. The preparation of the statements for 2012 and onwards is currently in progress.

**Recommendation:** The Audit Office recommends that the Bureau of Statistics ensure that all outstanding Financial Statements are prepared and submitted promptly for audit. (2018/17)



### Guyana Revenue Authority

122. Also, included in the amount of \$1.351 billion shown as expenditure under statutory bodies, is the sum of \$850M which was budgeted for: (a) completion of buildings at Anna Regina, New Amsterdam and Corriverton and implementation of Total Revenue Integrated Processing System (TRIPS) and Automated System for Customs Data (ASYCUDA) softwares; (b) upgrading of Regional tax offices; and (c) provision for furniture and equipment. As at 31 December 2018, the full amount was issued to Guyana Revenue Authority (GRA). The GRA is subjected to separate financial reporting and audit. At the time of reporting, the audit for the year 2015 was in progress. However, Financial Statements for the years 2016 to 2018 were not submitted for audit.

**Ministry's Response:** The Head of Budget Agency indicated that the Ministry of Finance continue to engage GRA for the finalisation and submission of the outstanding Financial Statements.

**Recommendation:** The Audit Office recommends that the Guyana Revenue Authority ensure that all outstanding Financial Statements are prepared and submitted promptly for audit. (2018/18)

### Low Carbon Development Programme

123. The sum of \$1.350 billion was budgeted in 2018 for: (1) Amerindian Land Titling; (2) Amerindian Development Fund for village economy; (3) Micro and Small Enterprise Development; (4) adaptation projects including rehabilitation of Cunha Canal; (5) Institutional Strengthening; (6) Information and Communication Technology Access and E-Service for Hinterland, Poor and Remote Communities; (7) Sustainable Land Management and Development; (8) Green Economy Development Strategy; and (9) Other Intervention and studies. A Supplementary Provision of \$490.297M was approved taking the revised allocation to \$1.840 billion. According to the Appropriation Account the entire budgeted amount was expended during 2018.

### Prior Year Matters

124. 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.

**Ministry's Response:** The Head of Budget Agency indicated that these matters are still engaging the attention of the Court.

125. 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.

**Ministry's Response:** The Head of Budget Agency indicated that this matter is still on-going in the Court.

126. 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.

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

### Integrated Financial Management and Information System

127. 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).

128. 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.

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

No.	Name of Modules	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	Partially implemented in 2018

130. 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.

131. 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 upgraded by eGov/National Data Management Authority to make the system more secure and reliable.

132. 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.

133. In January 2018, an upgraded budget execution and monitoring system was implemented.

134. 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 includes the following which was partially implemented:

- 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); and
- Capacity Building.

*The following were not implemented at the time of reporting:*

- Sector Policy and Planning;
- Multi-Year Sector Performance Monitoring;
- Purchasing & Procurement (Increase control and efficiency in government procurement, vendor management, and related transparency initiatives);
- Accounts Receivable (Revenue projections; loans, grants, taxes);
- Sovereign Debt; and
- 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).

**Ministry's Response:** The Head of Budget Agency explained that the Ministry of Finance continues to increasingly explore methods and systems to modernise and improve Public Financial Management (PFM). Additionally, efforts have been directed towards strengthening PFM Systems, including re-engineering of business processes and the restructuring of the Government's Chart of Account that would be more aligned with the reforms that are considered prerequisites towards the adoption of the International Public Sector Accounting Standards (IPSAS).

**Recommendation:** The Audit Office recommends that the Accountant General's Department continue its efforts to have the Government Accounting System business processes updated and implemented to ensure transparency and accountability of public finances. (2018/19)

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

135. 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.

136. 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.

137. 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: (a) the making of regulations governing the procurement of goods and services; (b) determining the forms of documents for procurement; (c) reporting annually to the Minister of Finance on the effectiveness of the procurement process; (d) organising training seminars regarding procurement; and (e) adjudicating debarment proceedings.

138. 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 (Schedule 1 of the Regulations).

139. 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.

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

141. 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:** The Head of Budget Agency explained that despite the best efforts of NPTAB, there has still not been a marked improvement in the reporting on contracts exceeding \$1.5M. In December 2018, NPTAB issued another circular in this regard, including a format for the submission of the information electronically. This circular was again sent out in January and February 2019. To reinforce the above efforts, NPTAB has begun placing an attachment entitled "*Data for Publication of the Contract Award on NPTA Website*" to all approval letters for contracts above G\$1.5M. The attachment provides information on the award including the contract description and the contract value. The procuring entity is expected to enter the date the contract was signed and return the form to NPTAB.

**Recommendation:** The Audit Office recommends that the NPTAB continue its efforts to have all Agencies adhere to the Procurement Act. (2018/20)

142. 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:** The Head of Budget Agency explained that NPTAB continues to make efforts to ensure that persons appointed as evaluators have the expertise to perform the task. During 2018, NPTAB held training sessions for evaluators in Administrative Regions 5, 6, 7 and 8. A total of 70 evaluators was trained. In November 2018, a training session for evaluators was held in collaboration with the IADB. Thirty-nine evaluators from several key procuring entities received the training. This is an ongoing exercise. Guidance is also given to evaluators on a case by case basis. When evaluation reports are found wanting, NPTA routinely points out the deficiencies and requests that the evaluation teams review their submissions.

**Recommendation:** The Audit Office recommends that the NPTAB continue its efforts to have all agencies adhere to the Procurement Act 2003. (2018/21)

143. 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

144. The table below shows the prior year matters as contained in the Auditor General's 2017 Report and action taken by the Head of Budget Agency regarding the recommendations made by the Audit Office.

Rec. №.	Category of Findings	Recommendations		
		Fully Implemented	Partially Implemented	Not Implemented
2017/11	Breach of circularised instructions - contracted employees		√	
2017/12	Breach of FMA Act - No supporting documents	√		
2017/13	Non-submission of Financial Statements		√	
2017/14	Non-submission of Financial Statements		√	
2017/15	Breach of circularised instructions		√	
2017/16	Outstanding Conference Advances		√	
2017/17	Shortfall in Expenditure		√	
2017/18	Shortfall in Expenditure		√	
2017/19	Shortfall in Expenditure		√	
2017/20	Shortfall in Expenditure		√	
2017/21	Breach of Stores Regulations - Safeguarding of assets	√		
2017/22	Non - submission of Financial Statements			√
2017/23	Non - submission of Financial Statements			√
2017/24	Non implementation of IFMAS Modules		√	
2017/25	Breach of the Procurement Act		√	
2017/26	Breach of the Procurement Act		√	

## GUYANA REVENUE AUTHORITY

145. 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: (a) the Customs and Excise Department; and (b) the Inland Revenue Department; and later, the addition of the Value Added Tax Department in 2007. The functions of the three departments are governed by the Customs Act 82:01, Income Tax Act 81:01 and the Value Added Tax Act No. 10 of 2005 respectively.

146. 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 was 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.

147. 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.

148. 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. As at September 2019, the Authority operates using TRIPS. However, the Authority is in pursuit of a tested and proven modern tax administration solution Revenue Management System (RMS) for the replacement of TRIPS. In addition, it is in the implementation phase of the ASYCUDA World (AW) for its customs functions.



## Customs and Trade Administration

### ASYCUDA World (AW)

149. The ASYCUDA World (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 modernisation of manifests, customs declarations, accounting procedures, transit, suspense procedures, etc.

150. It comprises two core Modules - e-Manifest and the Electronic Single Administrative Document (e-SAD) that was scheduled for pilot site live operations in March (manifest) and July (declaration), rollout/full deployment in September, after which the full deployment is slated for January 2019. At the time of reporting in September 2019, the Authority has commenced and is using the ASYCUDA World (AW). Six of the functions are fully functional, while the remaining fourteen functions are in progress. See details on table below:

Name of Module	Purpose	Remarks
1. e-Manifest		
e-Manifest	Cargo for transport, commercial and regulatory. It is a control tool to ensure that the manifested cargo is accounted for.	Fully functional
2. Electronic Single Administration Document (e-SAD)		
(e-SAD)	It serves as the nucleus of AW and accommodates processing of imports, exports, warehousing, temporary admission/imports, transit and other customs formalities where different forms were formerly used.	
	<ol style="list-style-type: none"> <li>1. ASYCUDA Waybill</li> <li>2. Commercial Imports e-SAD (C72e)</li> <li>3. Tax Exemption Module with CG Letters</li> <li>4. Exxon Blanket CG Letters</li> <li>5. CARICOM Imports</li> <li>6. Warehousing</li> <li>7. Automated C25</li> <li>8. Developed SOP's</li> <li>9. Developed Automatic Reports</li> <li>10. Partial Scope Trade Agreements</li> <li>11. Simplified SAD (Personal Effects)</li> <li>12. Motor Vehicle Imports</li> <li>13. IMD replacement for PID - Perishable/Fuel</li> <li>14. Prior to Processing (PTP)</li> <li>15. Implementation of Fines</li> <li>16. Exports</li> <li>17. Post Clearance Module</li> <li>18. Offence Module</li> <li>19. Declaration Tracker Component</li> <li>20. E-Payment Module</li> </ol>	<p>Fully functional</p> <p>Fully functional</p> <p>Fully functional</p> <p>Fully functional</p> <p>Fully functional</p> <p>Fully functional</p> <p>Pending</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>90% Implemented</p> <p>Additional configuration</p> <p>Awaiting decision from Management</p> <p>Ongoing discussion</p> <p>85% Implemented</p> <p>Awaiting assistance from UNCTAD</p> <p>Awaiting assistance from UNCTAD</p> <p>Awaiting assistance from UNCTAD</p> <p>Awaiting source Code</p>

151. The estimated cost for the implementation of ASYCUDA World (AW) in Guyana is US\$2.100M. At the time of reporting, US\$1.890M were paid and the final payment of US\$0.210M is to be made upon satisfactory completion of the Rollout Phase.

**Authority's Response:** The Head of the Authority explained that in relation to the cost of the project, The Finance Division along with Information Technology departments would be in a better position to confirm payments since the AW NPT is not involved in the payment arrangements.

152. It is necessary for the taxpayer to know that with the implementation of the ASYCUDA World (AW), stakeholders (Businesses, Brokers and Individuals) will need to have recommended operating computer systems that are compatible and have the technical requirements and internet connection before accessing and using the ASYCUDA World (AW). In addition, all importers (government officials, businesses, individuals, etc.) will need a licenced broker to facilitate its imports despite the nature of the item.

**Authority's Response:** The Head of the Authority indicated that the ASYCUDA World (AW) System requires training and an examination and once successful, a user login name and password. However, a recent decision was taken to set up a Help Desk in the TEP&VD and this will provide a service to public officers/officials as well as persons with disabilities who are granted tax exemptions on motor vehicles. This will reduce the cost of brokerage for these categories of importers.

**Recommendation:** The Audit Office recommends that the Authority continue its efforts to improve its services to its taxpayers and to put systems in place to help reduce the brokerage fees that will be incurred because of ASYCUDA World (AW). (2018/22)

#### Revenue Collection

153. The following table provides a comparative analysis of estimated and actual amounts collected and paid into the Consolidated Fund as reflected in the Statement of Receipts and Disbursements - Customs and Trade Administration, for the fiscal year ended 31 December 2018.

Line Items	Description	Approved Estimates \$'000	Amount Collected & Paid into Consol. Fund \$'000	(Under)/Over Estimates \$'000
5011	Import Duties	17,005,034	19,320,643	2,315,609
5021	Export Duties	24,740	32,824	8,084
5031	Stamp Duties	24,181	29,329	5,148
5051	Alcoholic Beverages	0	0	0
5063	Betting Shops	0	119,054	119,054
5072	Environmental Levy	1,771,676	1,978,609	206,933
5079	Miscellaneous & Other Taxes	180,244	287,184	106,940
5081	Overtime Fees	166,764	222,938	56,174
5082	Departmental Fines	130,294	157,236	26,942
5083	Warehouse Rent & Charges	21,348	19,752	(1,596)
5084	Liquor Licence	39,600	23,698	(15,902)
Total		19,363,881	22,191,267	2,827,386

154. As shown in the table above, amounts totalling \$19.364 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 \$22.191 billion. This represents a positive variance of 14.6%, equivalent to \$2.827 billion. Notwithstanding the positive performance, there were shortfalls for the revenue categories of Warehouse Rent and Charges and Liquor Licence totalling \$17.858M. To note, Import Duties represents 81.9% of this increase during the year.

***Authority's Response:*** The Head of the Authority indicated that the inadequacy of space in the current warehouse and the expense associated with the removal of cargo to that location has resulted in an accumulation of goods at the privately run transit sheds. These goods are sold to recover the duties and taxes. Proportions of the want of entry goods were also disposed of by way of destruction as same was perishable, this meant no storage/rent and charges were collected. The revenue collected on the want of entry goods and vehicles sold at auction is not reported as warehouse rent and charges, as the said charges are subsumed within the sale price, which addresses the duties and taxes due. In relation to the Liquor Licensing fees, the LRO and LEID may conduct enforcement exercises to enforce compliance at their earliest opportunity.

*Import Duties*

155. Import Duties contributed significantly to the positive variances. The total Import Duties collected in the period January to December 2018 amounted to \$19.321 billion or 87.1% of the total revenue collected by Customs. This represents a positive variance of \$2.316 billion or 13.6% above the Approved Estimates collections for the period and \$3.048 billion or 13.4% above the Import Duties collected in the corresponding period of 2017.

156. An overview of the past three years' revenue collected and budgeted amounts revealed that the Authority increased each year by approximately 13% despite the constant trend of positive increases over the period. See details below:

Year	Budgeted \$'000	Collected \$'000	Variances \$'000	Percentage Increase
2016	13,100,000	14,887,118	1,787,118	13.64
2017	14,354,652	16,272,912	1,918,260	13.36
2018	17,005,034	19,320,643	2,315,609	13.62

**Authority's Response:** The Head of the Authority indicated that the GRA's collections data for Import Duties is consistent with the Auditors observations. However, while the percentage increase appears consistent at 13% over the budgeted revenues, it is reflective of increase performance in the collection of import duties by the CE&TO given that the budgeted level of collections also increased annually. The Increases is associated with an increased level of importation of goods.

*Permits for Immediate Delivery*

157. In relation to import duties, 589 transactions with estimated duties and taxes totalling \$37.090 billion were facilitated through the Permit for Immediate Delivery (PID) system. Regulation 50 (9) made under the Customs Act 82:01 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.

158. The 589 PIDs issued with estimated duties and taxes totalling \$37.090 billion were entered on an average of thirty days after the stipulated period. Similarly, in 2017, 655 entries with assessed duties and taxes totalling \$29.370 billion were entered on an average of forty-two days after 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 indicated that a number of issues affected the timely processing of Customs documents to perfect PID's during the period under consideration. These included: (a) awaiting tax exemption letter; (b) awaiting Caricom Origin Certificate; (c) Major Oil Companies indicating a delay in the clearance of cheques; and (d) Expiration of CG Letters by beneficiaries who were granted exemption letters before the exemption was fully utilised. In addition, significant amount of the PIDs that were not perfected were issued to Government Agencies who declared that they did not have the budgeted funds to address the VAT payments in a timely manner. Several follow-up meetings were held with these organisations to address the outstanding position. A number of initiatives were implemented by the CE&TO to reduce the processing time, including the issuing of Demand Letters.

**Recommendation:** The Audit Office recommends that the Authority continue to put systems in place to ensure that the requirements of the Customs Regulations as it relates to PIDs are fully complied with. (2018/23)

159. The Authority continue to experience difficulty in having PIDs perfected in the stipulated time frame. During the year under review, the Authority failed to perfect sixteen PIDs with estimated duties and taxes totalling \$202.948M. Similarly, during the years 2015-2017, the Authority failed to perfect thirteen PIDs with estimated duties and taxes totalling \$14.348M. This 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 indicated that their records show that there are no outstanding documents for the period under review (2018). However, four declarations were cancelled and all others were perfected. In addition, they are no outstanding documents for the period 2015 to 2017. However, twelve declarations were cancelled and all others were perfected.

**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 and to continue its efforts to have all PIDs perfected in the stipulated timeframe. (2018/24)

160. 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, it could not ascertain the dates PIDs were perfected for 371 entries with estimated duties and taxes totalling \$12.526 billion. At the time of reporting in September 2019, the dates perfected were not recorded. As a result, it was difficult to ascertain whether there was adherence to the criteria regarding the system for PIDs.

**Authority's Response:** The Head of the Authority indicated that they are in agreement with the auditors' comments, continuous actions to update the records is being affected. Additionally, it is of note that with the implementation of the ASYCUDA System, the Commissioner has approved the suspension and issue of PID's to persons who were previously approved to utilise the system. In ASYCUDA, this will be facilitated with the IMD4 Module, which will allow for advance payments.

**Recommendation:** The Audit Office recommends that the Authority ensure that the PID Register is updated with all necessary information. (2018/25)

### Environmental Levy

161. 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 unit of metal, plastic or glass container of any alcoholic or non-alcoholic beverages or water, whether imported locally, manufactured or produced in Guyana. This policy became effective on 1 February 2017.

162. The total environmental levy collected for the period January to December 2018 amounted to \$1.977 billion or 9% of the total revenue collected by Customs. It represents a positive variance of \$206.933M or 11.7% above the Approved Estimates. Collections from local manufacturers accounted for \$1.023 billion or 51.7% of the total amount collected.

**Authority's Response:** The Head of the Authority explained that based on the observations for the fiscal year January to December 2018 for Environmental Levy \$1.977 billion or 9% of the total revenue collected by Customs is confirmed accurate. The variance outlined of \$206.933M or 11.7% above the approved estimate is correct. \$1.023 billion of Environmental Levy or 51.70% collected from local manufactures is also confirmed correct.

Reason(s) for variance:

- i. this significant increase of revenue was contributed to the new Amended Customs Regulations for Environmental Levy on all local manufactures within Guyana producing local beverages (alcohol or non-alcoholic) products. Previously, Environmental Levy was only imposed on imports until a legal challenge necessitated changes to the legislation;
- ii. Customs Officers conducted Environmental Levy compliance visits on local manufactures within various regions for the submission of levy returns. Further, visits were conducted at manufacturing facilities to inspect the production process of bottles and verified local manufactures levy returns documents; and
- iii. verification & examination activities are conducted on imported consignments of alcohol or non-alcoholic beverages (boxes, cans, bottles, etc.).

### Seizures

163. Standard Operating Procedures that were established in accordance with Section 223 - 227 of the Customs Act 82:01, require that a file be opened and maintained for all cases of seizures until the matter is finalised. At the time of reporting in September 2019, for the years 2015 to 2017, a total of 205 seizure files remained opened. During the year 2018, the Authority failed to close, 101 files from a total of 425 files. Of the 101 files not closed were pending sale of seizures, disposal of assets and the payment of fines and taxes estimated at \$144.222M. The table below shows the status of the files for the years 2015 - 2018:

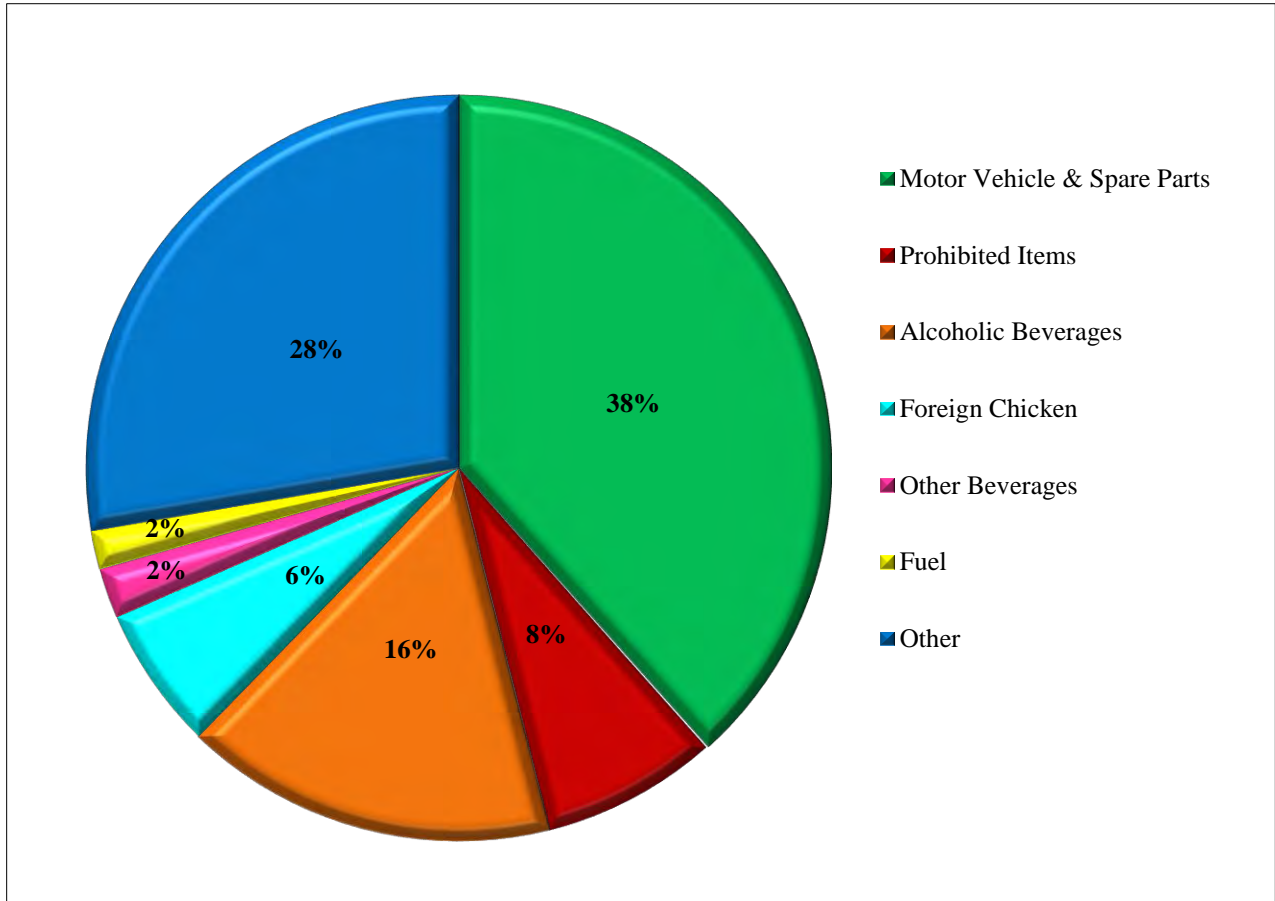
Year	№. of Seizures	№. of Files Closed	№. of Files Not Closed
2015	306	283	23
2016	412	329	83
2017	361	262	99
Sub-Total	1,079	874	205
2018	425	324	101
Total	1,501	1,198	306

**Authority's Response:** The Head of the Authority indicated that as seen in the table above in 2018 the Division has **closed** over 76% of the files opened for that year. However, most of the files not closed are as a result that, inter alia, some matters are engaging the Court's jurisdiction, while some offenders who opted to settle matters in lieu of court proceedings are yet to effect payments. With respect to the earlier years, these files are yet to be closed for the very same reasons stated above and the fact that some of the offenders are yet to be located to effect payment. Notwithstanding same, the Division will continue to work assiduously to locate these individuals and have these files closed.

**Recommendation:** The Audit Office recommends that the Authority continue 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. (2018/26)

164. Of the 425 seizure files opened in the year 2018, ninety-four or 22% were in relation to the seizure of alcoholic beverages and foreign chicken, while the remaining 331 files were in relation to motor vehicles and spare parts, prohibited items, other beverages, fuel, etc. The chart below gives details of the categories of seizures in 2018.

## Categories of Seizures



**Figure 5**



165. The Authority continue to experience 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 2018, amounts totalling \$207.087M, \$57.631M and \$68.163M were collected as additional duties and taxes, fines and conveyances and sale of seizures, respectively.

**Authority's Response:** The Head of the Authority indicated that the Department has addressed the processing of seizures in a more expeditiously manner over the past few years. It must be noted, however, that seizures are generally disposed in accordance with the provisions of section 225 of the Customs Act, Chapter 82:01. In view same processing of seizures may be delay, in some instances, as a result of, inter alia, ongoing investigations, ongoing court matters, awaiting payment of outstanding liabilities. 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 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. (2018/27)

166. A sample of eighty-seven seizure files was examined, of which, the following observations were made:

- a) The Authority is not consistent in administering the 'Conveyance' charges on taxpayers who breached the law. It was observed that three taxpayers were exempt from this charge. To note, two of the three were boats that attract a very high conveyance fee.

**Authority's Response:** The Head of the Authority indicated that the in accordance with the Customs Act Chapter 82:01, the Commissioner-General has wide discretionary power to, inter alia, accept compensation, as he sees fit, in lieu of Court Proceedings. Thus, 'Conveyance' and fines imposed may vary, based on the specific nature of a particular situation. By virtue of that section, he is, at all material times, duly authorised and can waiver any fines altogether.

- b) Persons would write the Commissioner-General requesting to buy seized alcoholic beverages. However, on two occasions large amounts of seized alcoholic beverages were sold to a business person of which, there is no letters of request to purchase these alcohols from the Authority. To note, the alcoholic beverages were sold below the actual tax by \$970,024.

**Authority's Response:** The Head of the Authority indicated that the investigation files are approved by the Commissioner-General with a recommendation to dispose of the alcoholic beverage by way of sale. This approval means that the items can be sold to a person or business that is licenced to sell such items or any person can write to the Commissioner-General requesting permission to purchase the item. In addition, LEID has an approved selling price list for alcoholic beverage. The items are disposed using the approved price. In some instances, the seizures are sold at lower prices depending on their state of deterioration, and expiration date.

- c) In addition, as a customary by the Authority, seized foreign chicken are donated to Government Ministries, mainly Ministry of Public Health and the Prison Services. However, it was observed that, no documentation is prepared and place into the IR files to provide assurance that the items are disposed of accordingly.

**Authority's Response:** The Head of the Authority indicated that handover statements are placed in the investigation files. The majority of the handover statements were placed in the files. However, a few may not have been placed in the files at the time the Auditors conducted the audit. All handover statements are currently placed in each file.

**Recommendation:** The Audit Office recommends that the Authority dispose of items and goods and ensure that all relevant documentation are placed in the IR files for audit examination. (2018/28)

167. A physical inspection conducted on 17 July 2019 at the Enforcement and Investigation Department Bonds at Corriverton, Berbice revealed the following deficiencies:

- a) The bonds are in poor condition. One of the bonds does not have any ventilation and poisonous substances, alcohol, coil, etc. are stored therein. This is a fire and health hazard.
- b) Items seized and detained for prior years are not properly stored and labelled with Seizure or Detention Notices. As a result, it was not possible to verify items seized and detained in the bonds for prior years.
- c) There are large quantities of prohibited and restricted items such as poisons, coils, Styrofoam boxes, etc. stored therein.

**Authority's Response:** The Head of the Authority indicated that LEID Office at Bank Road, Springlands, Berbice has two bonds where all seized/detained goods are stored. However, deciding on which of those bonds seized/detained goods are stored depends on space availability in either of the two bonds at the time of detention/seizure of the goods. All seized/detained goods are labelled, however, with the passage of time those labels became faded and worn. Steps have since been taken to replace those labels with new ones. The seized/detained goods remain in the area it was first placed at the time it was seized/detained. However, due to the unavailability of storage space, from time to time other seized/detained goods will be packed on those previously detained/seized goods. However, management of LEID will take action to dispose of the goods accordingly.

**Recommendation:** The Audit Office recommends that the Authority take the necessary steps to ensure that: (i) the bonds are in good condition; (ii) items seized or detained are labeled and packed properly; and (iii) prohibited and poisonous substances are disposed of in the shortest possible time-frame. (2018/29)

168. Examination of the Goods Lodgment Register revealed that two seizures were done on 14 September 2018 and one on the 14 October 2018 with taxes and fines totalling \$1.952M and \$0.436M respectively of which the items seized are in the possession of the offenders and not the Authority. At the time of reporting in September 2019, one offender received a 50% waiver of fines from the Commissioner-General and payments totalling \$0.921M were made. As such, two seizures remained outstanding with taxes and fines of \$0.224M and \$0.436M.

**Authority's Response:** The Head of the Authority indicated that the items seized which remained in the possession of the offender. Please note that the items could not have been removed since the individuals were given time to provide bills, receipt, or Customs declaration to prove that the items were legally imported. After they were unable to prove same, the offender subsequently effected payment of applicable Customs duty, taxes and fine. The investigation files reference **IR 264/18** and **316/18** were submitted to the Auditors to verify the information stated herein.

**Recommendation:** The Audit Office recommends that the Authority take steps to ensure these matters are resolved in a timely manner. (2018/30)

169. The Law Enforcement and Investigation Department at Corriverton, Berbice seized a large quantity of chicken and alcoholic beverages in the year under review. It was observed that seized chicken and alcoholic beverages are not disposed of by the Corriverton Tax Offices but are transported to Georgetown for disposal. These items are transported to the State Warehouse and are further disposed of by the Authority. Examination of a sample of seizure files revealed that seized chicken was disposed of to Government Agencies but the quantities could not be verified since the handover statements were not in the respective IR files.

**Authority's Response:** The Head of the Authority indicated that handover statements are placed in the investigation files. The majority of the handover statements were placed in the files. However, a few may not have been placed in the files at the time the Auditors conducted the audit. All handover statements are currently placed in each file.

**Recommendation:** The Audit Office recommends that the Authority take steps to ensure all necessary documentations are placed in the IR files for audit reviews and accountability. (2018/31)

170. The Corriverton Integrated Tax Office continues to experience difficulty in accounting for seizures and detentions. 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. A follow-up visit was done on 17 July 2019 and we still could not match the items in the bonds to the entries in the Seizure Register.

**Authority's Response:** The Head of the Authority indicated that the items would have been detained over a period of time, as a result, the labelling was dislodged or destroyed by rodents. Corrective action has been taken to replace these slips on the packages.

**Recommendation:** The Audit Office again recommends that the Authority take steps to ensure all seizures and detentions are properly labelled to assist in the verification and accountability of these items. (2018/32)

171. In addition, from a sample of thirty-five packages selected from the register, the Audit Office were unable to physically verify same. Of the thirty-five packages not physically verified, fourteen were 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 be accessed since the owner was out of the country. A follow-up visit was done on 17 July 2019 and the Officer-in-charge was not familiar with these transactions since he was transferred in the year 2019. As such, we were unable to confirm the status of these seizures.

**Authority's Response:** The Head of the Authority indicated that the auditors did not submit a list of the 14 seizures they were referring to in the report. In addition, it is unclear whether it was LEID Regional Operation Register that was examined or Corriverton Integrated Tax Office Register. It must be noted, however, at that time (2016 and 2017), the Department was not in possession of its own cold storage facility, thus foreign chicken seized were temporarily kept by other privately owned until the files were approved for disposal accordingly.

**Recommendation:** The Audit Office recommends that the Authority take steps to ensure an updated position of the items are presented for audit examination. (2018/33)

172. At the Lethem Integrated Tax Office, there are items that were seized and detained during the years 2016 and 2017 by the Law and Enforcement Investigation Department of which the Authority took no action at the time of reporting in September 2019. These items are stored in the walkway or the center of the Internal Revenue Department while others are stored in the Internal Revenue Department compound being exposed to the rigorous weather. As such, the delay in processing these seizures can result in deterioration of the goods and subsequent loss in revenue.

**Authority's Response:** The Head of the Authority indicated that system will now be put in place to have IRTO Secretariat engaged the Management of Law Enforcement and Investigation Division (LEID) to dispose of the items soonest.

**Recommendation:** The Audit Office recommends that the Authority take steps to ensure the items are disposed of in a timely manner since delay to do so can result in the deterioration of the related items and subsequent loss in revenue. (2018/34)

Want-of-Entry

173. Efforts were made by the Authority to dispose of Want-of-Entry items on a regular basis when compared to prior years. During the year under review, Want-of-Entry items to be disposed of were published three times in the Official Gazette and three Sealed Bids opening exercises were conducted as at the time of reporting in September 2019. Audit examination of the records maintained by the Authority for the disposal of the items revealed the following:

Sealed Bid exercise held on 3-4 July 2018

174. Of the twenty-eight Want-of-Entry vehicles disposed of by Sealed Bids on 3 and 4 July 2018, we could not determine the status of six of the vehicles. In addition, two of the vehicles bid for, were registered to two Government Agencies instead of the highest bidders.

**Authority's Response:** The Head of the Authority indicated that four of the motor vehicles were sold and two were assigned to government agencies as approved by the Commissioner-General since the Customs Act chapter 82:01 makes provisions for the Commissioner-General to dispose of such item/s in a manner as he may direct.

**Recommendation:** The Audit Office recommends that the Authority dispose of these items with a view of maximising revenue collections. (2018/35)

Sealed Bid exercise held on 24 September 2018

175. Seventy-one vehicles/items were disposed of and forty-four of the bidders honoured their obligations. However, we could not determine if bidders of the remaining twenty-seven vehicles/items honoured their obligations.

**Authority's Response:** The Head of the Authority explained that of the twenty-seven items refer to above, twenty-three are currently stored at the GRA's Warehouse since seven of the items no bids were received, and sixteen bidders did not honour their obligations. While, of the remaining four items, three were released to successful bidders and one was assigned to GRA for operational use. This information is available in the auction file, which the auditors perused. Further physical checks would have reconciled.

**Recommendation:** The Audit Office recommends that the Authority take steps to ensure the items are properly accounted for and to present a schedule of the remaining twenty-seven vehicles for audit examination. (2018/36)

176. One of the vehicles was removed from the warehouse after the publication of which, thirty-six bids were received by intended purchasers. At the time of reporting in September 2019 efforts to ascertain the owner of the vehicle proved futile, since the chassis number presented was not located in the LRPS System of the Authority.

**Authority's Response:** The Head of the Authority explained that if the Auditors are referring to item with reference number (W21/18), this motorcycle was assigned to GRA for operational use.

**Recommendation:** The Audit Office recommends that the Authority take steps to ensure these items are properly accounted for, the items are disposed of with a view of maximising revenue collections and to present the registration number for the item assigned to the Authority for operational use. (2018/37)

177. One Honda ATV was sold to an individual who was not a bidder of the item. To note, it was sold to an individual that made multiple purchases and the individual paid \$161,000 while the first bidder offered to pay by sealed bid \$285,000.

**Authority's Response:** The Head of the Authority explained that the LEID is unsure of which Honda ATV the Auditor is referring to in the query above. If the reference number for the item is provided, LEID will be able to provide an accurate response to the query.

**Recommendation:** The Audit Office recommends that the Authority dispose of these items with a view of maximising revenue collections and to ensure the proper and credible disposal of the items. (2018/38)

*Vehicles published in the Official Gazette 184/2018 dated 10 November 2018*

178. Forty-eight vehicles were published in the Official Gazette. Two were disposed of by sealed bids on 9 February 2019 and twelve were disposed of but not by sealed bids. Therefore, we could not determine the mode of disposal. In addition, the status of the remaining twenty-eight vehicles could not be determined.

**Authority's Response:** The Head of the Authority explained that nine of the motor vehicles were returned to the importer as approved by the Commissioner-General after full payment of taxes and WOE charges. One is currently at the GRA's Warehouse Facility (Toyota Surf) and the two remaining (Nissan Juke and Toyota Hiace) were not taken to the warehouse since it was released from the wharf through regular Customs procedure. In addition, some of these motor vehicles were disposed of by auction, in which the auditors were part of the exercise and should be able to determine what was auctioned. Importers paid taxes and WOE charges for a few which was returned to them and a few remain to be disposed of since successful bidders failed to honour their obligations.

**Recommendation:** The Audit Office recommends that the Authority take steps to ensure the items are properly accounted for and to present a schedule of the items mentioned above for audit review. (2018/39)

Sealed Bid exercise held on 19 February 2019

179. Audit examination of the thirty-four vehicles disposed of revealed the following:

- i. One of the vehicles was not sold to any of the successful bidders and the other vehicle was sold for \$400,000 while the first bidder bid \$1.8M. To note, these vehicles were registered at the time of reporting in September 2019.
- ii. Nine of the vehicles were removed by request of the Commissioner - General. However, no documentation to substantiate same was presented. Two were removed after publication of which 194 bids were received by intended purchasers, resulting in an estimated loss of revenue of \$14.475M.
- iii. It could not be determined if the bidders' honoured their obligations by making payments for the remaining twenty-five vehicles/items.

**Authority's Response:** The Head of the Authority explained that:

- i. One the motor vehicle was sold to an individual as approved by the Commissioner-General since the Customs Act chapter 82:01 makes provisions for the Commissioner-General to dispose of items in a manner as he may direct. In addition, the vehicle was stored for prolong period and was exposed to elements which would have caused same to depreciate significantly. LEID is unclear of the other vehicle the auditor mentioned.

In addition, it is compelling to state that in some instance successful bidders may fail to honour their obligations, which may cause the Commissioner-General to invoke Section 90 (4) of the Customs Act to have the item disposed accordingly.

- ii. The motor vehicles were disposed of by assignment to Government Agencies and by way of sale in keeping with the provisions of the Customs Act Chapter 82:01. It must be noted, the assignment of motor vehicles to other Government Agencies has long been the practice in the past, in Guyana and our counterpart in developed and developing countries.
- iii. Some of the successful bidders honoured their obligations while some did not. The items will be re-auctioned for those who failed to honour their obligations.

**Recommendation:** The Audit Office recommends that the Authority take steps to ensure these items are properly accounted for and are disposed with a view of maximising revenue collections. In addition, to present all relevant documentation for audit review. (2018/40)

Private Warehouses

180. There were thirty-five private warehouses in operation during the period under review. Bonds are required to be established in accordance with 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 2018, one hundred and six bonds valued at \$4.379 billion were in existence with five commercial banks and four insurance companies.

181. Over the years, the Authority continued to have challenges as it relates to the proper supervision and maintenance of private warehouse bonds as is required in Section 99 of the Customs Act Chapter 82:01. Examination of the 106 bonds revealed the following:

- a) Despite various verbal and written requests, at the time of reporting in September 2019, confirmation was not received for 106 bonds that are in existence. During the year under review, six new bonds valued at \$418.500M were established by the warehouse owners. In 2017 and 2016 eighty-nine and ten bonds were not confirmed respectively. In the absence of the confirmations, the existence of the bonds could not be ascertained.
- b) Nineteen original bonds valued \$822.860M were not in the possession of the Authority. However, photocopy of the bonds was presented for audit. To note, these bonds did not have the original revenue stamp but photocopied ones.
- c) Revenue stamps at a value of 2% of the bond value should be attached to the bond. However, thirty-seven bonds valued at \$2.571 billion did not have the required revenue stamps totalling \$50.032M.

As a result, the Authority is in breach of the Customs Act and related Standard Operational Procedures. The validity of the bonds is compromised.

**Authority's Response:** The Head of the Authority indicated that:

- a) Letters requesting confirmation of the bonds were written using the template provided by the Auditor General, and dispatched to the financial institutions. The format letter directs 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.
- b) 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. Letters to verify the bonds for the current year shall be sent to the financial institutions.



- c) 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 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 be taken with the various institutions to have the confirmations submitted promptly. (2018/41)

182. Of the thirty-five private warehouses in operation, field visits were made to thirteen of the warehouses during March and April 2019 to ascertain that the records maintained by the Authority and the Warehouses corresponded, to verify the inventory of the stocks and to examine the storage condition of the items in the warehouses. During these field visits the following were revealed:

Warehouse No. 1

- a) Two vehicles were not properly released in Warehouse Register and we could not verify its status since the Register maintained by the Authority was not located and presented.
- b) Two items were recorded as being cancelled in the Warehouse Register. However, we were unable to verify since the Register maintained by the Authority was not located and presented. Additional audit verification at the Licence Revenue Office revealed that the vehicles were registered and sold in Berbice, of which no taxes were paid for these vehicles.
- c) Two vehicles were not recorded as being released by the Authority and they were not located in the Warehouse. Additional audit verification revealed that the vehicles were registered.
- d) One Toyota Hiace bus was in a deplorable state and it was observed that it is used for spare parts. At the time of reporting in September 2019, the vehicle was due to be re-warehoused but it was not. The estimated taxes are \$543,100.

**Authority's Response:** The Head of the Authority indicated that:

- a) Steps to address the observations are being taken in respect of the following items 74/10 and 26/10, the Authority will review and update the Authority's register with the correct entry and receipt particulars.
- b) Efforts are being made to locate the Register and present for audit verification.

- c) The vehicles were registered, the declaration numbers are C5004 (5 February 2018) and C17236 (3 April 2018). The Warehouse Register will be updated and documents will be presented to the Auditors.
- d) According to the Private Warehouse Register, the Toyota Hiace is currently in the warehouse. GRA would make recommendations to have the item Re-warehoused.

**Recommendation:** The Audit Office recommends that the Authority take steps to ensure the warehouse adheres to the requirements of the Customs Laws and Regulations applicable to warehousing of goods. (2018/42)

Warehouse №. 2

- a) Thirty-one vehicles were released. However, the Warehouse Register maintained by the Storekeeper was not updated to reflect same. In addition, we were unable to verify the status of vehicles prior to 2016 since the Warehouse Register was not presented by the Storekeeper.
- b) Two motor vehicles with estimated taxes totalling \$4.524M listed in the current warehouse stock were not found in the warehouse. However, additional audit procedures revealed that the vehicles were registered. As such, we could not determine if the vehicles were properly released by the Authority, the applicable taxes paid and the Warehouse Register has not been updated at the time of reporting in September 2019.

**Authority's Response:** The Head of the Authority indicated that:

- a) At the time of releasing of vehicles, the Warehouse Register was located at the other branch of this warehouse in Georgetown. The CE&TO has since confirmed that the Warehouse Register is available for scrutiny.
- b) The vehicles were registered, the declaration number is C5717 on 12 October 2018 and C43037 on 11 October 2019. The Warehouse Register will be updated and the documentations will be presented to the Auditors.

Warehouse №. 3

- a) Ten motor vehicles were physically verified. However, these vehicles were in the possession of this warehouse for a long period of time and are in a deplorable state. In addition, there is no evidence that they were re-warehoused.
- b) In addition, we were unable to verify two vehicles since they had no stock number on display and because of its condition we were unable to verify the chassis of these vehicles. One of the vehicle has an estimated tax of \$2.754M and the other vehicle could be not identified in the Warehouse Registers maintained by the Storekeeper and the Authority.

- c) Customs Act 82:01 Chapter 106 states that “*All goods deposited in any private warehouse or customs area shall be arranged, stowed and maintained to the satisfaction of the comptroller...*” It was observed that the condition of this warehouse is poor for proper preservation of the vehicles.

***Authority’s Response:*** The Head of the Authority explained that:

- a) According to the Private Warehouse Register, all ten vehicles should be in the warehouse. GRA would take steps to ensure the warehouse keeper re-warehouse the said vehicles.
- b) The two vehicles were verified using the Private Warehouse Register with the stock numbers being 10/2016 and 9/2015, chassis numbers being LH184-1002204 and MR0FR22G200793373 respectively. Stock sheets will be provided for these vehicles. GRA would take steps to ensure the warehouse keeper re-warehouse the said vehicles.
- c) Inspection of the warehouse will be conducted and the warehouse keeper will be instructed to upkeep and maintain to the satisfaction of the Commissioner.

*Warehouse №. 4*

- a) One vehicle with estimated taxes of \$1.224M was not in the warehouse and it was not released in the Warehouse Register. Additional audit procedures revealed that the vehicle was registered. As such, it could not be determined if all taxes were paid and the vehicle was properly released by the Authority.

***Authority’s Response:*** The Head of the Authority explained that this vehicle was released to a Government Agency in 2012. No documents were submitted despite requests by management.

***Recommendation:*** The Audit Office recommends that the Authority take steps to ensure the warehouse adheres to the requirements of the Customs Laws and Regulations applicable to warehousing of goods. (2018/43)

183. During 2016, there were thirty-six private warehouses in the 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 in September 2019, 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 the receipts for sixteen of the vehicles were obtained and shared with the Auditors. The seventeenth vehicle was registered and used by GRA, until sold and re-registered.

**Recommendation:** The Audit Office recommends that the Authority present for audit all documentation in support of the payment of duties and taxes estimated at \$33.214M in respect of the seventeen vehicles and continue its efforts to identify the vehicle in the LRO's database. (2018/44)

184. The Authority authorised the opening of a Private Warehouse for cigarettes in Lethem. Upon the request of a physical inspection on 16 August 2019, it was revealed that the warehouse is no longer under the dual custody of the Authority and the warehouse owner. Evidence, was seen where the applicable taxes of \$13M were paid by the warehouse holder but the cigarettes were not released due to regulations made in the Tobacco Control Act 2019, Section 22 (1-2), as such, permission to operate the Private Warehouse was granted without examining the goods to ensure it was in compliance with the applicable law.

**Authority's Response:** The Head of the Authority explained that the granting of permission to operate the Private Warehouse was premised that the goods contained therein would be exported to Brazil under the control of Lethem-Customs Operation. The Law Enforcement and Investigation Department will determine whether the importation of the items were done prior to the legislative changes of the Tobacco Control Act 2019 (in particular, the display of graphic images on 60% of all the packs of cigarettes). Consequently, a decision will be made by LEID.

**Recommendation:** The Audit Office recommends that the Authority ensure that all items to be warehoused are within the confines of all applicable laws and to put systems in place to bring closure to this matter in a reasonable time. (2018/45)

#### Ship Files

185. Standard Operating Procedures (SOPs) 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 2017, the Authority's was still to close a total of 835 ship files. An examination of the Ships' Rotation Registers for 2018 revealed that a total of 2,076 vessels arrived at the various Ports for which files were opened. However, only 1,594 files were completed, resulting in a failure to close 482 files.

Transit Shed	№. of Files Opened	№. of Files Closed	№. of Files Not Closed
<u>Georgetown</u>			
Boathouse	699	603	96
D.S.C.L.	100	09	91
G.N.I.C.	111	24	87
G.N.S.C.	53	41	12
J.F.L.	221	74	147
Muneshwer's	57	23	34
Sub-total	1,241	774	467
<u>Out-of-town</u>			
Anna Regina	29	29	0
Corriverton	483	478	5
New Amsterdam	218	216	2
Linden	105	97	8
Sub-total	835	820	15
Total	2,076	1,594	482

**Authority's Response:** The Head of the Authority explained that the Customs and Trade Operations are in transition mode, from TRIPS to ASYCUDA. Transition is taking place without any major interruptions to the service the GRA provides to the taxpayers. Therefore, staff had to be performing the functions of the two revenue systems simultaneously. There are a number of reasons for the non-closure of files which includes missing documents such as PID's and transshipment, where processing has to be completed at the 'receiving port before the ship's file is returned to the sending port. Management of the Wharves and Boathouse Section has sent out to the respective transit sheds for the details, which shall be shared with the auditors. The auditors shall find a significant reduction in the number of files closed.

For the Regional Offices, efforts are being made to have these files closed. Some of the main reasons for them not being closed are completion of the relevant documents (PTPs, PIDs and C72s).

**Recommendation:** The Audit Office 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. (2018/46)

#### Aircraft Files

186. In accordance with Standard Operating Procedures (SOPs), files must be opened and closed for all incoming and outgoing aircraft, and all closed files must be submitted to the filing room of the Authority. At the time of audit in June 2019, for the year under review, the Authority failed to close 243 in-coming aircraft files and twenty-five out-going aircraft files. Similarly, for the years 2015 to 2017 the authority failed to close 1,035 in-coming aircraft files and 211 out-going aircraft files. 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
Sub-total	1,035	211
2018	243	25
Total	1,278	236

187. In a follow-up audit of prior year matters, it was reported that all files for 2015 are now closed. However, the files were not presented for audit examination.

**Authority's Response:** The Head of the Authority explained that due to the expansion works at the airport, all documents and files not in current use for the years 2015 to 2017 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 the condition allows. Further, the outstanding in-coming and out-going aircraft files for the year 2018 of 243 and 25 respectively were unavoidable due to outstanding PTP's of 173 for incoming files and 27 for out-going files along with the sum of 157 outstanding Form C25 for cargo arrived via cargo aircraft that were transported and cleared in Georgetown. Efforts are being made to complete these outstanding files through the accountability of those outstanding PTP's and C25's.

**Recommendation:** The Audit Office 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. (2018/47)

Prior-to-Processing (PTPs)

188. 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. In addition, PTP documents are required to be fully processed immediately following the release of cargo. For the year 2018, a total of 3,771 declarations were processed under the PTP facility.

189. One of the main reported reason for ship and aircraft files not being closed in a reasonable time is the non-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 548 PTPs entries with estimated taxes and duties totalling \$25.997 billion were not perfected at the time of audit in June 2019. Similarly, in 2017, 583 entries with assessed duty and taxes totalling \$6.868 billion remained outstanding. As a result, the Authority may continue to lose revenues and there are long delays in completing ship and aircraft files. The table below provides details for 2018.

Type of Importers	Nº. of Importers/ Exporters	Nº. of PTPs Outstanding	Estimated Duties & Taxes Outstanding \$'000
Government Agencies	17	116	352,408
Ministries	10	149	241,190
NGOs	3	3	3
Embassy/Caricom	5	6	803
Companies	27	249	25,392,732
Individuals	18	25	9,565
<b>Total</b>	<b>80</b>	<b>548</b>	<b>25,996,701</b>

**Authority's Response:** The Head of the Authority explained that for the year 2018, a total of 3,777 PTPs were issued. A total of 503 PTP's are outstanding. The reasons for outstanding PTP's are as follows:

- a) Government agencies not having the finance to pay VAT and the lengthy processing time needed to process vouchers for payment.
- b) Delays in acquiring the CG letters due to Investment Agreements not been completed or late submission of such to Go-Invest.
- c) Medical supplies imported through the airports require cold storage, which is not available at the airports, as such, same are released. This will apply to live animals also since there is not an identified area for quarantine.
- d) Currently, commodities which are under consideration for the Suspension of the Common External Tariff and cannot be processed through ASYCUDA is released via PTP's.
- e) With the current ASYCUDA World System consideration is being granted to replace the PTP System with IMD (Immediate Delivery). However, Government agencies will require no Bonds and will be given a period to be determined by the Commissioner-General to perfect the declarations. In relation to other importers, the IMD will require the lodgment of a Bond to be determined by the Commissioner-General.

**Recommendation:** The Audit Office recommends that the Authority ensure that the requirements of the Customs Policies as it relates to PTPs are fully complied with. (2018/48)

Merchant's Overtime

190. The total Overtime Fees collected in the period January to December 2018 is \$222.938M or 1% of the total revenue collected by Customs. This represents a positive variance of \$56.174M above the Approved Estimates. The Authority reduced its Approved Estimates by \$4.317M when compared to the year 2017.

191. In addition, it should be noted that the Agencies (GNIC, GNSC, DSCL, etc.) are requesting the Merchant Overtime service for importers and the payments are made by the importers and not the Agencies. As such, if the records are not properly monitored by the Authority, it will continue to have un-reconciled variances and outstanding amounts for Merchant Overtime.

192. The Revenue Statement and overtime records maintained by the various Units continue to reflect substantial variances. During the year under review, the Revenue Statements reflected amounts of \$222.938M and the various registers as cash payments and payments made on-demand reflected amounts totalling \$122.445M, resulting in a variance of \$100.493M. Similarly, for the years 2015-2017, the variances of \$121.085M were reflected between the revenue statements and the various registers as cash payments and payments made on-demand. The 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
2017	144,765	63,724	81,041
Sub-Total	314,765	193,680	121,085
2018	222,938	122,445	100,493
Total	537,703	316,125	221,578

193. Management had explained over the years 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 reporting in September 2019, an updated position on the matter was not presented.

**Authority's Response:** The Head of the Authority explained that this matter is ongoing because there is no development in management's capability to address the same. Information Technology will address these issues at the behest of the authority.

**Recommendation:** The Audit Office recommends that the Authority seek to implement the computerised system as soon as possible 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. (2018/49)

194. A detailed examination of the overtime records maintained by the various locations and the Revenue Statement prepared by the Authority continue to reflect substantial variances. 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	
Goods Exam Unit	0	0	0	0	0
Boathouse	44,543	0	27,683	27,683	16,860
Head Office	54,298	0	0	0	54,298
D.S.C.L.	16	793	10,544	11,337	(11,331))
G.N.I.C.	297	6,524	11,731	18,255	(17,958)
G.N.S.C.	9,420	5,150	2,206	7,356	2,064
G.P.O.C.	0	0	0	0	0
J.F.L.	101,262	3,352	26,717	30,069	71,193
Muneshwer's	0	4,110	11,237	15,347	(15,347)
Q-TREX	0	0	0	0	0
Ogle Airport	6,355	0	7,794	7,794	(1,439)
CJIA	0	0	0	0	0
Anna Regina	19	0	19	19	0
Corriverton	1,061	0	1,056	1,056	5
New Amsterdam	4,098	0	1,179	1,179	2,919
Linden	1,579	0	1,852	1,852	(273)
Lethem	0	700	0	700	(700)
<b>Total</b>	<b>222,948</b>	<b>20,629</b>	<b>102,018</b>	<b>122,647</b>	<b>100,301</b>

195. There are poor monitoring and reconciliation of the Merchant Overtime requested by the Agents and the payments for the overtime service provided by the Authority. In 2018, audit examination of the records maintained by the Authority revealed outstanding Merchants' Overtime fees totalling \$17.379M with the exception of two Regional Offices, of which the information is being gathered to be presented. The table below reflects the details of the amounts outstanding:

Agency	Overtime Requested \$'000	Payment Received \$'000	The amount outstanding as at July 2019 \$'000
Boat House	30,159	27,683	(2,476)
G.N.I.C	14,982	11,731	(3,251)
G.N.S.C	3,078	2,206	(872)
D.S.C.L	12,506	10,544	(1,962)
Muneshwer	11,322	11,237	(85)
Q-TREX	38	0	(38)
JFW	34,297	26,717	(7,580)
Essequibo	19	19	0
Linden	1,852	1,852	0
Ogle	8,909	7,794	(1,115)
<i>Sub-Total</i>	<i>117,162</i>	<i>99,783</i>	<i>(17,379)</i>
Corriverton	0	1,056	0
New Amsterdam	0	1,179	0
<b>Total</b>	<b>117,162</b>	<b>102,018</b>	<b>(17,379)</b>

**Authority's Response:** The Head of the Authority explained that further, Merchant Overtime is collected at any location that has a cashier. In addition, Merchant Overtime for December is collected in the following year. Collaboration with the Revenue Accounting unit will be done to allow a process review to correct the records.

**Recommendation:** The Audit Office recommends that the Authority continue its efforts to recover all outstanding payments from merchants and all documentation in support of the amounts received from merchants to be presented for audit. (2018/50)

*Examination of the Merchant Overtime records at Customs - Eugene F. Correia International Airport (EFCIA)*

196. During the year under review, the Revenue Accounting Unit of the Authority under Customs recorded Merchant Overtime collections as \$6.355M. Audit examination of the records maintained at the Eugene Correia International Airport Customs Department recorded total overtime receipt totalling \$7.794M. As a result, the amount recorded as Merchant Overtime is understated by \$1.439M.

**Authority's Response:** The Head of the Authority explained that the Merchant Overtime records will be adjusted by the \$1.439M to reconcile with the 7.794M collected as overtime receipts. All overtime requested by the merchants on behalf of the importer is paid by the merchants.

197. This location does not have a Merchant Overtime Register, as such only the C43 are kept in a file and is used. As such, the accounting process for the Merchant Overtime can be affected if the C43 are misplaced.

**Authority's Response:** The Head of the Authority explained that a Merchant Overtime Register is maintained for the EFCIA at the Head Office located at Good Examination Unit (GEU). While the information contained in the Folder of C43 reflects the same information that would be recorded in a Merchant Overtime Register, the numbering of the request is done at GEU where the approval is granted. Nevertheless, the auditor's observations are noted regarding accountability and security of data, and it is expected in the near future that this system will be automated.

**Recommendation:** The Audit Office recommends that the Authority put systems in place to recover all outstanding payments from merchants and all documentation in support of the amounts received from merchants to be presented for audit review. (2018/51)

198. According to the Customs Act, Merchant Overtime Fees of \$4,000 should be applied whenever a Merchant request the service of the Authority. During the year under review, there is no evidence that this fee was applied during part of the month for November and December 2018. As such, Overtime Fees totalling \$56,000 were not charged or collected from the Merchants. At the time of reporting in September 2019, the approval letter was not presented.

**Authority's Response:** The Head of the Authority explained that there were several petitions by operators at EFCIA regarding increased charges in relation to fees attached to the application for extra attendance of officers. As a result of these petitions and other factors, the Commissioner-General in accordance to powers granted under Section 174 of the Customs Regulations “....and as specified by the Commissioner-General shall be paid....” granted relief of the payment of the application fee. In addition, he instructed that Golf Carts be purchased for use in the operation thus eliminating the need for operators to provide transportation for the officers.

**Recommendation:** The Audit Office recommends that the Authority provide all necessary documentation for audit examination. (2018/52)

199. According to the C43 presented and examined, \$1.241M remained outstanding by one airline as at 31 December 2018. At the time of reporting in September 2019, it could not determine if this outstanding amount was honoured by the airline. In addition, the Receipt Vouchers were not presented for July and August 2018 as a result, we could not determine that the amount paid was the amount of overtime service rendered.

**Authority's Response:** The Head of the Authority explained that the Commissioner-General has ordered operators to cease paying the \$4000 Overtime Fee. As a result, Merchants are no longer subjected to payment of this fee. All outstanding Merchant Overtime fees for the year 2018 have been paid for overtime service rendered at EFCIA. In addition, the Receipt Vouchers for July and August are being sought so they can be presented to the State Auditors

**Recommendation:** The Audit Office recommends that the Authority present all necessary documentation for audit examination. (2018/53)

#### Liquor Licence

200. Examination of the various TRIPS reports presented for audit revealed that there were 2,704 registrants in the Liquor Licence database as at 31 December 2018. During 2018, 3986 registrants purchased and renewed their licences. At the time of audit in July 2019, efforts are being made to present the list of defaulters. In 2017, there were 2,609 registrants in the Liquor Licence database, of this amount, 2,505 registrants purchased and renewed their licences resulting in 104 defaulters. As such, the Authority has failed to collect \$359,050 from Liquor Licence defaulters.

**Authority's Response:** The Head of the Authority explained that 332 defaulters were identified resulting in estimated revenue of \$703,350. The department will continue to actively pursue the defaulters by issuing reminding letters.

**Recommendation:** The Audit Office recommends that the Authority continue its efforts to have all defaulters comply with the applicable laws. (2018/54)

### Tax Exemptions

201. Exemptions from duties and taxes totalled \$134.236 billion for the period under review, as compared to \$64.312 billion in 2017. This represents an increase of \$69.924 billion or 91.97% over the corresponding period.

202. In addition, it should be noted that the value of revenue foregone for the year 2018 represents 43.42% of the actual revenue collected by the Authority. The table below gives details of tax exemptions granted according to concession categories.

Type of Exemption	2018		2017		Variance
	№. of Entries	Amount \$'000	№. of Entries	Amount \$'000	Amount \$'000
<u>Conditional Tax Exemptions</u>					
Companies/Businesses	9,359	104,762,530	7,740	36,446,524	68,316,006
Ministries/Government Depts.	1,034	4,444,706	1,031	5,205,677	(760,971)
Re-migrants	210	988,637	175	825,763	162,874
Churches/Charitable Organisations	230	1,858,592	165	1,566,391	292,201
Diplomats	166	800,324	324	1,437,089	(636,765)
Public/Contract Officers	573	585,049	521	495,104	89,945
Foreign Funded Projects	270	2,527,315	217	1,780,900	746,415
Hospitals	530	142,468	505	141,735	733
Others	61	157,238	139	64,207	93,031
Sub-Total	12,433	116,266,859	10,817	47,963,390	68,303,469
Unconditional Tax Exemptions	5,384	17,969,612	2,260	16,348,769	1,620,843
Total	17,817	134,236,471	13,077	64,312,159	69,924,312

203. As shown in the table above, tax exemptions granted to companies and businesses represented 90.11% or equivalent to \$104.763 billion of the total conditional 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 there were 280 agreements in which 241 agreements were approved, two processed, thirty-six cancelled and one sent for additional information during the year 2018. In response to similar finding for 2017 Management had assured that the IT Division was 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.

204. In addition, the Authority stated that the breakdown feature was implemented on 17 April 2018 to facilitate the value of tax exemption granted in respect of Investment Agreements through Go-Invest and GGMC. However, at the time of reporting in September 2019, the Authority failed to provide the evidence of these breakdowns.

**Authority's Response:** The Head of the Authority explained that the Authority's IT Division had commenced the exercise of the implementation for the Breakout to capture the data requested however, because of several challenges this exercise was unsuccessful. However, efforts have been made through the ASYCUDA World Team to capture this information going forward in the future.

**Recommendation:** The Audit Office recommends that the Authority continue its efforts to have the information available and to present same to facilitate audit procedures. (2018/55)

205. An analytical review of the total tax exemption granted for the past three years has shown a decreased in the number of exemptions granted. The value of the exemption granted decreased from the year 2015 to 2016 by \$36.300 billion or 39.3%. However, for the past two years 2017 and 2018 there has been an increase of the tax exemption values by 37.52% and 43.42%, respectively.

**Authority's Response:** The Head of the Authority explained that: (a) in 2018, several Companies/Business (Investors) entered into Agreements with the Government of Guyana which contributed to a large sum of tax exemption being granted; and (b) this category shows a major increase in imports by the Oil & Gas Sector etc.

206. In addition, an analytical review of the tax exempted and the taxes paid under 'Conditional Tax Exemption' for the year under review revealed that of the tax exempted totalled \$116.267 billion and taxes paid totalled \$5.342 billion, which is only 4% of the tax exempted. Notably, luxurious and modern motor vehicles attracted great tax exemption of which no payment of taxes were required. The vehicles that are noted do not relate to re-migrants but other categories of tax exemptions granted in 2018.

**Authority's Response:** The Head of the Authority explained that in 2018, several luxurious and modern motor vehicles were granted tax exemption under the re-migrant scheme however, with the amendment of the Law which grants the \$5M credit, there is sure to be a remarkable decrease in the import of these vehicles and an increase of tax payable.

**Recommendation:** The Audit Office recommends that the Authority take all necessary steps to monitor the tax exemption process and to carefully administer these exemptions. (2018/56)

#### Investment Agreements

207. In accordance with the Investment Act No.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. According to the record obtained from GO-INVEST and GGMC, thirty-seven and twelve incentives were granted respectively. Examination of the records maintained by the Authority revealed the following:

- a) Of the thirty-seven incentives granted by GO-INVEST, only seven were processed, one was denied and one was cancelled by the Authority. The total taxes exempted for the seven incentives processed were \$87.962M, which is 0.8% of the total tax exempted under the category Companies/Businesses.

- b) Of the twelve incentives granted by GGMC, only one was processed by the Authority of which total tax exempted for the year was zero.

**Authority's Response:** The Head of the Authority explained that: (a) it was in receipt of thirty-seven Investment Agreement from GO-Invest in 2018 however, only thirty-three was approved that met all the requirements whilst the difference of four was approved in 2019, and (b) it was in receipt of eleven applications for Tax Exemption through GGMC however, nine was approved that met all the requirements in 2018 whilst two was approved in 2019. It must be noted that one application was not submitted to GRA since the item is ineligible for tax exemption.

**Recommendation:** The Audit Office recommends that the Authority take all necessary steps to process these investment agreements in a reasonable time frame. (2018/57)

### Re-Migrants

208. The Re-Migrant Scheme is administered by the Ministry of Foreign Affairs in conjunction with the Guyana Revenue Authority, who administers the tax exemption. During the year under review, the Authority processed 188 applications with tax exemption totalling \$988.637M.

209. According to Act №. 9 of 2016 2 (b) *“The exemption under Paragraph (a) is available to re-migrants and settlers only once, within six months of re-assuming residence by the re-migrant and within six months after the arrival of the settlers in Guyana and on condition that they provide a certificate of title, registration or other form of proof of ownership, confirming ownership of the motor vehicle for at least six months and provided that the motor vehicle is not older than eight years from the date of manufacture to the date of importation”*. Audit examination of a sample of twenty-three re-migrant's applications revealed the following:

- a) Noteworthy, 95% of the persons who were granted re-migrant status and benefits from the tax exemption were between the ages of 55 to 76.
- b) Two re-migrants who imported vehicles under this scheme did not own the vehicles for at least six months.
- c) One re-migrant applied for a vehicle to be imported but the documentation showed ownership by another person.
- d) Two persons were classified as re-migrants and received tax exemption totalling \$25.829M. However, they were not Guyanese by birth. In addition, the husband of one of these individuals also gained re-migrant status and received tax exemption totalling \$702,968.
- e) According to 4(e) of the Policy Guidelines on Re-Migrants Scheme *“A list of items for which exemption are sought must be attached to the Affidavit.”* It was observed constantly that broad headings are recorded in the Affidavit and sketched items are submitted to the Authority.

**Authority's Response:** The Head of the Authority explained that:

- a) The Tax Exemption Processing & Verification Division processes exemption based on the submission of recommendations made by the Ministry of Citizenship. However, the age limit is not a criterion for re-migrant status.
- b) The Management of GRA provided information that one of the re-migrant met the ownership requirement, however, the other was granted administrative waiver based on his circumstances.
- c) The Management of GRA would like to inform the State Auditor that there is evidence that the motor vehicle was in the name of the applicant at the time of obtaining re-migrant status/tax exemption.
- d) The Management of GRA would like to inform the State Auditor that one of the re-migrant is a Guyanese by decent and the other applicant was processed via recommendations submitted from the Ministry of Citizenship.
- e) The Management of GRA would like to inform the State Auditor that most of the items are classified in accordance with the Commodity Code (eg. kitchen utensils) and the list are usually hand written by the re-migrants.

**Recommendation:** The Audit Office recommends that the Authority monitor and administer all concessions granted in compliance with the established Laws and Regulations governing the Re-Migrant Tax Exemption Scheme. (2018/58)

#### Other Matters

##### Scanners

210. The Authority entered 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 in September 2019, the scanner is operational and export containers are being scanned.

211. In addition, it was reported that 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. In response to this finding in 2017, the Authority reported that the new baggage scanner is due to arrive in November 2018 for completion of installation towards the end of December 2018. However, at the time of reporting in September 2019, the scanner was not received.

212. It should be noted, the scanner that became inoperable on 18 October 2014 due to a loss of power to the electrical cabinet and is not cost-effective to repair. The scanner is stored at the GNIC wharf.

**Recommendation:** The Audit Office recommends that the Authority continue its efforts to improve customs enforcement operations across Guyana and to comply with international regulations. (2018/59)

### Human Resources

213. During the year 2018, thirteen employees were dismissed and nine employees were terminated. The Authority made the benefits payments to the employees who were terminated. The employees dismissed and terminated held the positions as Assistant Commissioner, Inspector of Taxes, Monitoring Officers, Clerk II, etc. Similarly, in 2017, nine employees were dismissed and thirteen employees were terminated. For the years 2018 and 2017, the Authority made benefits payments to former employees totalling \$17.976M and \$3.079M respectively.

**Authority's Response:** The Head of the Authority explained that the Authority exercises its right to dismiss staff after careful consideration and due diligence. When infractions are suspected, these are thoroughly investigated using the special expertise of a Special Investigation Unit that was established two years ago. Once an investigation report is prepared and presented, the charges and supporting evidence are made available to staff who under the principles of natural justice are given the opportunity of a hearing and to defend themselves. In cases where an allegation is proven and in line with the Employee Code of Conduct which recommends the disciplinary action that should be meted out for infractions, that Dismissal action is taken. The actions to terminate staff for good and no cause are done always in compliance with the Termination of Employment and Severance Pay Act.

### International Airports

#### Cheddi Jagan International Airport (CJIA)

214. Examination of the registers and physical inspections conducted in June 2019 of the four Cargo Held Bonds located at this airport revealed that receipt numbers, dates of payments and signatures of officers releasing the cargo were not recorded in the register in relation to thirty-six packages that were not verified in the bonds. As a result, it could not have been determined whether all applicable duties and taxes were paid and properly accounted for.

**Authority's Response:** The Head of the Authority explained that taking cognizance of the fact, in relation to thirty-six packages that were not verified in the various bonds by the State Auditors, some officers who were responsible for manning the Incoming Desk during the year 2018, failed to record the releases of these consignments, in the Cargo Held Register; the receipt numbers and the dates of payments for these declarations. Efforts are currently being made to retrieve from the various bond agents, the authorised releases from Customs for those thirty-six packages.

**Recommendation:** The Audit Office recommends that the Authority continue its efforts to locate have the register updated and present for audit review. (2018/60)



Eugene F. Correia International Airport (EFCIA)

215. In May 2019, the operations at Eugene F. Correia International Airport (EFCIA) Customs Office were audited. However, audit examinations were limited due to the non-submission of key documentations and the unavailability of an officer to facilitate physical inspections of detained and seized items during the year under review. See details below:

- a) the Local Incoming and Outgoing Flights Registers;
- b) revenue Hand Over Books for the year 2018;
- c) the Courier Held Register; and
- d) physical verification of Detained and Seized Items.

**Authority's Response:** The Head of the Authority explained that the Local Incoming and Outgoing Registers for 2018 are currently available for inspection, while the Revenue Handover Books for the year 2018 have not been located despite several searches were conducted. Further, no Courier Held Register was maintained in 2018 but one has been opened for 2019.

At conclusion of the Audit, the Senior Auditor committed to sending staff back to EFCIA to conduct physical verification of Detained and Seized items. So far no one has visited.

**Recommendation:** The Audit Office recommends that the Authority continue its efforts to locate the register and present for audit review. (2018/61)

216. In 2018 deposits were not done on a daily basis, as such, large sums of moneys were stored in the Vault that is located in the Officer-in-Charge office that is accessible by taxpayers and passengers. Effective May 2019, revenue collected at the airport are transported to Camp Street Office for deposits. Note worthily, deposits slips are not prepared by the Cashier at the Airport and no deposit slips are returned and attached to the Cash Composition Books; as a result, we were unable to verify that all revenue collected were deposited.

**Authority's Response:** The Head of the Authority explained that with effect from 1 May 2019, revenue collected were taken daily to Head Office for banking. Deposit slips are not prepared by the Cashiers at this Airport, since the actual banking of revenue collected is done by Revenue Accounting personnel. Deposit slips are attached to Cash Composition Book when returned by the Revenue Accounting Division after banking of the daily revenue. Arrangements are currently being finalised for the revenue to be taken directly to the bank.

**Recommendation:** The Audit Office recommends that the Authority ensure that the records pertaining to revenue collected at the airport is recorded and accounted for. In addition, copies of all deposit slips should be collected and attached in the Cash Composition Book. (2018/62)

217. In addition, revenue collected from the EFCIA customs office is deposited to the Republic Bank Account and is then transferred to the Consolidated Fund bank account. This process allows for the misplacement of revenue.

**Authority's Response:** The Head of the Authority explained that the reason for the usage of Republic Bank is due to the limited working hours of the Bank of Guyana since sometimes the flexibility of the night deposit facility is required when banking Customs Revenue.

**Recommendation:** The Audit Office recommends that the Authority put systems in place to have deposits made to the established revenue account at the Bank of Guyana. (2018/63)

218. Examination of the revenue accounting records maintained by the EFCIA Customs Office revealed the following unsatisfactory features:

- a) There was a variance of \$15.239M between the amounts recorded in the Bank Reconciliation - Daily Report and the Cash Composition Books. Additionally, it was observed that on many occasions the Cash Composition Book was not written up by the Night Shift, however, revenue was collected.
- b) There was another variance of \$13.093M between the Bank Reconciliation Daily Report and the Monthly Report. As a result, the amounts reflected on the Revenue Statement are understated by the said amount.
- c) Various days in the Cash Composition Books had no evidence of supervisory checked.
- d) The Cash Composition Book was not prepared on the following days, however, additional audit verification revealed that revenue totalling \$6.525M were collected.
- e) There were amounts recorded in the Cash Composition Book but not reflected on the Bank Reconciliation – Daily.
- f) The Cash Composition Books were not prepared on a daily basis see details below:

April 16, 2018 (\$11,920) prepared after April 17 and 18 were prepared  
December 21, 2018 prepared after December 23, 24 and 25, 2018  
December 21, 2018 prepared after 22, 23, 24, 25, 26 and 27, 2018  
March 18, 2018 was prepared after March 19, 20, 21, 22 and 23, 2018

**Authority's Response:** The Head of the Authority explained that the Auditor's observations are noted and corrective measures were implemented to correct these deficiencies and ensure their non-recurrence.

**Recommendation:** The Audit Office recommends that the Authority ensure that the records pertaining to revenue collected at the airport is recorded and accounted for in accordance with Standard Operating Procedures. (2018/64)

### Travel Tax

219. Airlines are now required to include Travel Tax of three thousand five hundred dollars in the cost of the ticket and remit same to the Authority in the required time as stipulated in the Travel Voucher Tax Act. However, at the EFCIA due to the increase of chartered flights Travel Tax Tickets are sold at the Customs office. Audit examination of the process of accounting for the Travel Tax Ticket being sold at the airport revealed the following unsatisfactory deficiencies:

- a) There is no Travel Tax Ticket Register maintained by the Customs Department, as such there is no sequential recording of Travel Tax Tickets received, sold or in stock.
- b) The Travel Voucher Tax/Travel Tax Register for 2018 maintained by the Examination Section at head office has no records for EFCIA Customs Department.
- c) The amounts collected from the sale of Travel Tax tickets are accounted for separately from the daily revenue and is deposited to a commercial bank account of which no deposit slip were presented to verify same.
- d) There is no Travel Tax Declaration Forms prepared and submitted to the Examination Unit of the Authority.

As a result, we were unable to determine how much Travel Tax Tickets were sold for the year and whether all revenue received is properly accounted for.

**Authority's Response:** The Head of the Authority explained that the Auditors' observations are noted and corrective measures were implemented to correct these deficiencies and ensure the non-recurrence. Further, training sessions were given to officers on the procedure for the management of the collection of taxes for the Travel Tax Tickets.

The examination section issued two ticket books to Eugene F. Correia on 21 August 2018, with sequence order 270001-2870100 and 2870101-2870200, each book has a total of 100 tickets. However, the book with tickets sequence order 270001-2870100 was returned on 9 November 2018, to the Examination Section and rerouted to CJIA. On 21 November 2018 tickets number sequence 2870101- 287180 a total of eighty was returned to the examination Section and rerouted to CJIA which leave a total of twenty tickets to range from 2870181-2870200 at Eugene F. Correia. However, Eugene F. Correia has not submitted a report on the number of tickets sold and therefore examination section was unable to verify the amount.

A register is maintained for the tickets issued to Eugene F. Correia, however, the auditor only requested register for the returns received and examined. The register is available for inspection.

**Recommendation:** The Audit Office recommends that the Authority ensure that the records pertaining to travel tax tickets at the airports are recorded and accounted for. Also, the Examination Section and the Airport should work together to account for these tickets. (2018/65)

Value Added Tax (VAT)

Revenue Collection

220. 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	21,637,481	27,603,219	5,965,738
5912	Import Services	0	216,179	216,179
5921	Domestic Supplies	21,406,944	20,216,126	(1,190,818)
5981	Interest - VAT	86,698	74,106	(12,592)
5982	Penalties - VAT	34,066	71,803	37,737
<b>Sub-Total</b>		<b>43,165,189</b>	<b>48,181,433</b>	<b>5,016,244</b>
<b>Excise Tax</b>				
5951	Imports - Motor Vehicle	6,143,645	6,780,962	637,317
5952	Imports - Petroleum Products	25,276,588	26,359,416	1,082,828
5953	Imports - Tobacco	1,432,879	1,204,132	(228,747)
5954	Imports - Alcoholic Beverage	950,766	867,450	(83,316)
5961	Domestic Supp. - Alcoholic Beverage	4,600,806	4,468,483	(132,323)
<b>Sub-Total</b>		<b>38,404,684</b>	<b>39,680,443</b>	<b>1,275,759</b>
<b>Grand Total</b>		<b>81,569,873</b>	<b>87,861,876</b>	<b>6,292,003</b>

221. The VAT estimate for the period January to December 2018 is \$43.165 billion; of which, VAT collected during the period was \$48.181 billion. This amount represents a positive variance of \$5.016 billion or 10% above the budgeted collections. Similarly, the Excise Tax estimate for the period January to December 2018 is \$38.405 billion. This represents a positive variance of \$1.276 billion or 3% above the budgeted collections. Total revenue collected in the period January to December 2018 was \$87.862 billion. This amount represents a positive variance of \$6.292 billion or 7% above the approved budgeted collections. Both the VAT and Excise Tax collections showed a positive variance of \$27.362 billion or 16% above the total collected in the period January to December 2017. Notwithstanding the positive variance, the Authority under-performed on five of the ten revenue tax types totalling \$1.648 billion.

222. Further examination revealed that the Authority reduced its Approved Estimates by \$5.200 billion or 6.37% on five of the tax types, when compared to the year 2017.

**Authority's Response:** The Guyana Revenue Authority has never reduced its overall Budget/ Estimates over the years, it is obvious that owing to one-off events/programs and or transactions, the estimate/budgeted collections for the differing tax types will be adjusted accordingly. Budget Measures and changes in tax administrative policies that reduces the tax rate and or the tax base will result in less expectation in collections, specific collection Line Items are then projected year over year to reflect such measures for e.g. a reduction in the rate of corporation tax will be accordingly reflected in a reduction in the expected revenue unless there is a parallel increase in the tax base thereby compensating for the rate reduction, similarly the same approach applied to a reduction in the VAT rate or a budget measure to remove once standard rated items to the zero rated or exempt categories.

Specifically, the reduction in the budget when compared with 2017, for the five Line Items shown in the table below was owing to; Non-recurring arrears Withholding tax payments from companies within the Oil & Gas Sector, delays in Travel Tax collection since airlines were then given the responsibility for collecting and remitting Travel Tax, significant increase in 2017 that was not expected to re-occur in 2018 owing to various budgetary and administrative measures such as improved compliance, resulting in less interest and penalties and less seizures resulting in less revenue from auction sales accounted for under Line Item "Miscellaneous". Import duties for tobacco and alcoholic beverages were over estimations.

DESCRIPTION	CUMULATIVE			Bud 2018 vs Act 2017
	ACTUAL	BUDGETED	ACTUAL	
	Dec-17	Dec-18	Dec-18	
WITHHOLDING TAX	9,154,997	8,231,556	12,702,937	(923,441)
TRAVEL TAX	968,945	935,926	1,153,285	(33,019)
M/ VEHICLES & RD TRAF ACT	853,419	817,626	902,760	(35,793)
MISCELLANEOUS	253,517	180,244	287,198	(73,273)
MISCELLANEOUS VAT	132,958	120,764	145,909	(12,194)

223. VAT refund payments made during the period January to December 2018 when compared with the same period in 2017 increased by \$1.003 billion or 60%.

**Authority's Response:** The Head of the Authority explained that initiatives were taken to complete the backlog of VAT refund applications thus resulting in an increase in refunds paid in 2018. Additionally, subsequent to the court decision on the classification of exporters of exempt supplies as zero rated, excessive VAT refunds that were previously disallowed or denied in 2018 were paid in 2018 for taxpayers so affected.

224. According to the Statement of Receipts and Disbursements for VAT produced by the Ministry of Finance, amounts totalling \$81.570 billion were estimated to be collected from value-added taxes, interest and penalties during the year 2018. Actual collections paid into the Consolidated Fund totalled \$87.862 billion, representing a positive variance of \$6.292 billion. The categories Domestic Supplies, Imports - Tobacco, Imports - Alcoholic Beverages, Domestic Supplies - Alcoholic Beverages and Interest - VAT reflected the negative variance of \$1.648 billion, while the other five categories reflected positive variances.

225. On the contrary, the Revenue Collection Statement produced by the Authority, reflected three categories with negative variances of \$395.812M while three categories 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	3,445,796	5,965,738
5912	Import Goods	65,866	216,179
5921	Domestic Supplies	1,479,436	(1,190,818)
5953	Imports - Tobacco	(282,197)	(228,747)
5954	Import - Alcoholic Bev	(97,713)	(83,316)
5084	Liquor Licence	(15,902)	0
Total		4,595,286	4,679,036

226. Similar observations were made in the 2017 Audit Report. According to the Statement of Receipts and Disbursements for VAT produced by the Ministry of Finance, amounts totalling \$45.330 billion were estimated and \$42.556 billion collected, representing a negative variance of \$2.774 billion. The category Domestic Supplies and Interest reflected a significant negative variance of \$3.127 billion and \$25.235M respectively 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 explained

G\$'000	2017	2018	2018		VARIANCE			
					2017 vs 2018		Budgeted vs Actual	
TAX TYPE	Achieved	Budgeted	Achieved	%	Amt.	%	Amt.	%
<b>VALUE ADDED TAX</b>								
V.A.T. (IMPORTED)	13,560,594	16,260,517	14,916,593	92	1,355,999	10	(1,343,924)	(8)
V.A.T. (DOMESTIC)	14,443,718	16,244,062	14,893,314	92	449,597	3	(1,350,747)	(8)
<b>SUB-TOTAL</b>	<b>28,004,312</b>	<b>32,504,579</b>	<b>29,809,907</b>	<b>92</b>	<b>1,805,596</b>	<b>6</b>	<b>(2,694,671)</b>	<b>(8)</b>
<b>EXCISE TAX</b>								
(IMPORTED)	24,526,423	30,382,336	28,420,226	94	3,893,804	16	(1,962,110)	(6)
(DOMESTIC)	4,347,757	4,600,806	4,468,483	97	120,726	3	(132,323)	(3)
<b>SUB-TOTAL</b>	<b>28,874,180</b>	<b>34,983,142</b>	<b>32,888,709</b>	<b>94</b>	<b>4,014,529</b>	<b>14</b>	<b>(2,094,433)</b>	<b>(6)</b>

VAT Registrants

227. As at 31 December 2018, the TRIPS database recorded 5,138 VAT registrants of which, 249 and 173 were new registrants for the years 2017 and 2018, respectively. A comparison between the numbers of new registrants for the years 2015 to 2018 shows a decrease by eighty-nine. See details in table below:

Year	New Registrants	Comparative Increase/Decrease
2015	190	
2016	249	59
2016	249	
2017	264	15
2017	264	
2018	175	(89)

The Head of the Authority indicated in 2017 the effective date of registration was used. However, 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 in the Auditor General's Annual Report and the Authority is compiling a report to present for audit review. As it relates to the year under review, efforts to gather such information from the Registration Section proved futile. At the time of reporting in September 2019, this report was presented and is currently under review.

**Authority's Response:** The Head of the Authority explained that the required report was subsequently submitted to the Auditor for review.

228. 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: (a) equals to or exceeds the threshold of \$15M less than, or at the end of twelve months; (b) is expected to exceed the threshold in any period during the next twelve months must be registered for VAT. During the year 2018, there were a total of 236 individuals and companies with total import values that exceeded \$15M who were not registered for VAT. However, it could not be ascertained what actions were taken by the Authority to determine whether those individuals were potential VAT registrants.

229. Similarly, in 2017, 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 206 individuals and companies with import values that exceeded \$10M who were not registered for VAT.

**Authority's Response:** The Head of the Authority explained that the comments of the auditor are noted. As previously reported in the 2016 and 2017 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 flags for further profiling of the Taxpayer to determine the value of taxable supplies made by the Taxpayer. 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 2018, 671 taxpayers were profiled and nineteen were identified for VAT registration from information reflected in our database which included reports on importers.

**Recommendation:** The Audit Office recommends that the Authority continue its efforts to identify all taxpayers who are potential VAT registrants with a view of having them register with the Authority. (2018/66)

#### VAT Returns

230. 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 5,049 VAT registrants in the TRIPS database 4,720 were identified as active as at 31 December 2018. Of this amount, 2,809 taxpayers filed 37,433 returns with the Authority while the remaining 1,911 taxpayers who failed to submit their returns revealed that there were no submissions from 1,413 taxpayers while partial submissions were made by the remaining 498 taxpayers. A similar observation was made in the year 2017 where there were a total of 1,726 defaulting VAT registrants of which, 1,145 registrants had no submission while 581 made partial submission.

**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 2018, 18,850 VAT returns were demanded from approximately 2,300 defaulting VAT registrants. In addition, 156 cases were forwarded to the Legal Services Division to take appropriate action for non-compliance. 25,949 VAT returns have been filed 2,655 VAT registrants for the year 2018. In addition, seventy-nine registrants have requested de-registration/pending de-registration. 154 VAT registrants fully complied and filed 1,848 returns while 102 other VAT registrants with missing returns filed 611 returns.

The Debt Management Division continues to pursue the non-compliant taxpayers.

**Recommendation:** The Audit Office recommends that the Authority to continue its efforts to ensure that all taxpayers comply fully with the requirements of the VAT Act as it relate to filing of tax returns. (2018/67)

231. 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 in September 2019, fifty-five VAT returns in respect of the year 2018 and 424 VAT returns for the years 2011 to 2017, 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 2018
2011	111
2012	50
2013	35
2014	46
2015	40
2016	59
2017	83
Sub-Total	424
2018	55
Total	479

**Authority's Response:** The Head of the Authority explained that unlike the Internal Revenue taxes VAT is self-assessed. Thus, the information submitted by the taxpayer must be accepted. Therefore, accurate/complete submission is required. For example, the TRIPS database do not allow for incorrect submission in certain fields thus requiring follow-up with taxpayers, which is ongoing. It should be noted however that the returns information is acceptable by various users as needed.

**Recommendation:** The Audit Office recommends that the Authority continue its efforts to have VAT returns with queries finalised and entered into TRIPS database in a timely manner. (2018/68)

#### VAT Refunds Paid

232. 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 the TRIPS Report №. 276 reflected refunds as \$2.371 billion while the Revenue Collection Statement prepared by the Authority reflects \$2.670 billion, resulting in a variance of \$299.251M. At the time of the audit in July 2019, the VAT Refunds Reconciliation was not submitted for audit. As a result, we could not determine what was responsible for the variances. At the time of reporting in September 2019, the reconciliation was presented and is under audit review.

**Authority's Response:** The Head of the Authority indicated that due to the nature of VAT the number of refundable returns should not be used to reconcile VAT refunds since the refundable returns reflects the credit position in a given period which may not necessarily mean that the taxpayer is entitle to a refund. Further, the VAT Act required that the taxpayer apply for a refund. Therefore, the total VAT refund application received should be compared with the total paid instead of the refundable return.

**Recommendation:** The Audit Office recommends that the Authority continue its efforts to finalise the reconciling items and make the necessary adjustments to the related records. (2018/69)

233. In 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 explained that the comments of the Auditor General are noted. Unfortunately, limitations of TRIPS prevent the posting of refunds in some instances. Refunds not posted in TRIPS now stand at \$9.791M. Updated VAT Refunds Reconciliation is available for audit examination. This will be addressed with the new RMS software.

***Recommendation:*** The Audit Office recommends that the Authority continue its efforts to ensure that all refunds are posted in TRIPS in a timely manner and all necessary reconciliations be prepared and submitted for audit review. (2018/70)

234. 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 \$1.800M, \$3.900M and \$19.200M in respect of the years 2016, 2015 and 2014 that needs corrective action. Some of the reasons noted for the reconciling items include: (a) refunds paid but not posted in TRIPS; (b) refunds posted in TRIPS but not included in Report №. 276; (c) refunds paid to non-registrants; and (d) refunds keyed in with incorrect cheque dates. At the time of reporting in September 2019, 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 explained that The Department acknowledges the comments of the Auditor General. Our IT Department has been engaged to assist in remedying some of the reconciling issues as corrective measures cannot be taken by front-end staff. VAT refunds amounting to \$2.106 billion was paid to LTPs; this represented 88.8% of the total refunds made.

***Recommendation:*** The Audit Office recommends that the Authority take the necessary steps to finalise the reconciling items and make the necessary adjustments to the related records. (2018/71)

### Refundable VAT Returns

235. During the year 2018, the sum of \$2.371 billion was paid to seventy-seven taxpayers as VAT refunds in respect of the years 2012 to 2018. However, according to TRIPS Report №. 213 - Listing of Refundable VAT Returns for the year 2018, there were still 8,529 refundable VAT returns valued at \$6.083 billion on hand. In addition, the total number of refundable VAT Returns for prior years could not have been determined. Similarly, in 2017 the sum of \$1.477 billion was paid to 122 taxpayers as VAT refunds in respect of the years 2012 to 2017, while TRIPS Report №. 213 - Listing of Refundable VAT Returns for the year 2017, while there were still 8,098 refundable VAT Returns valuing \$6.238 billion on hand.

**Authority's Response:** The Head of the Authority explained that the comments of the Auditor are noted. As previously stated in response to this issue raised in the 2017 report, the schedule/report reviewed by the Audit Office personnel details the credit returns filed by VAT registrants during 2018. 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 recommends that the Authority take the necessary steps to ensure that applications for VAT refunds are processed in a reasonable time frame. (2018/72)

### Objections and Appeals

236. 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 - VAT presented for the year 2018 revealed that 434 cases were received by the Authority whereby taxpayers objected to taxes totaling \$1.520 billion. At the time of reporting in September 2019, Management was still to finalise 148 cases, which resulted in the inability to collect potential taxes and penalties amounting to \$463.831M. The table below summarises the amounts in dispute.

Year	Type	№. of Cases Received	№. of Cases to be finalised as at 30 June 2018	Taxes in Dispute \$'000	Penalties in Dispute \$'000
2018	Individual	118	65	29,320	0
	Companies	316	83	434,511	0
Total		434	148	463,831	0

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

**Recommendation:** The Audit Office recommends that the Authority continue its efforts to retrieve the remaining files and present same for audit examination. (2018/73)

## Internal Revenue

### Revenue Collection

237. According to the Statement of Receipts and Disbursements - Internal Revenue, amounts totalling \$80.437 billion were estimated to be collected for the fiscal year ended 31 December 2018. Actual amounts collected and paid into the Consolidated Fund totalled \$88.733 billion, a positive variance of 10.31% or \$8.296 billion when compared with the Approved Estimates. Notwithstanding the positive variance, the Authority under-performed by \$1.879 billion on seven of the twenty-two Internal Revenue tax types as indicated in table below.

Line Items	Description	Approved Estimates \$'000	Amount Collected & Paid into Consol. Fund \$'000	(Under)/Over Estimates \$'000
5115	Professional Fees	6,018	5,121	(897)
5123	Corporation Tax - Public Sector Companies	1,971,461	1,448,994	(522,467)
5124	Corporation Tax - Private Sector Companies	33,205,358	32,045,892	(1,159,466)
5141	Property Tax - Public Sector Companies Duty	132,773	0	(132,773)
5171	Licences - Motor Vehicles	1,147,547	1,094,035	(53,512)
5172	Licences-Other Vehicles	628	526	(102)
5173	Licences- Trading	35,706	25,535	(10,171)
Total		36,499,491	34,620,103	(1,879,388)

238. During the year under review, the Authority has instituted an amnesty period January to June 2018 and July to September 2018 for (*Year of Assessment 2017 (Year of Income 2016)*). Delinquent taxpayers will not have to pay interest and penalties on their Income, Corporate, Property, Capital Gains and Withholding Tax. An analysis of payments made for January to September 2018 revealed that the Authority secured an 84% increase in revenue over the same periods in 2017.

***Authority's Response:*** The Head of the Authority explained that:

***Corporation Tax*** - The primary reason for the shortfall below the Approved Budget is a decrease in collections for Corporation Tax (Private and Public). The decrease below the Approved Budgeted collections primarily resulted from measures taken by the Commissioner-General in the month of December 2018 following a directive from the Minister of Finance to have companies delay their CIT payments to January 2019. This resulted in the month's collection falling below the targets. The CIT return submitted by the entity revealed a lower level of CIT payable for YA 2018 (\$1.2B) relative to YA 2017(\$1.7B).

***Property Tax*** - The negative variances resulted from large companies paying to make payment for property tax for previous years, while these companies made no payment in December 2018. However, a reduction of seven companies making payments, that is from seventeen entities in December 2017 to ten entities in December 2018.

Motor Vehicle - Licence - Total revenue collected under the Motor Vehicle and Road Traffic Act in the month of December 2018 is \$61.7M or 0.6% of the total revenue collected by Internal Revenue. This amount is equivalent to \$18.3M or 22.9% below the Approved Budgeted collections and \$11.3M or 15.5% below the collections in December 2017. The negative variances resulted from decreases in revenue collected from the governmental agency of \$16M and reduction in three other classes of licence issued such as; new driver permit, renewal of hire car driver licence and driver licence authenticity letter sold in December 2018 when compared with December 2017.

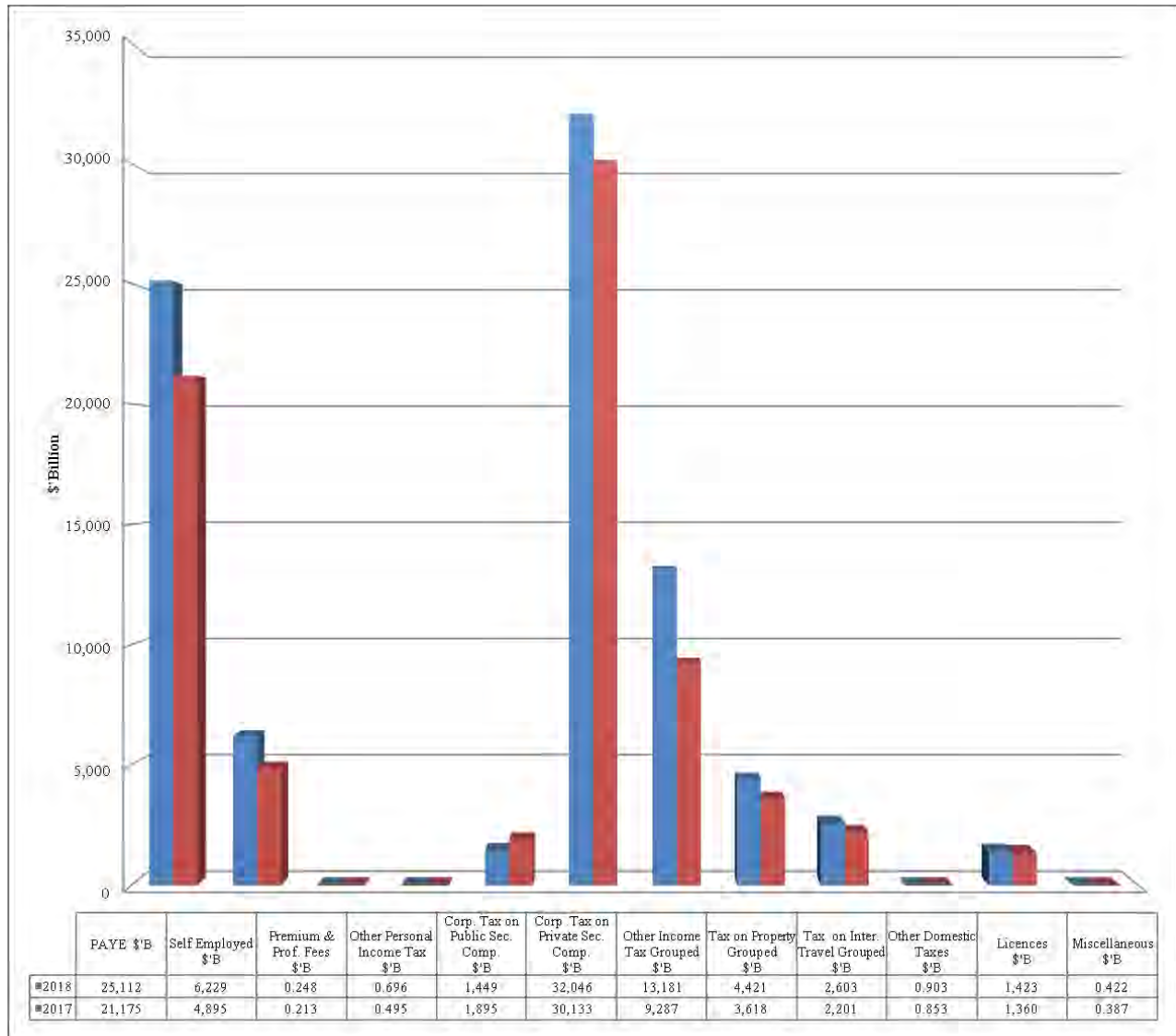
Licence-Trading - The negative variances resulted primarily from a delay in the issuance of trading licences up until the end of July 2018 due to internal issues within the GRA in implementing a policy change effective 1 January 2018, which facilitates the issuance of provisional licences for the operation of businesses such as Grocery Shops, Variety Stores, and Snackettes, which are operating without the relevant licences due to challenges in obtaining documents, including approved building plans, and safety and sanitary certificates.

239. The Statement of Receipts and Disbursements for Internal Revenue produced by the Ministry of Finance and the Revenue Collection Statement produced by the Authority continue to reflect a variance under Line Items 5174 - Licences Miscellaneous. For the year under review, the Ministry of Finance recorded collections totalling \$302.678M and the Guyana Revenue Authority Statement collections totalling \$29.086M, resulting in a variance of \$273.592M. As a result, the variances were reflected differently on the two statements.

**Authority's Response:** The Head of the Authority explained that the difference observed represents deposits made to the Consolidated Fund by other Government Agencies. A reconciliation of this difference was submitted to the Ministry of Finance during the confirmation process as set out below:

5174 - LICENCES - MISCELLANEOUS		G\$
GRA Revenue Transfers		29,081,080
IFMIS		302,677,980
Difference		<u>(273,596,900)</u>
Made up of :		
Ministry of Finance - Cambio and Gaming License	78,399,900	
Ministry of Public Security - Firearm & Misc. Licences	195,197,000	
		<u>273,596,900</u>

**COMPARATIVE ANALYSIS OF INTERNAL REVENUE PAID INTO THE  
CONSOLIDATED FUND FOR THE YEARS 2018 AND 2017**



**Figure 6**

Self-Employed Tax

240. Total income tax collected from self-employed taxpayers for the period January to December 2018 amounted to \$6.229 billion, which is equivalent to \$915.319M above the approved budgeted collections.

**Authority's Response:** The Head of the Authority explained that total income tax collected from self-employed taxpayers for the period January to December 2018 amounted to \$6.2 billion, which is \$915M or 17.2% above the approved budgeted collections and \$1.33B or 27.3% above the total Income Tax collected from Self Employed individuals during the period January to December 2017. LTD collections represented 16.9% of the total income tax collected. LTD core list of TPs comprises 69 Individuals (20 partnerships businesses with 38 Individual partners and 31 self-employed businesses). In 2018, 66 of the 69 individuals filed returns and the remaining three TPs filed in 2019. In 2018, 66 of the 69 registered Individuals made payments totalling \$391M prior years and \$660M for 2018.

241. 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 2018, there were 100,607 active registered self-employed persons in the TRIPS database of which only 17,621 persons or 17% of the active registrants filed returns. Resulting, in a total of 82,986 persons or 83% of the active registrants not filing their tax returns. Similarly, in 2017, 87,171 or 83% of the active registrants did not file their returns.

242. In response to a similar finding in 2017, Management had indicated that the database needed cleansing. It was observed that 4,915 individuals who were not required to file tax returns were removed from the TRIPS database. As such, there is evidence that the Authority has commenced the cleansing of the database.

**Authority's Response:** The Head of the Authority explained that the list provided does not represent an accurate number of active taxpayers. Preliminary data cleansing activity has uncovered various categories of taxpayers to be removed. As such, work has commenced to remove taxpayers not required to file and this is currently ongoing. 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:

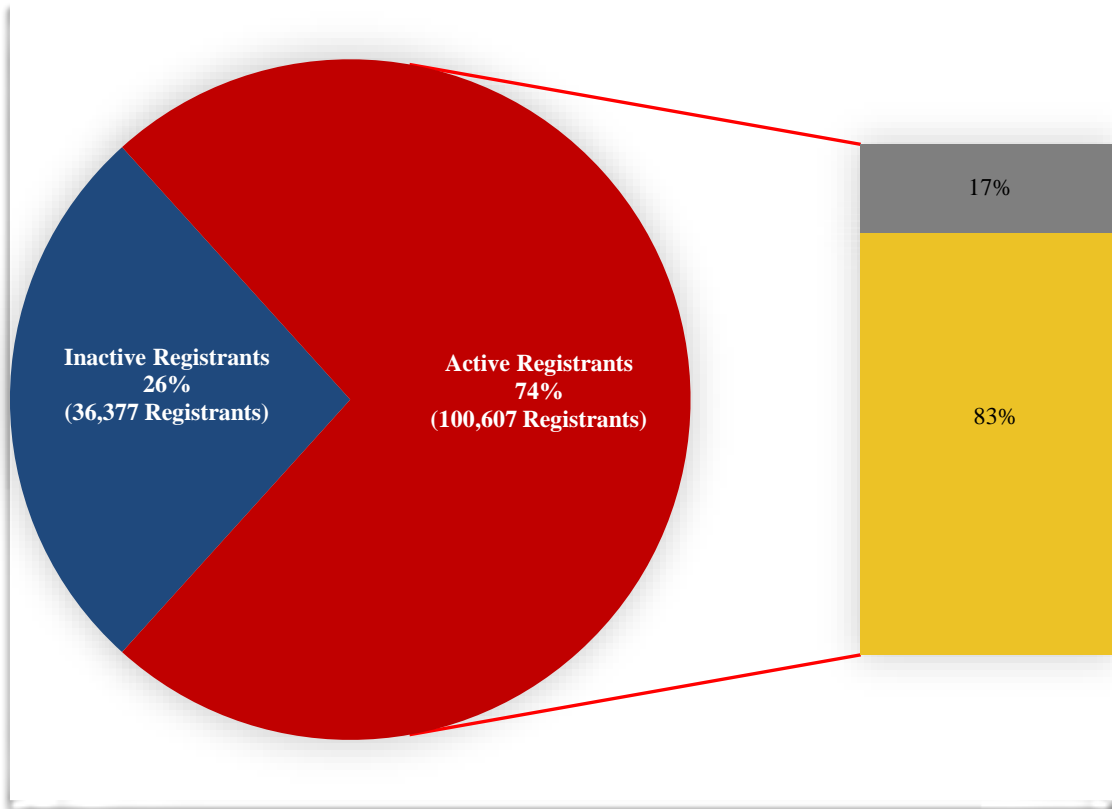
- Number of demands issued during 2018 29,620
- Number of demands continued to be issued in 2019 15,378

Three 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 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. Also, to continue its efforts to cleanse the database and present same for audit examination. (2018/74)

COMPARATIVE ANALYSIS OF SELF-EMPLOYED TAXPAYER  
FILINGS OF RETURNS FOR THE YEAR 2018



<b>17%</b>	Active Registrants who filed Tax Returns	17,621
<b>83%</b>	Active Registrants who did not file Tax Returns	82,986
	Total Active Registrants	100,607

**Figure 7**



Pay As You Earn

243. Income Tax - PAYE collected for the period January to December 2018 amounted to \$24.865 billion or 12.5% of the total revenue collected by Internal Revenue. This amount is equivalent to \$3.997 billion or 11.7% above the Approved Estimates and \$3.997 billion or 19% above the total Income Tax - PAYE collected during the period January to December 2017. The Authority made payments totalling \$187.004M as Mortgage Interest Relief, which is net of PAYE.

244. 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. Examination of the Forms II Register for the year 2018 revealed that of the 819 returns submitted, all were examined by the Authority. An analysis of the 819 examined returns submitted revealed that there were seventeen instances where the returns had variances. These returns reflected over-deductions and/or under-deductions totalling \$6.027M and negative \$9.500M, respectively.

**Authority's Response:** The Head of the Authority acknowledges the comments of the Auditor General. The outstanding cases are being closely monitored to ensure their reconciliation.

245. For returns received in the year 2017, the Authority was still to reconcile 230 returns with assessed variances of negative \$93.412M. Seventy-two Forms II greater than Form V with assessed variances of \$32.778M and 158 returns with assessed variances of negative \$126.190M in relation to Form V greater than Form II. See details below:

Description	№. of Instances	Amount on		Variance \$'000
		Forms II \$'000	Forms V \$'000	
Forms II greater than Forms V	72	1,288,645	1,255,867	32,778
Forms V greater than Forms II	158	2,711,620	2,837,810	(126,190)
Total	230	4,000,265	4,093,677	(93,412)

**Authority's Response:** The Head of the Authority acknowledges the comments of the Auditor General. The outstanding cases are being closely monitored to ensure their reconciliation.

246. In addition, of the ninety-six over/under deductions in 2016, thirty-five with assessed variances \$4.228M remained outstanding.

**Authority's Response:** The Head of the Authority explained that for the year of 2016, instances of under deduction has been reduced to thirty-five with a balance of \$4.228M.

**Recommendation:** The Audit Office recommends that the Authority continue its efforts to closely monitor the cases for the year under review and to ensure they are reconciled in a timely manner. In addition, to work assiduously to have the cases for the years 2016 and 2017 be closed. (2018/75)

Mortgage Interest Relief (MIR)

247. During the year under review, the Authority received 410 applications in Georgetown. Of the amount seventy-four applications that were approved relates to re-applicants from the years 2013 to 2018. Mortgage Interest Relief (MIR) for the year under review was \$187.004M while in 2017 the refund was \$134.614M. A sample of thirty-six applications was examined and the following were observed:

- a) Payments were made for prior periods (year in which the loan was granted by the commercial bank) despite the applications being made in 2018.
- b) There was no evidence that visits were done to ensure that the applicants are residing at the properties.

At the time of reporting in September 2019, a list of eight visits conducted was presented for audit, of which, two were done in 2018 and six in 2019 for the years 2013 - 2018. To note, no visit was in relation to the thirty-six applications examined.

In addition, a Memorandum was submitted on 19 September 2019 of which the Legal Department of the Authority highlighted that the law did not intended to be retroactive and should not be applied and interprets as such. However, the Authority continued to make payments for prior periods contrary to the Income Tax (Mortgage Interest Relief) Regulation 2013 which states “*A taxpayer eligible for relief under Section 20A (1) of the Act for the year of income 2013 may apply for mortgage interest relief on or before the 31<sup>st</sup> day of December 2013*”.

**Authority’s Response:** The Head of the Authority explained that:

- a) The Head of the Authority indicated that the Law is clear as it relates to the application and payment of MIR. There is nothing in the Income Tax Act or Legislation that limits the application to the year applied and within which the interest is accrued. In the absence of legislation, the applicant is eligible for the relief.
- b) Visits were done to ensure that the taxpayer occupies the residence, however these visits are done randomly with emphasis being placed on the high risk applicants.

**Recommendation:** The Audit Office recommends that the: (a) Authority seek to have clarity on the Income Tax Act as it relates to MIR; and (b) conduct more visits to ensure that beneficiaries are residing at the properties. (2018/76)

### Tributors

248. The Income Tax Act, Chapter 81:01 requires that any payment of emoluments made by an employer to a Tributor; the employer shall withhold 10% of the gross amount instead of 20%. The employer shall account for and pay over to the Authority on or before the 1 April, 1 July, 1 October and 31 December, respectively. 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%.

249. For the year 2018, there was an adjustment to the Income Tax Act (Amendment) Act 2018 №. 3 of 2018 that required a deduction of 10% rather than 20%. As such in 2018 Tributors made payments of 10% instead of the 20%.

250. The Authority collected amounts totalling \$246.468M as Tributors Tax. A sample of fifty-two Tributors Tax returns was examined. It was observed that twelve payments totalling \$23.583M were made of which no returns were submitted. As a result, we could not determine whether the correct amount of taxes was deducted and paid over to the Authority. At the time of reporting in September 2019, four returns were submitted and reviewed, resulting in eight returns not presented with estimated taxes of \$15.455M.

**Authority's Response:** The Head of the Authority explained that of the twelve returns, four returns have since been examined, the remaining returns are currently being located for review.

**Recommendation:** The Audit Office recommends that the Authority locate and examine the remaining returns and present same for audit examination. (2018/77)

251. During the year 2017, a sample of nineteen Tributors Tax returns were examined of which nine returns had underpayments totalling \$3.732M. At the time of reporting in September 2019, seven returns with underpayments totalling \$2.963M remained outstanding.

**Authority's Response:** The Head of the Authority explained that LTD has six LTPs are registered for Tributors Tax and only four TPs filed returns in 2018. TT collection for 2018 from LTPs was \$13.9M or 5% of the total collected. The other two LTPs are currently under review. However, efforts are being made to recover all outstanding taxes.

**Recommendation:** The Audit Office recommends that the Authority continue its efforts to have all outstanding Tributors liabilities paid to the Authority. (2018/78)

### Corporation Tax

252. During the period under review, amounts totalling \$33.393 billion and \$101.439M were received as Corporation Tax, and interest and penalties respectively, from private and public sector companies in respect of the years of assessment 1993 - 2018. This is equivalent to negative \$1.682 billion or 4.8% below the Approved Estimates. Despite the Approved Estimates being reduced by \$1.682 billion and the increase of collections totalling \$1.069 billion when compared to the same Amnesty Tax period in 2017.

**Authority's Response:** The Head of the Authority explained that in 2018 \$29.1 billion Corporation Tax, and interest and penalties respectively, were received in respect of the years of assessment 1993 - 2018. This is equivalent to 86.89% of the total CIT received by GRA. It represented \$1.980 billion or 7% above the Approved Estimates and \$27 million or 0.1% less than the same period in 2017. LTD core list consisted of 156 companies, of these 149 filed CIT in 2018 and 3 filed in 2019. 132 Companies made payments in 2018.

253. According to the Authority's TRIPS database, as at 31 December 2018, there were 5,853 registered companies of which, 4,271 were identified as active. However, only 1,997 companies filed returns for the year of assessment 2018 resulting in 1,582 companies not filing their returns as required by the Income Tax Act and applied by the Corporation Tax Act. Similarly, in 2017 of 3,685 companies, which were deemed active, 2,677 did not file their tax returns.

**Authority's Response:** The Head of the Authority indicated that the list provided does not represent an accurate number of active taxpayers required to file corporate returns. Including in the list are Partnerships, Village Councils and other entities, which are not legally required to file. Work has commenced to remove these entities not required to file and is currently ongoing.

The Authority continues to issue demand notices to defaulting companies. In addition, assessments in the absence of the returns submitted are issued to defaulting companies and legal action is instituted against chronic non-filer.

- Number of demands issued during 2018 1,817
- Number of demands continued to be issued in 2019 958

Ten cases were referred for Legal Action to be instituted 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 prioritise the high-risk taxpayers with great revenue implications.

**Recommendation:** The Audit Office recommends that the Authority pursue all possible avenues to have delinquent companies comply with the requirements of the Corporation Tax Act with a view of maximising revenue collections. Also, to continue its efforts to cleanse the database and present for audit examination. (2018/79)

254. The Authority continues to have difficulties in retrieving taxpayers' personal files. A request was made on the 10 June 2019 for a sample of 270 returns files in respect of companies making payments totalling \$24.551 billion for corporation tax during the period under review. At the time of reporting in August 2019, the files were not presented for audit. Similarly, in 2017, sixty files were requested of which forty-three were presented in September 2018. As such, seventeen files with payments totalling \$84.118M remain un-presented. At the time of reporting in September 2019, efforts are being made to present the files for audit examination.

255. Noteworthy, examination of the forty-three 2017 files presented revealed a total of \$566.030M and \$214.017M represented as overpayments to be refunded and overpayments to be used as tax setoff, respectively.

**Authority's Response:** The Head of the Authority acknowledges 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 taxpayer's files. In addition, a facility has been made available to allow the Auditor to review the scanned returns to provide audit assurance.

**Recommendation:** The Audit Office recommends that the Authority continue its efforts to adequately account for records and to enhance the condition of the filing room. (2018/80)

### Property Tax

256. Amounts totalling \$3.361 billion were collected and paid into the Consolidated Fund as Property Taxes from private and public sector companies for the period January to December 2018. This amount is equivalent to \$381.955M above the Approved Estimates and \$798.266M or 22% above the total Net Property Tax collected during the period January to December 2017.

**Authority's Response:** The Head of the Authority explained that in 2018, \$3.207 billion were collected from core LTPs for Corporate and Individual Property Tax or 95% of the total Net Property tax. This amount is equivalent to \$795M above the Approved Estimates and \$522M above the total Net Property Tax collected during the same period in 2017.

257. The Authority continues to have difficulties in retrieving taxpayers' personal files. A request was made on the 10 June 2019 for a sample of six-two files in respect of taxpayers making payments totalling \$2.452 billion for Property Tax during the period under review. At the time of reporting in September 2019, the files were not presented for audit. However, efforts are being made to present the files for audit examination.

**Authority's Response:** The Head of the Authority acknowledges 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 taxpayer's files. In addition, a facility has been made available to allow the Auditor to review the scanned returns to provide audit assurance.

**Recommendation:** The Audit Office again recommends that the Authority continue its efforts to adequately account for records and to enhance the condition of the filing room. (2018/81)

### Professional Fees

258. 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 2018 amounted to \$5.121M or 0.01% of the total revenue collected by Internal Revenue. This amount is equivalent to \$897,000 or 14.9% below the Approved Estimates. When compared to 2017 collections, this tax type is 7.9% below the collections during the same period, despite the Authority reducing its Approved Estimates by \$649,000 or 9.7%.

**Authority's Response:** The Head of the Authority explained that this is indeed an issue faced by the Authority. Continuous efforts will be put in place to help curb this situation by addressing same with the responsible body of these professionals. With reference to our Work Programme prepared for the year 2018 there was not an amount budgeted for Professional Fees only, but an aggregate amount which includes Professional Fees and other Income Taxes. Hence, such budgeted amount for January to December 2018 was \$10,000,000. For the period the authority collected \$9,028,628 which is equivalent to 90.3% of the approved estimates or 9.7% below such estimates. Additionally, when compared to 2017 collections, this is 18% above the collection during the same period despite the many constraints faced by the Authority. Please note that effective 2019 the budgeted amounts for Professional Fees and Income Taxes are recorded separately.

**Recommendation:** The Audit Office recommends that the Authority pursue all possible avenues to have delinquent professionals comply with the requirements of the Income Tax Act with a view of maximising revenue collections. (2018/82)

259. 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 in September 2019, 170 professionals paid for certificates after the stipulated date. Similarly, in 2017, eighty-six professionals paid for certificates after the stipulated date.

**Authority's Response:** The Head of the Authority explained that the Professionals practicing for a reward in any year are indeed required to be the holder of a Practice Certificate issued by the Commissioner-General in respect of that year. However, not all Professionals apply for their certificate or pay the prescribed taxes by February 28. Demand Letters are usually sent to Professionals who are registered by the Debt Management Division. Most of the Professionals paid their Professional Fees during the process of them applying for the Tax Practice Certificate. Also, due to constraints no visits or streets surveys were completed by the Authority during the period.

**Recommendation:** The Audit Office recommends that the Authority put measures in place to ensure that professionals pay for their certificates on or before the stipulated date. (2018/83)

260. Over the years, the Authority experienced difficulties in having professionals comply with the requirements of the Tax Act. As at 31 December 2018, there were 652 active registered professionals in the TRIPS database of which only 235 professionals or 36% purchased the Professional Certificates. As a result, 417 or 64% 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 explained that although some persons are register in our database as Professionals, they may not be required to apply for the Tax Practice Certificate or pay the Professional Fees because such individual might be employed by the Government. The change in one's employment status contributes to the fluctuation in the application received and fees collected. Additionally, there were some adjustments to the requirements for the processing of Tax Practice Certificates to Accountants, Auditors, and those we referred to as Tax Consultant. Hence, some applicants did not meet this requirement. To fill the gap, for the Consultants in particular, some of these periods will be practicing as 'Preparer of Returns'. This is currently being addressed.

**Recommendation:** The Audit Office again recommends that the Authority continue its efforts to have Professionals comply with the Income Tax Act. (2018/84)

261. Requests were made for the lists of registered professionals from the various professional bodies. However, at the time of reporting in September 2019, no list was submitted by the Professional bodies for audit. In 2017, only one professional body (the Dental Council) was presented for audit.

**Authority's Response:** The Head of the Authority explained that continuous efforts will be made to ensure the responsible bodies submit the list of the respective Professionals to the Authority. Subsequently, some amount of enforcement checks can be done to ensure that these Professionals are compliant under Section 37 of the Income Tax Act.

**Recommendation:** The Audit Office again recommends that the Authority continue its efforts to have non-compliant professional bodies submit the outstanding list of registered professionals. (2018/85)

262. Additionally, a sample of thirty-five 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. Similarly, in 2017, the thirty-five professional certificate applications requested remain un-presented. At the time of reporting in September 2019, the system generated Certificates were examined, however, it does not provide adequate information for the audit review.

**Authority's Response:** The Head of the Authority explained that Certificates are only issued to Professionals who meet the requirements for the issuance of same and upon completion of an application, all documents are placed in the Taxpayers' main file which is stored in the filing room. The files requested are currently being retrieved for presentation to the Auditor.

**Recommendation:** The Audit Office again recommends that the Authority put systems in place to ensure that these jackets are located and produced for audit in a timely manner. (2018/86)

263. 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 \$55.290M in Professional Fees for 2018. Similarly, in 2017, the Authority was barred from collecting an additional sum of \$53.895M. At the time of reporting in September 2019, the matter was still engaging the attention of the Court.

**Authority's Response:** The Head of the Authority explained that the Guyana Revenue Authority is indeed restrained from collecting the higher fees by virtue of the Conservatory Order issued in October 2003.

**Recommendation:** The Audit Office recommends that the Authority pursue this matter to bring closure and to implement a new regime structure for the payment of Professional Fees to avoid the continuation of the non-payment of the increased fees. (2018/87)

#### Travel Tax

264. Total Travel Tax collected for the period January to December 2018 amounted to \$1.153 billion or 1.3% of the total revenue collected by Internal Revenue. This amount is equivalent to \$217.359M above the Approved Estimate and \$184.341M above the collections during the period January to December 2017. Notwithstanding the positive variance, there was a \$75.885M reduction in the Approved Estimates and \$102.675M of the collections in 2018 represents outstanding payments made for the year 2017.

265. Amendment to Section 56(2) of the Tax Act, Cap. 80:01 states: "*Ever 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.

266. In addition, 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.*" As such, Travel Tax is now included into the passenger ticket by the Airlines and are remitted to the Authority within the time highlighted in the Travel Voucher Tax Act.



267. Examination of the records pertaining to Travel Tax revealed the following unsatisfactory features:

- a) One airline ceased operation in November 2018, at the time of reporting in July 2019 the Declaration Form and payment of \$0.343M (Travel Tax) and \$0.980M (Travel Voucher Tax) were made to the Authority. However, the Authority failed to examine the Return to determine the accuracy of the information presented. At the time of reporting in September 2019, the returns were submitted and are currently under review.

**Authority's Response:** The Head of the Authority indicated that Declaration form for the airline in question was examined and is available for auditor's verification.

**Recommendation:** The Audit Office recommends that returns are examined in a timely manner and presented for audit examination. (2018/88)

- b) Examination of the Returns submitted by six airlines revealed a variance of \$5.414M between the amounts declared on the Declaration Form and the payments made. As such, there is an under payments of the said amount.

**Authority's Response:** The Head of the Authority explained that the Auditor did not take into account refunds granted to passengers and additional payments amounting to \$811,180. Letters were dispatched to airlines to clarify uncertainties and demands were issued for outstanding payments, where applicable.

**Recommendation:** The Audit Office recommends that the Authority put measures in place to have airlines comply and submit returns within the time highlighted in the Travel Voucher Tax Act. In addition, to review the returns and demand variances observed between the amounts declared and the amount paid with a view of maximising revenue collections. (2018/89)

268. 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. Examination of the Travel Tax Returns submitted and payments made revealed that penalties and interest totalling \$11.117M were not collected from four airlines who failed to comply with the Travel Voucher Tax Act.

**Authority's Response:** The Head of the Authority explained that in 2018, \$21.2M was collected from LTPs for Travel Tax, less than a 1% of the total Travel Tax collected by GRA. Four LTPs are registered for Travel Tax and three LTPs are making payments. One LTPs is under review for de-registration.

- According to our records, the first airline mentioned in the schedule provided by the Auditor incurred a penalty of \$4,688,866 for several periods. Partial waiver of the penalty imposed was granted and the difference paid.

- The second airline mentioned is currently being reviewed since they are not registered for TVT.
- With regards to the third airline mentioned in the schedule, the penalty computed by the Auditor of \$9,079,900 is inaccurate. However, the correct Penalty was demanded for the various periods.

**Recommendation:** The Audit Office recommends that the Authority put measures in place to have airlines comply and submit returns within the required time frame and to apply the penalties and interest highlighted in the Travel Voucher Tax Act with a view of maximising revenue collections. (2018/90)

### Travel Voucher Tax

269. Total Travel Voucher Tax collected for the period January to December 2018 amounted to \$1.449 billion or 1.6% of the total revenue collected by Internal Revenue. This amount is equivalent to \$123.900M above the Approved Estimate and \$217M above the collections during the period January to December 2017. Nevertheless, \$71.935M of this amount represents outstanding payments made for the year 2017.

270. The Travel Voucher Tax (Amendment) Act No. 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*”. Seven airlines operated flights originating from Guyana during the year under review. At the time of reporting in September 2019, only two airlines confirmed to the requirement of the Travel Voucher Tax (Amendment) Act 2017 as having a bond in place. Additionally, one of the airlines that confirmed to this requirement did not submit the bond to the Authority but a letter of confirmation from the commercial bank. Similarly, in 2017, of the eight airlines operated out of Guyana, only one airline confirmed to the requirement highlighted in the Act of which the bond is not in the possession of the Authority.

**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 two airlines confirmed to the requirement of the Travel Voucher Tax (Amendment Act) 2017, since these airlines came into operation after the amendment was enacted. The requirement to submit a bond for airlines owned by CARICOM countries was waived.

**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. (2018/91)

271. 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.

272. Examination of the records pertaining to Travel Voucher Tax during the year under review revealed the following:

- a) Audit examination of the Travel Voucher Tax records revealed that two major airlines submitted Returns and payments after the due date highlighted in the Travel Voucher Tax Act and no penalty was computed. Management indicated that the two airlines received variances of the date of submission of Returns and payments rather than the twenty-two days highlighted in the Travel Voucher Tax Act, twenty-two and thirty-one days following the end of the previous month was granted to these airlines. For the first airline, a letter was presented however, it is dated 16 March 2010 and the second airline no evidence of such waiver was presented.

As it relates to the second airline, the airline wrote the Authority for a copy of the waiver letter because their copy was destroyed by fire. To date, the Authority have not located the waiver letter but uses the letter of request from the airline as the approval waiver letter. At the time of reporting in September 2019, letters of endorsement dated 30 July 2019 was presented.

In addition, these two airlines do not have bonds in effect as highlighted in the The Travel Voucher Tax (Amendment) Act №. 10 of 2017.

**Authority's Response:** The Head of the Authority indicated that one airline was granted twenty-two days after the end of every month while the other Airline was granted thirty days after the end of every period. The waiver granted by the Commissioner-General is in accordance with the provisions of the Travel Voucher Tax Act and remains in force until such time as the he advises otherwise.

**Recommendation:** The Audit Office recommends that the Authority make every effort to locate and present the original approval letter for the second airline mentioned above to provide assurance that this privilege was indeed granted. In addition, the Authority should review the purpose why this privilege was granted and have the airlines confirm with the stipulated time highlighted in the Travel Voucher Tax. Further, to have the airlines confirm with the Travel Voucher Tax (Amendment) Act 2017 by having a bond in effect. (2018/92)

- b) One airline commence operation in June 2018; audit examination of the Returns submitted revealed that the amounts recorded on the Returns had a variance from the amount paid, as such, there is an outstanding amount of \$8.724M for the period 1 June to 31 December 2018. At the time of reporting in September 2019, the updated return files were presented and are under audit review.

**Authority's Response:** The Head of the Authority indicated that of the amount outstanding \$599,386 in Travel Voucher Tax was paid. The remaining variances arose because of the following:

- Error on the part of the auditor where inaccurate figure was recorded.
- Audit examination did not take into consideration passengers granted exemptions.
- Audit examination did not take into consideration that TVT is calculated on the base fare for all tickets where the journey originated from Guyana and therefore an incorrect calculation was used.

Letters were sent to airlines to clarify uncertainties. In addition, airlines with outstanding payments were issued demand for payment.

**Recommendation:** The Audit Office recommends that the Authority make every effort to have airlines submit the Returns within the stipulated time highlighted in the Travel Voucher Tax. In addition, to ensure that the final and adjusted returns are submitted for audit examination. (2018/93)

- c) Audit examination of the Returns submitted by four airlines revealed that the amounts recorded on the Returns were different to the amount paid as such there are outstanding variances totalling \$3.520M. At the time of reporting in September 2019, we could not determine what actions were taken by the Authority and if these amounts were paid.

**Authority's Response:** The Head of the Authority indicated that the auditor examination failed to take into consideration exempted passengers and passengers whose journey did not originate from Guyana. Additionally, there are queries that would have been sent to airlines for which responses are still outstanding. TVT is calculated on the base fare for all tickets where the journey originated from Georgetown and therefore the total amount on return should not be used for calculation of TVT payable.

**Recommendation:** The Audit Office recommends that the Authority make every effort to have airlines comply with the Travel Voucher Tax Act and to review all returns and demand payments for such variances. In addition, to follow-up with airlines to have outstanding queries clarified with a view of maximising revenue collections. (2018/94)

- d) At the time of reporting in September 2019, one airline submitted the Declaration Form and made payments totalling \$15.322M to the Authority. However, the Authority failed to examine the Return to determine the accuracy of the information presented for the period January to December 2018. At the time of reporting in September 2019, the Returns were submitted and are under audit review.

**Authority's Response:** The Head of the Authority indicated that a check of the records revealed that file issued to Auditor contained returns for the month of January 2018, which was examined. The remaining returns for the period February - December 2018 has since been examined and are available for auditors' review.

**Recommendation:** The Audit Office recommends that the Authority make every effort to have airlines comply with the Travel Voucher Tax Act and for all returns to be examined in a timely manner. (2018/95)

273. 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 \$20.645M in penalties and interest. To note, one of these airlines does not have a bonds in effect as highlighted in the Travel Voucher Tax (Amendment) Act №. 10 of 2017.

**Authority's Response:** The Head of the Authority indicated that the two airlines identified in the schedule were sent penalty letter (copies are on hand for verification). However, one airline was granted waiver of a percentage of the penalty charges, and the remainder was paid along with interest charges due. While the other airline has not yet paid the penalty charges. The Authority is actively perusing this outstanding balance.

**Recommendation:** The Audit Office recommends that the Authority make every effort to have airlines comply by submitting returns and making payments within the stipulated time as highlighted in the Travel Voucher Tax Act. In addition, to insist that airlines established bonds as stipulated in the Travel Voucher Tax (Amendment) Act 2017. (2018/96)

274. 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 in September 2019, the amount remained outstanding.

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

**Recommendation:** The Audit Office recommends that the Authority continue its efforts to collect all outstanding taxes due to the Authority. (2018/97)

275. 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). 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 reporting in September 2019, 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 Head of the Authority indicated that 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.
- 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.

276. 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 in September 2019.

**Authority's Response:** The Head of the Authority indicated that 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 recommends that the Authority continue its efforts to collect all outstanding taxes due to the Authority. In addition, the Authority should put systems in place to avoid recurrence of same. (2018/98)

### Objections and Appeals

277. 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 2018 revealed that 2,019 cases were received by the Authority. At the time of reporting in September 2019, Management was still to finalise 1,579 of the cases, which resulted in the inability to collect potential taxes and penalties amounting to \$5.222 billion and \$90.730M, respectively. Similarly, for years 2008 to 2017, Management is still to finalise 479 cases where taxes and penalties in dispute amounted to \$17.239 billion and \$440.593M, 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	18	5,897	93
2009	762	8	6,055	257
2010	962	19	2,817,924	2,020
2011	809	33	52,874	704
2012	327	19	54,439	230
2013	345	7	5,547	203
2014	408	11	129,885	4,323
2015	682	35	181,558	9,958
2016	1,028	44	349,196	40,168
2017	1,010	285	13,635,138	382,637
Sub-Total	7,721	479	17,238,513	440,593
2018	2,019	1,579	5,222,214	90,730
Total	9,740	2,058	22,460,727	531,323

**Authority's Response:** The Head of the Authority explained that the Objections & Appeals Section continues to work assiduously to finalise objection cases on hand in a timely manner.

**Recommendation:** The Audit Office recommends that the Authority continue its efforts to have all outstanding cases finalised as soon as possible. (2018/99)

278. It must be noted that of the \$17.239 billion in taxes and penalties in dispute for the years 2008-2017, \$2.299 billion and \$10.749 billion is in relation to two companies and one Government Agency, respectively. At the time of reporting in September 2019, the taxes and penalties in dispute for the one Government Agency was discharged by letter dated 8 August 2019.

**Authority's Response:** The Head of the Authority indicated that the two cases for the above-mentioned Government Agency with taxes and penalties totalling \$12.16 billion were finalised on 9 August 2019.

**Recommendation:** The Audit Office recommends that the Authority continue its efforts to have all outstanding cases finalised with a view of maximising revenue collections. (2018/100)

#### Trade and Miscellaneous Licences

279. The Authority recorded a negative variance of \$10.171M or 28% below the Approved Estimates and \$6.084M or 19.20% below the collections during the period January to December 2017. It was estimated that \$35.706M in Licences - Trading will be collected, however only \$25.535M were collected and paid into the Consolidated Fund.

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

280. In addition, total revenue collected from Licence- Miscellaneous for the period January to December 2018 amounted to \$29.086M or 3% of the total revenue collected by Internal Revenue. This amount is equivalent to \$3.922M above the Approved Estimates. Notably, there was a \$110.369M or 60.3% reduction in the Approved Estimates.

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

281. As at 31 December 2018, there were 6,970 registrants for Trade and Miscellaneous Licences. However, only 2,758 renewed their licences resulting in 3,486 defaulters. As a result, the Authority did not collect licences fees estimated in the sum of \$65.431M. Similarly, in 2017, there were 3,484 defaulters resulting in lost estimated revenue of \$21.071M. At the time of reporting in September 2019, the amended Trade and Miscellaneous Licences registrants were yet to be presented for further audit review. As such, it was not possible to ascertain the information provided in the Authority's response.

**Authority's Response:** The Head of the Authority explained that the of the 6,970 Registrants for Trade and Miscellaneous Licences, 2,616 were for Hucksters and 4,354 for Other Trade and Miscellaneous Licences of which Licence fees were collected for 2,059 and 2,295 were alleged defaulters. Of the 2,616 Registrants for Hucksters, the Guyana Revenue Authority would have identified that 1,259 were not applicable for Hucksters Licences and were made inactive. Of the remaining 1,357 Active Hucksters, Licence fees were collected for 629 and 728 were alleged defaulters. The estimated Licence fees for the alleged 3,023 Trade and Miscellaneous defaulters are \$27.428M and not \$65.431M as was stated.

**Recommendation:** The Audit Office recommends that the Authority continue its efforts to remove taxpayers who are not applicable for licences and to present the amended Trade and Miscellaneous Licences Registrants for further audit review. (2018/101)

282. 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 licenses. The Authority had indicated during September 2018 that there was an amendment to Section 71 of the Tax Act, Chapter 81:01 in 2018 to include a provision for the issuance of provisional licenses for some of these businesses. However, at the time of reporting in September 2019, the Authority failed to issue any provisional licenses. As such, the Authority continues to loose revenue from this tax category.

**Authority is Response:** The Head of the Authority explained that provisional licenses were not automated by the LRPS because the Guyana Revenue Authority IT Department was addressing other pertinent matters regarding Corporation and Income taxes. With regards to measures to have defaulters renew their Licences, the list of defaulters was sent to the Law Enforcement & Investigations Division to conduct enforcement exercise. In addition, letters were prepared and dispatched for the defaulters.

**Recommendation:** The Audit Office recommends that the Authority put systems in place to have the provisional licenses available to traders with the view of maximising revenue collections. (2018/102)



### Legal Confirmations

283. 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. At the time of reporting in September 2019, these remain un-presented. Similarly, in 2016 no confirmations were received by the Audit Office of Guyana.

284. At the time of reporting in September 2019 the legal counsels contracted by the Authority was presented for 2018. It was observed that, the Authority incurred expenses totalling \$53.469M for twelve cases.

### Revenue Accounting and Control

#### Bank Reconciliation

285. The Authority maintained one account at a Commercial Bank of which its closing balance as at December 31, 2018 was \$31.373M. Note worthily, the Authority does not prepare bank reconciliation statements for this account. In addition, the Authority could not provide information as to the purpose of this account. In 2017, this account had a closing balance of \$8.715M, which represents a \$22.658M increase.

286. Additional audit verification revealed that in 2017 cash totalling \$17.967M was seized and was deposited on 9 August 2018 to this account. To note, this account is not the ESCROW account that is used for the temporary deposit of seizure proceeds during investigations.

**Authority's Response:** The Head of the Authority indicated that the Authority reconciles all bank accounts it holds at commercial banks. The account in question was not opened or is being operated by the Authority. Examination of deposits slips being processed through this account will reveal that the deposits are being made on official Bank of Guyana issued stationery for the Authority's main revenue accounts. The existence of this account is unknown to the Authority and it is assumed that this serves as a vehicle for the acceptance of deposits for Bank of Guyana as is common with other commercial bank in the outlying areas.

**Recommendation:** The Audit Office recommends that the Authority investigate this account, have it reconciled and presented for audit examinations. (2018/103)

287. The ESCROW account that is used as a holder of potential revenue due to seizure matters continues to increase in its closing balances. For the years 2016, 2017 and 2018 the closing balances were \$331.918M, \$514.873M and \$1.165 billion, respectively. During the year under review, the Authority closed 257 seizure files with estimated revenue collections of \$332.881M. As such, it can be concluded that revenue deposited to this account is not being transferred to the Consolidated Fund bank account on a regular basis or in a timely manner.

**Authority's Response:** The Head of the Authority explained that a comprehensive review of the deposits made to this account was undertaken and several transfers in July 2019 totalling \$1.39B were made to revenue Consolidated Fund.

**Recommendation:** The Audit Office recommends that the Authority monitor this account more regularly and make the necessary deposits to the Consolidated Account in a timely manner. (2018/104)

288. Audit review of the Authority's bank reconciliation statement and other related records for one bank account under Line Items - Deposit not on Bank Statement valued \$3.864M could not be verified. Management stated that this amount represents a deposit made to the Guyana Police Force's account instead of the Authority's account in error. At the time of reporting in September 2019 this matter has not been resolved.

**Authority's Response:** The Head of the Authority explained that the commercial bank responsible for processing deposits for the Authority was written to have deposits regularised and transferred to the Authority's account. However, we have been advised that the account to which these deposits were processed is dormant and requires action from Ministry of Public Security.

**Recommendation:** The Audit Office recommends that the Authority take action to bring closure to this matter as soon as possible. (2018/105)

289. Bank confirmations for three commercial banks were not presented for audit review. It must be noted; these three accounts are used to facilitate electronic payments. In addition, the Authority has been inconsistent in the preparation of bank reconciliation statements for these accounts. Bank reconciliation statements for the following periods remained un-presented.

No.	Name of Bank	Un-presented Bank Reconciliations
1	Bank 1	June to December 2018 January to April 2019
2	Bank 2	November and December 2018 January to April 2019
3	Bank 3	January to December 2018 January to April 2019

290. At the time of reporting in September 2019, the bank reconciliation statements were presented and examined. One of the banks (bank 2) had a closing balance of \$14.915M as at 31 December 2018 and a closing balance of \$29.262M as at 31 May 2019. In addition, this commercial bank did not provide bank confirmation(s) as requested as at 31 December 2018.

**Authority's Response:** The Head of the Authority explained that reconciliation statements to December 2018 have been prepared and are available for audit examination.

**Recommendation:** The Audit Office recommends that the Authority prepare and review bank reconciliations on a monthly basis and to have all revenue collected transfer to the Consolidated Account in a timely manner. (2018/106)

291. Bank confirmation presented by Bank of Guyana revealed a closing balance of \$2.872M for Account №. 0162400447001 named Official GRA Internal Revenue; however, no bank reconciliation was prepared and presented for the period January to December 2018. It was explained by the Revenue Account Unit that this account is a Guyana Revenue Authority Finance Department Account.

**Authority's Response:** The Head of the Authority explained that the account in question is being managed by GRA's Finance Division and as such, reconciliation statements are being prepared by this unit.

**Recommendation:** The Audit Office recommends that the Authority make every effort to have the account reconciled and presented for audit. (2018/107)

292. Audit review of the Authority's bank reconciliation statement at one commercial bank under Line Items - Deposit not on Bank Statement twenty-nine deposits totalling \$18.412M remain outstanding at the time of audit in July 2019. Notably, these deposits are for the years 2017 and the first quarter of 2018. The Cash Book was presented on 19 September 2019 and is currently being reviewed. In addition, bank reconciliation statement for June 2019 were not prepared by the Authority. As such, we were unable to verify that the items are removed from the bank reconciliation statement.

**Authority's Response:** The Head of the Authority acknowledges the comments of the Auditor General. Adjustments were done in the Cash Book in June 2019.

**Recommendation:** The Audit Office recommends that the Authority investigate these deposits and present updated position for audit examination. (2018/108)

#### Dishonoured Cheques

293. Examination of the Dishonoured Cheques Register revealed that 190 cheques valued \$256.039M were dishonoured during the year 2018, of which sixty cheques valued at \$133.987M were referred to the drawer. At the time of reporting in September 2019, three cheques valued \$125,206 remained dishonored for the year under review. Similarly, seven cheques for the years 2011, 2013, 2015 and 2017 valued at \$3.665M remained dishonoured.

**Authority's Response:** The Head of the Authority explained that efforts are ongoing to have outstanding cheques cleared.

**Recommendation:** The Audit Office recommends that the Authority follow-up with the Police to recover all outstanding monies due to the Authority and bring closure to this matter. (2018/109)

## Other Matters

294. 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.

295. 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
<b>Customs Modules</b>		
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
<b>Tax Modules</b>		
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

296. 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.

297. In 2016, the Authority stated that it was considering the upgrading of TRIPS to 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 in September 2019, the Authority is considering to redirect its resources otherwise and cease the upgrading of the TRIPS.

**Authority's Response:** The Authority explained that it has finally discontinued pursuit of the implementation of the TRIPS II project since the project was failing, and was not yielding the expected returns on investment, primarily:

- a) The re-write of TRIPS to a web base solution still did not provide the agency (GRA) with a comprehensive and modern Tax solution covering all areas of operations.
- b) Even after redirecting the vendor's (Crown Agent) focus solely to the delivery of an Internal Revenue Taxes only solution, the enhancements were not flexible to GRA's operations over the long run.
- c) The Vendor was downsizing and therefore; would not have the capacity to deliver and support future modifications. Additionally, Intellectual property rights to TRIPS were sold to another company which further eroded GRA's confidence in the long-term viability of the product.

The Authority is in pursuit of a tested and proven modern tax administration solution Revenue Management System (RMS).

This product is expected to dramatically improve the general productivity of tax operations. With RMS there will be improvement in the completeness and timeliness of taxpayer accounting, the introduction of a more thorough risk based approach to tax administration that maximises the collection per man-hour. Taxpayers will be provided with more modern ways of interacting with the GRA via the online service, which will facilitate online filing of returns, claim for refunds, apply for tax compliance certificates, etc., upload content and allow their tax agents to act on their behalf.

### Regional Integrated Tax Offices

#### Lethem Integrated Tax Office

#### Incoming & Outgoing Foreign Vehicles and Passengers traversing the "Defined Area"

298. Examination of the Incoming & Outgoing Foreign Vehicles and Passengers traversing the Defined Area revealed that there were 29,689 foreign vehicles entering Guyana and only 28,933 vehicles exiting Guyana resulting in 766 vehicles not exiting Guyana as at the time of audit in August 2019. The average number of foreign vehicles entering and exiting Guyana per day was eighty-one.

299. Similarly, in 2017, there were 30,669 foreign vehicles entering Guyana and only 29,023 vehicles exiting Guyana, resulting in 1,646 not exiting Guyana. The average number of foreign vehicles entering and exiting Guyana per day during the year 2017 was eighty-four.

**Authority's Response:** The Head of the Authority explained that the difference of 766 and 1,646 respectively may be attributed to the following:

- a) 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 as 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.
- b) Recording of the movement of vehicles at the location is a manual process and as such, there are some elements of human errors with the recording of same.

It must be noted, foreign incoming vehicles traversing within the 'Defined Area' cannot exit the 'Defined Area' that ends at the Kurupukari Crossing without Temporary Importation Documentation that 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 Vehicles are exiting the Guyana/Brazil Border from 7am to 7pm.

**Recommendation:** The Audit Office recommends that the Authority put systems in place to closely monitor the temporary importation and subsequent re-exportation of vehicles. (2018/110)

*Incoming & Outgoing Foreign Vehicles and Passengers exiting the "Defined Area"*

300. Examination of the Temporary Importation Vehicles Register revealed that sixty-three foreign vehicles entered Guyana and sixty-one vehicles exited Guyana. At the time of audit in August 2019 the other two vehicles had still not exited Guyana. Of the sixty-three foreign vehicles entering Guyana, thirty-five vehicles were in transit to Suriname. In 2017, twenty-nine foreign vehicles were in transit to Suriname. Evidence was seen where eleven of these vehicles exited, resulting in eighteen vehicles not accounted for.

**Authority's Response:** The Head of the Authority explained that efforts are now put in place to update the spreadsheet as was seen by the Auditors that was not maintained in a timely manner for foreign registered vehicles that entered Guyana from Brazil through port Lethem and said to depart Guyana for Suriname. The updated spreadsheet will be sent to the Supervisor, Customs-Corriverton for reconciliation.

**Recommendation:** The Audit Office recommends that the Authority put systems in place to closely monitor the temporary importation and subsequent re-exportation of vehicles. (2018/111)

## Revenue

301. Audit examination of the records for Internal Revenue and Licence Revenue revealed that for the year under review the Office collected \$88.536M. It was noted that Collectors Cash Books are maintained for Licence Revenues (Motor Vehicles and Trade and Miscellaneous Licence), however, no Collectors Cash Book was maintained for Internal Revenue.

**Authority's Response:** The Head of the Authority explained that since the establishment of the Internal Revenue Department a Tax Register was in place as at 19 September 2013, instead of Collectors Cash Book. With guidance from Revenue Account, a Collectors Cash Book will now be maintained at the location by 2 September 2019.

**Recommendation:** The Audit Office recommends that the Authority ensure that the Collectors Cash Book is in place for the proper accounting of all revenue collected by the location. (2018/112)

### Corriverton Integrated Tax Office

#### Temporary Importation of Motor Vehicles

302. Examination of the Temporary Importation of Motor Vehicles Register for the period March to December 2017, revealed that a total of 2,561 motor vehicles were recorded as entering Guyana. However, only 2,470 were recorded as leaving. As a result, ninety-one motor vehicles did not return. At the time of audit in August 2019, thirty-four motor vehicles did not return.

**Authority's Response:** The Head of the Authority explained that according to our delinquent foreign vehicle listing for the period in question, which was shown to the auditors, revealed an outstanding amount of thirty-four vehicles. The outstanding amount for 2019 is largely due to the Canawaima Ferry Service being suspended.

**Recommendation:** The Audit Office recommends that the Authority put systems in place to closely monitor the temporary importation and subsequent re-exportation of vehicles. (2018/113)

303. In addition, the total number of vehicles temporarily entering for the periods October to December 2016 and January to 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 with the explanation that the register was handed over to the Guyana Police Force to facilitate an on-going investigation.

304. In a follow-up in August 2019, we were advised that the Register handed over to the Guyana Police Force contained the information for the periods October to December 2016 and January and February 2017. As such, it could not be determined the number of vehicles entering and exiting Guyana for those periods.

**Authority's Response:** The Head of the Authority explained that the register in question covers the period October 2016 to February 2017 and was handed over to the Guyana Police Force.

**Recommendation:** The Audit Office recommends that the Authority provide the necessary information as soon as possible. (2018/114)

305. The Authority continued to experience difficulty in having Foreign Registered Motor Vehicles temporarily imported to return during the authorised fourteen days. During the period under review, fifty-three motor vehicles overstayed. Furthermore, for the year under review, an examination of the respective Foreign Vehicles Registers revealed that there were 2,545 Vehicles entering Guyana and only 2,492 vehicles exiting Guyana.

306. Similarly, in 2016 and 2017 six and three motor vehicles overstayed, respectively. However, there was no evidence to support approval of requests for extension of stay. It was reported that the Delinquent Foreign Registered Vehicles are forwarded to Law Enforcement and Investigation Department for further action.

**Authority's Response:** The Head of the Authority explained that the suspension of the Canawaima Ferry Service has resulted in vehicles not departing or returning to Guyana.

**Recommendation:** The Audit Office recommends that the Authority put systems in place to closely monitor the re-exportation of vehicles. (2018/115)

307. In addition, the Incoming and Outgoing Foreign Vehicles Registers does not record pertinent information such as the foreign home address, driver's licence number and its expiry date, colour of vehicle, engine capacity, vehicle insurance and expiry dates.

**Authority's Response:** The Head of the Authority explained that it has implemented an Automated Vehicle Crossing Software which captures all the information outlined by the Auditors.

**Recommendation:** The Audit Office recommends that the Authority write up the register with all pertinent information. (2018/116)

### Revenue

308. The recording and accounting procedures for Internal Revenue, Licence Revenue Office and Value Added Tax needs to be amended to properly account for revenue in a systematic way. Revenue collected for TIN Certificates are incorporated and recorded with Value Added Tax on the Daily Reports but is incorporated and banked under the Internal Revenue. On the other hand, a taxpayer who has recently renewed their Road Licence and is transferring the Motor Vehicle to another taxpayer receives a rebate. However, it is difficult to ascertain those transactions from the reports prepared by the Authority.

**Authority's Response:** The Head of the Authority explained that the classification on the reports would require the intervention of the Information Technology Department and it is not within the remit of the Branch Offices to take action regarding this query.

**Recommendation:** The Audit Office recommends that the Authority make every effort to properly account for revenue in a systematic way. (2018/117)



AGENCY 04  
MINISTRY OF FOREIGN AFFAIRS

Current Year Matters

Current Expenditure

Unspent Balances

309. 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 G\$112.482M as at 31 December 2018 were paid over in January, February and April 2019 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 Embassy, Beijing	2019/01/25	US\$27,007.47	5,578,866	0	34,097	5,612,963
Guyana High Commission, London	2019/01/25	£31,179.17	8,651,908	0	0	8,651,908
Guyana Embassy, Brussels	2019/02/26	US\$28,340.87	5,728,058	94,599	67,425	5,890,082
Guyana Consulate, Toronto	2019/01/28	CAD\$33,984.36	4,104,630	26,999	1,288,196	5,419,825
Guyana Embassy, Kuwait	2019/01/28	US\$11,725.27	2,421,862	0	15,000	2,436,862
Guyana Consulate, Nickerie	2019/01/28	US\$26,791.25	5,553,918	2,125	11,982	5,568,025
Guyana Honorary Consulate, Boa Vista	2019/01/29	US\$28,311.15	5,200,902	12,124	670,880	5,883,906
Guyana Permanent Rep, New York	2019/01/30	US\$41,204.25	7,733,719	12,868	816,913	8,563,500
CG New York	2019/01/30	US\$6,333.76	26,195	0	1,290,151	1,316,346
Guyana Consulate, Barbados	2019/01/31	US\$40,847.26	8,121,335	31,726	336,226	8,489,287
Guyana High Commission, Trinidad and Tobago	2019/01/31	US\$34,905.21	7,070,171	6,134	178,045	7,254,350
Guyana Embassy, Paramaribo	2019/01/31	US\$14,481.94	2,905,254	12,468	92,059	3,009,781
Guyana Embassy, Washington	2019/01/31	US\$23,705.31	4,926,675	0	0	4,926,675
Guyana High Commission, South Africa	2019/02/18	US\$13,037.61	2,656,805	48,332	4,470	2,709,607
Guyana Embassy, Geneva, Switzerland	2019/02/19	US\$32,921.82	5,253,996	1,588,146	0	6,842,142
Guyana High Commission, Ottawa	2019/02/21	CAD\$46,687.90	7,401,406	44,381	0	7,445,787
Guyana Embassy, Caracas	2019/02/21	US\$17,313.41	3,576,295	0	21,950	3,598,245
Guyana Embassy, Brazil	2019/02/25	US\$36,334.25	7,043,716	0	556,072	7,599,788
Guyana High Commission, India	2019/02/26	US\$27,384.26	5,103,465	0	587,805	5,691,270
Guyana Embassy, Havana	2019/04/15	CAD\$34,938.97	5,541,091	8,040	22,936	5,572,067
<b>Total</b>			<b>104,600,267</b>	<b>1,887,942</b>	<b>5,994,207</b>	<b>112,482,416</b>

**Ministry's Response:** The Head of the Budget Agency explained that most of the unspent balances for 2018 were refunded in January 2019. It should also be noted that the amount of unspent balances that were returned to the Consolidated Fund over the years have reduced significantly. This results are due to the constant review of cash flow requests against budget allocations, expenditure statements and remittances.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency 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. (2018/118)

Employment Costs

310. During 2018, amounts totalling \$1.453 billion were expended for the payment of salaries. Audit checks revealed that the sum of \$590.918M or 41% of the total Employment Costs were 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	177,024	12
6112	Senior Technical	49,678	4
6113	Other Technical and Craft Skilled	285,446	20
6114	Clerical and Office Support	180,870	12
6115	Semi-Skilled Operatives and Unskilled	149,642	10
6116	Contracted Employees	590,918	41
6117	Temporary Employees	19,121	1
Total		1,452,699	100

311. According to the payroll for December 2018, the Ministry had a total of 381 employees and contracted employees were fifty-seven or 15% of the total employees. Details are shown in the table below:

Line Item	Description	National Estimates 2018	Actual as per Payroll 31.12.2018	Difference	Percentage
6111	Administrative	89	95	6	26
6112	Senior Technical	8	6	(2)	1
6113	Other Technical and Craft Skilled	46	50	4	13
6114	Clerical and Office Support	69	75	6	20
6115	Semi-Skilled Operatives and Unskilled	64	80	16	21
6116	Contracted Employees	58	57	(1)	15
6117	Temporary Employees	21	18	(3)	4
Total		355	381	26	100

### Goods and Services

312. During the year, the sum of \$2.028 billion was allotted for the purchases of goods and services. The sum of \$6.793M was moved within the Programmes by the way of Virements, thus revising the total funds available to \$2.021 billion. A Supplementary Provision of \$788.049M was approved, taking the revised allotment to \$2.809 billion. Amounts totalling \$800.478M were expended under Programmes 1 and 3. Included in this amount were eight contracts totalling \$221.727M awarded to two individuals for the provision of Specialised Legal Services for the Guyana-Venezuela Border controversy. The contracts were awarded through single sourcing and approved by the NPTAB. At the time of reporting, amounts totalling \$219.543M were paid to the two individuals.

### Accounting for Expenditure

313. The Appropriation Accounts were overstated by \$489.896M. Audit checks carried out in January 2019 revealed that sixty-two cheques for this amount were still on hand at the Ministry. In addition, it was noted that the items/services were not delivered. The Ministry is reminded of 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. During the period February to August 2019, sixty of the cheques for amounts totalling \$349.303M were paid and the items/services delivered. At the time of reporting in September 2019, two cheques totalling \$140.593M for the construction of the Embassy, Ambassador's residence and Diplomatic Staff Quarters in Brasilia, Brazil were still on hand and have since become stale dated.

**Ministry's Response:** The Head of the Budget Agency explained that the two cheques totalling \$140.593M were processed for the construction of the Embassy, Ambassador's residence and Diplomatic Staff Quarters in Brasilia, Brazil. This amount was entered into the system in anticipation that the award will be granted and there will be adequate funds based on the Engineer's Estimates to commence construction.

However, there was delay in the procurement process and the award was not made to date. The Ministry was advised by NPTAB to merge the Brazil Bidding documents with the Guyana Standard Bidding documents so that the criteria are clear for both Brazilian and Guyanese Bidders. It was also required that the bidding documents be completed in both English and Portuguese languages.

The project was advertised and bids were opened in July 2019. The evaluation report was completed and submitted to NPTAB. A meeting was held with the Evaluators and NPTAB. Additional information was requested on the recommended bidder which was also submitted.

**Recommendation:** The Audit Office recommends that the Head of the Budget Agency comply with the requirements of the FMA Act and to institute measures to ensure that all unexpended public monies are returned and surrendered to the Consolidated Fund at the end of the fiscal year. (2018/119)

## Capital Expenditure

### Buildings

314. The sum of \$357M was allocated for the completion of building to house the Protocol and Consular Affairs Departments and Foreign Service Institute and for the construction of the Guyana Embassy-Brazil. The Ministry received an approval for inclusion of programme for the rehabilitation of windows at the Guyana Embassy, Washington. According to the Appropriation Accounts, amounts totalling \$299.355M were expended for the period. However, two cheques totalling \$140.593M were on hand as at 31 December 2018, 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:

Description	Amount \$'000
Construction - Guyana Embassy - Brazil	156,011
Construction - Protocol Building	96,820
Rehabilitation of windows - Guyana Embassy - Washington	30,441
Supervision and design fees - Protocol Building	10,191
Engineering, landscape and light - Guyana Embassy - Brazil	5,892
Total	299,355

**Ministry's Response:** The Head of the Budget Agency acknowledged the finding.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency institute measures to ensure that all unexpended public monies are returned and surrendered to the Consolidated Fund at the end of the fiscal year. (2018/120)

## Prior Year Matters

### Outstanding Advances

315. Seventeen advances totalling \$3.531M and related to Missions/Embassies remained outstanding at the time of reporting, in September 2019. A significant amount outstanding 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 US \$	Amount G\$
Guyana Embassy, Washington	10	14,310	2,117,453
Guyana Permanent Representative, New York	7	11,150	1,413,192
Total	17		3,530,645

**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 Permanent Representative, New York and the Guyana Embassy, Washington.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency follow-up with the Ministry of Finance to bring closure to the outstanding advances. (2018/121)

Follow-up on the Implementation of Prior Year Audit Recommendations.

316. The table below shows the prior year matters as contained in the Auditor General's 2017 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
2017/78	Breach of the FMA Act		√	
2017/79	Breach of the FMA Act		√	
2017/80	Breach of the Stores Regulations	√		
2017/81	Breach of the Stores Regulations	√		

AGENCY 05  
MINISTRY OF PRESIDENCY

Current Year Matters

Current Expenditure

Employment Costs

317. Amounts totalling \$1.850 billion were budgeted for Employment Costs under Programmes 1, 2, 3, 5, 6, 8, 9 and 5A of the Ministry of the Presidency during the year under review. Allotment transfers totalling (\$27.176M) were made giving a revised budgetary allocation of \$1.823 billion. According to the Appropriation Accounts, the sum of \$1.705 billion was expended, which represented 23% of the total current expenditure for the eight Programmes. The table below shows the staffing details at the time of preparation of the 2018 National Estimates versus actual staffing according to the payroll as at 31 December 2018.

Chart of Account	Description	National Estimate 2018	Actual as per Payroll 31.12.2018	Difference
6111	Administrative	18	43	25
6112	Senior Technical	12	16	4
6113	Other Technical & Craft Skilled	23	57	34
6114	Clerical and Office Support	165	198	33
6115	Semi-Skilled Operatives	50	104	54
6116	Contracted Employees	450	474	24
6117	Temporary Employees	14	27	13
Total		732	919	187

318. During 2018, amounts totalling \$1.705 billion were expended for the payment of salaries to officers within the Ministry. Audit checks revealed that the sum of \$1.274 billion or 75% of the total Employment Costs was paid to employees who were employed on a contractual basis. Details are shown in the table below:

Chart of Account	Description	Total Paid \$'000	Percentage
6111	Administrative	90,273	5
6112	Senior Technical	24,332	1
6113	Other Technical & Craft Skilled	60,155	4
6114	Clerical and Office Support	157,723	9
6115	Semi-Skilled Operatives	78,663	5
6116	Contracted Employees	1,274,150	75
6117	Temporary Employees	19,955	1
Total		1,705,251	100

319. Included in the sum of \$1.705 billion expended on Employment Costs are amounts totalling \$174.405M, which were paid to 474 contracted employees according to the December 2018 payroll. The Public Service Commission Circular No. 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. An analysis of the 474 contracted employees revealed that 102 were eligible for transfer to the fix establishment. However, as at 31 December 2018, only one contracted employee within the Public Service Ministry was transferred to the Permanent Pensionable Establishment. Shown in the table below are the salary ranges of these contracted employees according to the December 2018 payroll:

Salary Range \$	No. of Employees	Amount \$'000
Below 100,000	221	44,521
100,000 - 250,000	192	80,702
250,001 - 400,000	37	25,078
Above 400,000	24	24,104
Total	474	174,405

**Ministry's Response:** The Head of Budget Agency indicated that the contracted employees request was made to the Department of Public Service for creation and filling of positions on the fixed establishment to facilitate the appointment of Officers who are presently functioning in the positions. The Bertram Collins College positions are not created established pensionable positions, since representation are in the process for the College to become a semi-autonomous agency. Transfers for some officers are on hold pending upgrade in qualifications of these employees. The Personnel Department is in process of identifying the contracted employees who are above the age of forty-five years old. The transition of staff to the fixed establishment is an ongoing process.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency 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. (2018/122)

Subsidies and Contributions to Local Organisations

320. The sum of \$1.700 billion was budgeted for Subsidies and Contributions to Local Organisations for the year under review. According to the Appropriation Account, amounts totalling \$1.699 billion were expended as at 31 December 2018. Details of the expenditure are shown in the table below:

Details	Amount \$'000
Subvention to Statutory Bodies	1,434,386
Salaries (Programme 1,8 and 5A)	119,502
Subvention to Other Agencies	88,588
Office Expenses	25,720
Purchases, rehabilitation, cleaning, maintenance for Castellani House	25,573
Provision of quality surveying for Youth Department	3,420
Donation	975
Withholding Tax	514
<b>Total</b>	<b>1,698,678</b>

321. Included in the sum of \$1.699 billion, is the sum of \$1.434 billion which was released to seven statutory entities that are under the control of the Ministry. These entities are subjected to separate financial reporting and audit. The table below summaries the status of related audit reporting, including details on the progress of outstanding audits.

Entity	2018 Current Amount \$'000	Year of Last Audit	Year Laid in National Assembly	Remarks
Environmental Protection Agency/ Wildlife Management Authority	481,352	2015	2014	Financial Statements for 2016 - 2018 received.
National Parks Commission	275,060	2008	2008	Financial Statements for 2009 - 2016 received. Financial Statements for 2017 & 2018 to be submitted.
National Sports Commission	148,879	2013	2010	Financial Statements for 2014 - 2018 received.
Protected Areas Commission	130,000	2013	2013	Financial Statements for 2014 - 2016 received. Financial Statements for 2017 & 2018 to be submitted.
Institute of Applied Science & Technology	191,600	2014	2014	Financial Statements for 2015 - 2018 received.

Entity	2018 Current Amount \$'000	Year of Last Audit	Year Laid in National Assembly	Remarks
Guyana Lands & Surveys Commission	107,496	2012	2010	Financial Statements for 2013 - 2017 received. Financial Statement for 2018 not received.
National Trust of Guyana	100,000	2018	2014	Audit up to date.
Total	1,434,387			

**Ministry's Response:** The Head of Budget Agency indicated that actions are currently being taken to have the outstanding audited Financial Statements laid in Parliament.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency follow-up with the Institute of Applied Science & Technology and Guyana Lands and Surveys Commission to have the outstanding Financial Statements submitted for audit and ensure that outstanding audited accounts are laid in the National Assembly. (2018/123)

Training (Including Scholarships)

322. The sum of \$1.079 billion was expended under this Line Item in relation to the Public Service Management for the year under review. Included in the sum of \$1.079 billion were six payments totalling \$125.922M. The cheques were drawn in the name of Permanent Secretary Ministry of the Presidency and encashed for the payment of stipend, allowances and rental for Government of Guyana locally sponsored students. Examination of the Payment Vouchers, pay sheets, cashbook and other related records revealed that the sum of \$122.573M was paid, while amounts totalling \$3.054M were refunded to the Consolidated Fund as at September 2019. The difference of \$195,000 was kept at the Public Service Ministry to be uplifted by the students. Details are shown in the table below:

PV Date	PV No.	Payment Voucher Total \$'000	Amount Paid as at Sept 2019 \$'000	Amount Refunded as at Sept 2019 \$'000	Amount to be uplifted as at Sept 2019 \$'000	Audited pay sheets Total \$'000	Difference between Voucher and Pay sheet \$'000	Amount paid after 31.12.18 \$'000
04/10/18	5A1442	31,416	30,193	1,070	93	31,356	60	1,415
12/01/18	5A0049	31,127	30,371	690	66	31,127	0	306
12/04/18	5A0397	30,384	29,910	438	36	30,384	0	180
03/07/18	5A0841	24,310	23,896	414	0	24,310	0	216
12/07/18	5A0840	4,397	4,119	278	0	4,397	0	274
15/10/18	5A1485	4,288	4,084	164	0	4,248	40	1,305
Total		125,922	122,573	3,054	195	125,822	100	3,696



323. In addition to the above, an examination of the six Payment Vouchers totalling \$125.922M revealed the following observations:

- a) A comparison of the Payment Vouchers totalling \$125.922M to the pay sheets totalling \$125.822M, revealed a difference of \$100,000.
- b) As can be noted from the table above, the sum of \$3.696M was paid during 2019, however, this amount should have been refunded to the Consolidated Fund as at 31 December 2018 in keeping with 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 to the Consolidated Fund at the end of each fiscal year.
- c) As at September 2019, nine months after the end of the financial year 2018, cash in the sum of \$195,000 was still at the Public Service Ministry to be uplifted by students. This amount should have also been refunded to the Consolidated Fund in keeping with Section 43 of the Fiscal Management and Accountability Act 2003.
- d) There were three instances totalling \$238,000 whereby the amounts were manually adjusted on the pay sheets to amounts totalling \$84,000. The difference of \$154,000 could not be verified since receipts were not presented to substantiate this amount. The table below gives details of the instances whereby changes were made to the pay sheets or receipts.
- e) The difference of \$40,000 as reflected in the table below was refunded on the 11 September 2019 via receipt №. 313929. It should be noted that at the time of cash survey this amount was not accounted for as cash on hand.

PV Date	PV №.	Amount as per pay sheet \$	Adjusted/ Refunded Amount \$	Difference \$
04/10/18	5A1442	106,500	46,500	60,000
		70,500	16,500	54,000
15/10/18	5A1485	61,000	21,000	40,000
Total		238,000	84,000	154,000

**Ministry's Response:** The Head of Budget Agency indicated that: (a) the Department is currently in the process of reconciling the Payment Voucher; (b) the Department is currently in the process of reconciling and preparing vouchers for refund of the cash to the Consolidated Fund; (c) the Department has noted the query and is working to implement a system that will inform students to uplift their stipend in a timely manner; and (d) reconciliation is currently ongoing and the information will be provided to the Auditors for verification; and (e) the amount of \$40,000 was refunded on the 11 September 2019 via receipt №. 313929.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency put measures in place to correct the deficiencies highlighted and ensure there are no recurrences in the future. (2018/124)

324. An examination of the system for payment of stipends to students revealed the following:
- a) National identification card or passport should be used when uplifting cash, however it was observed that from a sample of two pay sheets, 300 students used their various institutions identification card such as University of Guyana, Guyana Technical Institute among others to uplift their stipend.
  - b) There was no evidence of supervisory checks in the Cash Book nor pay sheets. In addition, there was no evidence that the cash on hand was reconciled to the pay sheets and receipts for refunds. In the circumstance, it could not be determined if all payments and refunds were properly authorised.
  - c) An integral aspect of the system of internal control is the maintenance of a register of controlled forms, however a safe contents register was not maintained to record the contents of the safe.

**Ministry's Response:** The Head of Budget Agency indicated that: (a) the use of national identification card or passport has since been implemented when uplifting payments; (b) supervisory checks would usually be carried out, however the signature of the supervisor was not affixed. This has been corrected and signatures are now affixed to the document; (c) a safe contents register was implemented in 2019.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency comply with the Fiscal Management and Accountability Act 2003 as it relates refund of unspent balance at the end of the year and put measures in place to correct the deficiencies highlighted above. (2018/125)

#### Stores and Other Public Property

325. Section 24 of the Stores Regulation of 1993 states that “*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.*” However, the Ministry's Master and Sectional Inventories were not updated to reflect the assets acquired during the period under review.

**Ministry's Response:** The Ministry acknowledged the observation; however, renovation work carried out in 2018 in the Ministry's complex proved to be a major hurdle in updating the Master and Sectional Inventory. This was due to assets being stored in various sections to accommodate the renovations being done. As such, the Field Audit Department thought it wise to put forward this activity to the first quarter of 2019. This exercise is currently ongoing.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency take immediate steps to ensure that the Stores Regulations are complied with, as it relates to the updating of Sectional and Master Inventories. (2018/126)

### Other Matters

326. According to Circular №. 14/2018 dated 23 October 2018, Cheque Orders are required to be cleared within thirty days of their issue through the submission of bills/receipts and other documents in support of the payments made. However, the Ministry failed to adhere to this requirement, since an examination of the Cheque Order Register revealed that there were fifty-nine Cheque Orders totalling \$11.708M still outstanding for the year 2018. Similarly, the Department of Culture had sixty-nine Cheque Ordered vouchers in the sum of \$16.807M which was not cleared for 2017.

**Ministry's Response:** The Ministry acknowledge this finding and indicated that fifty-six vouchers have since been cleared and the process to clear the remainder is still ongoing.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency put systems in place to ensure Cheque Orders are cleared within the stipulated time-frame and take action to clear the outstanding Cheque Orders and submit same for audit. (2018/127)

327. During the year under review, a sample of six months' Payment Vouchers were posted to the Ministry's Payment Voucher numbering book for the Ministry of the Presidency, Public Service Ministry and Social Cohesion. At the time of reporting in September 2019, the Ministry is still to present 348 Payment Vouchers totalling \$104.446M for audit examination as shown in the table below. Similarly, the Department of Culture did not present ten Payment Vouchers totalling \$9.255M with respect to transactions for 2017. As a result, the accuracy, validity and completeness of these payments could not be determined.

Department	№. of Payment Vouchers	Total \$'000
Ministry of the Presidency and Department of Citizenship	73	28,541
Public Service Ministry	29	5,037
Social Cohesion	246	71,297
Total	348	104,446

**Ministry's Response:** The Head of Budget Agency indicated that the Accounts Unit is working to retrieve these vouchers and have them presented for audit.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency ensure that all unrepresented Payment Vouchers are located and submitted for audit examination. (2018/128)

328. There was a breach of the provisions of Section 43 of the Fiscal Management and Accountability Act 2003 where the Ministry failed to refund to the Consolidated Fund 348 cheques valued at \$339.758M for the Ministry of the Presidency, Department of Culture and Public Service Ministry for the year under review. At the time of reporting in September 2019, 298 cheques valued at \$314.854M were paid out to various payees, leaving fifty cheques valued at \$24.904M still on hand. As a result, the Appropriation Account would have been overstated by the said amounts.

**Ministry's Response:** The Head of Budget Agency indicated that the Ministry is in the process of having the cheques refunded or updated for payment to the suppliers.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency institute measures to ensure repayment to the Consolidated Fund of all amounts remaining unpaid at the end of each financial year in compliance with the FMA Act. (2018/129)

329. The Ministry is required to maintain Contract Register to record the details of all contracts awarded in order to monitor the progress and payments on contracts. Examination of the Ministry's Contract Registers revealed that they were not properly maintained to reflect pertinent information as it relates to the recording of payments, balancing of contracts and supervisory checks which were not evident. As a result, reliance could not be placed on the accuracy of the payments recorded nor the balances outstanding on the contracts.

**Ministry's Response:** The Head of Budget Agency indicated that the Ministry has implemented the system of having pre-printed Contract Register in 2019.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency ensure that the Contract Register is properly written-up and checked on a regular basis by a senior officer. (2018/130)

#### Capital Expenditure

330. The sum of \$1.837 billion was allotted for the capital programmes under the Ministry. During the year, a Supplementary Provision in the sum of \$19.501M was approved for Programme 53 - Public Service Ministry, bringing the total funds available to \$1.856 billion. According to the Appropriation Account, amounts totalling \$1.419 billion were expended, resulting in a shortfall of \$436.978M on the projects planned for 2018. Details of the shortfall are shown in the table below:

Description	Total Funds Available \$'000	Total Expenditure \$'000	Shortfall \$'000
Program 051 - Policy Development and Administration	456,417	412,989	43,428
Program 052 - Defence and National Security	82,719	40,399	42,320
Program 053 - Public Service Management	133,351	131,696	1,655
Program 055 - Citizenship and Immigration Services	67,100	66,857	243
Program 056 - Social Cohesion	3,500	3,432	68
Program 057 - Environmental Management and Compliance	237,900	108,030	129,870
Program 058 - Cultural Preservation and Conservation	250,224	134,811	115,413
Program 059 - Youth	320,000	294,925	25,075
Program 05A - Sport	304,949	226,043	78,906
<b>Total</b>	<b>1,856,160</b>	<b>1,419,182</b>	<b>436,978</b>

331. The sum of \$43.428M shown as shortfall under Programme 1 was mainly in respect of two projects as detailed below:

- a) On 21 July 2017, the Caribbean Development Bank (CDB) and the Government of Guyana (GoG) entered into an Agreement to assist the beneficiary in financing the project. The sum of \$34.777M was allotted during the year for the development of: (a) National Climate Change Plan and Action Plan; (b) five-year strategic plan for the Office of Climate Change; and (c) National Climate Change Communication's Strategy and Implementation Plan. According to the Appropriation Accounts, the sum of \$1.361M was expended as at 31 December 2018, resulting in a shortfall of \$33.416M.
- b) The GoG and the Inter-American Development Bank enter into an agreement for Technical Assistance to the Public Sector Delivery Mechanism. The sum of \$10M was allocated for the establishment of national mechanism for improved execution of development projects for the year under review. According to the Appropriation Account, no expenditure was incurred during 2018, resulting in a shortfall of \$10M.

**Ministry's Response:** The Head of Budget Agency stated that: (a) the Grant was approved in 2017 and the agreement was received by Office of the Climate Change in early 2018. Procurement process for three consultancies were delayed resulting in a request for extension. In 2018, the sum of \$3,490,290 was disbursed of which \$2,722,760 was expended. Most of the expenditure will occur in 2019; and (b) the sum of \$10M was budgeted by the Ministry of Finance but was not utilised.

332. The sum of \$42.320M shown as shortfall under Programme 2 was mainly in respect of a CDB project for Technical Assistance - Emergency Relief. The sum of \$41.600M was allocated under this project for the provision of emergency relief supplies and equipment to Regions Nos. 7 and 8 for the year under review. According to the Appropriation Account, there was no expenditure during 2018, resulting in a shortfall of \$41.600M.

**Ministry's Response:** The Head of Budget Agency stated that this was a Grant under the CDB Project. The project commenced in 2017 and the sum of \$20.7M was disbursed in 2018, the invoices for expenditure incurred under this grant was submitted to CDB. CDB is in the process of reconciling the invoices before disbursement of the remaining sum.

333. The sum of \$129.870M shown as shortfall under Programme 7 was in respect of National Parks Commission and Guyana Protected Areas System as detailed below:

- a) The sum of \$50M was allocated for the provision for fence, pavilion and staff rooms and purchase of equipment. According to the Appropriation Accounts, amounts totalling \$20.130M was expended as at 31 December 2018, resulting in a short fall of \$29.870M, however, the reason/s for the shortfall was not provided for audit.

- b) The sum of \$100M was allocated for the improvement of infrastructure and supply of equipment to enhance the management and conservation of biodiversity in three protected areas: Kanuku Mountains, Shell Beach and Kaieteur National Park. According to the Appropriation Accounts, no expenditure was incurred during 2018, resulting in a shortfall of \$100M. However, the reason/s for the non-expenditure was not provided for audit. Nevertheless, these projects were re-budgeted in 2019.

**Ministry's Response:** The Head of Budget Agency stated that: (a) the sum of \$29.870M was not requested from the Ministry of Finance by National Parks Commission. This was as a result of delays in project start up, project approval, delays in contract execution and the termination of three contracts due to non-performance; and (b) Protected Areas System - the sum of \$100M was allocated in the Budget, however this sum was not disbursed by the German counterpart. As a result, the funds were not available to the Protected Areas System for execution of the work plan. Direct payments from the German counterpart were made in 2018 for consultancy services.

334. The sum of \$115.413M shown as shortfall under Programme 8 - Cultural Preservation and Conservation was mainly in respect of Institute for Creative Arts and National Trust as detailed below:

- a) The sum of \$73.830M was allocated to the Institute for Creative Arts under the Mexico-Yucatan Fund for: (a) design and construction of Institute for Creative Arts; (b) musical instruments - National School of Music; (c) upgrading of electrical system, computers, workstations and chairs - National School of Theatre Arts and Drama. According to the Appropriation Accounts, the sum of \$9.961M was expended as at 31 December 2018, resulting in a shortfall of \$63.869M. Nevertheless, these projects were re-budgeted in 2019.
- b) The sum of \$61.837M was provided for the National Trust for: payment of retention; completion of fence at Dutch Heritage Museum and restoration of Fort Zeelandia; provision for monuments - 1823 Memorial, Chinese Arrival, Portuguese Arrival and Ruimveldt Massacre; and restoration of St. George's Cathedral. According to the Appropriation Account, amounts totalling \$28.809M expended during 2018, resulting in a shortfall of \$33.028M.

**Ministry's Response:** The Head of Budget Agency indicated that: (a) this is for Institute for Creative Arts, activity has both local and foreign funded components. The sum of \$63M was foreign funded through the Government of Mexico for the design and construction of a building to house the ICA while the sum of \$10.830M was local for the purchase of furniture and equipment and musical instruments. The legend was completed. However, a pre-requisite to accessing the grant is the acquisition of land for the project, to date the Ministry has been unable to secure same; and (b) National Trust - Memorials for competition was re-advertised for designs.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency commence its projects' implementation earlier to ensure the benefits of such projects are realised and avoid substantial shortfall of expenditure. (2018/131)

### Works

335. The contract for the construction of Athletic Track in Region №. 10 was awarded by the National Procurement and Tender Administration Board in the sum of \$178.939M. The Engineer's Estimate was \$205.768M. No details regarding the advertising of the contract was seen from the documents examined. It was however noted that a total of twelve bids were received and the contract was awarded to the second lowest evaluated bidder. The justification by the evaluators was that, "*it is our professional opinion, that management and execution of the Region 6 synthetic Track project and the Region 10 Synthetic Track Project, two sites with differing and specific conditions, which are also at extreme locations from each other, be manned by separate contractors*". However, this was not a condition at the time of bidding or neither was this in the Evaluation Criteria for consideration and as such, it is unclear why the evaluators would set a new condition then justify and recommend awarding the contract based on this new condition. As at December 2018, amounts totalling \$51.733M was paid to the contractor and at the time of reporting the works were ongoing.

**Ministry's Response:** The Head of Budget Agency indicated that the Ministry alternative solution in fulfilling the queries outlined, the consultant has put forward a solution which is compliant with the special conditions of the contract.

336. The contract for the rehabilitation, modification and addition to existing residence (Building №. 4) to house four proposed syndicate rooms, Ogle Estate Complex was awarded by the National Procurement and Tender Administration Board by way of restrictive tendering, however, no justifications for using this method was seen in the documents examined. Based on the scope and nature of the works, it is unclear why National Competitive Bidding, as required by the Procurement Act, was not employed by the Ministry in soliciting bids for the works. Nevertheless, five contractors were shortlisted, however only two bids were received. The contract was awarded to the lowest responsive bidder in the sum of \$53.651M. It was noted that the contract sum was increased by \$19.501M to a new sum of \$73.152M. The Engineer's Estimate was \$58M. As at 31 December 2018, amounts totalling \$72.828M was paid to the contractor. No withholding tax was deducted from the payments made to the contractor.

337. Physical verification revealed that the works were completed and the building was already occupied. However, we were unable to determine whether payments made for the completed works were fair and reasonable since no measured works breakdown was attached to the final valuation dated 14 November 2018, which was presented for audit examination. In addition, the following observations were noted:

- a) It was noted that the contract sum was increased by \$19.501M or 36% of the original contract sum, from \$53.642M to \$73.143M; however, based on the documents presented for audit examination, we were unable to determine the works which were to be completed with the \$19.501M increase.
- b) Examination of the Payment Vouchers revealed variation works in the form of omissions, valued at \$11.660M and additions valued at \$31.161M, however, the approvals for the variation was not seen in the documents examined.

- c) It was discovered that the sum of \$385,000 was included in the additional works for “GPL Demand Fee”. It is unclear what this payment to the utility is being made for.
- d) Examination of the details for the additional works totalling \$31.161M revealed that amounts totalling \$29.076M or 93% of the cost for these additional works were made as lump sum payments. It could not be determined how the lump sum prices were arrived at and it was revealed that these lump sum payments were made for construction works which should have been detailed, measured and quantified, and whereby rates from the contractor’s priced bid would have been applicable. As a result of the payments being made as lump sums, it could not be determined whether or not payments totalling \$29.076M were fair and reasonable, as listed below:

No.	Description of Works	Qty.	Unit	Total Cost \$'000
<b>Demolition Work</b>				
1	Breaking and cartaway of existing concrete floor to receive compacted sand filling	1	Sum	2,070
2	Compacted Sand filling in Kerb walls & to u/s floor	1	Sum	336
3	Constructed new box concrete drain	1	Sum	150
4	Construct concrete drain covers	1	Sum	225
5	Hard standing in compound	1	Sum	1,657
6	Construct concrete bridge approach	1	Sum	400
7	Additional to Septic Tank	1	Sum	60
8	Additional to water trestle	1	Sum	100
9	Construction of cupboard and counter tops	1	Sum	600
10	Install full length mirrors	1	Sum	60
11	Install of A/C Units	1	Sum	3,200
12	Provide Pure power for computer systems	1	Sum	800
13	Increase Screed thick	1	Sum	139
14	Additional works on verandah	1	Sum	679
<b>Additional Defective Timber Members on First Floor</b>				
15	1" x 4" groove & tongue green heart floor boards	1	Sum	360
16	1" x 6" green heart lap edge wall boarding	1	Sum	395
17	4" x 4" x 12'0 long green heart post	1	Sum	60
18	2" x 4" x 11'0 long green heart wall studs	1	Sum	75
19	1" x 6" groove & tongue on roof	1	Sum	242
20	Studs	1	Sum	360
<b>Electrical Works</b>				
22	Transformer Base	1	Sum	200
23	Output Cable	1	Sum	300
25	Cable from GPL to transformer	1	Sum	600
27	Fence work, carefully remove existing chain link fencing 5'0 x 588 feet long, clean apply one coat anti corrosive & two gloss, construct a strip footing 24" wide x 12" thick including excavation, backfilling with excavated materials & also including 6" thick compacted sand bed to strip footing concrete should be 4000psi with 1/2" main bar 3/8" bars also including formwork to side of	1	Sum	4,933



№.	Description of Works	Qty.	Unit	Total Cost \$'000
	strip foundation. Blockwork will be 4" thick x 24" high plastered both side with 1/2" thick (1:4) plaster & pained 3 coats emulsion to both post @ 10'0 apart including additional concrete to post 18" x 18" x 30 all post sides, install 2" galvanized should be treated with one (1) coat anti corrosive and 3 coat gloss			
29	Electrical Installation	1	Sum	4,300
30	Shop Front	1	Sum	400
31	Guard Hut & Septic Tank	1	Sum	800
32	Double Panel Door	1	Sum	1,600
34	Data Cables	1	Sum	300
35	Sinks with granite tops	1	Sum	720
36	Revetment	1	Sum	1,855
37	Canopy	1	Sum	200
38	Demolished existing timber wall & install 2" x 3" structural timber	1	Sum	400
39	Cut down trees and cart away 1 No over 16ft girth, 3 №. over 7ft girth	1	Sum	500
Total				29,076

**Recommendation:** The Audit Office recommends that the Head of Budget Agency should: (a) be guided by the Procurement Act 2003 when tendering and awarding contracts; (b) comply with the recommended percentages for the advance payment stated in the Standard Bidding Documents; (c) ensure that variation works follow the procedures outlined in the contract document. In addition, lump sum payments should not be made for works which should be detailed, quantified and paid in accordance with the rates in the contract; (d) detailed breakdown for all lump sum payments valued at \$19.501M should be submitted for audit examination; (e) clarify what the payment of \$385,000 to GPL is being paid for; and (f) submit copies of: Advance Payment Guarantee, Performance Bond, approved Variation Order(s), justifications for restrictive tendering and Extension of Time Letter(s). (2018/132)

### Purchases

338. The sum of \$25.850M was allocated for: (a) the purchase of bus for Bertram Collins College; and (b) purchase of vehicle for student affairs, Cuba during the year under review. According to the Appropriation Accounts, the sum of \$25.003M was expended as at 31 December 2018 as shown in the table below:

Details	Amount \$'000
One 30 Seater Bus	11,332
One Toyota RAV 4 - Student Officer Cuba	6,530
One Sedan Motor Car	4,275
One Station Wagon	2,866
Total	25,003

339. Examination of the Payment Vouchers, contracts and other supporting documents revealed the following observations:

- a) Amounts totalling \$7.141M were expended on the purchases of one sedan and one station wagon motor vehicles, however, these vehicles were not budgeted for by the Public Service Ministry for the year under review. The Ministry did not present the requisite inclusion of programme.
- b) Physical verification carried out on 21 June 2019, revealed that the sedan motor car which was registered on 13 July 2018 was involved in an accident. However, no accident report was present for audit verification.

**Ministry's Response:** The Head of Budget Agency indicated that copies of the inclusion of programme and the accident report will be provided to the Auditor.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency present the approval for inclusion of programme and the accident report for audit verification immediately. (2018/133)

340. The sum of \$50M was allocated for the purchase of furniture and equipment for Head Office and Bertram Collins College of the Public Service during the year under review. According to the Appropriation Account, the sum of \$49.192M was expended as at 31 December 2018 as shown in the table below:

Details	Amount \$'000
Purchase of computers and accessories	19,087
Purchase of office furniture	12,103
Purchase of furniture and equipment	6,547
Purchase of 2 generators	6,042
Purchase of 14 CCTV surveillance cameras	2,750
Purchase of air conditioning units	1,707
Withholding Tax	685
Repairs to office equipment	224
Imprest	47
<b>Total</b>	<b>49,192</b>

341. Physical verification and examination of the Payment Vouchers, IFMIS and other related records revealed the following observations:

- a) Ministerial Tender Board approval was not seen for five payments totalling \$2.641M for the purchase of air conditioning units, PBX system, filing cabinets and fire extinguishers for the year under review. As a result, the basis of award of contracts could not be determined.

- b) Physical verification carried out in September 2019, revealed that assets valued at \$885,000 could not be physically verified as detailed in the table below:

Description	Quantity	Amount \$'000
Laptops	3	399
Air conditioning units	1	279
Office chairs	4	173
Coffee table	1	34
Total		885

- c) In relation to the three laptops valued at \$398,700 these were reportedly stolen, however, a losses report was not presented for audit.

**Ministry's Response:** The Head of Budget Agency indicated that: (a) the Ministerial Tender Board approvals will be provided to the Audit Office; and (b) the Department is presently working with the Audit Office to verify the assets.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency present requisite Ministerial Tender Board approval for audit verification and ensure that all assets are inventorised and accounted for and inform the Audit Office when this excise is completed. (2018/134)

#### Prior Year Matters

#### Capital Expenditure

342. The CCTV system with a cost of \$19.108M, which was purchased during 2015 for the National Intelligence Center, has still not been delivered, however, it was noted that the Ministry had engaged the Attorney General's Office on a way forward on this matter.

**Ministry's Response:** The Head of Budget Agency explained that the Ministry continues to follow-up with the Attorney General's Office on this matter.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency follow-up this matter with a view to have the items delivered or the money refunded. (2018/135)

343. 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, however, it was noted that the Ministry had engaged the Attorney General's Office on a way forward on this matter.

**Ministry's Response:** The Head of Budget Agency explained that the Ministry continues to follow-up with the Attorney General's Office on this matter.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency follow-up this overpayment with a view of recovering the amount overpaid. (2018/136)

344. 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.

**Ministry's Response:** The Head of Budget Agency explained efforts are being made to have the contractors refund to sums overpaid.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency expedites its efforts to bring closure to this issue, and submit the results for audit. (2018/137)

Follow-up on the Implementation of Prior Year Audit Recommendations

345. The table below shows the prior year matters as contained in the Auditor General's 2017 Report and action taken by the Head of Budget Agency regarding the recommendations made by the Audit Office.

Rec. №.	Category of Findings	Recommendations		
		Fully Implemented	Partially Implemented	Not Implemented
2017/82	Breach of Circularised Instructions - Contracted Employees		√	
2017/83	Breach of Stores Regulations		√	
2017/84	Non-submission of Financial Statements		√	
2017/85	Non-submission of Financial Statements		√	
2017/86	Overpayment of Salaries	√		
2017/87	Non - delivery of Items			√
2017/88	Overpayment on construction			√
2017/154	Shortfall in expenditure		√	
2017/155	Breach of Circularised Instructions - Outstanding Cheque Orders			√
2017/156	Unspent Warrants	√		
2017/157	Non - submission of Financial Returns	√		√
2017/158	Breach of FMA Act	√		
2017/159	Breach of FMA Act	√		
2017/160	Overpayment on construction works			√

AGENCY 17  
MINISTRY OF INDIGENOUS PEOPLES' AFFAIRS

Current Year Matters

Current Expenditure

Employment Costs

346. During 2018, amounts totalling \$157.161M were expended for the payment of salaries within the Ministry. Audit checks revealed that the sum of \$94.546M or 60% of the total Employment Costs 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	13,415	9
6112	Senior Technical	5,220	3
6113	Other Technical and Craft Skilled	7,791	5
6114	Clerical and Office Support	11,342	7
6115	Semi-Skilled Operatives and Unskilled	18,879	12
6116	Contracted Employees	94,546	60
6117	Temporary Employees	5,968	4
Total		157,161	100

347. According to the payroll for December 2018, the Ministry had a total 133 employees and contracted employees were 43% of the total employees. Details are shown in the table below:

Line Item	Description	National Estimates 2018	Actual as per Payroll 31.12.2018	Difference	Percentage
6111	Administration	9	15	6	11
6112	Senior Technical	4	4	0	3
6113	Other Technical and Craft Skilled	8	8	0	6
6114	Clerical and Office Support	10	14	4	11
6115	Semi-Skilled Operatives and Unskilled	25	30	5	23
6116	Contracted Employees	46	57	11	43
6117	Temporary Employees	0	5	5	3
Total		102	133	31	100

348. Of the \$157.161M expended on Employment Costs during the year, amounts totalling \$94.546M 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 2018, there were a total of twenty-eight contracted employees below the age of forty-five who should have been transferred to the Pensionable Establishment.

**Ministry's Response:** The Head of the Budget Agency acknowledged the finding and explained that despite delays, efforts are being made to have the staff transfer from contract to the Pensionable Establishment.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency continue the process of moving all eligible employees over to the Pensionable Establishment in keeping with circularised instructions. (2018/138)

#### Goods and Services

349. The sum of \$651.717M was allotted for Goods and Services. Amounts totalling \$637.996M were expended. Examination of a Payment Vouchers and other related records revealed that the Ministry was in breached of the Procurement Act as follows:

- a) Twenty-nine contracts for amounts totalling \$18.903M, were signed before the contract were approved by the Ministerial Tender Board.
- b) Thirteen contracts for amounts totalling \$27.294M, were entered into between the Ministry and supplier before the contracts were approved by the NPTAB.
- c) Eleven instances were noted were invoices totalling \$3.745M were dated before contracts were approved by the Ministerial Tender Board.

**Ministry's Response:** The Head of the Budget Agency acknowledged the findings and promised to be more efficient in our planning to remedy this process.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency ensure full compliance with the Procurement Act 2003. (2018/139)

#### Revenue

350. The sum of \$42.992M was collected by the Ministry as revenue for the period under review. However, an examination of the Revenue Statement revealed that cheques payments totalling \$18.790M in relation to 112 Payment Vouchers for 2017 were refunded in 2018. In addition, cheque and cash payments totalling \$649,426 in relation to seventeen Payment Vouchers for 2018 were refunded in 2019 as revenue hence, the Appropriation Accounts were overstated by \$649,426 since these Payment Vouchers should have been reversed in the Financial Management Information System (IFMIS). The following amounts were paid into Revenue:

Line Item	Description	Nº. of Vouchers	Amount \$
2508301	Office Furniture and Equipment	1	16,000
1405401	Amerindian Development Project	1	16,946
6291	National and Other Events	7	370,300
6261	Local Travelling and Subsistence	1	180
6302	Training (including scholarships)	5	233,000
6294	Others	1	3,000
6284	Others	1	10,000
Total		17	649,426

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

**Recommendation:** The Audit Office recommends that the Head of Budget Agency ensure full compliance with Section 43 of the Fiscal Management and Accountability Act 2003, which requires unexpended balances to be refunded to the Consolidated Fund at the end of each fiscal year. (2018/140)

Accounting for Expenditure

351. The Appropriation Accounts were overstated by \$226.279M. Audit checks carried out in January 2019 revealed that there were 115 cheques totalling \$266.279M still on hand at the Ministry. In addition, it was noted that the items/services were not delivered. 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. At the time of reporting in September 2019, the 115 cheques were paid over to the payees.

**Ministry's Response:** The Head of the Budget Agency acknowledged the finding and promised to be more vigilant in the future.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency ensure that there is full compliance with the FMA Act as it relates to paying over unexpended balances of public money the Consolidated Fund. (2018/141)

352. The Ministry is still to present 195 Payment Vouchers with a value of \$307.108M for audit examination in relation to years 2017 and 2018. The table below reflects the missing vouchers according to Line Items.

Line Item	Description	No. of Vouchers 2017	No. of Vouchers 2018	Total Amount \$'000
6291/6292/ 6293/6294	National and Other Events/Dietary/Refreshments and Meals/Other	17	27	42,581
6301/6302/6321	Education Subvention and Grants/Training/Subsidies and Contribution to Local Organisation	14	12	37,797
6281/6282/6284	Security Services/Equipment Maintenance/Others	7	10	12,469
6265/6261/6264	Other Transport Travel and Postage/Local Travelling/Vehicle Spares	6	14	5,700
6271/6272/6273	Utility Services	6	4	1,327
6241/6231	Rental of Building/Fuel and Lubricant	2	4	965
6243/6293	Refreshment and Janitorial	4	2	147
12145	Building	13	1	61,127
14037	Amerindian Development Project	17	18	108,801
24054	Land and Water Transport	9	1	31,283
25083	Office Furniture and Equipment	6	1	4,911
Total		101	94	307,108

**Ministry's Response:** The Head of the Agency explained that the Ministry of Finance is the custodians of Payment Vouchers for the Ministry.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency in collaboration with the Ministry of Finance take steps to locate and present the outstanding Payment Vouchers for audit examination. (2018/142)

#### Stores and Other Public Property

353. The Ministry continues to breach the Stores Regulations of 1993 in that Bin Cards were still not properly written to reflect the actual balances. In addition, supervisory checks were not seen on the sample of Bin Cards examined.

**Ministry's Response:** The Head of the Budget Agency acknowledged the finding. However, the Ministry has scheduled a comprehensive reconciliation of the stores and updating of its ledgers after adequate shelves are installed. This exercise is expected to be completed before the end of September 2019.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency ensure strict adherence to the requirements of the Stores Regulations as it relates to the maintenance of Bin Cards. (2018/143)



## Capital Expenditure

### Amerindian Development Projects

354. The sum of \$981.777M was budgeted for the: (a) Completion of male and female dormitories-Bina Hill Institute; (b) Provision for Hinterland Employment and Youth Service (HEYS) project, presidential grants and support eco-tourism and cultural projects; (c) Provision for ground coffee production, lapidary workshop and tractors; (d) Provision for agro processing and fish and crab meat processing facilities; and (e) construction of Green Enterprise Development Centre and equipping of workshop and laboratory-Bina Hill Institute; and construction of benab and upgrading of trails. As at 31 December 2018, amounts totalling \$962.566M were expended to pay expenses incurred in relation to the HEYS project, payments of presidential grants to villages, construction works and the purchase of tractors, trailers and solar radio sets for villages.

### Land and Water Transport

355. The sum of \$40.360M was allotted for the purchase of boats, outboard engines, bus, vehicle and ATVs. The Ministry received a change of Programme to purchase three motorcycles and not a car. Amounts totalling \$38.006M were expended on the construction of boats, one bus, Outboard engines, three motorcycles and three ATVs. A physical verification exercise carried out to determine the receipt, marking and location of the items purchased revealed that the assets were received and marked so as to easily identify them as the property of the Government.

### The Amerindian Purpose Fund (APF)

356. 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.

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

358. For the period under review, the Ministry maintained a Cash Book. However, the record was not balanced since an opening balance as at 1 January 2018 was not reflected therein. An analysis of the Receipts and Payment Vouchers presented for audit examination revealed that the sum of \$30.978M was received as revenue and amounts totaling \$26.063M were expended as at 31 December 2018. The bank statements, however, showed an opening balance of \$20.240M as at 1 January 2018 and a closing balance of \$25.155M as at 31 December 2018. The Ministry did not perform any reconciliation of the Cash Book balances with the bank statement balances in respect of the APF bank account. This bank account was last reconciled in November 2009. Details of movement in the Fund are as follows:

BOG Account №. 01626004050	Bank Statements \$'000
Opening Balance	20,240
Total Receipts	30,978
Total Expenditure	(26,063)
Closing Balance	25,155

**Ministry's Response:** The Head of the Budget Agency acknowledged the finding and explained that reconciliation process was compromised in 2017 after the Special Organised Crime Unit requested all documents associated to the APF account in order to conduct an investigation.

However, the Ministry is in the process of seeking from the Ministry of Presidency-Department of Public Services for a team from Ministry to conduct the reconciliation exercise. This exercise will be done beyond their regular working hours and according to the work programme, the reconciliation is expected to be completed by December 2019.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency ensure that this Fund is reconciled, earliest. (2018/144)

Expenditure

359. Listed below is a breakdown of the expenditure for the APF incurred for the year under review.

Expenditure	Amount \$'000
Hururu Village Expenses	24,027
Withholding tax payments	1,087
Refund of overpayment inadvertently deposited into APF	498
Encashing of salary	451
Total	26,063

Hururu Village Expenses

360. The sum of \$24.027M was expended for Hururu Village Expenses, the table below summarises the expenditure.

Description	Amount \$'000
Grants	8,004
Salary	6,880
Stipend	2,555
Utility Tools, Computer, Day Care items	1,425
Village Saving	577
Stationery	855
Transportation	834
Allowance to Uplift Cheques	720
Miscellaneous	647
Electrical & Water Maintenance	520
Cleaning & Weeding	553
Phone Cards & Allowance	457
Total	24,027

Prior Year Matters

Other Matters

361. At the time of reporting in September 2019, the Ministry has still not taken the necessary steps to ensure that Cheque Orders are cleared within thirty 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 three totalling \$732,700 remained outstanding for the years 2015, 2016 and 2017, respectively.

**Ministry's Response:** The Head of the Budget Agency noted the findings and explained that the Ministry is in a better position to manage Cheque Orders via recruiting an Expeditor, the extensive thirty days clearing period and better internal control.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency take the necessary action to locate these Cheque Orders and have them presented for audit examination. (2018/145)

Amerindian Development Projects

362. The Audit Office conducted the audits of thirty-two Amerindian Villages in February of 2018. At the time of the audit the Karasabai Village Council had an unspent balance of \$568,660. However, the Council did not present the cash during the cash survey process. Further the Kanapang and Kamarang Village Councils uplifted cheques from the Ministry but the amounts were not accounted for in the records of the councils.

**Ministry's Response:** The Head of the Budget Agency explained that since effective monitoring continue to pose a challenge, based on our geographic locations, the Ministry has decided to place more focus on problematic villages.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency monitor these Village Councils to ensure proper accountability of funds receive. (2018/146)

#### Amerindian Purposes Fund

363. The Audit Office is still to receive the progress report with respect to construction of a pavilion at Aranka Region №. 1.

**Ministry's Response:** The Head of the Budget Agency explained that efforts are being made to source information in relation to the status of the Aranka Pavilion Project.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency make every effort to present this report for audit examination. (2018/147)

#### Advances

364. During the years 2015 and 2016, forty-one advances totalling \$16.404M and twenty-four advances totalling \$9.548M were still to be recovered. In 2017, advances totalling \$4.865M were issued from the fund. At the time of reporting in September 2019, the Ministry is still to clear six of the advances which were partially cleared and has an outstanding balance of \$619,700.

**Ministry's Response:** The Head of the Budget Agency explained that while efforts are being made to further reduce the outstanding advances, the Ministry has been closely managing this activity to avoid recurrences.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency make every effort to recover all outstanding advances. (2018/148)

#### Capital Expenditure

365. 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 determined that the sum overpaid was \$8.597M an increase of \$728,000. At the time of reporting in September 2019, the Ministry is still to recover the amount overpaid.

**Ministry's Response:** The Head of the Budget Agency explained that a letter of reminder was sent to the Solicitor General in relation to the matter.

**Recommendation:** The Audit Office again recommends that the Head of Budget Agency continued to follow-up this matter with the Solicitor General. (2018/149)

Follow-up on the Implementation of Prior Year Audit Recommendations.

366. The table below shows the prior year matters as contained in the Auditor General's 2017 Report and action taken by the Head of the Budget Agency regarding the recommendation made by the Audit Office.

Rec. №.	Category of Findings	Recommendations		
		Fully Implemented	Partially Implemented	Not Implemented
2017/89	Contracted employees		√	
2017/90	Breach of the Stores Regulations		√	
2017/91	Outstanding Cheque Orders		√	
2017/92	Non - compliance with circularised instructions	√		
2017/93	Non - compliance with the Procurement Act/Financial Circular	√		
2017/94	Missing Payment Vouchers		√	
2017/95	Submission of Financial Returns	√		
2017/96	Breach of the FMA Act		√	
2017/97	Breach of the FMA Act	√		
2017/98	Non submission of Tender Evaluation Report	√		
2017/99	Breach of Tender Board Procedures.	√		
2017/100	Weak internal control	√		
2017/101	Breach of the FMA Act		√	
2017/102	Tender Evaluation Report and the Commencement Order	√		
2017/103	Breach of Procurement Act 2003	√		
2017/104	Reconciliation of Accounts			√
2017/105	Progress Reports on Projects		√	
2017/106	Outstanding Advances		√	
2017/107	Breach of Stores Regulations	√		
2017/108	Non - submission of Contract Documents	√		
2017/109	Payment Vouchers without supporting documents and missing vouchers	√		
2017/110	Overpayment on contract	√		
2017/111	Overpayment on contract			√

AGENCY 21  
MINISTRY OF AGRICULTURE

Current Year Matters

Current Expenditure

Employment Costs

367. Forty-seven percent of the Ministry's employees were on contract as at December 2018. The table below shows a summary as per category of expenditure.

Line Item	Description	No. of Employees	Percentage
6111	Administrative	21	5.65
6112	Senior Technical	41	11.02
6113	Other Tech. & Craft Skilled	64	17.20
6114	Clerical & Office Support	37	9.95
6115	Semi-Skilled Operatives & Unskilled	36	9.68
6116	Contracted Employees	173	46.50
Total		372	100.00

368. It should be mentioned that according to the payroll for December 2018, the Ministry had a total of 412 employees, of which employees on contract numbered 213. Thirty-six of those employees on contract had severed their services with the Ministry during 2018. However, the thirty-six employees were re-activated on the payroll in December to facilitate a retroactive payment for salary increase. As such, actual employees of the Ministry as at December 2018 numbered 372, of which 173 were on contract.

369. It was observed that of the 173 employees on contract, 153 are below the age of forty-five. They are therefore eligible to be transferred to the Permanent Pensionable Establishment. However, these are all bonded scholars with specific contractual work obligations to the Government of Guyana (GOG).

370. Approximately two-thirds (66.35%) of the Ministry's payment for wages and salaries were made to employees on contract. Moreover, the sum of \$682.958M was expended for the payment of wages and salaries. Of this sum, amounts totalling \$453.120M were paid to employees on contract. A summary is shown in the table below.

Line Item	Description	Total Paid \$'000	Percentage
6111	Administrative	38,397	5.62
6112	Senior Technical	83,111	12.17
6113	Other Tech. & Craft Skilled	53,012	7.76
6114	Clerical & Office Support	28,355	4.15
6115	Semi-Skilled Operatives & Unskilled	26,681	3.91
6116	Contracted Employees	453,120	66.35
6117	Temporary Employees	282	0.04
Total		682,958	100

371. The table below provides a summary of the employees on contract by salary range:

Salary Range \$	No. of Employees	Amount as per December 2018 Payroll \$'000
Below 100,000	7	451
100,000 - 250,000	79	11,956
250,001 - 400,000	59	21,037
Above 400,000	28	21,034
Total	173	54,478

Office and Field Supplies

372. The sum of \$81.435M was expended under the category office and field supplies. This includes drugs and medical supplies, field materials and supplies, print and non-print materials, fuel and lubricants, and janitorial and cleaning supplies. Audit examination revealed the following observations:

Fuel and Lubricants

373. Various discrepancies were observed in nineteen Log Books under the control of various departments within the Ministry as follows:

- a) no approval was seen for journeys undertaken;
- b) departure and return times were not always stated;
- c) odometer readings were not recorded; and
- d) supervisory checks were partially evident.

374. As a result of the discrepancies stated above, it could not be determined whether effective control was exercised over the use of the Ministry’s fleet of vehicles.

**Ministry’s Response:** The Head of Budget Agency stated that the findings are acknowledged. The Head of Budget Agency also stated that with immediate effect, action will be taken by the respective Departments (Administration, Fisheries and Hydro meteorological) to ensure that all Log Books are properly maintained in accordance with the relevant regulations.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency ensure Log Books are properly maintained throughout the accounting period. (2018/150)

Subsidies and Contribution to Local Organisations

375. Amounts totalling \$16.293 billion were released to nine statutory bodies under the control of the Ministry as Subsidies and Contributions to Local Organisations (see table below). These bodies are subject to separate financial reporting and audit.

No.	Statutory Body	Amount Received \$’000
1	Guyana Sugar Corporation	10,682,000
2	National Drainage and Irrigation Authority	3,550,000
3	National Agricultural Research and Extension Institute	861,000
4	Guyana Livestock Development Authority	545,000
5	Guyana School of Agriculture	321,000
6	Mahaica Mahaicony Abary /Agricultural Development Authority	170,000
7	Guyana Marketing Corporation	160,000
8	Hope Coconut Industries Limited	3,000
9	Guyana Society for the Prevention of Cruelty to Animals	500
Total		16,292,500

Accounting for Expenditure

376. The Ministry breached Section 43 of the Fiscal Management and Accountability Act 2003. This Section requires all unspent balances to be refunded to the Consolidated Fund at the end of the fiscal year. Moreover, audit checks conducted on 2 January 2019 revealed that the Ministry had on hand, 168 cheques totalling \$205.948M. Four of these cheques totalling \$1.686M were dated 2 January 2019. The difference of 164 cheques totalling \$204.262M were drawn on various dates, and dating back to October 2018. At the time of this report, all the cheques were issued.

**Ministry’s Response:** The Head of Budget Agency stated that action will be taken to mitigate this situation.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency ensure that the Ministry comply with Section 43 of the FMA Act. (2018/151)



### Capital Expenditure

377. The sum of \$4.900 billion was approved for capital expenditure. According to the Appropriation Accounts, funds amounting to \$3.647 billion were expended; resulting in a shortfall in expenditure of \$1.252 billion (26%). The table below gives a summary of the shortfall.

Prog. No.	Description	Total Funds Available \$'000	Total Expenditure \$'000	Shortfall \$'000	Shortfall %
1	Ministry Administration	2,751,569	2,173,231	578,338	21
2	Agriculture Development and Support Services	2,071,230	1,398,068	673,162	33
3	Aquaculture Development	55,500	55,448	52	1
4	Hydrometeorology	21,217	20,722	495	2
Total		4,899,516	3,647,469	1,252,047	26

378. Further, there were significant shortfalls within the Programmes, as shown in the tables below, and detailed in the subsequent paragraphs.

#### Programme 1 - Ministry Administration

Line Item	Description	Total Funds Available \$'000	Total Expenditure \$'000	Difference \$'000	Shortfall %
13023	Drainage and Irrigation - Pumps	100,000	0	100,000	100
21005	East Demerara Water Conservancy	170,738	63,057	107,681	63
21007	Flood Risk Management Project	800,000	469,691	330,309	41
44040	Reverse Linkage Programme - Rice Improvement	40,000	0	40,000	100

#### INDIA Loan - Drainage and Irrigation

379. The sum of \$100M was allotted for Drainage and Irrigation. Provision was made for: (a) procurement of drainage pumps; and (b) institutional strengthening. The entire allocation remained unspent. Noteworthy is that there was also no expenditure under this Project in 2017. As a result, the intended benefits of this Project, which included improved drainage and irrigation in selected regions, and improved agricultural output, could be delayed.

**Ministry's Response:** The Head of Budget Agency stated that this project suffered two setbacks as follows: (a) had to be re-advertised due to non-responsive bidder in initial tendering process; and (b) although the contract was awarded in June 2018, the contractor experienced difficulty in acquiring advance payment guarantee from a local bank. This was resolved in April 2019. Hence payment could not have been effected in the fiscal year 2018.

JAPAN Grant - East Demerara Water Conservancy

380. The sum of \$170.700M was allotted for the provision of equipment, supervision and management for the East Demerara Water Conservancy. A shortfall of 63% (\$107.681M) was noted. Further, a significant shortfall (71%) was also observed under this Project in 2017. This situation could result in the intended benefits of this Project, which was improved drainage and irrigation systems, being delayed.

**Ministry's Response:** The Head of Budget Agency stated that in 2018, based on payment plan schedule presented by the CROWN agent of Japan, NDIA sought a Supplementary Provision to cover the expenditures that would have been incurred during the said year. However, the requirement was not met by the supplier in the procurement of the machines and as such the related payment was held by the CROWN agent, hence the payment plan schedule was disrupted.

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

381. On 10 October 2014, the International Development Association (IDA) and the Government of Guyana entered into an agreement to assist in the reduction of the risk of flooding in Region №. 4. The sum of \$800M was allotted for the Flood Risk Management Project to fulfill the following: (a) rehabilitation of sections of East Demerara Water Conservancy embankment, including structures; (b) construction of pump stations at Hope, Vigilance and Lusignan; and (c) purchase of equipment. This project is subject to separate financial reporting and audit. The last audit report was issued on 14 June 2019 for the year ended 31 December 2018.

382. A 41% shortfall (\$330.309M) was noted. The shortfall could result in the intended benefits of this Project, which included improved drainage and irrigation, being delayed.

**Ministry's Response:** The Head of Budget Agency stated that the shortfall resulted due to the reduction in the supply of silt clay during the rainy seasons. Monies were budgeted to pay for meter length of dam constructed. However, no compaction was possible since the silt clay did not dry properly as expected and the project was unable to achieve the required compaction of the material at this point in time.

Reverse Linkage Project in Rice Development Production

383. On 28 November 2018, the MAX AGRI COMMERCE SDN BHD, Malaysia and the Government of Guyana entered into an agreement to enhance the capacity in relation to Guyana's rice production in order to maintain self-sufficiency and increase export of high-quality rice. The sum of \$40M was allotted for the Reverse Linkage Project in Rice Development Production to provide for: (a) the introduction of innovative rice varieties from Malaysia; and (b) to establish a unified seed production system.

384. The entire allocation remained unspent. Further, the intended benefits of the Project, which included improved rice variety, enhanced rice production, and improved quality, could be delayed.

**Ministry's Response:** The Head of Budget Agency stated that an agreement was only signed between GRDB and MAX Agriculture (representing Malaysia) in late November 2018. There was not sufficient time to commence the project, thus resulting in the shortfall as stated.

Programme 2 - Agriculture Development and Support Services

Line Item	Description	Total Funds Available \$'000	Total Expend. \$'000	Difference \$'000	Shortfall %
14055	Rural Agricultural Infrastructure Development	880,000	790,000	90,000	10
28029	Sustainable Agriculture Development Project	600,000	135,618	464,382	77
28030	Hinterland Sustainable Agriculture Development Project	140,000	26,905	113,095	81

CDF Loan №. ROG/L0002 - Rural Agricultural Infrastructure Development Project

385. On 14 December 2016, the CARICOM Development Fund (CDF) and the Government of Guyana entered into an agreement to assist the Ministry of Agriculture to improve Rural Agricultural Infrastructure Development in Small Scale Farming Communities in Region №.s. 4 and 5. The sum of \$880M was allotted for the Rural Agricultural Infrastructure Development Project. The funds were provided for: (a) rehabilitation of drainage and irrigation systems and access dams in Mocha, Triumph, Buxton and Ithaca; (b) purchase of equipment; and (c) design and supervision. This project is subject to separate financial reporting and audit. The last audit report was issued on 25 June 2019 for the year ended 31 December 2018.

386. A shortfall of 10% (\$90M) was noted. Further, the intended benefits of the Project, which included improved access to agricultural infrastructure and farmlands, and increased agricultural productivity, could be delayed.

**Ministry's Response:** The Head of Budget Agency stated that the shortfall under this project resulted from delays in acquisition of the accessories which led to late installation of the pumping unit for the Pump Station at Mocha. However, this was subsequently completed in January 2019. It must be noted that all planned targets for 2018 were achieved.

IDB Loan №. 3798/BL - GY - Sustainable Agriculture Development Project

387. On 21 February 2017 the Inter-American Development Bank (IDB) and the Government of Guyana 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 \$600M was allotted for the Sustainable Agriculture Development Project. The funds allotted were for: (a) construction and rehabilitation of agriculture centres in Region №.s. 9 and 10; (b) agriculture census; and (c) pilot projects in meat processing. This project is subject to separate financial reporting and audit. The last audit report was issued on 26 April 2019, for the year ended 31 December 2018.

388. A shortfall of 77% (\$464.382M) was noted. A significant shortfall (86%) was also observed under this Project in 2017. The slow implementation of the Project may result in the delay of its intended benefits. These included improved quality data for agricultural sector, enhanced productivity and ability to meet sanitary and phytosanitary standards, and access to processing facilities.

**Ministry's Response:** The Head of Budget Agency stated that shortfall under this project resulted due to implementation changes of the loan agreement, hence the initial activities for the year 2018 could not have been met. The following details is provided for clarity: -

1. **Implementation of an Agriculture Census (US\$4 Million)** - After 18 months of unsuccessful negotiations with the FAO, the Government of Guyana through the Ministry of Finance decided that the Guyana Bureau of Statistics will execute the Census in collaboration with the Ministry of Agriculture. This Agreement (*Memorandum of Understanding*) was finalised and signed on the 31<sup>st</sup> of December 2018.
2. **Construction of an Agriculture Station and Abattoir in Region 9 (US\$4 Million)** -
  - On 8 May 2018, a formal notification was received from the Inter-American Development Bank indicating that the Environmental and Social Safeguards Risks have been amended in the existing conditions of contract for SADP Loan Agreement and in order to proceed with the financing of Region 9 activities, a Free Prior and Informed Consent (FPIC) agreement is required.
  - Despite the joint efforts from MOF, MOA, the Ministry of Indigenous People Affairs and the numerous consultations with regional and village representatives, the Free Prior and Informed Consent (FPIC) agreement was never resolved.
  - Cabinet granted its approval for the reallocation of the Region 9 Funds on 28 June 2018.
  - To date, the complete reallocation process is still ongoing between the Government of Guyana and IDB.
3. **Activities Delayed due the Reallocation of Region 9 Funds (US\$2.0 Million)** - Given that both components 2 and 3 were linked to the Region 9 funding, the following activities were paused or retendered: -
  - Rehabilitation of Ebini Station, Region №. 10.
  - Implementation of Research and Extension Programs.
  - Construction of an Abattoir in Regions №. 5.
  - Execution of the Baseline Survey.

Notwithstanding, it must be noted that the executing unit is taking all the necessary steps to implement this loan agreement within time and budget.

IFAD Loan №. 2000001704/Grant №. 2000001705 - Hinterland Environmentally Sustainable Agriculture Development Project

389. On 21 March 2017, the International Fund for Agricultural Development (IFAD) and the Government of Guyana (GOG) entered into an agreement to improve the livelihood resilience through income generation, access to assets, improved nutrition and adaptation to climate variability. The sum of \$140M was allotted for the Hinterland Environmentally Sustainable Agriculture Development Project for: (a) investment plans for development of local value chains; (b) establishment of investment fund; (c) State of Food and Agriculture Study (SOFA) in Region №. 1; and (d) institutional strengthening. This project is subject to separate financial reporting and audit. The last audit report was issued on 13 June 2019, for the year ended 31 December 2018.

390. A shortfall of 81% (\$113.095M) was noted. A significant shortfall (94%) was also observed under this project in 2017. As a result, the intended benefits of this Project, which included improved access to financing for farmers, increase income generating opportunities, and enhanced food security and nutrition, could be delayed.

**Ministry's Response:** The Head of Budget Agency stated that the causes of the shortfall under this project are as stated below: -

- Delays in the recruitment of staff at both the PMU level and that of the Regional Offices.
- The position for Region №. 9 staff had to be re-advertise and is now in the process of finalisation.
- The time needed for the staff to get acquainted with the project caused some delays in the timely execution of the project.
- Procurement of logistical support and office furniture and equipment had to be delayed because the regional offices were not in place. The PMU has received logistical support for operations as part of the ASDU.
- The absence of the regional officers negatively affected conducting of training and development of the investment plans.
- The MOA and IFAD agreed in September 2018, to the development of CPDPs (based on VIPs) including the different concrete public/collective and business investment and training plans with support from senior technicians of MOA regional agencies (NAREI and GLDA) and involving CDOs.

Notwithstanding these setbacks, the Ministry of Agriculture will proceed with the execution of the project in keeping the recommendations of the report to ensure that the project meets its deadlines and objectives.

### Aquaculture Development

391. The sum of \$55.500M was allocated for the acquisition of a boat and fish-feeding machine. The following occurred on 28 December 2018:

- a) contract awarded in the sum of \$99.374M;
- b) letter of acceptance signed;
- c) contract entered into; and
- d) advance payment of \$52.900M was processed.

392. The vessel was to be supplied within ninety days. However, at the time of reporting in September 2019, the vessel was not supplied. As a result, the intended benefits, which included enhanced production, and improved operational efficiency, could be delayed.

**Ministry's Response:** The Head of Budget Agency stated that the initial contract was signed on 28 December 2018 for the procurement of a reconditioned vessel with a delivery period of no longer than thirteen weeks (13)/90 days. An addendum was entered into on 28 May 2019 for the procurement of a new vessel and no longer a reconditioned vessel. The new delivery period for the vessel is 30 October 2019.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency ensure that the conditions of contracts are upheld, failure which, necessary action should be taken. (2018/152)

### Prior Year Matters

393. The Ministry continued to employ staff on a contractual basis in 2018. Moreover, 173 employees were on contract as of December 2018. This was in comparison to 163 as of December 2017. It should be noted that of the 173 employees who were still on contracts as of December 2018, twenty were above the age of forty-five. As such, they could not be transferred to the Pensionable Establishment.

**Ministry's Response:** The Head of Budget Agency acknowledged this finding. The Head of Budget Agency added that the contracted employees are all Bonded Scholars with specific contractual work obligations to the Government of Guyana.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency continue its efforts to transfer eligible employees to the Pensionable Establishment. (2018/153)

394. The statutory bodies also failed to comply with Section 80 (4) of the Fiscal Management and Accountability Act 2003. This Section stipulates that “*The concerned Minister shall, within two months following the receipt of the annual report, present the annual report of each statutory body to the National Assembly*”. The table below shows a status of each statutory body.

№.	Statutory Body	Financial Statement Last Audited	Audit Reports Not Laid in the National Assembly
1	National Agricultural Research Extension Institute (NAREI)	2015	2010-2015
2	Pesticides and Toxic Chemicals Control Board (PTCCB)	2017	2012-2017
3	New Guyana Marketing Corporation Limited	2016	2008-2016
4	Guyana Sugar Corporation Limited (GUYSUCO)	2016	2016

**Ministry’s Response:** The Head of Budget Agency acknowledged this finding and stated that audited Financial Statements for NAREI (2010-2015), GMC (2016), and GUYSUCO (2016) were submitted to the National Assembly in the second quarter of 2019; however, these reports are still to be laid.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency comply with the requirements of the FMA Act, especially as it related to Sections 80 (3) (c) and 80 (4). (2018/154)

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

395. The table below summarises the prior year matters as contained in the Auditor General’s 2017 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
2017/112	Breach of Circularised Instruction - Contracted Employees			√
2017/113	Non - Submission of Financial Statements		√	
2017/114	Shortfall in Expenditure	√		

AGENCY 25  
MINISTRY OF BUSINESS

Current Year Matters

Current Expenditure

*Shortfall of Expenditure*

396. The sum of \$633.334M was available under Programme 2 - Business Development, Support and Promotion. Of this sum, amounts totalling \$576.340M were expended, giving a shortfall of \$56.994M. Further, significant shortfalls were observed under two Line Items under this Programme, as summarised in the table below:

*Programme 2 - Business Development, Support and Promotion*

Line Item	Description	Total Funds Available \$'000	Amount Expended \$'000	Shortfall \$'000
6281	Security Services	34,016	8,264	25,752
6321	Subsidies and Cont. to Local Org.	545,332	520,116	25,216

*Security Services*

397. The Ministry attributed the shortfall of \$25.752M, which was 75.71% of the total funds available under this Line Item to the delay in the award of contracts for security services for 2018 at the Leguan Chip Factory, and Enmore and Tuschen Call Centres. It was further explained that the evaluation procedure encountered several drawbacks, which delayed the completion of the evaluation.

**Ministry's Response:** The Head of Budget Agency stated that alternative/interim arrangements were put in place to ensure the security of the buildings due to the delayed procurement process. As such, security charges were not paid for the entire year for the locations.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency take action to mitigate security risks at the premises stated above. (2018/155)

*Subsidies and Contributions to Local Organisations*

398. The shortfall of \$25.216M under this Line Item was due to the Small Business Bureau not requesting Subventions for November and December 2018. Furthermore, an award ceremony was cancelled. In addition, activities including training programmes were cancelled.



Employment Costs

399. Twenty-five percent of the Ministry's employees were on contract as at 31 December 2018. The table below shows a summary as per category of expenditure:

Line Item	Description	№. of Employees	Percentage
6111	Administrative	14	18.42
6112	Senior Technical	14	18.42
6113	Other Tech. & Craft Skilled	4	5.26
6114	Clerical & Office Support	18	23.68
6115	Semi-Skilled Operatives & Unskilled	7	9.22
6116	Contracted Employees	19	25
Total		76	100

400. Thirty-eight percent of the Ministry's expenses for wages and salaries were paid to employees on contract. A summary is shown in the table below:

Line Item	Description	Total Paid \$'000	Percentage
6111	Administrative	35,941	26
6112	Senior Technical	22,197	16
6113	Other Tech. & Craft Skilled	5,318	4
6114	Clerical & Office Support	15,870	12
6115	Semi-Skilled Operatives & Unskilled	5,754	4
6116	Contracted Employees	52,172	38
Total		137,252	100

401. The table below provides a summary of the employees on contract by salary range:

Salary Range \$	№. of Employees	Amounts Paid in Dec. 2018 \$'000
Below 100,000	9	679
100,000 - 250,000	7	991
250,001 - 400,000	0	0
Above 400,000	3	1,399
Total	19	3,069

Subsidies and Contributions to Local Organisations

402. The Ministry transferred amounts totalling \$876.609M as Subsidies and Contributions to Local Organisations to five statutory bodies during 2018. The table below shows a summary of the transfers:

№.	Statutory Body	Amount \$'000
1	Guyana Tourism Authority	284,300
2	Guyana Office for Investment	216,000
3	Guyana National Bureau of Standards	182,386
4	Small Business Bureau	121,730
5	Competition and Consumers Affairs Commission	72,193
Total		876,609

403. These Bodies are subject to separate financial reporting and audit. The table below shows the audited status of each Body:

№.	Statutory Body	Year of Last Audit	Financial Statements on Hand	Financial Statements Not Submitted	Remarks
1	Guyana Tourism Authority	-	2002-2004	2005-2018	2002: Audits to be finalised. 2003-2004: Awaiting adjusted Financial Statements.
2	Guyana Office for Investment	2017	2018	-	2018: Audit in progress.
3	Guyana National Bureau of Standards	2014	2015-2017	2018	2015: Audit to be finalised.
4	Small Business Bureau	2017	2018	-	2018: Audit in progress.
5	Competition and Consumer Affairs Commission	2014	2015-2017	2018	2015-2017: Audits to be finalised.

404. As can be noted above, the five statutory bodies failed to comply with Section 80 (3) (c) of the Fiscal Management and Accountability Act 2003. Section 80 (3) (c), which requires that statutory bodies “...as soon as is practicable and in all events not later than four months after the end of the fiscal year established for that statutory body...submit an annual report to the concerned Minister... which shall include...a report prepared by the Auditor General on the financial statements of the statutory body”.

**Ministry’s Response:** The Head of Budget Agency stated that the Ministry will take action to ensure prompt submission of Financial Statements to enable the audits.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency ensure compliance with the requirements of the FMA Act, especially as it related to Section 80 (3) (c). (2018/156)

405. The five statutory bodies also failed to comply with Section 80 (4) of the Fiscal Management and Accountability Act 2003. This Section stipulates that “*The concerned Minister shall, within two months following the receipt of the annual report, present the annual report of each statutory body to the National Assembly*”. The table below shows a status of each statutory body:

№.	Statutory Body	Year of Last Audit	Last Audit Report Laid in National Assembly
1	Guyana Office for Investment	2017	2015
2	Guyana National Bureau of Standards	2014	2011
3	Small Business Bureau	2017	2016
4	Competition and Consumer Affairs Commission	2014	-
5	Guyana Tourism Authority	-	-

**Ministry’s Response:** The Head of Budget Agency stated that action will be taken to lay the reports in the National Assembly as soon as they become available.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency ensure compliance with the requirements of the FMA Act, especially as it related to Section 80 (4). (2018/157)

### Capital Expenditure

#### Shortfall in Expenditure

406. The sum of \$799.378M was allotted for capital expenditure. Supplementary Provision totalled \$192.949M, resulting in total funds available amounting to \$992.327M. According to the Appropriation Accounts, the sum of \$788.742M was expended, resulting in a shortfall of capital expenditure amounting to \$203.585M. See summary in the table below:

Prog. №.	Description	Total Funds Available \$’000	Amount Expended \$’000	Shortfall \$’000	Shortfall %
1	Policy Development and Administration	89,550	38,635	50,915	58.15
2	Business Development, Support and Promotion	902,277	749,607	152,670	21.52
4	Tourism Development and Promotion	500	500	0	0
Total		992,327	788,742	203,585	

407. Further, there were significant shortfalls within Programmes, as shown in the tables below and details in the subsequent paragraphs.

Programme 1 - Policy Development and Administration

Proj. Code	Description	Total Funds Available \$'000	Amount Expended \$'000	Shortfall \$'000	Shortfall %
12147	Buildings	89,550	38,635	50,915	58.15

Buildings

408. The sum of \$89.550M was available under this Project for: (a) rehabilitation and extension of Head Office building, South Road; and (b) access to laboratory. The shortfall of 58.15% (\$50.915M) was attributed to the rehabilitation and extension of its Head Office building not being completed, as well as the upgrading of the road. It must be stated that the benefit of having improved facilities would have been delayed.

**Ministry's Response:** The Head of Budget Agency stated that the shortfall is a result of the need for a review of the NEC modernisation plan for the facility due to the decision to house the Metrology Laboratory for the Guyana National Bureau of Standards in the compound of the NEC. It should be noted that due to the technical specifications of the laboratory, three locations were deemed unsuitable. The NEC Compound was deemed suitable for the housing of the laboratory.

As a result of housing the laboratory in the NEC Compound, the conceptual design had to be redone and the design of the facility, given the new space, had to be reconsidered. The upgrading of the road also has to provide access to the laboratory facility. The road is being reviewed as well to ensure that it can accommodate heavy vehicles that will have to access the Lab facility.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency ensure proper planning is done so that execution of projects can be timely. (2018/158)

Programme 2 - Public Works

Proj. Code	Description	Total Funds Available \$'000	Amount Expended \$'000	Shortfall \$'000	Shortfall %
44031	National Quality Infrastructure	200,000	85,300	114,700	57.35
44043	Single Window Automated Processing System (SWAPS)	10,000	0	10,000	100
44044	Technical Assistance - Business Framework Development	10,000	0	10,000	100
45033	Industrial Development	542,949	524,980	17,969	5.13

### National Quality Infrastructure

409. The sum of \$200M was available under this project for: (a) establishment of facilities for metrology, testing and legal metrology; (b) purchase of laboratory equipment for Bureau of Standards, Ministry of Public Health and Ministry of Agriculture; and (c) preparation of National Export and Investment Promotion Strategy. A shortfall of 57.35% (\$114,700M) was noted.

410. The activities were to be executed under a loan agreement signed between the Government of Guyana (GOG) and the Inter-American Development Bank (IDB). The Agreement, 'National Quality Infrastructure for Economic Diversification and Trade Promotion Program, Loan №. 3824/BL-GY', was signed on 21 February 2017. The GOG and IDB committed the sum of US\$9M for five years and six months to support economic diversification and exports through the enhancement of the National Quality Infrastructure (NQI) and through a National Export and Investment Promotion Strategy the 'National Quality Infrastructure. The specific objectives of the Program were to enhance the capacity of the NQI, improve facilities for the NQI and enhance the capabilities of Go-Invest for export and investment promotions.

411. This Program is subject to separate financial reporting and audit. The last audit was done for the period 21 February 2017 to 31 December 2018. The audit report was issued on 29 April 2019. Findings of the audit revealed that the Program did not achieve its planned activities for the period under review. Moreover, a specialised consultancy for information and analysis and development of website, the redesign of Go-Invest trade and investment framework including best practices on IPA's, export and investment strategy, specialised consultancy for review and update of strategic plan for change management at the GNBS, and specialised consultancy for architectural and engineering design were not executed by the Program.

412. According to the Program Management's response, the consultancy for the development and implementation of a website commenced on 19 June 2018 with the framework for the website and domain completed. The other consultancies, while not started in 2018 as planned, were in advance stages of procurement. The delay to these activities starting as planned resulted from the untimely acquisition of the land by the Ministry of Business for the construction of the new laboratory, and the slow response time from key stakeholders to key tasks.

413. The Ministry added that there were delays in obtaining the Lease for the National Exhibition Centre Land at Sophia; as well as the time taken by the Bank to conduct its "Land Suitability Assessment", which was completed in June 2018. Further, the Project Execution Unit was given the approval to commence the procurement of the Design Consultant on 18 June 2018. At that point of the year, it was impossible to contract a Design Consultant and complete the design in 2018.

414. The Ministry further stated that the redesign of Go-Invest and Trade Investment Framework and the development of an Export and Investment Strategy suffered delays, which were attributable to:

- a) The time taken by the beneficiary agency to finalise the terms of references.
- b) Go-Invest requested a quantitative analysis of the expressions of interests that were submitted, and which was not required at that stage of the procurement process. This led to the IDB requesting that the evaluation be revised.
- c) During the technical evaluation of proposals for the Development of an Export and Investment Strategy, it was found that the incorrect terms of reference was used in the request for proposals. This resulted in the annulment of the evaluation process and the re-issuing of the request for proposals to the shortlisted bidders.

415. The delayed implementation of the Program's activities may lead to the intended benefits of the Program not being achieved as planned. The benefits of the Program included the enhancement of capacity and capabilities for export and investment promotion and improved laboratory facilities.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency ensure proper planning is done so that execution of projects can be timely. (2018/159)

*Single Window Automated Processing System (SWAPS)*

416. The sum of \$10M was available under this Project for harmonising and electronically integrating the business processes of the licensing bodies of Guyana. These activities were to be executed under a loan agreement between the GOG and IDB. However, the Agreement was signed until November 2018. Hence, the sum allocated was not spent. The intended benefit of the Project was to improve the ease of doing business among key agencies. In the case of the Ministry, it is expected to reduce processing time for import/export licences.

*Technical Assistance - Business Framework Development*

417. The sum of \$10M was available under this project for: (a) revision of legislative framework; (b) establishment of registry; and (c) capacity building. The entire allocation remained unspent. The Project intended to enhance competitiveness.

**Ministry's Response:** The Head of Budget Agency stated that technical support was provided directly by the IDB for the consultancies and workshops. Hence, the funds were not used by the Ministry.

### Infrastructure Development

418. The sum of \$542.949M was available under this project for: (a) completion of industrial estate development at Lethem, and business incubators at Lethem and Belvedere. According to the Ministry, the shortfall of negative \$17.969M was attributed to savings on the Belvedere Business Incubator contract. In addition, weather conditions affected the completion of works at the Lethem Industrial Estate.

419. The construction of a Business Incubator Centre at Lethem Industrial Area, Region No. 9 was awarded in the sum of \$271.378M. Amounts paid to the contractor as at December 2018 totalled \$155.286M. The works comprised of the construction of a steel frame and reinforced concrete main building, two adjoining wings, along with a services block.

420. Included in the sum of \$155.286M, was a mobilisation advance payment of \$81.414M. It was noted that only \$24.618M, which is approximately 30% of the advance payment, was recovered as at 31 December 2018. It was also noted that the Advance Payment Bond expired on 12 June 2019. As such, should the contractor defect, the Ministry would be unable to levy on the Bond to recover the outstanding balance on the Advance Payment.

**Ministry's Response:** The Head of Budget Agency stated that action will be taken to extend the period of validity of the Advance Payment Bond.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency submit the new Advance Payment Bond for audit. (2018/160)

421. A physical verification on 29 July 2019 revealed that the works were incomplete. The completion date for the works expired since 31 May 2019; whilst an approved extension was not noted. However, the contractor was on site and works were in progress.

**Ministry's Response:** The Head of Budget Agency stated that the consultant recommended a further extension to November 2019.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency apply liquidated damages in the absence of an approved extension of time. (2018/161)

### Other Matters

#### Scrap Metal Trade

422. Amounts totalling \$33.290M were deposited into the bank account of the Ministry's Scrap Metal Unit in 2018. Of this sum, amounts totalling \$30.480M were in respect of royalties received on 757 scrap metal containers which were exported during the year, the difference of \$2.810M represented income from the payment of Registration Fees.

423. Further, examinations of the bank statements and other relevant records for the period January to December 2018, revealed that amounts totalling \$27.796M were withdrawn (see summary in table below), bringing the balance on the account in 2018 to \$5.494M.

Description	Amount \$'000
Employment Costs	18,155
Office furniture & Equipment	5,204
Office & Field Supplies	1,857
Advertisements	1,352
Reimbursement of Cash	797
Utility Charges	431
<b>Total</b>	<b>27,796</b>

424. It should be noted that the Unit had a balance of \$206.986M in its bank account as at 31 December 2017. The said sum (\$206.986M) was transferred to the Consolidated Fund in November 2018.

#### Prior Year Matters

425. The Ministry still had nineteen employees on contract as of December 2018. This was in comparison to twenty-six as of December 2017. It should be noted that of the nineteen employees who were still on contracts as of December 2018, thirteen were above the age of forty-five. As such, they could not be transferred to the Pensionable Establishment.

**Ministry's Response:** The Head of Budget Agency stated that whilst the six employees held authorised positions, they did not meet the qualifications.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency continue its efforts to transfer eligible employees to the Pensionable Establishment. (2018/162)

426. The Ministry continued to breach Section 43 of the Fiscal Management and Accountability Act 2003. This Section requires all unspent balances to be refunded to the Consolidated Fund at the end of the fiscal year. Moreover, audit checks carried out in January 2019, revealed that there were 102 cheques totalling \$179.654M on hand. As a result, the Appropriation Accounts would have been overstated by the said amount. It should be noted that the 102 cheques have since been issued to the respective payees.

**Ministry's Response:** The Head of Budget Agency stated that action will be taken to avoid recurrences.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency ensure compliance with the requirements of the FMA Act, especially as it related to Section 43. (2018/163)



427. The Guyana Small Business Council and Bureau’s audit report for the year 2017 was still not laid in the National Assembly. This is a breach of Section 80 (4) of the FMA Act. This Section states that “*The concerned Minister shall, within two months following the receipt of the annual report, present the annual report of each statutory body to the National Assembly*”. According to Section 80 (3) (c) of the said Act, the annual report of the Authority should contain a “*...report of the Auditor General on the financial statements of the Authority*”.

**Ministry’s Response:** The Head of Budget Agency that action will be taken to lay the outstanding report to the National Assembly.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency ensure compliance with the requirements of the FMA Act, especially as it related to Section 80 (4). (2018/164)

Follow-up on the Implementation of Prior Year Audit Recommendations

428. The table below summarises the prior year matters as contained in the Auditor General’s 2017 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
2017/115	Breach of Circularised Instructions - Contracted employees		√	
2017/116	Breach of FMA Act			√
2017/117	Non – Submission of Financial Statements		√	

AGENCY 26  
MINISTRY OF NATURAL RESOURCES

Current Year Matters

Current Expenditure

Employment Costs

429. Approximately 78% of the Ministry's employees were on contract as at December 2018. The table below shows a summary of the employees as per category of expenditure.

Line Item	Description	№. of Employees	Percentage
6111	Administrative	4	4.17
6113	Other Technical and Craft Skilled	1	1.04
6114	Clerical and Office Support	6	6.25
6115	Semi-Skilled Operatives	10	10.42
6116	Contracted Employees	75	78.12
Total		96	100

430. Further, approximately 93% or \$348.714M of wages and salaries (\$375.625M) were paid to employees on contract.

431. The table below provides a breakdown of the contracted employees by salary ranges.

Salary Range \$	№. of Employees	Amounts Paid in Dec. 2018 \$'000
Below 100,000	6	744
100,000 - 250,000	9	3,717
250,001 - 400,000	34	18,707
Above 400,000	26	22,875
Total	75	46,043

432. Six employees were overpaid salaries amounting to \$304,092 in 2018. The related deductions totalling \$246,451 were also overpaid to the relevant agencies. A total of \$39,436 has since been recovered; resulting, in an outstanding balance of \$264,656.

**Ministry's Response:** The Head of Budget Agency stated that the overpayments stemmed from staffers leaving just after salary was paid, in addition to deadlines for paychanges. The Ministry added that relevant steps will be taken to recover the entire amount.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency implement measures to avoid recurrences. (2018/165)

433. Incorrect calculations resulted in nine employees paying more deductions than required. The deductions related to income tax - 'Pay As You Earn' (PAYE), and the National Insurance Scheme (NIS). It should be mentioned that six of the nine employees are those that were overpaid salaries.

**Ministry's Response:** The Head of Budget Agency stated that incorrect calculations were the result of an error which led to the additional deduction. Whilst the Ministry is unable to receive a refund for the employees, the Guyana Revenue Authority has advised that the employees will be refunded during the Income Tax and Returns period. The NIS has also been advised accordingly. The Ministry of Natural Resources has also sought the assistance of the Ministry of Finance to correct this situation.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency implement measures to avoid recurrences. (2018/166)

#### Accounting for Expenditure

434. The Ministry breached Section 43 of the Fiscal Management and Accountability Act 2003. This Section requires all unspent balances to be refunded to the Consolidated Fund at the end of the fiscal year. Moreover, audit checks carried out on the 2 January 2019, revealed that there were fifty-six cheques totalling \$25.756M on hand. The cheques were drawn on various dates in 2018. As a result, the Appropriation Accounts would be overstated by the said amount.

435. At the time of reporting in July 2019, seven cheques totalling \$384,000 were still to be paid. Further, the cheques would have since become stale-dated.

**Ministry's Response:** The Head of Budget Agency stated that a number of payments were submitted to the MOF in December for payment and these were processed but due to the holiday activities, a number of the vendors uplifted payments at their earliest possible convenience. It is important to note that the Ministry of Natural Resources (MNR) did not uplift these cheques and had them in its possession; instead, these are payments that only the authorised representative of the Suppliers can uplift. In each instance, the said representatives were notified as per norm of the payments being available at the Ministry of Finance. Therefore, the MNR should not be held responsible if a supplier fails to uplift payment as they were adequately notified.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency ensure adherence to the requirements of the Fiscal Management and Accountability Act 2003, especially as it related to Section 43. (2018/167)

436. Forty Payment Vouchers with a total value of \$8.523M were not presented for audit examination. This resulted in the limitation in scope of the audit. Further, the completeness, accuracy and validity of the payments could not be ascertained.

**Ministry's Response:** In addition to the explanations above, the Head of Budget Agency wishes to advise that the processing of payments is done by the MOF after the MNR would have submitted all the relevant documentation. Therefore, it may be prudent to take up this matter with the MOF who in addition to making payments also retains the said vouchers. The MNR wishes to restate that payments cannot and will not be processed by the Ministry of Finance without the relevant supporting documents.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency liaise with the Ministry of Finance to ensure that its Payment Vouchers and supporting documents are properly stored to aid audit verification. (2018/168)

### Capital Expenditure

437. There was a significant shortfall in expenditure under Capital Programme 261 - Policy Development and Administration. More specifically, there was a shortfall of approximately 40% under Line Item 25100 - Furniture and Equipment. The sum of \$50M was allotted; whilst, only \$30.215M was spent, giving an unexpended sum of \$19.785M.

**Ministry's Response:** The Head of Budget Agency stated that as part of the 2018 Capital programme the MNR was slated to create primary and secondary data storage system to support the development of the Petroleum Sector. In the latter part of 2018, the Petroleum programme was transferred to the newly created Department of Energy in the Ministry of the Presidency and the MNR was approved to utilise the remaining sums towards the purchase of arms and ammunition for the Corps of Warden. The process entailed various steps such as, obtaining the list of authorised dealers from the Office of the Commissioner of Police and then detailed analysis was required for the completion of the technical specifications of the arms and ammunition.

The procurement process was done with the requisite approval from the National Procurement and Tender Administration Board and the evaluation team concluded that while at least one bidder was technically compliant with the Invitation for Bids, the bidder did not submit the NIS and GRA compliances. Therefore, the bidder was deemed non-compliant and the process was annulled. The time remaining in the fiscal year wasn't sufficient for another competitive bidding process and thus the monies were unspent.

The procurement of arms and ammunition for the MNR was also delayed. Furthermore, the National Procurement and Tender Administration Board did not support the recommendation of the Evaluation Committee and recommended that the bidding process be annulled and retendered. The Government had since taken relevant steps in terms of providing the Corps of Warden with arms and ammunition.

### Forest Carbon Partnership Project

438. The sum of \$120M was budgeted for establishing an enabling framework for Reducing Emissions from Deforestation and Forest Degradation (REDD+) and Capacity Building. During the year, there was an approved Supplementary Provision in the sum of \$133M, bringing the total funds available to \$253M. According to the Appropriation Account, amounts totalling \$232.586M were expended.

439. Forest Carbon Partnership Project (FCPF) Agreement №. ATN/FP-14161-GY 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.

440. As at 31 December 2018, the Project expended amounts totalling US\$1.361M or 36% 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 2018 has been completed and an audit report was issued on 26 April 2019. An examination of the audited accounts revealed that according to the Annual Operational Plan, there was an approved budget of US\$2.021M for the year 2018. Further, actual expenditure amounted to US\$1.121M, which represented 55.5% of the approved budgetary allocations for 2018.

**Ministry's Response:** The Head of Budget Agency stated that the MNR as stated in the Audit Report of the FCPF, has taken the necessary steps in executing the approved work programme of the Project. In some cases savings occurred after the execution of procurement activities and are the main contributor for variance of expenditure against approved budget. Additionally, in cases where current situation requires changes to ensure efficiency and effectiveness, these steps are undertaken since projects are dynamic and have to respond to changing environments. Thus a few programme activities planned three years ago may no longer be applicable and thus further savings occurred. Important to note is that the quality of output has not been cited as being diminished.

### Forest Inventory Study

441. The sum of \$50M was budgeted for a forest inventory study. The overall objective of the project was to boost the economic planning capability of the forest sector by making data available for the valuation of forest resources and for the sustainable management of Guyana's forest. The entire project will cover three phases, each based on a key major output. However, only Phase 1 will be conducted during 2018.

442. Cabinet Decision CP (2018) 4:1:BB approved the sole sourcing of Guyana Forestry Commission to conduct a national forestry inventory. The sum approved by Cabinet for the study was \$120M. A contract №. MNR 51/2018 was entered in April 2018 between the Ministry of Natural Resources and the Guyana Forestry Commission to perform the study for the sum of \$120M. The entire allocation of \$50M was paid over to the Guyana Forestry Commission. Additional sums totalling \$70M were paid over from Current Expenditure under Programme 2 - Natural Resource Management, Line Item 6284 - Other, to the Commission.

443. During Phase 1, a national forest inventory design and methodology was to be developed, and pilot tests were to be conducted. According to a report from the Guyana Forestry Commission dated 30 October 2018, Phase 1 was completed.

#### *Petroleum Resources Governance and Management Project*

444. The sum of \$30M was provided for the Oil and Gas Sector Development Programme. According to the capital profile, the allotment under the Programme made provision for: (a) policy, strategy, action plan, legal and regulatory framework for the oil and gas sector; (b) Sovereign Wealth Fund; (c) expansion of gas to power study; and (d) institutional strengthening and capacity building. The capital profile also stated that funding for this Programme was to be provided by the Inter-American Development Bank (IDB) and the International Development Association (World Bank). According to the Appropriation Accounts, the entire allocation was expended. It was explained that all payments were made directly by IDB.

**Ministry's Response:** The Head of Budget Agency stated that the amount referred to was never received by the MNR directly but was used by the Government of Guyana and the IDB through two Technical Cooperation Agreements to complete a number of consultancies for the Petroleum Sector. The reports for the Oil and Gas Sector were all accepted by the Ministry of Finance, the IDB and later the Government of Guyana. It should also be noted that effective August 2018, the MNR no longer exercised the mandate for Oil and Gas activities.

#### Forensic Audit

445. A special investigation was conducted by the Audit Office of Guyana into an allegation five missing cheques from the Ministry's Imprest Account. Results from the investigation revealed that three of the five cheques totalling \$690,000 were encashed at a commercial bank. The other two cheques could not be located. The services of the officer implicated have since been terminated.

**Ministry's Response:** The Head of Budget Agency stated that during routine checks the MNR discovered some inconsistencies relating to the Ministry's Imprest Account. In keeping with guidelines, we immediately contacted the Finance Secretary, Accountant General and the Auditor General. Through the support of the Audit Office, a series of steps were taken which resulted in the entire sum being recovered and the services of the Officer being terminated. In addition to the Audit Offices recommendations, the MNR has taken a number of measures to improve the security and integrity of the accounting system.

### Prior Year Matters

446. As at December 2018, the Ministry still had forty-eight employees on contract who were below the age of forty-five. They were therefore eligible to be transferred to the Permanent Pensionable Establishment.

447. In November 2018, the Department of Public Service gave approval for three of these forty-eight employees to be transferred out of the Ministry. The Department also gave approval for contracts to be renewed for forty-four of the employees. The other employee was the Permanent Secretary.

**Ministry's Response:** The Head of Budget Agency stated that the MNR has taken all relevant steps in having eligible Officers appointed to the Pensionable Establishment. Additionally, it should be noted that some staffers were given additional time by the Department of Public Service to upgrade qualifications before being transitioned. A number of the staffers who are under the required age limit remain on contract gratuity terms since the Department of Public Service advised that these positions cannot be added to the register of positions as they are not Public Service Commission (PSC) established and thus cannot be filled by the Public Service Commission. Examples of these include the positions for the Extractive Industry Transparency Initiative, among others.

Important to note is that the Government via Cabinet Decision created the Corps of Warden and these staffers at the request of the Department of Public Service were to be recruited on contract/gratuity. These positions are also not on the Inventory of Positions.

Additionally, the positions such as Ministerial Advisors and Personal Assistant to Minister (MNR had two Ministers during 2018) are all appointed on contract gratuity terms by Ministry of the Presidency in keeping with the Ministry of Finance Circular.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency continue moving eligible employees to the Pensionable Establishment. (2018/169)

448. The Ministry still had in its employ, fifteen Bonded Scholars as at December 2018. This is a significant reduction from the forty-six Bonded Scholars who were in the employ of the Ministry in 2017. It was explained that the Department of Public Service had instructed the Ministry to have Bonded Scholars (Forest Rangers, Engineers, Environmental Officers etc.) employed by the Ministry and seconded to the relevant Agencies within the Sector. The Ministry was later restructured. As a result, the relevant Bonded Scholars were transferred to the respective agencies.

**Ministry's Response:** The Head of Budget Agency stated that in early 2018, the majority of the Bonded Scholars have been transferred out of the MNR. Later that year, the MNR made the decision to transfer out all the remaining Scholars effective 1 November 2018 and the requisite steps were taken. However, the staffers appealed directly to the Department of Public Service and the MNR was instructed to have Bonded Scholars employed by the Ministry of Natural Resources until their existing Scholarship contracts expired.

It should be noted that as at end of January 2019 only three of these Bonded Scholars remained on the MNR register.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency continue its efforts to regularise this situation. (2018/170)

Follow-up on the Implementation of Prior Year Audit Recommendations

449. The table below summarises the prior year matters as contained in the Auditor General's 2017 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
2017/118	Breach of Circularised Instructions – Contracted Employees		√	
2017/119	Regularising Bonded Scholars.		√	

AGENCY 32  
MINISTRY OF PUBLIC INFRASTRUCTURE

Current Year Matters

Current Expenditure

Employment Costs

450. Fifty-seven percent of the Ministry's employees were on contract as at December 2018. The table below shows a summary as per category of expenditure:

Line Item	Description	No. of Employees	Percentage
6111	Administrative	10	3
6112	Senior Technical	19	5
6113	Other Tech. & Craft Skilled	37	9
6114	Clerical & Office Support	39	10
6115	Semi-Skilled Operatives & Unskilled	64	16
6116	Contracted Employees	229	57
Total		398	100



451. Seventy-nine percent of the Ministry's expenses for wages and salaries were paid to employees on contract. A summary is shown in the table below:

Line Item	Description	Amount Expended \$'000	Percentage Expended
6111	Administrative	17,759	3
6112	Senior Technical	35,141	5
6113	Other Technical and Craft Skilled	31,950	5
6114	Clerical and Office Support	27,146	4
6115	Semi-Skilled Operatives & Unskilled	31,677	4
6116	Contracted Employees	538,724	79
Total		682,397	100

452. The table below provides a summary of the contracted employees by salary ranges:

Salary Range \$	No. of Employees	Amount Paid in Dec. 2018 \$'000
Below 100,000	106	7,010
100,000 - 250,000	98	15,524
250,001 - 400,000	22	6,663
Above 400,000	3	1,523
Total	229	30,720

#### Accounting for Expenditure

453. The Ministry breached Section 43 of the Fiscal Management and Accountability Act 2003. This Section requires all unspent balances to be refunded to the Consolidated Fund at the end of the fiscal year. Moreover, audit checks conducted in January 2019 revealed that the Ministry had on hand, 222 cheques totalling \$732.787M. At the time of reporting in September 2019, seventy-six of these cheques totalling \$9.502M were still on hand.

**Ministry's Response:** The Head of Budget Agency stated that the Ministry received a large number of cheques in December 2018 from the Ministry of Finance. The Head further stated that the cheques were being updated and all efforts will be made to have them paid over to the payees or refunded to revenue.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency ensure that the Ministry comply with Section 43 of the FMA Act. (2018/171)

## Capital Expenditure

### Shortfall in Expenditure

454. The sum of \$24.186 billion was allotted for capital expenditure. Supplementary Provision totalled \$2.661 billion, resulting in total funds available amounting to \$26.847 billion. According to the Appropriation Accounts, as at 31 December 2018, \$23.663 billion was expended, resulting in a shortfall of capital expenditure amounting to \$3.184 billion. See details in the table below:

Prog. No.	Description	Total Funds Available \$'000	Amount Expended \$'000	Shortfall \$'000	Shortfall %
1	Policy Development and Administration	2,777,722	2,558,464	219,258	7.89
2	Public Works	16,916,505	15,235,416	1,681,089	9.94
3	Transport	7,153,121	5,869,009	1,284,112	17.95
Total		26,847,348	23,662,889	3,184,459	

455. Further, there were significant shortfalls within Programmes, as shown in the tables below and details in the subsequent paragraphs.

### Programme 1 - Policy Development and Administration

Proj. Code	Description	Total Funds Available \$'000	Amount Expended \$'000	Shortfall \$'000	Shortfall %
12148	Government Buildings	131,671	120,302	11,369	8.63
26069	Sustainable Energy Program	194,163	86,277	107,886	55.56
26095	Renewable Energy Improvement Power System Project	100,000	0	100,000	100

### Government Buildings

456. The sum of \$131.671M was available under this project for: (a) the payment of retention; (b) completion of Document Centre, Works Services Group, Old Sea Defence, DeWinkle Accounts, Boskalis and Transport and Harbours Department Sports Club buildings; and (c) rehabilitation of Echillibar Villas. The shortfall of \$11.369M was attributed to the non-completion of the Document Centre.

**Ministry's Response:** The Head of Budget Agency stated that the main causes for non-completion of the Document Centre were as a result of the following:

- The original roof design was metal covering with timber framing which was subsequently changed to reinforced concrete slab to accommodate the weight of PV panels that had to be installed. This is inkeeping with the Green State Agenda.
- Change/redesign of 'all' internal walls and members from the previously proposed concrete to alternative materials to reduce the load of the building on the foundation and to allow the building to cool naturally.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency ensure that projects are properly planned to facilitate timely completion and provision of intended benefits. (2018/172)

*Sustainable Energy Program - IDB Grant №. GRT/FM - 13897-GY*

457. 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 total estimated cost of the Program was US\$6.250M. The IDB agreed to provide a contribution of US\$5M; whilst, GOG will provide ‘in-kind’ contribution of US\$1.250M for the completion and uninterrupted execution of the Program.

458. The sum of \$194.163M was provided for: (a) procurement and installation of photovoltaic systems in hinterland and coastal locations; and (b) institutional strengthening. A shortfall of 55.56% (\$107.886M) was noted. This project is subject to separate financial reporting and audit. The project was last audited for the financial year 2018. The audit report was issued on 25 April 2019.

459. According to the audit report, the completion date (10 June 2019) for all transactions under the Program was sixty-six months from the signing of the agreement. As at 31 December 2018, that is, approximately sixty months after the effective date of the Program, only US\$939,055 of the proceeds were used. The sum spent represented 15% of the estimated cost even though the Program’s execution period was almost over. Furthermore, only six of the sixty-six months remained for execution.

460. The benefits of this Program, which included improved operational efficiency and improved quality energy access, may be affected given the slow delivery of its activities.

**Ministry’s Response:** The Head of Budget Agency stated that in the 2018 Budget, the sum of \$194,163,000 was allotted for the Sustainable Energy Program. After some adjustment to the activities, the allocations were as follows:

Item №.	Project Activities	Budget Estimate \$
1	Public Awareness Campaign	10,325,000
2	Procurement & Installation of Photovoltaic Systems (Hinterland Locations)	54,204,104
3	Hiring of consultant to conduct Geo Technical Survey at Moco Moco	51,625,000
4	Review of the 2016 Generation Expansion Plan	37,958,382
5	Supply and Installation of Wind Equipment	31,927,184
6	Program	3,123,330
7	Project Administration Evaluation	5,000,000
Total		194,163,000

Please note that items 2 & 3 above were the two biggest activities (*over \$105M in value*) and neither was able to get started in 2018. With regard to the procurement & installation of Photovoltaic Systems in hinterland locations, procurement activities started late because:

- a) It took an extended period for stakeholders to agree on the communities that would be the beneficiaries. Eventually, ten communities were selected because of budget limitations.
- b) Following the selection of the communities, energy surveys were conducted in those communities to determine their energy needs. Subsequently, project proposals had to be prepared and submitted to the IDB for approval. These resulted in procurement activities starting in the 4th quarter of the year, with a contract being awarded for this activity in January 2019.

On the other hand, procurement activities for the Geo-technical Survey at Moco Moco were completed by the end of the 3rd quarter of 2018. However, only one bid was received and the bidder later indicated that its team of experts would not be available to commence the survey until 1st quarter 2019. As such, we had no other option than to postpone this activity as there was no other bidders to resort to, and a repeat of the procurement process was not expected to yield better results. Similar issues as highlighted above contributed to the overall slow execution of the Program. The major projects are in remote locations and suitable firms didn't see it as viable, which caused reluctance. As such, invitations to bids received very poor responses, and in some cases, were either non-responsive and/or significantly over-budget.

In the case of the hydropower project in Kato, Region №. 8 (*the largest project in the Program with an allocation of 40% of the Program Budget*) the procurement process was conducted twice, with adjustments being made to the project scope, before a suitable bid was received; which exceeded the budgetary allocation. Additional co-financing had to be sought before the project could proceed.

Other contributing factors to the delays in the Program include: (a) slow approval processes; (b) the lengthy time evaluation of bids take because evaluators usually have other commitments. Because of the rate of implementation of the Program, the GOG/IDB agreed to extend the Program execution period by 2 years.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency take action to ensure timely completion of this Project so that the benefits can be realised as intended. (2018/173)

Renewable Energy Improvement - Power System Project

461. The sum of \$100M was allotted for: (a) enhancing of sub-station equipment and distribution lines for Guyana Power and Light Inc.; and (b) provision for photovoltaic and energy management systems for CARICOM Secretariat. The entire allocation remained unspent. It was explained that procurement was being done by the Japanese Government. However, the process was not completed in time to meet the 2018 cycle. In view of this situation, the intended benefits of the Project, which included improved transmission and distribution capabilities, and increased use of clean energy alternatives may be delayed.

**Ministry's Response:** The Head of Budget Agency stated that the observations are correct.

Programme 2 - Public Works

Proj. Code	Description	Total Funds Available \$'000	Amount Expended \$'000	Shortfall \$'000	Shortfall %
14038	East Bank/East Coast Road Linkage	310,000	157,393	152,607	49.22
14047	Road Network and Expansion Project	2,500,000	1,491,909	1,008,091	40.32
14048	West Demerara Highway	1,533,183	1,403,969	129,214	8.42
14056	Linden/Mabura Road and Kurupukari Bridge	224,000	0	224,000	100
15017	Water Front Development	160,000	0	160,000	100

East Bank/East Coast Demerara Road Linkage - India Loan

462. The sum of \$310M was allotted for the design and construction of a bypass road from Ogle to Great Diamond. This project was financed by an Indian loan to the Government of Guyana through the Export-Import Bank of India. The loan was signed on 16 March 2016. A shortfall of 49.22% (\$152.607M) was noted. Further, the intended benefits of this Project may be delayed. Benefits included improved access, and reduction of traffic congestion and travel time.

**Ministry's Response:** The Head of Budget Agency stated that the contract for the Consultancy Services for the East Bank - East Coast Road Linkage Project (Diamond to Ogle) was signed on 10 January 2018 with a contract period of ten months. Subsequent to the signing of the agreement, there were a series of clarifications regarding the bank guarantee for the mobilisation advance which led to a delay in issuance of the Commencement Order. The Order was eventually issued on 13 April 2018. The following outline the submission dates for the deliverables as per the Terms of Reference:

№.	Deliverable	Period as per ToR	Submission Date as per ToR	Remarks
1	Inception Report	1 month from date of commencement	May 13, 2018	Actual submission; May 13, 2018
2	Feasibility Report	3.5 months from date of receipt of approval of Inception Report from Employer	September 13, 2018	Actual submission; September 13, 2018
3	Detailed Project Report (Draft)	4.5 months from date of receipt of approval of Feasibility Report from Employer	February 13, 2019	Actual submission; February 13, 2019
4	Detailed Project Report (Final)	1 month from date of receipt of comments on Draft Detailed Project Report from Employer	March 13, 2019	Revised date February 2020; due to statutory requirement with EPA
5	Tender Documents	Bid Documents to be submitted within one month from the date of receipt of approval of Final Detailed Project Report from Employer	April 13, 2019	Revised date; March 2020. Available one month after Final Report

As detailed in the table above, the time that elapsed between the signing of the agreement and the issuance of the Commencement Order significantly affected the submission dates for the deliverables upon which the disbursement is reliant. This led to the full amount not being expended within the period.

*Road Network and Expansion Project - IDB Loan №. 2741/BL-GY*

463. The sum of \$2.5 billion was allotted for: (a) rehabilitation of Sheriff Street - Mandela Avenue; (b) neighborhood infrastructure upgrading in Sophia and selected areas; (c) low cost housing; and (d) consultancy services. The activities were to be executed under a project funded by the Inter- American Development Bank and Government of Guyana, which was signed on 15 March 2013.

464. Further, the Government of Guyana and Inter-American Development Bank agreed to provide the 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 was 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.

465. However, on 2 May 2017, the Minister of Finance requested the reformulation of the project. The reformulation included the modification of the project's original objective, and reassign the undisbursed loan balance to another project. On 7 December 2017, the Board of Directors of the Bank approved the reassignment of the undisbursed loan balance of US\$63.5M along with the counterpart contribution of US\$3M to the 'Adequate Housing and Urban Accessibility Program'.

466. According to the amended agreement, which came into effect from 11 December 2017, the GOG and IDB agreed to the following:

- a) The objective of the reformulated Program was to improve the quality of life of urban and peri-urban Georgetown through better access to adequate housing and basic infrastructure for low income populations, and through improved accessibility and mobility services.
- b) The execution of the Program and the utilisation of the resources of the financing from the Bank shall be carried out by the Ministry of Communities, through the Central Housing and Planning Authority (CH&PA) and by the Ministry of Public Infrastructure, through the Works Services Group (WSG). The Ministries were to be the co-executors of the Program with the CH&PA overseeing Component 1, and the WSG overseeing Component 2.

467. According to the Appropriation Account, there was a shortfall of 40.32% (\$1.008 billion). The Project is subject to separate financial reporting and audit. The Project was last audited for the financial year 2018. The audit report was issued on 29 April 2019.

468. Findings of the audit revealed that no expenditure was incurred by CH&PA. Further, there was a significant shortfall in relation to the expansion and rehabilitation of the Sheriff-Mandela road. In addition, expenditure was not incurred for a 'Road Safety Action Plan'.

469. As a result, the intended benefits of the Program may be delayed. Benefits included improved access, reduction of traffic congestion and travel time, and improved living conditions for low income households.

**Ministry's Response:** The Head of Budget Agency stated that the shortfall in the planned expenditure for 2018 was as a result of poor contract performance by the contractor in executing the works in relation to the expansion and rehabilitation of the Sheriff-Mandela road. The contractor failed to mobilise their equipment and machinery in a timely manner to execute the works. This resulted in a very poor rate of progress and since the contract was based on measured works, expenditure was made based on works completed and certified. The Ministry also sent several notices to the contractor regarding non-compliance (notices to correct).

Further, the Consultant (Egis/SRKN) had significant delays in the issuance of the Construction Work Drawings. No sum was expended under the *Category — Road Safety Action Plan*, as this activity was in the combined Financial and Technical Evaluation stage. IDB no-objection to the revised Technical Evaluation Report was received on 4 July 2019 and the financial bids were opened on 16 July 2019.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency continue to monitor this Project closely. (2018/174)

West Demerara Highway - CDB Loan №. 7/SFR- GUY

470. The sum of \$1.533 billion was allotted for: (a) upgrading of public road from Vreed-en-Hoop to Hydronie; and (b) provision for supervision and road safety. A shortfall of \$129.214M was noted. As a result, the benefits of the Project which included improved access, reduced traffic congestion and reduced travel time, may be delayed.

**Ministry's Response:** The Head of Budget Agency stated that the Ministry estimated their expenditure for the period under audit. The Ministry catered for the works to be 'substantially completed', however, this was not achieved and funding that was allotted for road markings, asphaltic overlay, widening and retention remained unspent. Delays were also experienced in relation to environmental issues.

Linden Mabura Road and Kurupukari Bridge - UKCIF/CDB Grant №. 38/GUY

471. The sum of \$224M was allotted for the studies and design for construction of Linden to Mabura road, and bridging of Essequibo River at Kurupukari. The entire allocation remained unspent. Further, the intended benefits of the Programme, which included improved access and travel time, could be delayed.

**Ministry's Response:** The Head of Budget Agency stated that the Consultant for the Feasibility Study and Design was only selected at the end of December 2018 and the contract signed on 14 January 2019, therefore no disbursements were possible during 2018. It was necessary to annul the first procurement process and re-advertise for the services.

Only three of six shortlisted contractors submitted proposals at the end of January 2018 and they were not comprehensive or fully responsive to the Terms of Reference (TOR). Consequently, the initial procurement process was annulled and the Request for Proposals (RFP) was re-issued on 30 May 2018 with a considerable increase in the budget for the assignment (by DFID/CDB) since the budget was identified as the primary impediment to attracting the more established and reputable international Consultants. The three reputable international consultants did not submit proposals, two of which cited inadequate funds for the feasibility study as the main reason for their withdrawal from the process.

The Feasibility Study and Design was awarded to Mott Mac Donald (a UK based company) in association with SRKN'gineering & Associates Ltd. and Malcolm Hughes Land Surveyors Ltd. On 31 December 2018 in the sum of US\$2,592,936.55 (G\$557.48M). The Consultancy commenced in February 2019 and the contractual completion date for the Study, Final Designs and Tender Documents is 14 December 2019. The Works contract will now be awarded in the third quarter of 2020.

Water Front Development - UKCIF/CDB Grant №. 36/GUY

472. The sum of \$160M was allotted for the studies and design for construction of water facilities from Ogle to Kingston, Stabroek and Vreed-en-Hoop. The entire allocation remained unspent. Further, the intended benefits of the Programme, which included improved transport facilities, could be delayed.



**Ministry's Response:** The Head of Budget Agency stated that the contract for the captioned consultancy was signed on 29 October 2018 and Commencement Order was issued on the same date. Works officially commenced on 5 November 2018 and are currently ongoing. Delays incurred was as a result of lengthy waiting periods for approvals from the CDB and the National Procurement and Tender Administration Board (NPTAB) during the Expression of Interest (EOI) and Request for Proposals (RFP) stages of the procurement process. The initial commencement was projected for August 2018.

Disbursement under the consultancy are based on submission of deliverables; as a result of the above, no submission was made during 2018; as such there was no expenditure from the allocation. The first deliverable which is the Inception Report was made in January 2019 from which a disbursement was made. Second and third deliverables were made in July 2019.

Programme 3 - Transport

Proj. Code	Description	Total Funds Available \$'000	Amount Expended \$'000	Shortfall \$'000	Shortfall %
16011	Hinterland Coastal Airstrip	250,000	207,159	42,841	17.14
16016	Aerodromes, Airstrips and Stellings Improvement Projects	15,000	0	15,000	100
16017	National Aviation Master Plan	90,300	0	90,300	100
27006	Ferry Vessels	1,133,023	0	1,133,023	100

Hinterland - Coastal Airstrip

473. The sum of \$250M was allotted for: (a) payment of retention; (b) completion of airstrips at Fairview, Monkey Mountain, Baramita and Chi; and (c) rehabilitation of Bemechi and Kamana airstrips. A shortfall of \$42.841M was noted. Further, the intended benefits of the Project, which was to improve facilities, may be delayed.

**Ministry's Response:** The Head of Budget Agency stated that Kamana and Bemichi Airstrips were the two new projects approved in the 2018 budget, however, in September 2018, Chi-Chi West was added through a programme adjustment. By August 2018 works for Kamana Airstrip had already been tendered twice (due to the nonresponsiveness of contractors) and a contract award before November 2018 was unlikely.

As such, a programme adjustment was made to include Chi-Chi West, which was in an advanced stage of procurement. All funds were converted to Chi-Chi West, except the advance sum for Kamana. Approval was obtained from MOF to commit most of the budgeted funds for Kamana to Chi-Chi West and Kamana was made a *multi-year contract*.

In the revised programme budget, G\$115M was budgeted for Chi-Chi West in 2018 but only G\$80.8M was disbursed as at December 2018, due to delays in the contract award and the inability to transport some of the main equipment to site; the GDF skyvan was inoperable and since there are no overland routes to this location, the stockpiling materials and other preliminary activities were stalled. The above affected disbursements along with the non-committal of the rollover funds for Eteringbang Airstrip, because the remaining payment was withheld due to the poor quality of finished works and the unsatisfactory completion of corrective works.

*Aerodromes, Airstrip and Stellings Improvement Projects- CDB*

474. The sum of \$15M was allotted for: (a) rehabilitation of selected aerodromes and airstrips; and (b) construction of bridge at Wismar. The entire allocation remained unspent. Further, the intended benefits of the Project, which included improved physical infrastructure in targeted regions, may be delayed.

**Ministry's Response:** The Head of Budget Agency stated that the sum of 15 million allotted for this activity remained unspent at the end of 2018 mainly because the conditions for first disbursement for the CDB loan agreement was not met until June 2019.

*National Aviation Master Plan - IDB(Grant)*

475. The Ministry was allotted \$90.300M for the development of Civil Aviation Master Plan for air transport, airspace, airports and administration of civil aviation. The entire allocation remained unspent. Further, the intended benefits of the Program, which included improved quality of civil aviation oversight, may be delayed.

**Ministry's Response:** The Head of Budget Agency stated that there have been some lags in the project implementation, and this has been largely due to the need to obtain no objections from both the IDB and the NPTA. The NPTA no objection is contingent upon the receipt of a no objection from the IDB. In some instances, there are queries that must be cleared before the IDB issues its no objection.

While the Project is scheduled to be concluded in March of 2020, it has been determined in consultation with the IDB that a five month extension would be necessary to allow for the presentation of the Final Report and the project closure activities. The process for the extension of the TC will be led by the Ministry of Finance which is the signatory to the Agreement with the IDB.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency take action to ensure timely completion of this Project so that the benefits can be realised as intended. (2018/175)

*Ferry Vessels - India*

476. The sum of \$1.133 billion was allotted for the provision of ocean-going passenger and cargo ferry. The entire allocation remained unspent. Further, the intended benefits of the Programme, which included improved transportation, may be delayed.

**Ministry's Response:** The Head of Budget Agency stated that the sum of \$1.133 billion allotted for this activity remained unspent at the end of 2018 mainly because India Exim Bank did not provide the no objection to the award of the contract to the bidder recommended by the Government of Guyana. The Head of Budget Agency also alluded to delays experienced during the tender process, including requests for explanations by an unsuccessful bidder, as well as clarifications and requests from Exim Bank.

Contract Administration and Management

Urban Roads/Drainage

477. A contract was signed on 9 October 2017 in the sum of \$187.825M for the rehabilitation/construction of Township Road Network, Lethem, Region №. 9. As at 31 December 2018, amounts totalling \$182.261M were paid. The works included the construction of an asphalt road, road markings and signage, streetlights and open reinforced concrete roadside drains.

478. A physical verification on 30 July 2019 revealed that the scope of the works was changed. Moreover, the sum of \$134.407M or approximately 72% of the funds under the contract were used for the construction of drainage-underground concrete tubing, which is a completely new addition to the original scope of works. Audit scrutiny revealed that these changes were made after the award of the contract. As such, all prospective contractors/bidders who would have purchased tender documents, priced the bills of quantities and submitted a bid using the original scope of works, did not have an equal opportunity to bid for the new scope of works.

479. It was also observed that despite the change in scope of works, the contract sum of \$187.825M remained the same.

480. It should be noted that the original scope of works comprised six bills of quantities. The last payment made (Valuation №. 4 - December 2018) represented payments made for works completed. However, this Valuation showed eight bills. Two of the eight bills were for the new works. Comparison of the original priced bills and actual payments made are shown below:

Bill №.s.	Description	Original Price \$	Valuation Amount \$
1	General	33,570,000	12,820,000
2	Site and Earthworks	2,993,750	1,453,320
3	Sub-Base and Base	15,989,000	27,035,400
4	Pavement-Asphalt Concrete	70,553,800	11,760,000
5	Incidental Structural Works- Reinforced Concrete Drains	49,646,370	0
6	Incidental Roadworks	13,072,000	0
	Contingencies	2,000,000	
	<b><i>New Works executed under the Contract</i></b>		
7	<i>Curb and Sidewalk</i>		0
8	<i>Drainage-Underground Concrete Tubing</i>		134,407,222
Total		187,824,920	187,475,942

481. From the table above, it can clearly be seen that the Ministry expended the majority of the contract sum to complete new works under Bill №. 8, which was added into the contract after tendering and award of the contract.

**Ministry's Response:** The Head of Budget Agency stated that the initial designs developed by the Ministry in 2017 considered a traditional approach to the rehabilitation of Barrack Retreat Corridor and the Main Access Road from the Airstrip to the Regional Office, which covered an approximate distance of 4150 meters. Based on budgetary restrictions the project area was reduced to the limits of the Barrack Retreat (approximately 2.4 km from roundabout to roundabout). As a consequence, the bid document catered for:

- approximately 1940 meters of open concrete drains (0.6m x 0.6m) - \$70,553,800
- approximately 1800 meters of asphalt pavement (at 7.32m Width) - \$49,646,370
- provisional sums for:
  - the relocation of GWI - \$3,000,000
  - the relocation of GPL - \$1,500,000
  - the supply and installation of streetlights - \$15,000,000.

The contractor submitted a Value Engineering Proposal on 18 December 2017 to the Ministry for review. The revised design considered enhancements to both roadway and drainage system with the following conversions:

- four-lane roadway in lieu of a two lane roadway
- subsurface concrete drainage in lieu of open concrete drains
- road safety elements inclusive of sidewalks, streetlights, kerbs and medians.

The Value Engineering Proposal included:

- detailed surveying data to substantiate and support excavation volumes and changes.
- detailed drainage design based in a comprehensive assessment of the project area to support the sub-surface network proposed considering topography and the flooding conditions unique to the area.
- cost saving innovations such as recycling and stabilizing the existing road surface to create a new base.

The Proposal was subjected to a technical review by the Project Team under the following considerations:

- a) The Proposal provided strong arguments to support the revised design from a developmental, economic, health and safety standpoint.
- b) The Ministry's experience with open concrete drains completed in another Hinterland Community also reinforced the significant maintenance and safety challenges associated with the original design.

- c) During the stakeholder engagement process with the Regional Executive and Municipality, there was resounding support from the conversion of the original design into a Four Lane Roadway.
- d) It was noted at this stage that due to the current budgetary constraint the scope would be need to be reduced significantly. The first option being to either undertake both roadway and drainage simultaneously at a significantly reduced length, or alternatively, the second option being to undertake all sub-surface work along the corridor as the first phase.

In consideration of the foregoing the Project Team chose to accept the Value Engineering Proposal utilising the second option. This was done with the aim of completing all subsurface activities to avoid having to damage a paved road surface.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency: (a) immediately desist from advertising or soliciting bids for a specific scope of works and then changing the scope of the works after awarding the contract; and (b) submit the variation order, justifications and approvals for changing the scope of works after awarding the contract. (2018/176)

482. Further, the Ministry processed and approved payments as per original bills of quantities in the value of \$75.296M. However, none of these works were done owing to the changes in scope. See summary in the table below:

Item	Description	Payment for Measured Works \$
	<i>Bill №. 1-General</i>	
1.11	Supply and install street lights.	6,000,000
	<i>Bill №.2- Site and Earthworks</i>	
2.1	Clearing of Debris	200,000
2.2	Clearing and Grubbing of vegetation	331,500
2.3	Roadway Excavation	88,000
2.4	Scarification/ Planning	1,238,000
2.5	Shoulder Blanket	390,000
	<i>Bill №.3- Sub Base and Base- Laterite Base</i>	
3.5	Minimum 150mm thk. Cement Treated Laterite Base	336,000
	<i>Bill №.4- Pavement- Asphaltic Concrete</i>	
4.6	Minimum 50mm thk Asphaltic Concrete	54,640,000
	<i>Bill 6- Incidental Roadworks</i>	
6.1	Edge Lane Markings. Solid Single	4,150,000
6.2	Center Line Markings. Broken Single	3,984,000
6.3	Center Line Markings. (yellow) Solid Double	1,494,000
6.4	Installation of Road Safety Signs	1,500,000
6.5	Installation of Pedestrian Crossing	720,000
6.6	Installation of Stop Line	224,000
Total value of measured works certified and paid by Ministry (at Oct. 2018)		75,295,500

483. In addition, there were no details or breakdown for the utilisation of the contingency sum of \$2M under the contract. As a result, we could not determine the nature and validity of the expenses paid with the contingency sum.

**Ministry's Response:** The Head of Budget Agency stated that the Ministry is currently executing a detailed review of Payment Certificate №. 4 - Valuation №. 3 for the identified discrepancies. It is expected that any overpayment will be recovered from the Retention Sum.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency: (a) ensure that all works completed are correctly measured and quantified before payments are made; and (b) submit the results of the detailed review to the Audit Office for scrutiny. (2018/177)

484. A contract was signed on 11 May 2018 in the sum of \$90.532M for the rehabilitation of Compound Road, Mabaruma, Region №. 1. As at 31 December 2018, amounts totalling \$74.914M were paid. The works comprised the scarification and application of laterite and sand stone base, construction of reinforced concrete rigid pavement and associated drainage works and construction of a reinforced concrete and steel bridge along a section of roadway.

485. A physical verification on 15 August 2019 revealed that the works were incomplete. Moreover, works on the bridge were in progress while only half of the total width for the reinforced concrete roadway was completed along a section of the road. A site office was also not constructed.

486. A summary of the measured works based on payments documents examined is presented below:

Bill №.	Description	Contract Amount \$	Measured Works Paid \$	Percentage Paid
1	General	4,445,000	3,325,000	74.8
2	Site & earthworks	531,960	531,960	100
3	Sub-base & base	2,786,000	2,050,000	73.6
4	Reinforced concrete pavement	13,878,660	13,278,660	95.7
5	Minor drainage and pavement markings	230,400	70,400	30.6
6	Reinforced concrete slipper drains and drain	9,542,100	9,542,100	100
7	Site and earthworks for three span composite steel bridge with concrete decking	3,668,180	2,668,180	72.7
8	Concrete and steel works for three span composite steel bridge with concrete decking	51,138,500	41,355,460	80.9
9	Contingency	4,311,040		
Total		90,531,840	72,821,760	84.5

487. According to Payment Certificate №. 4-Valuation №. 3, and as can be seen in the table above, full payments were made for 'site and earthworks' and the reinforced concrete slipper drains and drain, along with 95.7% of the total cost for the reinforced concrete pavement, and 80.9% of the total cost for the steel bridge. However, the photographs below (taken at the time of the physical verification - 15 August 2019) clearly show that the Ministry made payments for works which were not completed.



No reinforced concrete drains constructed and only half of the reinforced concrete payment completed



Only two reinforced concrete abutment for the bridge completed

488. The works paid for, but which were incomplete at the time of the inspection amounted to \$57.741M. A summary is shown in the table below:

Description	Amount \$'000
Bill 1 - General	2,025
Bill 2 - Site and earthworks	329
Bill 4 - Reinforced concrete pavement	9,612
Bill 6 - Reinforced concrete slipper drains and drain	9,542
Bill 7 - Site & earthworks for three span composite steel bridge with concrete decking	1,810
Bill 8 - Concrete and steel works for three span composite steel bridge with concrete decking	34,423
<b>Total</b>	<b>57,741</b>

**Ministry's Response:** The Head of Budget Agency stated that that during the time of inspection, the steel beams were in Guyana but due to delays with GRA still had not arrived to the project site. Additionally, the approach road to the bridge was still incomplete due to GWI pipes within the project area.

The steel beams were delivered to the project site and the GWI pipes were relocated shortly after the team's visit, allowing for the bridge and northern approach road to be completed.

A large-scale plotter used for the production of maps and design drawings was procured instead of the Site Office for Project Manager.

The Head of Budget Agency also stated that the contractor has increased his workforce to complete all outstanding concrete works within a 3-week period. Notwithstanding this, the Ministry was executing a detailed review of Payment Certificate No. 4 - Valuation No. 3 and all assessed overpayments will be recovered.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency: (a) ensure that all works completed are correctly measured and quantified before payments are made; and (b) submit the results of the detailed review to the Audit Office for scrutiny. (2018/178)

489. It was also discovered that the sum of \$8.930M was paid to the contractor for the supply and installation of pre-cast pre-stressed concrete piles for the bridge construction. However, timber piles encased on HDPE pipes were used instead. No approvals for this change was seen and no adjustments to the price was made in the valuation.

**Recommendation:** The Audit Office also recommends that the Head of Budget Agency submit the justifications and approvals for the change. (2018/179)

490. Further, according to the contract, the duration for the completion of the works was five months. At the time of the physical verification on 14 August 2019, a total of fifteen months had elapsed since the contract was signed.

**Ministry's Response:** The Head of Budget Agency stated that the project was affected significantly by several delays during the execution phased, which included:

- Rainfall - Heavy and extended rainfall affected overall productivity since the project area was susceptible to flooding as well as erosion and saturation of the base material.
- Geotechnical Investigation - the Geotechnical Investigation was a prerequisite to the actual construction of the Bridge to ensure the adequacy of the sub-structure including an accurate assessment of theoretical pile capacities. The actual investigation was completed on 6 July 2018 with the factual report being submitted in August 2018.
- Structural Design - based on the geotechnical report and onsite conditions a Consultant was engaged to review and redesign the superstructure to actual pile capacities on the ground. This redesign took approximately 4 weeks.
- Procurement of Materials - The Steel Girder Size was adjusted to cater for the increased span. The most economical member size had to be sourced from an international supplier which experienced delays while shipping; in addition to delays incurred by the shipment being held by GRA. These delays approximated to almost 12 weeks.
- Relocation of Utilities - GWI was asked to address the distribution mains were in some cases in the middle and at the surface of the proposed roadway and at the surface. The contractor was asked to omit this section out until the pipes had been relocated. These pipes were removed out of the project area in August 2019.

In light of the afore-mentioned delays the contractor was granted an extension of time with a revised completion date of 14 October 2019 after which liquidated damages would be applied. All Bonds and Insurances have been adjusted accordingly.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency take action to improve the planning of Projects so that provisions can be made for issues such as those highlighted above. (2018/180)



Hinterland Roads

491. A contract was signed on 18 December 2015 in the sum of \$302.311M for the construction of Community Roads in Mahdia, Region №. 8. There were three addenda, which increased the contract price by \$256.176M, that is, approximately 85%. The new contract sum was \$558.487M. As at 31 December 2018, amounts totalling \$533.626M were paid.

492. Documentation perused revealed that Addendum №. 1 was approved in August 2016 for the supply of 1,500 tons of aggregate in the sum of \$48M. Addendum №. 2 was approved in December 2017 for additional works valued \$37.530M. Addendum №. 3 was also approved in December 2017 in the sum of \$170.646M. The details of the additional works under Addenda 2 and 3 were not seen in the documents provided for audit.

**Ministry's Response:** The Head of Budget Agency stated that the supply of aggregates for concrete works was not included in the construction contract. Furthermore, another contractor was awarded a contract in December 2015 for the supply of 3/4" 'minus crushed aggregate'. However, the said supply contract was terminated in 2016. As a result, Addendum №. 1 was approved for the supply of aggregate.

Another contractor was awarded construction works of a similar nature. However, this contract was terminated. As a result, Addendum №. 2 was approved for additional works. Moreover, the additional works related to the incomplete works on the terminated contract.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency: (a) ensure projects are planned properly to avoid these multiple and huge variations; and (b) submit the details of the additional works in relation to Addenda 2 and 3 for audit. (2018/181)

493. According to payment documents examined, the Ministry paid a sum of \$103.200M for 3,225 tons of 'Minus ¾" Crushed Aggregate' under this contract. As mentioned earlier, the Ministry stated that the supply of aggregate for concrete works were not included in this contract.

494. However, based on examination of the contract, it could be deemed that aggregates for concrete works were catered for in this section of the contract.

**Ministry's Response:** The Head of Budget Agency stated that the supply of aggregate for concrete works was not included in this contract.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency submit the technical specifications of the contract, and Minutes of the Pre-Bid Meeting to facilitate additional verification. (2018/182)

## Special Audit

### Durban Park Jubilee Stadium

495. The Audit Office of Guyana undertook a special audit in accordance with Section 26 of the Audit Act 2004, on the construction of the Durban Park Jubilee Stadium. An interim report was issued on 7 December 2018. The following is a summary of the findings:

496. Construction 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, as summarised in the table below:

Year	Source of Funding	Amount \$'000	Payment Vouchers Presented \$'000	Difference \$'000
2017	1214900-Infrastructural Development	500,000	500,000	0
	6255-Maintenance of Other Infrastructure	28,212	28,212	0
2016	1214900-Infrastructural Development	60,394	60,394	0
	6251-Maintenance of Roads	118,124	118,124	0
	Contingency 1/2016	150,000	145,990	4,010
	Contingency 2/2016	256,758	190,158	66,600
2015	Lotto Fund	36,509	0	36,509
Total		1,149,997	1,042,878	107,119

497. As can be noted in the table above, 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.

498. 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.

499. 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.

500. On 11 March 2019, the Audit Office made a request to the Ministry for additional documentation for the Project. Some documents have since been submitted to the Audit Office. At the time of reporting in September 2019, the Audit Office was perusing the said documents.

Prior Year Matters

501. The Ministry still had 229 employees on contracts as of December 2018. This was in comparison to 235 as of December 2017. It should be noted that of the 229 employees who were still on contract as of December 2018, eighty-eight were above the age of forty-five. As such, they could not be transferred to the Pensionable Establishment.

**Ministry’s Response:** The Head of Budget Agency acknowledged the findings.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency intensify efforts to transfer eligible employees to the Permanent Pensionable Establishment. (2018/183)

502. Improvements were seen in the collection of rent for flats. However, the sum of \$650,000 was still outstanding for the rental of one flat from November 2016. Further, the sum of \$144,000 was not collected for rental of one flat in 2018.

**Ministry’s Response:** The Head of Budget Agency stated that the observations are correct and the Ministry will make every effort to recover all monies owing for rental income from these tenants.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency ensure all outstanding rent is collected. (2018/184)

503. Improvements were evident as it related to the submission of Financial Statements for audit. However, eight statutory bodies continued to breach Section 80 (3) (c) of the Fiscal Management and Accountability Act 2003. Section 80 (3) (c) requires that statutory bodies “...as soon as is practicable and in all events not later than four months after the end of the fiscal year established for that statutory body...submit an annual report to the concerned Minister... which shall include...a report prepared by the Auditor General on the financial statements of the statutory body”. See table below for status:

Statutory Body	Audited Report Last Issued	Financial Statements on Hand	Financial Statements Not Received
Demerara Harbour Bridge Corporation	2014	2015-2018	-
Guyana Civil Aviation Authority	2016	2017-2018	-
Transport and Harbours Department	2009	2010-2017	2018
Cheddi Jagan International Airport	2017	2018	-
Maritime Administration Department	2005	2006-2012	2013-2018
Guyana Energy Agency	2017	2018	-
Hinterland Electrification Company Incorporated	-	-	2015-2018
Lethem Power Company	2014	2015-2016	2017-2018

**Ministry's Response:** The Head of Budget Agency stated that the observations are correct.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency comply with the requirements of the FMA Act, especially as it related to Sections 80 (3) (c). (2018/185)

504. Six statutory bodies also failed to comply with Section 80 (4) of the Fiscal Management and Accountability Act 2003. This Section stipulates that “*The concerned Minister shall, within two months following the receipt of the annual report, present the annual report of each statutory body to the National Assembly*”. The table below shows a status of each statutory body:

Statutory Body	Audited Report Last Issued	Audited Report Laid in National Assembly
Demerara Harbour Bridge Corporation	2014	2013
Guyana Civil Aviation Authority	2016	2010
Transport and Harbours Department	2009	2007
Cheddi Jagan International Airport	2017	2013
Guyana Energy Agency	2017	2015
Lethem Power Company	2014	2012

**Ministry's Response:** The Head of Budget Agency stated that the observations are correct and that action will be taken to have the reports laid in the National Assembly.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency comply with the requirements of the FMA Act, especially as it related to Section 80 (4). (2018/186)

505. It should be noted that the Ministry transferred amounts totalling \$7.606 billion as capital releases to statutory bodies during 2018. The table below shows a summary of the releases:

No.	Statutory Body	Amount \$'000
1	Cheddi Jagan International Airport	5,626,552
2	Transport and Harbours Department	962,000
3	Guyana Energy Agency	500,000
4	Maritime Administration Department	422,174
5	Hinterland Electrification Company Incorporated	65,500
6	Lethem Power Company	25,000
7	Demerara Harbour Bridge Corporation	5,000
Total		7,606,226

506. 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 2013 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 20 December 2017.

**Ministry's Response:** The Head of Budget Agency stated that the report of the Public Accounts Committee of Guyana for the Years 2013 and 2014 under the head Public Works: The committee was informed of the stolen payroll and the fact that the matter was referred to the police and it was found that there was insufficient evidence to bring a conclusion to the matter.

The Head of Budget Agency further stated that the Committee recommended that cabinet's approval should be sought to have the stolen amount written off. The Ministry subsequently prepared and sent a cabinet paper dated 18 April 2018 with the request the amount of \$7.713M written-off. However, there has been no response in this regard.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency follow-up this matter, with a view of bringing it to a closure. (2018/187)

507. A 'motion scale' paid for since 2016 was still not supplied to the Ministry. The sum of \$72.264M was paid for three of the scales. It was reported by the Ministry that two of the scales were at the wharf. However, the Ministry has been experiencing some delays with clearing the scales. Moreover, there are issues with the payment of Value Added Tax.

**Ministry's Response:** The Head of Budget Agency stated that the cheques for the payment of VAT was with the Guyana Revenue Authority. The Head of Budget Agency further added that the contractor is being actively engaged to supply the third scale.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency pursue these matters vigorously and submit the results for audit. (2018/188)

508. The sum of \$81.570M which represented a contractor's indebtedness to the Ministry, was still not recovered. The contractor's indebtedness was based on a valuation at the time of termination of the contract. The contract was for preparatory works related to the upgrading of the road from Better Hope to Montrose. 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. 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 stated this matter was still engaging the attention of the High Court and has not seen any significant change since last reported.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency continue to follow-up this matter. (2018/189)

509. The remaining sum of \$100M overpaid on the contract for the upgrading of the road from La Bonne Intention to Beterverwaging, was still not recovered. The total sum overpaid was \$120.683M, of which, \$20.683M was repaid by the contractor.

**Ministry's Response:** The Head of Budget Agency stated that reminder letters were sent to the contractor in February 2019, regarding repayment of the outstanding amounts. The last payment was received in December 2017 and the balance remains at \$100M.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency aggressively follow-up this matter. (2018/190)

510. The remaining sum of \$112M overpaid on the contract for the upgrading of the road from Beterverwagting to Triumph, was still not recovered. The total sum overpaid was \$132.649M, of which, \$20.649M was repaid by the contractor.

**Ministry's Response:** The Head of Budget Agency stated that reminder letters were sent to the contractor in February 2019, regarding repayment of the outstanding amounts. The last payment was received in December 2017 and the balance remains at \$112M.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency aggressively follow-up this matter. (2018/191)

511. The sum of \$14.806M which represented a contractor's indebtedness to the Ministry, was still not recovered. The outstanding sum resulted from an advance payment that was not fully recovered. Further, the Advance Payment Bond had expired on 12 December, 2015. In addition, the Ministry could not have levied on the Performance Bond which covered \$32.892M; since, this Bond also expired in December, 2015.

**Ministry's Response:** The Head of Budget Agency stated that reminder letters were sent to the contractor in February 2019.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency intensify its efforts to recover the outstanding sum. (2018/192)

Follow-up on the Implementation of Prior Year Audit Recommendations

512. The table below summarises the prior year matters as contained in the Auditor General's 2017 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
2017/120	Breach of Circularised Instruction - Contracted Employees			√
2017/121	Revenue related issue		√	
2017/122	Contract related issues	√		
2017/123	Non - Submission of Financial Statements		√	
2017/124	Overpayment on construction works	√		
2017/125	Overpayment on Construction works	√		
2017/126	Non - Delivery of Item		√	
2017/127	Overpayment on construction works			√
2017/128	Overpayment on construction works			√
2017/129	Overpayment on construction works			√
2017/130	Overpayment on construction works			√

AGENCY 33  
MINISTRY OF PUBLIC TELECOMMUNICATIONS

Current Year Matters

Current Expenditure

*Employment Costs*

513. Thirty of the fifty-nine employees of the Ministry as at December 2018 were on contract. This was in comparison to 143 of the 163 as at December 2017. Furthermore, approximately 51% of the Ministry's employees were on contract as at December 2018. This was in comparison to approximately 88% in December 2017. The table below shows a summary and comparison of the Ministry's employees as per the category of expenditure in 2017 and 2018.

Line Item	Description	2018		2017	
		№. of Employees	Percentage	№. of Employees	Percentage
6111	Administrative	3	5	2	1
6112	Senior Technical	1	2	1	1
6113	Other Technical and Craft Skilled	5	8	4	2
6114	Clerical and Other Support	12	20	8	5
6115	Semi-Skill Operatives and Unskilled	8	14	2	1
6116	Contracted Employees	30	51	143	88
6117	Temporary Employee	0	0	3	2
Total		59	100	163	100

514. The difference between the contracted employees were due to:

- a) one hundred and seven employees being transferred to the National Data Management Authority;
- b) four employees were transferred to the Pensionable Establishment;
- c) four employees had resigned; and
- d) two persons were employed on contract in 2018.

515. It should be noted that twenty-two of the thirty employees on contract as of December 2018 were above the age of forty-five. As such, they could not be placed on the Pensionable Establishment.

516. Approximately 75%, (\$69.245M) of the Ministry's wages and salaries expenses (\$92.677M) were paid to employees on contract. This is in comparison to approximately 96%, (\$385.131M) in 2017. The table below shows a summary and comparison of the Ministry's employees as per the category of expenditure in 2017 and 2018.

Line Item	Description	2018		2017	
		Amount \$'000	Percentage	Amount \$'000	Percentage
6111	Administrative	2,830	3.05	2,872	0.72
6112	Senior Technical	1,730	1.87	1,436	0.36
6113	Other Technical and Craft Skilled	4,475	4.83	3,592	0.90
6114	Clerical and Other Support	9,132	9.85	4,987	1.25
6115	Semi-Skill Operatives and Unskilled	3,177	3.43	754	0.19
6116	Contracted Employees	69,245	74.72	385,131	96.53
6117	Temporary Employee	2,088	2.25	194	0.05
Total		92,677	100	398,966	100

517. The table below provides a breakdown of the contracted employees by salary ranges.

Salary Range \$	No. of Employees	Amounts Paid In December 2018 \$'000
Below 100,000	16	1,075
100,000 - 250,000	11	1,912
250,001 - 400,000	2	601
Above 400,000	1	673
Total	30	4,261



518. An employee was overpaid the sum of \$255,000. The employee was paid both taxable and non-taxable duty allowances for the period March 2018 to July 2019. The employee should have only been paid a non-taxable duty allowance. Audit examination revealed that the employee was paid a taxable duty allowance up to February 2018. Correspondence was seen whereby the Ministry informed the employee of the overpayment, and that the Ministry will deduct \$15,000 per month from August 2019 until the entire overpayment was recovered. Audit scrutiny revealed that the first deduction of \$15,000 was made in August 2019.

**Ministry's Response:** The Head of Budget Agency stated that the staff in question has committed to refunding this overpayment.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency implement measures to prevent recurrences. (2018/193)

#### Fuel and Lubricants

519. Log books were only submitted for audit for three of the five vehicles that required Log Books to be maintained. Audit examination of the Log Books presented revealed that these were not written up properly. Information such as purpose of trip, authorised signature, odometer reading, and fuel usage were missing. As a result, we could not determine whether proper control was exercised over the use of the said vehicles.

520. It should be mentioned that the sum of \$7M was expended on fuel and lubricants. Further, the Ministry operated a fleet of nine serviceable vehicles. Four of these vehicles were assigned to the Ministerial and Permanent Secretary Secretariats.

**Ministry's Response:** The Head of Budget Agency acknowledged the finding and stated that as of January 2019 all five logbooks are properly documented and maintained.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency ensure these records are maintained as required throughout the accounting period. (2018/194)

#### Subsidies and Contributions to Local and International Organisations

521. The sum of \$1.838 billion was allocated under Programme 2 - Public Telecommunications as a subvention to the National Data Management Authority (NDMA). The entire allocation was paid over to the Authority.

522. The National Data Management Authority is subject to separate financial reporting and audit. The following is a status of the Authority's audits at the time of reporting in September 2019:

- a) the last audit report issued was for the year 2015;
- b) the audit report for the year 2015 has not been laid in the National Assembly;
- c) audits for the years 2016 and 2017 were to be planned; and
- d) the Financial Statements for the year 2018 had not been submitted for audit.

523. The above findings represented a breach of Section 80 (4) of the FMA Act. This Section states that “*The concerned Minister shall, within two months following the receipt of the annual report, present the annual report of each statutory body to the National Assembly*”. According to Section 80 (3) (c) of the said Act, the annual report of the Authority should contain a “...report of the Auditor General on the financial statements of the Authority”.

**Ministry’s Response:** The Head of Budget Agency acknowledged the findings and stated that action will be taken to have the 2015 report laid in the National Assembly.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency ensure compliance with the requirements of the FMA Act, especially as it related to Section 80 (4). (2018/195)

### Other Matters

#### Accounting for Stores

524. Several discrepancies were observed as it relates to store-keeping. The following is a list:
- a) Goods Received Notes were not prepared by the Storekeeper. This a breach of Section 17 of the Stores Regulations of 1993. Furthermore, we could not determine whether items of stores were received as purchased.
  - b) The Ministry did not comply with Section 8 of the Stores Regulations of 1993. Moreover, the column provided for ‘quantity on hand’ was not used on Internal Stores Requisitions. As a result, the Ministry was hindered in relation to re-ordering stocks, which lead to incidences of overstocking and obsolescence. Furthermore, forty-one and twenty expired inks and toners, respectively were on hand.
  - c) The duplicate and triplicate copies of the Purchase Orders were not retained by the Accounts Department and Storekeeper, respectively. This is a breach of Section 14 of the Stores Regulations of 1993. This situation could lead to issues of accountability.
  - d) A Gift Register was not maintained to record donations received by the Ministry. This is a breach of Section 34 of the Stores Regulations of 1993. Furthermore, we could not verify whether proper control was exercised over the use of donations received.
  - e) The Permanent Stores Register was not properly written up. Moreover, all items acquired were not included in the register. Further, the register lacked pertinent information. These included details of Purchase Orders, Goods Received Notes, and Stores Requisitions.
  - f) Handing and taking over statements were not done, even though the Ministry had three different storekeepers during the period under review. This situation could lead to irregularities as it pertains to the accounting for items of stores.

**Ministry's Response:** The Head of Budget Agency acknowledged the findings. The Ministry further stated that the Bin Cards and Goods Received Notes are now being written and attached to PV. Corrective action has also been taken in respect of the Internal Stores Requisitions, Purchase Requisition and Purchase Order.

The Head of Budget Agency added that the Master Inventory is currently being updated. This will be completed by 5 August 2019. The Head of Budget Agency stated that further steps have been taken to ensure compliance with Section 8 of the Stores Regulations. The Head of Budget Agency also stated that a Gift Register is now being done and that the Ministry will ensure that the register is maintained.

The Head of Budget Agency stated further that the Permanent Stores Register was redone to include serial, ISR and Purchase Request numbers. In addition, Purchase Orders were not done in 2018 and the Goods Received Book did not include numbers. As of 28 April 2019, Purchase Orders were being done.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency ensure compliance with all the requirements of the Stores Regulations. (2018/196)

Arthur Chung Convention Centre

525. The Arthur Chung Convention Center (ACCC) falls under the purview of the Ministry. Moreover, provisions were made in the Ministry's Appropriations for the administration of the Centre. The ACCC was built through a grant from the Chinese Government for the holding of conferences and national events. Fixed rates are charged for these events.

526. An examination of records submitted by the Centre revealed that the Centre had a balance of \$16.563M in its bank account as at 1 January 2018. The sum of \$16.491M was collected as revenue in 2018. However, the revenue was not deposited into the Consolidated Fund as prescribed under Section 38 (1) of the FMA Act, which states that "*all public moneys raised or received by the Government shall be credited fully and promptly to the Consolidated Fund*".

**Ministry's Response:** The Head of Budget Agency stated that action will be taken to correct this situation.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency ensure that the revenue received by the ACCC is banked intact, in keeping with Section 38 (1) FMA Act. (2018/197)

527. Payments totalling \$26.151M were made from the Centre's bank account. The payments were made for catering, Employment Costs, repairs and maintenance, among others. These payments were authorised by the Ministry without the prior approval of the Minister of Finance. This is a breach of Section 21 (4) of the FMA Act, which states that "*a budget agency may expend budget agency receipts under a conditional appropriation...pursuant to a written agreement with the Minister entered into prior to the presentation of the annual budget proposal to the National Assembly...*".

**Ministry's Response:** The Head of Budget Agency stated that action will be taken to correct this situation.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency ensure that the Ministry comply with the FMA Act, especially as it related to Section 21 (4). (2018/198)

528. The Ministry also authorised advances totalling \$4.067M from the receipts of the Centre. Advances on wages, salaries and gratuity, as well as for travel and costs related to shows were issued. It should be noted that an advance in the sum of \$30,000 has not been recovered. It was reported that the employee who received the advance is now deceased.

**Ministry's Response:** The Head of Budget Agency stated that action will be taken to correct this situation.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency desist from this malpractice. (2018/199)

### Capital Expenditure

#### Shortfall in Expenditure

529. There were significant shortfalls in expenditure under two capital projects. See summary in the table below.

Project Code	Title	Total Funds Available \$'000	Amount Expended \$'000	Shortfall \$'000	Shortfall %
12173	IT Centre of Excellence	144,000	47,582	96,418	67
12191	National Data Management Authority	113,125	99,860	13,265	12

530. The sum of \$144M was provided for the establishment of a 'Centre of Excellence for Information Technology (CEIT)', as well as training and supply of equipment. As can be noted, approximately two-thirds of the funds available were not utilised. On 20 April 2016, the Government of Guyana (GOG) and the Government of India (GOI) signed a Memorandum of Understanding (MOU), for the setting up of the Centre.

531. The untimely execution of activities under this Project may result in the benefits not being achieved as intended. The benefits included improved information and communication technology, as well as improved access to technology.

**Ministry's Response:** The Head of Budget Agency acknowledged the findings. The Head of Budget Agency further stated that the sum budgeted catered for \$125M and \$19M for 'specific' and local expenditure, respectively. However, only \$29.071M was spent from 'specific'. Whilst, \$18.511M was spent from local.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency take action to implement activities in a timely manner. (2018/200)

532. The sum of \$113.125M was provided for fiber optic cable and accessories, generator, bucket truck, internet access points and solar systems. An unspent amount of \$13.265M was noted.

**Ministry's Response:** The Head of Budget Agency stated that the unspent balance of \$13.265M resulted from savings in relation to the procurement and installation of a solar system. Furthermore, the Ministry had budgeted \$38.450M for the procurement activity; however, the contract was awarded for \$25.148M.

#### National Data Management Authority

533. A contract was awarded in the sum of \$57.292M for the construction of a Data Centre at Liliendaal, East Coast Demerara. The works comprised the construction of a 90ft x 45ft reinforced concrete building. An examination of the contract revealed that the start date for the whole works was 15 December 2018. The intended completion date was 3 September 2013. This is six years before the award of the contract. In addition, the General Conditions of Contract, Clause 21.1 stated that the site possession date shall be 15 April 2018. That is, eight months prior to the contract date. This is an indication that due care was not taken to prepare the contract. As a result, we were unable to determine the contractor's contractual obligations, especially as it related to time for completion and defects liability period.

**Ministry's Response:** The Head of Budget Agency stated that the errors were typographical.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency ensure that due care is exercised when preparing contracts, as it has implications on contractors' obligations. (2018/201)

#### Prior Year Matters

534. The Ministry still had thirty employees on contract as of December 2018. This was in comparison to 143 as of December 2017. It should be noted that of the thirty employees who were still on contract as of December 2018, twenty-two were above the age of forty-five. As such, they could not be transferred to the Pensionable Establishment.

**Ministry's Response:** The Head of Budget Agency stated that action is being taken to place the eligible employees on the Permanent Establishment.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency continue to transfer eligible employees to the Pensionable Establishment. (2018/202)

535. The National Data Management Authority's audit report for the year 2014 was still not laid in the National Assembly. This is a breach of Section 80 (4) of the FMA Act. This Section states that "*The concerned Minister shall, within two months following the receipt of the annual report, present the annual report of each statutory body to the National Assembly*". According to Section 80 (3) (c) of the said Act, the annual report of the Authority should contain a "*...report of the Auditor General on the financial statements of the Authority*".

**Ministry's Response:** The Head of Budget Agency stated that action will be taken to lay the report in the National Assembly.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency ensure compliance with the requirements of the FMA Act, especially as it related to Section 80 (4). (2018/203)

536. The Ministry continued to breach Section 43 of the Fiscal Management and Accountability Act 2003. This Section requires all unspent balances to be refunded to the Consolidated Fund at the end of the fiscal year. Moreover, audit checks carried out on 4 January 2019, revealed that there were forty cheques totalling \$73.621M on hand. As a result, the Appropriation Accounts would have been overstated by the said amount. It should be noted that the forty cheques have since been issued to the respective payees.

**Ministry's Response:** The Head of Budget Agency acknowledged the finding and stated that action will be taken to correct this situation.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency ensure compliance with the requirements of the FMA Act, especially as it related to Section 43. (2018/204)

537. 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. In addition, it was reported previously that 103 laptops were stolen and that a police report was being awaited.

**Ministry's Response:** The Head of Budget Agency acknowledged this finding.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency follow-up with the police to bring this matter to a closure. (2018/205)

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

538. The table below summarises the prior year matters as contained in the Auditor General's 2017 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
2017/131	Laying of Financial Statements for NDMA in the National Assembly.			√
2017/132	Breach of FMA Act.			√

AGENCY 40  
MINISTRY OF EDUCATION

Current Year Matters

Current Expenditure

*Shortfall on Expenditure*

539. Amount totalling \$17.116 billion were made available under the six programmes of the Ministry for the period under review. According to the Appropriation Accounts, the sum of \$16.151 billion was expended; resulting in a net shortfall of expenditure amounting to \$964.820M. The shortfall of expenditure was approximately 5.63% of the total funds available as compared with a shortfall of \$986.120M with an approximate 6.17% in 2017. 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	1,675,098	1,558,733	116,365	6.94
2	Training and Development	1,974,172	1,833,197	140,976	7.14
3	Nursery Education	2,039,483	1,871,300	168,183	8.24
4	Primary Education	3,403,578	3,078,385	325,193	9.55
5	Secondary Education	3,768,844	3,712,471	56,374	1.49
6	Post-Secondary/Tertiary Education	4,255,123	4,097,392	157,731	3.70
Total		17,116,298	16,151,478	964,820	5.63

540. Further, there were significant shortfalls within the programmes, as shown in the tables below.

*Programme 1 - Policy Development and Administration*

Line Item	Description	Total Funds Available \$'000	Total Expenditure \$'000	Difference \$'000	Shortfall %
6255	Maintenance of Other Infrastructure	25,150	11,216	13,934	55.40
6281	Security Charges	90,563	58,713	31,850	35.16
6302	Training (Including Scholarship)	84,118	67,118	17,000	20.20
6322	Subsidies & Contributions to Intl Org	161,954	142,747	19,207	11.85

**Ministry's Response:** The Head of Budget Agency provided the following explanations for the shortfall of expenditures:

- a) Line Item 6255 - Allocation not fully utilised due to logistical hurdles in commencing some of the projects, as budgeted.
- b) Line Item 6281 - In the previous year weekdays and overtime/weekend rates were 450 and 675 respectively. The current contract which commenced on 1 March 2018 the rates are 285 (weekdays) and 570 (overtime/weekends).
- c) Line Item 6302 - All trainings planned was executed under the School Feeding Programme for 2018. This balance reflects savings.
- d) Line Item 6322 - The balance is a result of monies remaining after payments were made to Caribbean Examination Council and Caribbean Accreditation Authority for Education in Medicine and Other Professions. In addition, invoices were not received which resulted in none payment for the relevant Authorities, the Caribbean Regional Council for Adult Education, International Council for Adult Education and International Labour Organisation.

Programme 2 - Training and Development

Line Item	Description	Total Funds Available \$'000	Total Expenditure \$'000	Difference \$'000	Shortfall %
6242	Maintenance of Buildings	105,496	52,329	53,167	50.39
6301	Education Subventions & Grant	68,276	55,536	12,740	18.65

**Ministry's Response:** The Head of Budget Agency provided the following explanations for the shortfall of expenditures:

- a) Line Item 6242 - There were some inadvertent delays in the tendering process of maintenance works planned, which resulted in the postponement of same for 2019.
- b) Line Item 6301 - The 2018 work plan, projected 330 non-residents and 250 resident students to be paid stipend. However, there are actually only 142 non-residents and 128 resident students being paid stipends.

Programme 3 - Nursery Education

Line Items	Description	Total Funds Available \$'000	Total Expenditure \$'000	Difference \$'000	Shortfall %
6292	Dietary	1,012,000	855,123	156,877	15.50
6302	Training(Including Scholarships)	12,948	6,532	6,416	49.55



**Ministry's Response:** The Ministry provided the following explanations for the shortfall of expenditures:

- a) Line Item 6292 - There were plans to expand the breakfast programme to Regions №. 5 & 6, however, due to administrative and logistical issues in setting up the expansion (kitchen) the programme was not expanded. Hence, savings under this line item.
- b) Line Item 6302 - The balance is reflected as a result of clashes with other training programme from the Regions and NCERD.

Programme 4 - Primary Education

Line Items	Description	Total Funds Available \$'000	Total Expenditure \$'000	Difference \$'000	Shortfall %
6281	Security Services	121,210	97,104	24,106	19.88
6282	Equipment Maintenance	22,029	14,195	7,834	35.56
6292	Dietary	1,097,000	845,861	251,139	22.89
6301	Education Subvention & Grants	146,892	115,888	31,004	21.10

**Ministry's Response:** The Head of Budget Agency provided the following explanations for the shortfall of expenditures:

- a) Line Item 6281 - Caters for 28 Primary schools. The balance is reflective of a decrease as a result of rates budgeted for in 2018 being much higher than the prevailing rates charged by the new security company after services were tendered in 2018. The rates budgeted for 2018 were \$352 per hour for normal working hours and \$528 per hour for Saturdays, Sundays and holidays while prevailing rate is \$345 daily. The current contract commenced 1 September 2018.
- b) Line Item 6282 - The anticipated request expected from the schools was not forthcoming thus, a savings realised.
- c) Line Item 6292 - There were plans to expand the breakfast programme to Regions Nos. 5 & 6, however, due to administrative and logistical issues in setting up the expansion (kitchens) the programme was not expanded.
- d) Line Item 6301 - This line caters for the distribution of Nursery school uniform vouchers nationally. At this level 39,190 vouchers were budgeted to be printed, however, 31,219 vouchers were printed based on attendance report sent to the Ministry by the REDO's for each. In addition, all parents did not uplift vouchers, thus, contributing to the balance reflected.

Programme 6 - Post Secondary/Tertiary Education

Line Items	Description	Total Funds Available \$'000	Total Expenditure \$'000	Difference \$'000	Shortfall %
6117	Temporary Employees	128,300	105,925	22,375	17.43
6134	National Insurance	38,724	23,027	15,697	40.53
6224	Print & Non Print Materials	31,754	18,019	13,735	43.25
6242	Maintenance of Building	69,180	56,596	12,584	18.19
6255	Maintenance of Other Infrastructure	36,630	26,374	10,256	27.99
6281	Security Services	115,000	86,173	28,827	25.06

**Ministry's Response:** The Head of Budget Agency provided the following explanations for the shortfall of expenditures:

- a) Line Item 6117 - The reduction in Part-time Lecturers by 110 from the 8 Technical Institutions. The lecturer's contract had ended.
- b) Line Item 6134 - This reduction is as a result of staff dismissals, resignation and retirement of staff under lines 6111-6115.
- c) Line Item 6224 - Provision was made for the procurement of the Council Technical Vocational Education Training (CTVET) Inspection checklist, which is a Caribbean Association of National Training Authorities (CANTA) guideline for technical institutions to have up-to-date magazines and journals among other resource material in the Learning Resource Centres. This will enable instructors and students to be acquainted with up-to-date technologies and practices in the various areas of training. However, these magazines which are sourced from abroad were not procured due to logistical issues relating to the suppliers and the procurement process.
- d) Line Item 6242 - Caters for maintenance works for 8 Technical Institutes who did not get to utilise their allocation due to logistical hurdles in commencing some of the projects as budgeted.
- e) Line Item 6255 - Caters for maintenance works for 8 Technical Institutes who did not get to utilise their allocation due to logistical hurdles in commencing some of the projects as budgeted.
- f) Line Item 6281 - Caters for security services for 8 Technical Institutes. The decrease is as a result of rates in 2018 being budgeted much higher (\$450 per hr for normal working hours and \$675 per Saturdays, Sunday and holidays) then the prevailing rates charged by the new security services after services were retendered in 2018 with contract commencing 1 March 2018 to end 28 February 2019.

**Recommendation:** The Audit Office recommends that where applicable, the Head of Budget Agency should monitor the execution of its programmes more closely, with a view of achieving its goals. (2018/206)

Employment Costs

541. Amounts totalling \$406.347M were paid to contracted employees during 2018. An examination of the relevant records revealed that the Ministry had 148 contracted employees as at December 2018. This is a reduction by approximately 44%. Furthermore, the reduction was from the 333 contracted employees the Ministry had as at December 2017. The following is a breakdown of the 148 contracted employees:

No.	Age Range (years)	No. of Employees
1	Under 45	49
2	45-55	41
3	Over 55	58
Total		148

**Ministry's Response:** The Head of Budget Agency is awaiting the Public Service Commission approval for the transfer of the forty-nine employees to the Permanent Establishment. The Ministry had initiated this request over one year ago, to date the approvals are being done incrementally, and the processing time is extremely lengthy.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency continue to follow-up with the PSC to have employees under age forty-five transferred to the Permanent Establishment. (2018/207)

542. The forty-one 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 fifty-eight 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.

543. During the period under review, pay change directives for resignations and maternity leave was forwarded late to the Accounts Department of the Ministry, resulting in overpaid salaries totalling \$540,464 and the related deductions totalling \$104,767 for eleven employees. A similar situation occurred in the years 2010-2015 whereby overpayment of salaries totalling \$4.895M and the related deductions of \$1.464M, bringing total overpayments and related deductions to \$5.435M and \$1.569M, respectively still to be recovered.

**Ministry's Response:** The Head of Budget Agency indicated that overpayment for two officers totalling \$6,421 was recovered.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency take steps to avoid this situation in future and recover the amounts overpaid. (2018/208)

Goods and Services

School Feeding - Hot Meal Programme

544. The sum of \$2.113 billion was allotted for Dietary. During the period under review, net allotment transfers from this Line Item totalled \$4M, giving a revised allotment of \$2.109 billion. According to the Appropriation Accounts, amounts totalling \$1.701 billion were expended as at 31 December 2018, resulting in an unspent sum of \$408M. A similar situation occurred in 2017.

545. An audit examination was done on the records maintained by five schools in Region №. 2. The sum of \$17.225M was expended on the programme for the five schools, which benefited 485 students from the programme. The following discrepancies were found:

- a) There was no evidence of supervisory checks of Cash Books by the management committee. The lack of supervisory checks, which is a key control feature can facilitate the perpetration of wrongdoing without prompt detection.
- b) Assets were not marked to easily identify them as the property of the Ministry.
- c) Cash was kept in the personal possession of the Treasurer, thus compromising the safety of public funds. This unsatisfactory situation could lead to the perpetration of wrongdoing.
- d) Bank reconciliation statements were not presented for audit examination for the period under review.
- e) Food handler's certificates are required for the preparation of meals. However, they were not presented for audit examination.

**Ministry's Response:** The Head of Budget Agency explained the following;

- a) While the Ministry has highlighted this issue during training, management committee continue to disregard this requirement. Some management members posit that they are not being paid for these additional responsibilities as the treasurer is being paid. The Ministry will seek to put a system in place that would allow for supervisory checks by the management committee members, (Chairman, Toshao and Head Teachers), as this is a key control in the efficient operation of the programme.
- b) This is a requirement of the programme and the Ministry of Education will seek to enforce this requirement during monitoring and supervision visits to schools on the programme. Items must be marked and recorded in an inventory.

- c) All schools are required to procure a safety box to store petty cash to make payment for greens, vegetables etc. on a daily basis. No treasurer is permitted to keep on his or her person large amounts of unspent cash. Such funds should be kept in a bank or some other safe location in the community. The Ministry will seek to enforce this regulation during future training, monitoring and supervision visits to schools.
- d) This issue is being addressed through the training of Treasurers in all future workshops done by the programme. The Programme lacked the capacity to undertake training in this area but has since secured the services of a member of the internal audit team to undertake training in this area.
- e) This is indeed a requirement of the programme, i.e., that each cook working in the school kitchens possess a valid Food Handler's Certificate. Even though this is a responsibility of the Regional Health Authorities, the Ministry of Education will continue to collaborate with the respective regions, schools and communities to ensure that this requirement is adhered to.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency: (a) expedites its plans to train the necessary officers of the Ministry and committees of the schools; and (b) monitor the accountability of funds provided to the schools. (2018/209)

*School Feeding - Breakfast Programme*

546. The sum of \$2.113 billion was allocated for Dietary. During the period under review, net allotment transfers from this Line Item totalled \$4M, giving a revised allotment of \$2.109 billion. According to the Appropriation Account, amounts totalling \$1.701 billion were expended as at 31 December 2018, resulting in an unspent sum of \$408M.

547. The Breakfast Programme is executed by the Ministry to provide breakfast to students of Nursery Schools years 1 and 2 and Primary Schools Grades 1 and 2. There are twenty preparation centres across Regions Nos. 3 and 4 to provide breakfast to 13,865 students. An examination of records for eight preparation centres in Region Nos. 3 and 4 for 6,412 students revealed the following discrepancies. Hence, there was a breach in the Stores Regulations of 1993.

- a) Meals Register was not maintained at four centres; these are: Leonora Region No. 3, St Gabriel's, Rama Krishna and Enmore Region No. 4.
- b) Valid Food Handler's certificates were not presented for audit examination for cooks and assistant cooks for six centres. These are Leonora and Stewartville Region No. 3 and St Gabriel's, Rama Krishna, Lusignan and Beterverwagting Region No. 4.

- c) Inventory of assets was not presented for audit examination for centres at Stewartville, Region №. 3 and Beterverwagting, Region 4.
- d) A Goods Received Book was not maintained for five centres. These include Leonora, Stewartville Region №. 3 and Beterverwagting, Lusignan and Enmore Region №. 4.

**Ministry's Response:** The Head of Budget Agency explained that staff of the Internal Audit Department of the Ministry have been collaborating with the School Feeding Coordinator to host workshops to sensitize staff of the centres in the preparation and maintaining of all records. This exercise is ongoing. In addition, the Ministry has been working with the Regional Education Officers of these Regions and the respective Health authorities to ensure valid food handlers certificates are in place.

**Recommendation:** The Audit Office recommends that all relevant records be kept and maintained at the respective centres and that proper supervisory checks be carried out on these records. (2018/210)

*Print and Non-Print Material*

548. During the period under review the sum \$511.393M was budgeted. According to the Appropriation Accounts, as at 31 December 2018, amounts totalling \$435.624M were expended. Included was the amount of \$400.425M representing purchase of text books for schools across the country. A breakdown is shown in table below:

Description	Approved Amount \$'000	Amount Expended \$'000	Difference \$'000
Training and Development	63,089	32,938	30,151
Nursery	14,801	25,473	(10,672)
Primary	123,503	23,466	100,037
Secondary	310,000	318,548	(8,548)
Total	511,393	400,425	110,968

549. The Books Committee of the Ministry recommended 174,999 quantities of books from forty-eight titles with a value of \$36.178M to be purchased. However, the Ministry purchased 307,300 books with a value of \$97.298M, which was in excess of 132,301 books with the same number of titles and with a value of \$61.120M.

**Ministry's Response:** The Head of Budget Agency explained, that this observation is not in keeping with the fact that the Ministry's actual Textbooks need varies from year to year. The Assistant Chief Education Officers (ACEO) in collaboration with the Book Distribution Unit (BDU) would conduct a needs assessment which lends support to identifying the titles and their corresponding quantities to be purchased each year. The quantities referenced in this observation stem from a recommendation put forward by the Book Committee several years ago. These recommendations are not to be seen as static and stagnant which should lead to yearly purchases of the same quantities. Further, the purchase of Textbooks is based heavily on the yearly budgetary allocations.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency take the necessary action to update the Book Policy in keeping with the School's curriculum. (2018/211)

550. The sum of \$39.274M was paid in excess of the Ministry's approved allocation under Line Item 6224 for the Nursery Level, which is a breach of the Fiscal Management and Accountability Act 2003.

**Ministry's Response:** The Head of Budget Agency acknowledged this fact since it was brought to our attention in 2018. Payments were usually made to suppliers for the Supply & Delivery of Nursery, Primary and Secondary Textbooks and Exercise Books under the Print & Non-Print (Line 6224) since a Supplier often times would have a contract to deliver books for all Levels, and no segregation was done prior to processing of payment. The Ministry has since taken steps to correct this practice.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency comply with the Fiscal Management and Accountability Act 2003. (2018/212)

551. A contract was awarded by National Procurement and Tender Administration Board (NPTAB) to a sole supplier in the sum of \$170.442M for the purchase of textbooks. As at 31 December 2018, amounts totalling \$171.269 were expended, giving rise to a difference of \$0.812M. However, no variation was presented for audit examination.

**Ministry's Response:** The Head of Budget Agency indicated that it is unclear as to the exchange rate used to convert the contract cost to GYD which was awarded in USD. The Ministry is of the opinion that the contract cost should be reflected in USD. It is key to note that the supplier was paid in full, as per the contract cost.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency provide the necessary documentation for audit scrutiny. (2018/213)

552. A contract was awarded by NPTAB to an overseas supplier in the sum of \$87.861M for the supply and delivery of textbooks. Examination of the Payment Vouchers revealed that payments totalling \$88.057M were paid to the supplier giving rise to a difference of \$178,632.

**Ministry's Response:** The Head of Budget Agency indicated that it is unclear as to the exchange rate used to convert the contract cost to GYD which was awarded in USD. The Ministry is of the opinion that the contract cost should be reflected in USD. It is key to note that the supplier was paid in full, as per the contract cost.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency provide the necessary documentation for audit scrutiny. (2018/214)

#### Fuel and Lubricants

553. Three vehicles that were not registered as property of the Ministry uplifted 1,430 litres of diesel valued at \$272,054 from Guyoil's Regent Street location. This situation occurred in December 2018. The fuel was uplifted on five instances. This indicated that on average, 286.2 litres of fuel were 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. A similar situation occurred in 2017 and the matter is still in the court.

**Ministry's Response:** The Head of Budget Agency explained that this matter is still engaging the attention of the court. The Commissioner of Police has been written to on more than one occasion and to date no response has been received.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency follow-up with the police to expedite the investigation. (2018/215)

#### Maintenance of Buildings

554. The MTB awarded a contract in the sum of \$2.340M to the lowest of four bidders with an Engineer's Estimate of \$3.125M for repairs and maintenance of J. E. Burnham Nursery School, Campbellsville, Region №. 4. The contract was signed on 8 June 2018, with start date being the same date on which the contract was signed. The duration, completion date, and defects liability period could not be determined from the documents submitted. The contractor received a mobilisation advance followed by two interim payments totalling \$2.195M for works completed. Based on examination of the contract and a physical verification of completed works, measurements and calculations, the following observations and findings were discovered:

- a) It was discovered that the Ministry executed works of a capital nature under this contract and made payments from the recurrent budgetary allocation, which was in Breach of the FMA Act 2003. The contract was titled "Repairs and Maintenance: J. E. Burnham Nursery School, however, it was discovered that a completely new benab and reinforced concrete pavement was constructed.





**Ministry's Response:** The Head of Budget Agency acknowledged this finding and will desist from this kind of practice in the future.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency: (a) desist from completing capital works using the re-current budgetary allocations, unless approvals for same have been granted by the relevant authority; and (b) comply with the FMA Act 2003. (2018/216)

555. The MTB awarded a contract in the sum of \$4.529M for repairs and maintenance of Turkeyen Nursery School East Coast Demerara Region No. 4 to an undetermined No. of bidders against an Engineer's Estimate of \$6.352M. The contract was signed on 31 October 2018, with start date being the same date on which the contract was signed. The duration, completion date, and defects liability period could not be determined from the documents submitted. The contractor received two payments totalling \$2.135M for works completed as at 31 December 2018. Based on examination of the contract and a physical verification of completed works, measurements and calculations, the following findings and overpayment were discovered:

Item	Description	Qty. Paid	Qty. Found	Unit	Diff.	Rate \$	Amount Overpaid \$
	Valuation Order						
2.15	Fabrication of 11/2" x11/2" Galvanized hollow section frame and infill 3/4" x 3/4" Galvanized Hollow section welded to frame. Rate must be inclusive of securing panels to floor and columns with 4 №. 5/8" dia. X 5" long pins and two coats anti-corrosive paint.	10	8	no	2	5000	10,000
	Valuation Order №. 2						
2:04	18" diameter extractor fan	3	0	No	3	30000	90,000
2:16	Combination Sets	2	0	No	2	126,000	252,000
	Monkey Bar (REF VO №. 2)	1	0	No	1	130,000	130,000
Total							482,000

556. Further examination revealed:

- a) It was discovered that the Ministry made payments under two bills titled Valuation Order and Valuation Order №.2, totalling \$2.421M. These two bills were not part of the Original Priced Bills of Quantities of the contract and it is unclear how and why the Ministry made payments for work under these bills. Further, no approvals for changes in the scope of the works were seen in the documents submitted for audit examination.
- b) In addition, we could not identify and verify the works completed under the original priced Bills of Quantity of the contract.
- c) It was noted that the sums of \$252,000 and \$130,000 were certified and paid to the contractor for the installation of two combination sets and one Monkey Bar respectively, however, our physical verification revealed that these items were never supplied and installed.
- d) In addition to the overpayments, a new flat concrete stores building with dimensions 19'5" length x 12'6" was constructed instead of repairs and maintenance to the school. The amounts paid to the contractor should have charged to capital budgetary allocation instead of recurrent budgetary allocation. This was in breach of the FMA Act 2003.
- e) The Provisional Sum of \$200,000 paid under Item 2.15 of the Valuation Order did not have any details or breakdown and as such we were unable to verify what this sum was paid for.



Extractor fans not installed but full payment issued to the Contractor



Newly constructed stores building completed using recurrent budgetary allocations

**Ministry's Response:** The Head of Budget Agency acknowledged this finding and will desist from this practice in future. Additionally, the following explanations were provided:

- a) The Ministry has since communicated to the contractor to supply and install the combination sets which will be done by 25 September 2019.
- b) The Ministry's Engineers will take steps to ensure that only works, which are completed, are verified and sent for processing of payment.
- c) Documentation for duration and completion date for the works.

**Recommendations:** The Audit Office recommends that the Head of Budget Agency should: (a) recover the overpayment of \$482,000 or the works should be completed; (b) immediately desist from certifying payments for works which have not been completed; (c) submit the breakdown for the Provisional Sum for audit examination, along with the approvals for the variation works completed; (d) submit the duration and completion date for the works; and (e) comply with the FMA Act 2003. (2018/217)

557. The MTB awarded a contract in the sum of \$4.648M to the lowest of nine (9) bidders for repair and maintenance of FE. Pollard Primary School, David Street Kitty, Region №. 4. The contractor received one payment to the value of \$4.266M for works completed as at 31 December 2018. Based on examination of the contract and a physical verification of completed works, measurements and calculations, the following findings and overpayment were discovered:

- a) The contractor installed wooden windows to the canteen instead of metal awning windows, as was specified in the contract.
- b) Engineer’s Estimate was not seen.
- c) A physical verification of works completed revealed an overpayment of \$66,000. The table below shows additional details:

Item	Description	Qty. Paid	Qty. Found	Unit	Diff.	Rate \$	Amount Overpaid \$
	Canteen Rehabilitation						
5.04	Install new metal awning windows to canteen wall as directed by client.	3	0	No	3	22,000	66,000
<b>Total</b>							<b>66,000</b>



The wooden windows installed

**Ministry's Response:** The Head of Budget Agency provided the following explanations; (a). the overpayment of \$66,000 would be recovered by 25 September 2019; and (b) recognised this issuance as a complete oversight and will work assiduously in the future to prevent such recurrence.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency recover the overpayment of \$66,000 and ensure that completed works are accurately measured and quantified before payments are made to contractors. (2018/218)

558. The MTB awarded a contract in the sum of \$5.829M for repairs and maintenance to St. Christopher Nursery School Central Georgetown Region №. 4 to the lowest responsive of six bidders. The contractor received two payments totalling \$4.171M for works completed as at 31 December 2018. Based on examination of the contract and a physical verification of completed works, measurements and calculations, the following findings and overpayment were discovered:

Item	Description	Qty. Paid	Qty. Found	Unit	Diff.	Rate \$	Amount Overpaid \$
	Outdoor Equipment						
1	Combination Sets	1	0	No	1	290,000	290,000
2	Monkey Bars	1	0	No	1	217,000	217,000
Total							507,000

- a) It was discovered that the Ministry executed works of capital nature under this contract and made payments from the recurrent budgetary allocation. The contract was titled "Repairs & Maintenance Work: St. Christopher Nursery School", however, completely new construction works were done instead; there was in fact no repair works under the contract. This resulted in a breach of the FMA Act 2003.
- b) Payments for these new works were met from 6242- Maintenance of Buildings. These works are capital in nature and as such, the payments should not have been met from the recurrent budgetary allocations.

**Ministry's Response:** The Head of Budget Agency explained: (a) The Ministry has since communicated to the contractor to supply and install the combination sets where it will be deducted in the final valuation; and (b) recognises this issue as a complete oversight and will work assiduously in the future to prevent such recurrence.

**Recommendation:** The Audit Office recommends the Head of Budget Agency should: (a) recover the overpayment of \$507,000; (b) ensure that completed works are accurately measured and quantified before payments are made to contractors; and (c) comply with the FMA Act 2003. (2018/219)

559. The MTB awarded a contract in the sum of \$4.703M for repairs to Fence- North Georgetown Primary School, Region №. 4. No details regarding the tendering and award of this contract were presented for audit examination. The contract was signed on 20 June 2018, with start date being the same date on which the contract was signed. The duration, completion date, and defects liability period could not be determined from the documents submitted. The contractor received two payments totalling \$4.349M for works completed as at 31 December 2018. Based on examination of the contract and a physical verification of completed works, measurements and calculations, the following findings and observations were discovered:

- a) The contract was titled “Repairs to Fence - North Georgetown Primary School, however, it was discovered that a completely new fence was constructed, which is capital in nature.
- b) Payments for these new works were met from 6255 - Maintenance of Other Infrastructure, instead of capital budgetary allocation. Hence, the Ministry was in breach of the FMA Act 2003.



**Ministry’s Response:** The Head of Budget Agency acknowledged this finding and will desist from this kind of practice in future.;

**Recommendation:** The Audit Office recommends that the Head of Budget Agency should: (a) desist from completing capital works using the recurrent budgetary allocations, unless approvals for same have been granted by the relevant authority; and (b) comply with the FMA Act 2003. (2018/220)

560. The MTB awarded a contract in the sum of \$4.706M for repairs to fence and parking area, Bishops High School, Central Georgetown, Region №. 4. The Engineer’s Estimate was not seen and no details on the number of bids received were presented for audit examination. The contractor received two payments totalling \$4.381M for works completed as at 31 December 2018. Based on examination of the contract and a physical verification of completed works, measurements and calculations, the following findings and overpayment were discovered:

- a) The Ministry constructed a completely new fence and parking area using recurrent budgetary allocations although the contract was titled “Repairs to Fence and Parking Area Bishops High School.
- b) Payments for these new works were met from 6255- Maintenance of Other Infrastructure instead of the capital budgetary allocation. Hence, the Ministry was in breach of the FMA Act 2003

Item	Description	Qty. Paid	Qty. Found	Unit	Diff.	Rate \$	Amount Overpaid \$
	Rehab to Eastern Boundary Fence 220’						
2.25	Construct grill work consisting 1” diameter galvanized pipe top-bottom and ½” diameter corrugated vertically 3’ high	58.3	44	SY	14.3	5000	71,500
Total							71,500

**Ministry’s Response:** The Head of Budget Agency explained that: (a) item 2.25 has since been completed and installed as per specifications; and (b) acknowledges this finding and will desist from this kind of practice in future.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency should: (a) recover the overpayment of \$71,500; (b) desist from completing capital works using the recurrent budgetary allocations, unless approvals for same have been granted by the relevant authority; and (c) comply with the FMA Act 2003. (2018/221)

561. During the period under review the sum of \$630.876M was budgeted for maintenance. According to the Appropriation Accounts, as at 31 December 2018, amounts totalling \$565.122M were expended. Examination of Payment Vouchers, contracts and works completion certificate revealed that 103 instances totalling \$23.785M where works were completed before contracts were signed between the Ministry and contractors.

**Ministry’s Response:** The Head of Budget Agency acknowledged this observation and has since put system in place to address this matter.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency comply with the Procurement Act 2003. (2018/222)

562. A contract was awarded by the Ministerial Tender Board in November 2018 in the sum of \$4.874M for repairs to revetment to Car Park at Ministry of Education Annex Barima Avenue with a commencement date on 10 December 2018 and completion date on 10 March 2019 with a defects liability period of three months ending on the 11 June 2019. Payments made to the contractor as at 31 December 2018 was \$2.535M. The following observations were made:

- a) It was discovered that the performance guarantee expired on 11 June 2019.
- b) The date of commencement of the works was not seen, however on 3 January 2019 the Ministry issued a cease work order to the contractor based on instructions from Mayor and City Council (M&CC).
- c) It was discovered that the Ministry failed to seek approval from the M&CC as required before commencing works.
- d) As a result of the cease work order, the works are incomplete.
- e) We noted that the M&CC has advised the Ministry on how to proceed with the works via letter dated 26 June 2019. It was noted at the time of reporting in September 2019 the Ministry has not taken any action to proceed with the work.

**Ministry's Response:** The Head of Budget Agency has since adopted the advice of the local authority (M&CC) and move to have the construction method in line with the city design procedure.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency ensure that this project is completed expeditiously and within the by- laws of the city. (2018/223)

563. At the time of reporting in July 2019, the Mayor and City Council advised the Ministry to engage the Deputy City Engineer on the completion of the project.

**Ministry's Response:** The Head of Budget Agency indicated that contact was made with the procuring vendor to resume the works after a formal notification between the Ministry and the local authority.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency ensure that this project is completed expeditiously and within the by- laws of the city. (2018/224)

564. Included in the sum of \$630.876M were twenty-five contracts totalling \$21.493M awarded by the Head of Budget Agency and the Ministerial Tender Board. Given the value of each contract, it would appear that these contracts were subdivided to avoid submission to the Ministerial Tender Board in entirety. This was not in keeping with the requirements of the Procurement Act 2003 Section 14 which states "*A procuring entity shall not split or cause to split contracts or divide or cause to divide its procurement into separate contracts where the sole purpose for doing so is to avoid the application of any provision of this Act*". It should be noted that these payments were not made in the year 2018. Hence, approval was sought and granted from the Finance Secretary for the accounts to be paid in the year 2019.



**Ministry's Response:** The Head of Budget Agency indicated that emergency works carried out on schools from time to time and in some instances there may be works of a similar nature undertaken due to the damage caused by the students. Notwithstanding this, the Ministry has zero tolerance for such practice and will move to adjust those infractions if so was evident. The Ministry also has a policy that works which has to receive an award or otherwise public tender be carried out as normal practice.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency comply with the Procurement Act 2003. (2018/225)

*Maintenance of Other Infrastructure*

565. The NPTAB awarded a contract in the sum of \$13.921M for repairs to fence at South Ruimveldt Park Primary School South Ruimveldt Region №. 4 to the lowest of nine bidders against an Engineer's Estimate of \$18.752M. The contract was signed on 10 July 2018, with start date being the same date on which the contract was signed. The duration, completion date, and defects liability period could not be determined from the documents submitted. The contractor received three payments totalling \$13.628M for works completed as at 31 December 2018. Based on examination of the contract and a physical verification of completed works, measurements and calculations, the following findings were discovered:

- a) The Ministry constructed a completely new fence using recurrent budgetary allocations, 6255 - Maintenance of Other Infrastructure. These works are of a capital nature and the expenditure met from capital budgetary allocations. Hence, the Ministry was in breach of the FMA Act 2003.
- b) The rendering/ plastering of the fence was poorly completed on some sections of the fence while the reinforcement bars on the columns were exposed to the elements of the weather, which will corrode and destroy the concrete works over time.
- c) Additionally, the Bill of Quantities catered to supply and install 2 №. monkey bars @ \$315,000 each, 2 №. swing sets @ \$415,000 each, supply and install 2 №. sea saw @ \$205,000 each. A physical verification revealed that the see-saw and swing were poorly constructed and the Ministry did not receive value for money, based on the sums paid for these items. Photograph of the completed project is shown below:



Shoddy rendering works completed to fence



Poorly constructed inferior sea saw-  
cost: \$205,000



Poorly constructed swing-  
cost: \$415,000

**Ministry's Response:** The Head of Budget Agency acknowledges this finding and will desist from this kind of practice in the future. The Ministry has since communicated with the contractor to repair and strengthen the sea saw and swing by 25 September 2019. As a precautionary measure, the play area will be temporarily restricted until works are completed so as to prevent children from being injured. Photographs of completed works will subsequently be made available to the Audit Office for inspection.

**Recommendations:** The Audit Office recommends that the Head of Budget Agency: (a) improves in the supervision of works and poor quality works should not be accepted by the Ministry; (b) desist from completing capital works using the recurrent budgetary allocations, unless approvals for same have been granted by the relevant authority; and (c) comply with the FMA Act 2003. (2018/226)

### Other Matters

566. One Toyota Mini Bus bearing registration number PNN 9513, registered to the Ministry and assigned to Carnegie School of Home Economics was stolen from Lot 43 William Street on 31 July 2018. At the time of reporting in July 2019 the matter was still under investigation.

**Ministry's Response:** The Head of Budget Agency that this matter is still engaging the attention of the court. The Commissioner of Police has been written to on more than one occasion and to date no response has been received.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency continue to follow-up with the Police on this matter. (2018/227)

567. An examination of Payment Vouchers, contracts, account analysis and related records revealed that there were nine instances where employees of the Ministry and contractors/suppliers share the same addresses at the time of reporting in September 2019, a Special Investigation is being carried out into this matter.

**Ministry's Response:** The Head of Budget Agency matter was unaware of the matter, but given the fact that employees never signed a conflict of interest statement, the Ministry will seek guidance on how to proceed with this matter.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency implement a signing of declaration form to all employees to avoid future occurrences. (2018/228)

### Special Investigation

568. A special investigation was conducted on various allegations at the Upper Corentyne Industrial Training Centre (UCITC). It was noted, that several findings were unearthed and brought to the attention of the Permanent Secretary. At the time of reporting in September 2019, the Audit office was still not in receipt of a response.

### Capital Expenditure

#### Shortfall of Expenditure

569. Amounts totalling \$2.876 billion were made available under the six programmes of the Ministry for the period under review. According to the Appropriation Account, the sum of \$1.648 billion was expended; resulting in a net shortfall of expenditure amounting to \$1.228 billion. The shortfall of expenditure was in excess of one-third (approximately 42.70%) 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	309,784	155,717	154,067
2	Training & Development	133,805	118,625	15,180
3	Nursery Education	112,789	108,609	4,180
4	Primary Education	102,782	66,113	36,669
5	Secondary Education	1,321,031	871,939	449,092
6	Post-Secondary/Tertiary Education	895,645	326,738	568,907
Total		2,875,836	1,647,741	1,228,095

570. 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 Building	124,784	10,279	114,505	91.76
26094	Education Sector Improvement Project	150,000	111,382	38,618	25.74
Total		274,784	121,661	153,123	117.5

**Ministry's Response:** The Ministry explained that regarding Line Item 12150 - This shortfall resulted from the poor design of the office building at 21 Brickdam. This contract was cancelled and Line Item 26094 - The allocation was insufficient to cover the wrap-up activities and as such a Supplementary Provision was requested. Final disbursement was made in January 2019.

*Programme 2 - Training and Development*

Line Items	Description	Total Funds Available \$'000	Total Expenditure \$'000	Difference \$'000	Shortfall %
12151	Teacher's Training Complex	28,950	21,797	7,153	24.70

**Ministry's Response:** The Head of Budget Agency explained that regarding Line Item 12151 - This shortfall resulted since the procurement process for the upgrade of electrical system at Cyril Potter College of Education started late.

*Programme 3 - Nursery Education*

Line Items	Description	Total Funds Available \$'000	Total Expenditure \$'000	Difference \$'000	Shortfall %
26074	School Furniture & Equipment	13,000	8,985	4,015	30.88

**Ministry's Response:** The Head of Budget Agency explained that regarding Line Item 26074- Savings was realised under this project.

Programme 4 - Primary Education

Line Items	Description	Total Funds Available \$'000	Total Expenditure \$'000	Difference \$'000	Shortfall %
12154	Primary Schools	66,782	36,670	30,112	45.08

**Ministry's Response:** The Head of Budget Agency explained that regarding Line Item 12154 there was a late completion of the tendering process for the new IT Laboratory at St. Ignatius and as such this project was not undertaken and the project for the reconstruction of St. Stephen Primary School was rolled over to 2019.

Programme 5 - Secondary Education

Line Items	Description	Total Funds Available \$'000	Expenditure \$'000	Difference \$'000	Shortfall %
12155	Secondary Schools	448,128	377,343	70,785	15.79
26075	Secondary Education Improvement Project	700,000	330,222	369,778	52.82

**Ministry's Response:** The Head of Budget Agency explained the following:

- a) Line Item 12155 - There was a delay in the implementation of the project for the reconstruction of St. Roses High.
- b) Line Item 26075 - The SEIP experience lengthy delays with the awarding of several contracts and the commencement of the assignment under some of the softer consultancies, due to the fact that several of the procurement processes had to be annulled and retendered due the inability to attract suitable candidates within the stipulations of the TOR and proposed cost. In Component 2, the project also anticipated the commencement constructions of the schools earlier, however due to issues arising in the design phase and also during the evaluation of the tenders the actual construction works were further delayed resulting in the project inability to disbursed the budgeted funds.

Programme 6 - Post-Secondary/Tertiary Education

Line Item	Description	Total Funds Available \$'000	Total Expenditure \$'000	Difference \$'000	Shortfall %
12160	University of Guyana Turkeyen	174,366	69,048	105,318	60.40

**Ministry's Response:** The Head of Budget Agency explained that regarding Line Item 12160 the project for the rehabilitation of Pere Street building was placed on hold due to major structural damages observed during rehabilitation and late awards were received for the projects IDCE and pump house. These projects were rolled over to 2019.

**Recommendation:** The Audit Office recommends that where applicable, the Head of Budget Agency should monitor the execution of its programmes more closely, with a view of achieving its goals. (2018/229)

571. On 23 May 2017, the Co-operative Republic of Guyana and the Caribbean Development Bank (CDB) signed. A Loan and a Grant whereby the CDB agreed to provide the sum of US\$11.700M and US\$ 552,000 respectively, to assist the Ministry of Education in Technical and Vocational Training (TVET). According to the Project Agreement, the period of execution was stated as approximately forty-three months from the effective date of the agreement, which is the 23 May 2017 and concludes on the 31 December 2021. The aim of the project is to (a) improve the technical learning environment; (b) improve the quality, relevance and effectiveness of TVET instruction; (c) strengthen the capacity of the sector and (d) enhance second chance opportunities for at risk and unskilled learners. In addition to the sum provided by the CDB, the Government of Guyana (GOG) was required to make available to the project, counterpart funds in the sum of US\$1.790M. Thus, the total cost of the project to execute all activities to the agreement was stated as US\$14.042M. It should be noted after nineteen months of operations the Project expended US\$263,457 OR 2% of the Loan amounts. During the period under review, the sum of US\$29,142 was disbursed from the CDB and amounts totalling US\$206,637 were received from the GOG as counterpart funds.

572. The project planned to spend the sum of US\$1.695M for the period under review. However, the project expended the sum of US\$235,779 or 14% of the budgeted amount. Project Management accounted for 71% of the total expenditure compared to the other categories of expenditure which only accounted for 29% of the total expenditure for the year 2018.

573. According to the loan agreement, seven institutions were to be improved through expansion and refurbishment works. However, the Ministry of Education under budgeted for the construction of the Mahdia Practical Instruction Department (PID) in Region №. 8. Hence, the CDB 'No Objection' for the removal of this PID from the scope of the Project was sought by the Project Coordination Unit and this was given on 25 October 2018. In addition, the Ministry expended amounts totalling US\$5,073 on site visits to this location prior to its removal from the scope of the Project. The amount expended was 14.13% of the total amount expended under this Component.

574. Examination revealed the semester for the Degree Programme commenced 1 September 2018. However, the payment was made to the College after the semester had begun and the amounts which were paid to the College for tuition, and accommodation was kept on account for the two students who would commence the Programme in 2019. Also, payments made for airfare were kept on account by the agent and the sums that was expended for stipend was refunded on 29 January 2019. The amounts expended were properly executed and brought to account in the records of the Project.

575. The sum of US\$148,109 was expended on payment of salaries, gratuity and vacation allowance to the Project Coordinator, Project Officer-Education, Project Officer-Civil Works, Procurement Officer, Finance Officer and the Administrative Assistant. This comprised 88.5% of the Component's expenditure for the year under review. An examination of the payroll file, vouchers and employees' contracts revealed the following observations:

- a) There was no indication on the employees' contract who would be responsible for the paying over of PAYE and National Insurance Scheme deductions. However, during the year under review, the employees were paid the basic salary as per contract.
- b) Payroll was not prepared for salary payments; instead payments were made using an expense voucher and paid over by cheque or cash.

576. Guyana Secondary Education Improvement Project (GSEIP) IDA Financing №. 5473 is an agreement between the Co-operative Republic of Guyana (the Recipient) and the International Development Association (the Association). The agreement was signed on 25 November 2014 and closing date of 31 March 2020. The total cost of the project is a credit of six million five hundred thousand Special Drawing Rights (SDR) equivalent to Ten Million United States Dollars.

577. The recipient of the funds under the (GSEIP) is the Ministry of Finance. The project is implemented by the Ministry of Education. The objective of the SEIP will be achieved through the following three components:

- a) Strengthen the capacity of the Secondary School Mathematics Teachers Nationwide (US\$1.8M)
- b) Expansion of General Secondary School Facilities (US\$7.15M)
- c) Strengthen Institutional Capacity and the Project Management (US\$1.05M)

*Guyana Early Childhood Education Project (GECEP)*

578. In 2006, the Government approved a national policy with respect to integrated ECD. This included development of a system for accreditation and quality improvement of ECD services; training for ECD personnel; strategies for increased parental education and community awareness with respect to ECD; development of a revised curriculum framework for children aged 0-6; increased focus on equity and access in ECD service provision; and development of community infrastructure and support systems for ECD services. This policy is based on the CARICOM Regional Framework for Early Childhood Development, and is overseen by the ECD National Steering Committee.

### Project Beneficiaries

579. Project beneficiaries are children attending two years of nursery education and Grade 1, aged 3.5 -7 years living in the Hinterland Regions (Regions №.s. 1, 7, 8 and 9) and riverine areas (located in Regions №.s. 2, 3, 5, 6 and 10). This comprises about 8,000 children in these three grades each year, and their families. In addition, approximately 440 nursery and Grade 1 teachers would benefit from improved working conditions and training. Several thousand primary caregivers in these geographic areas would also benefit from education tailored for them.

### Guyana Education Sector Improvement Project (GESIP)

#### Project Development Objective (PDO)

580. The Project Development Objectives are to: (a) improve teaching practices and student achievement in mathematics at the Primary Level in selected schools; and (b) strengthen the teaching capacity and improve the learning environment of the University of Guyana, Faculty of Health Sciences (UG FHS).

#### Project Beneficiaries

581. The main beneficiaries of the Project will be the students of nursery, primary and lower secondary schools and students at the UG FHS, who will receive better quality of services. The first part of the PDO focuses on mathematics, as this is the area of greatest need for Guyana's students, and the methodology used to revise the mathematics curriculum and teaching practices will be used to revise other subjects later in the Project. Through its focus on teaching methods targeted to children's learning levels, the Project is expected to benefit traditionally disadvantaged students along dimensions of gender, disability, and indigenous ethnicity. Additionally, teachers, Ministry of Education (MOE) and the National Centre for Educational Resource Development (NCERD) officials, UG Staff, the productive sector, employers, and the general public will benefit from the activities of the Project.

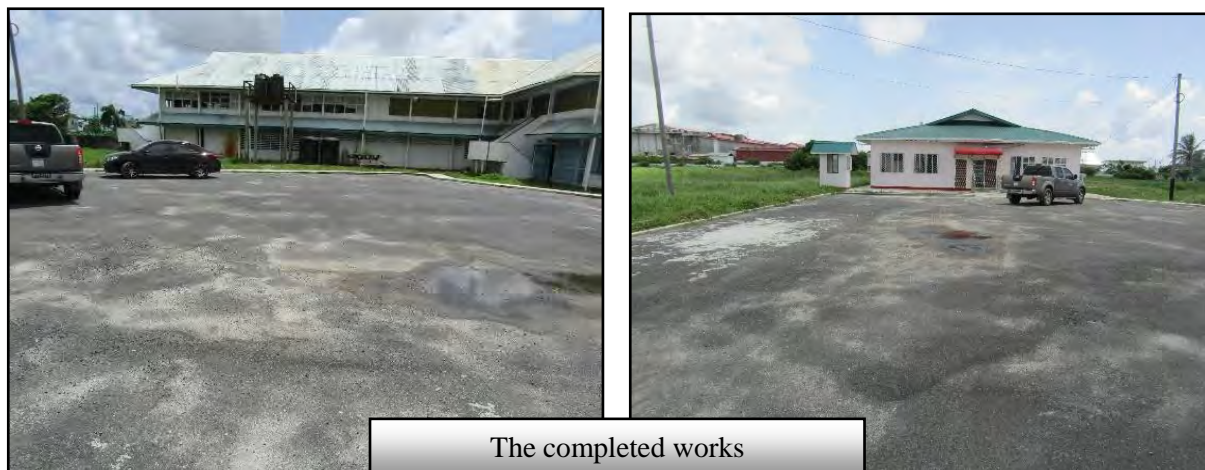
582. On 22 June 2017, the Co-operative Republic of Guyana (CROG) and the International Development Association (IDA) signed an agreement whereby the IDA agreed to provide credit in an amount equivalent to nine million, nine hundred thousand Special Drawing Rights (SDR) to: (a) improve teaching practices and student achievement in mathematics at the Primary Level in selected schools; and (b) strengthen the teaching capacity and improve the learning environment of the University of Guyana, Faculty of Health Sciences (UG FHS).

583. In accordance with Section II - Project Description, of the Operations Manual (OM), the Project will achieve its development objectives through implementation of three components namely, Component 1: Integrated Curriculum Reform, Component 2: Strengthening Teaching Capacity and Improving Learning Environment for the Faculty of Health Sciences at the University of Guyana and Component 3: Project Implementation Support, Administration and Monitoring and Evaluation.



584. The NPTAB awarded a contract in the sum of \$12.101M for construction of asphaltic concrete driveway and RC side walk, Turkeyen ECD, Region №. 4. No details on the tendering and award of this contract were presented for audit examination. The Engineer's Estimate could not be determined by the documents submitted. The contract was signed on 30 July 2018, with start date being the same date on which the contract was signed. The duration, completion date, and defects liability period could not be determined from the documents submitted. The contractor received a mobilisation payment followed by two interim payments totalling \$10.563M for works completed. Based on examination of the contract and a physical verification of completed works, measurements and calculations, the following observations and findings were discovered:

- a) A physical verification on 25 July 2019 revealed that the works were completed. However; the overall quality of the finished works was very poor with visible depressions being observed on the finished asphalt surface and with pools of water on the surface. Ravelling of aggregates from the asphalt surface were also observed in many areas.



**Ministry's Response:** The Head of Budget Agency acknowledged the observation by the Audit Office and will work assiduously to improve same.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency: (a) should improve in the supervision of works; and (b) poor quality works should not be accepted by the Ministry. (2018/230)

585. The MTB awarded a contract in the sum of \$7.178M to the lowest of five bidders with an Engineer's Estimate of \$8.767M for the construction of store with generator room, President's College Compound, Region №. 4. The contract was signed on 4 April 2018, with start date being the same date on which the contract was signed. The duration, completion date, and defects liability period could not be determined from the documents submitted. Based on examination of the contract and a physical verification of completed works, measurements and calculations, the following observations and findings were discovered:

- a) The contractor was paid for the supply and installation of 6 №. Kabukali six panel doors, with all necessary ironmongery and mortise lock to go with, dimensions 80”x36”, however only one double door or 2 №. Kabukali doors were installed to the front of the building. The remaining four doors installed were verified to be six panel pinewood doors. It was further noted that the Ministry paid the contractor at the same rate of \$40,000 for the softwood pine doors, despite the fact that the contractor failed to adhere to the contractual requirements.
- b) An overpayment of \$54,000 was made to the contractor. The table below shows additional details:

Item	Description	Qty. Paid	Qty. Found	Unit	Diff.	Rate \$	Amount Overpaid \$
	Bill №. 9 - Electrical						
2	Supply and install single 2’ fluorescent lamps, electronic ballast - external of building	6	0	Nr	6	9000	54,000
Total							54,000

**Ministry’s Response:** The Head of Budget Agency explained that the overpayment of \$54,000 would be recovered by September 25, 2019 and has already communicated with the contractor on the audit finding and he has agreed to replace the pinewood doors with Kabukali doors by 25 September 2019.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency: (a) recover the overpayment of \$54,000; (b) improve in the supervision of works; and (c) payments should not be approved for substandard materials or works. (2018/231)

586. The NPTAB awarded a contract in the sum of \$10.056M to the lowest of eight bidders with an Engineer’s Estimate of \$14.963M for extension of building, National Library, Georgetown, Region №. 4. The contract was signed on 24 April 2018, with the start date being the same date on which the contract was signed. The duration, completion date, and defects liability period could not be determined from the documents submitted. The contractor received three payments totalling \$9.781M for works completed. Based on an examination of the contract and a physical verification of completed works, measurements and calculations, an overpayment of \$256,500 was discovered. The table below shows additional details:

Item	Description	Qty. Paid	Qty. Found	Unit	Diff.	Rate \$	Amount Overpaid \$
	Bill №. 5 -Roof						
	All structural timber shall be seasoned Green heart, Kabukali or Shibadan. The surfaces of timber in contact with concrete or mortar must be primed before fixing						
2	2”x8” Ridge beam GH	613	43	Bm	570	450	256,500
Total							256,500

**Ministry's Response:** The Head of Budget Agency is humbly asking for a revisit of site to facilitate a second physical verification and Engineers will take steps to ensure that works are accurately measured before signing off and processing payments.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency should: (a) take steps to recover the overpayment of \$256,500; and (b) ensure that completed works are accurately measured and quantified before payments are made to contractors. (2018/232)

587. The NPTAB awarded a contract in the sum of \$66.362M to the lowest of five bidders with an Engineer's Estimate of \$69.380M for the construction of student and teachers learning Complex, Turkeyen, Region №. 4. The contractor received four payments totalling \$17.968M for works completed as at 31 December 2018. A physical verification was done on 25 July 2019 and it was observed that the contractor was mobilised on site and the works were in progress, however the Project completion date had expired on 12 February 2019 and no extension of time was seen. Based on our overall assessment of works completed, we are of the view that payments made at December 2018 were fair and reasonable.

**Ministry's Response:** The Ministry provided documentation as requested by the Audit Office.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency should submit the Performance and Advance bonds along with the Order to commence work for audit examination. (2018/233)



588. The MTB awarded a contract in the sum of \$2.701M to the lowest responsive of twelve bidders with an Engineer's Estimate of \$2.987M for the construction of water trestle Upper Corentyne Training Centre, Region №. 6. The contract was signed on 26 April 2018, with start date being the same date on which the contract was signed. The duration, completion date, and defects liability period could not be determined from the documents submitted. The contractor received three payments totalling \$2.641M for works completed as at 31 December 2018. 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 \$
	Painting						
D	Apply two coats of `black anti corrosive paint to metal rails	30	0	Ly	30	700	21,000
	Plumbing Breakdown						
	Supply and install ½” diameter PVC pipe inclusive for bends, tees, knees etc.	115	0	Lf	115	350	40,250
Total							61,250

589. The following additional findings were observed:

- a) The 11/2 HP Meyers pressure pump which was supplied by the contractor was not installed to the water supply system, despite the fact that full payment was made for supply and installation. As such, the water supply system could not function as was intended.
- b) Inspection of the reinforced concrete slab on the trestle revealed shoddy construction works with honey combing defects and pieces of form work casted into the concrete.
- c) Three coats of paint were not applied to the concrete trestle as was catered for in the Bills of Quantities.

**Ministry’s Response:** The Head of Budget Agency acknowledges the observation by the Audit Office and will work assiduously to improve same and will recover the overpayment of \$61,250 by 25 September 2019.

**Recommendations:** The Audit Office recommends that the Head of Budget Agency should: (a) recovers the overpayment of \$61,250; (b) improves in the supervision of works; and (c) poor quality works should not be accepted by the Ministry. (2018/234)



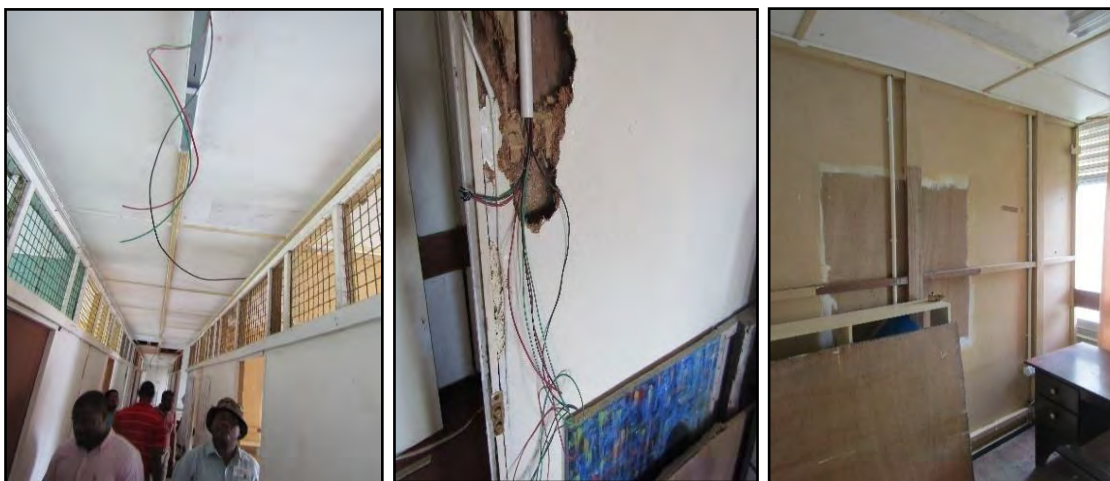
590. The NPTAB awarded a contract in the sum of \$5.862M to the lowest of ten bidders with an Engineer's Estimate of \$8.045M for rehabilitation of roof and ceiling, President's College Compound, Region №. 4. The date on which the contract was signed, start date, duration and completion date could not be determined from the documents examined. The contractor received two payments totalling \$5.745M for works completed. Based on an examination of the contract and a physical verification of completed works, measurements and calculations, it was observed that there were twenty lights installed to the Administration Hallway however, only one was functional.

**Ministry's Response:** The Head of Budget Agency provided the following explanations:

- a) Acknowledges the observation by the Audit Office and will work assiduously to improve same.
- b) Currently moving to address the issue of electrical surges at the College.
- c) Will also implement a new system specifically for electrical works where the procured vendor will have a warranty period for supplying electrical fixtures in order for long term functionality.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency should improve on the supervision of works and ensure that all works completed and all installations are inspected and tested before contractors are relieved of their contractual obligations. (2018/235)

591. The NPTAB awarded a contract in the sum of \$18.435M to the lowest of five bidders with an Engineer's Estimate of \$19.676M for electrical upgrades - University of Guyana, Turkeyen Campus, Region №. 4. The contract was signed on 28 February 2018 with start date being the same date on which the contract was signed. The duration, completion date, and defects liability period could not be determined from the documents submitted. At 31 December 2018, the contractor received a Mobilisation Advance Payment of \$2.765M representing 15% of the contract sum. At the time of our physical verification on 25 July 2019, the contractor was mobilised on site and the works were in progress.



The works in progress

592. The NPTAB awarded a contract in the sum of \$352.710M for construction of St. Rose's High School, Camp and Church Street, Region №. 4. No details regarding the advertisement for the works or Evaluation Report were presented for audit examination. As such, we were unable to determine when the works were advertised and the basis of award of the contract. Also, the Engineer's Estimate could not be determined from the documents submitted for audit examination. The contractor received an Advance Payment of \$52.906M representing 15% of the contract sum; followed by one interim payment of \$5.186M. At the time of reporting the Advance Payment was not recovered. Based on an examination of the contract and a physical verification of completed works, measurements and calculations, the following observation was discovered:

- a) Physical verification on 6 August 2019, approximately one year after signing the contract, revealed that the works were incomplete; the site was abandoned and overrun with bushes. No equipment or materials were on site, while the only personnel from the contractor present was a security guard.
- b) It was noted that although the Notification of Award was sent to the contractor since 24 April 2018, the contract was signed four months later, until 8 August 2018. It is unclear why there was a four-month delay between the contract award and the signing of the contract.
- c) It was discovered that the contractor provided an Advance Guarantee from an Insurance Company. However, the contract stipulates that a Bank Guarantee is required and as such, the contractor did not provide an Advance Bond in keeping with the contractual requirements but was still issued with an Advance Payment.

**Ministry's Response:** The Head of Budget Agency explained that, the delay experienced in this project was as a result of the foundation design review. The initial foundation design could not sustain the applied loads for the proposed building and that process along with the ensuing process for the Tender Board award would have been responsible for this delay.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency should:

- a) Terminate the contract and recover the outstanding Advance Payment.
- b) Ensure that the Supervising Consultant be held responsible for failing to recognise that the Advance Payment Bond was not in accordance with the contract.
- c) Not accept Bonds which do not meet the contractual requirements. The contractor should not have been issued an Advance Payment unless a Bank Guarantee was provided. The current Advance Payment Guarantee should be withdrawn and a Bank Guarantee should be supplied by the contractor.
- d) Submit Tender Evaluation Report, Insurances for the contract, Commencement Letter, a detailed site layout for the construction works, detailed construction drawings, justification for stoppage of works, contractor's approved work programme, copy of the Supervising Consultant's Supervision contract and payments made for supervision to date and a copy of the most recent site progress meeting. (2018/236)



593. The NPTAB awarded a contract in the sum of USD \$134,790 for provision of consultancy services (Design and Supervision) for the Reconstruction of St. Rose's High School, Camp and Church Street, Region №. 4. No details regarding the advertisement for the design and supervision services or Evaluation Report were presented for audit examination. It was however noted that one bid was received and the contract was awarded to the sole bidder, for the sum of USD \$134,790. The Letter of Acceptance was issued to the consultant on 30 August 2017; however, the signed Contract Agreement was undated and stated the year as 2017. The duration for the services was from 30 August 2017 to 30 July 2018 for the design phase, while the supervision services commenced upon the signing of the contract for the construction works. A physical verification conducted on 6 August 2019 revealed that the contractor has not commenced any construction works and we have not seen any documentation from the supervising consultant regarding the reasons why the works have not commenced.

**Ministry's Response:** The Head of Budget Agency provided the necessary documentation as requested by the Audit Office.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency should submit documentation regarding the delay in the execution of the works, the Final Design Report, Minutes of site progress meetings, Progress Reports, Evaluation Report for the Consultancy Contract, Staff assigned by the consultant for the Project (Design and Supervision phases) for audit examination. (2018/237)

### Other Matters

594. The audit of the Financial Statements of President's College and Queen's College, which was last audited in 2007 and 2006 respectively. The table below shows the status of the Financial Statements for these institutions. A similar situation was reported in prior years.

Description	Last Audited Financial Statement	Remarks
President's College	2007	2008 - Financial Statements being finalised. 2009 - 2013 Financial Statements received. 2014 - 2018 Financial Statements not submitted
Queens College	2006	2007 - 2009 Working Papers being reviewed. 2010 - 2018 Financial Statements not submitted

### Stores and Other Public Property

595. Examination of Payment Vouchers and stores records revealed that in 110 instances assets purchased by the Ministry valuing \$100.922M for the year was not recorded in the Permanent Stores Ledger. This is a breach of the Stores Regulations of 1993. At the time of reporting in September 2019, the Ministry started the process of updating the Permanent Stores Register with assets to the value of \$19.995M.

**Ministry's Response:** The Head of Budget Agency explained that the matters highlighted in the paragraph above, please see the list of vouchers to the total of \$19.995M updated in the Permanent Stores Register. Efforts are being made to have the remaining vouchers updated in the register.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency adhere to the Stores Regulations of 1993. (2018/238)

### Prior Year Matters

596. 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 panelling 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. (2018/239)

Overpayment on Contract

597. 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							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: (a) the Head of Budget Agency ensure that payments are made only for works completed; and (b) the Audit Office also recommends that the Head of Budget Agency take action to recover the overpayment and submit the evidence for audit. (2018/240)

598. 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.

599. 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 Head of Budget Agency adhere to the requirements of the Procurement Act and its regulations, especially as it related to the provisions for variations. (2018/241)

600. 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 Head of Budget Agency take stringent action to bring closure to this matter. (2018/242)

### Kato Secondary School Complex

#### Construction

601. 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.

602. 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

603. 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

604. 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.

**Ministry's Response:** The Ministry indicated that the furniture and equipment has been transported to Kato Secondary School.

Goods and Services

605. 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 Head of Budget Agency continue its efforts to recover the outstanding sum of \$0.246M. (2018/243)

Capital Expenditure

606. 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 Head of Budget Agency continue its efforts to recover the outstanding overpayment. (2018/244)

Follow-up on the Implementation of Prior Year Audit Recommendations

607. The table below shows the prior year matters as contained in the Auditor General's 2017 Report and action taken by the Head of the Budget Agency regarding the recommendations made by the Audit Office.

Rec. No.	Findings	Recommendations		
		Fully Implemented	Partially Implemented	Not Implemented
2017/133	Shortfall of Expenditure			√
2017/134	Breach of Circularised Instruction - Contracted Employees		√	
2017/135	Weak Internal Control		√	
2017/136	Losses not written off			√
2017/137	Overpayment on construction works.			√
2017/138	Breach of Circularised Instruction - Cheque Orders			√
2017/139	Breach of Circularised Instruction - Cheque Orders		√	
2017/140	Clearing of outstanding Advance from Imprest			√
2017/141	Breach of Procurement Act	√		
2017/142	Breach of FMA Act – Cheques on Hand	√		
2017/143	Breach of FMA Act – Cheques on Hand	√		
2017/144	Shortfall of Expenditure			√
2017/145	Overpayment on Construction works			√
2017/146	Breach of Procurement Act			√
2017/147	Breach of Stores Regulations	√		
2017/148	Breach of Stores Regulations		√	
2017/149	Non-Submission of Financial Statements			√
2017/150	Overpayment of salaries and deductions			√
2017/151	Losses not written off			√
2017/152	Overpayment on construction works			√
2017/153	Overpayment on construction works			√

AGENCY 42  
MINISTRY OF COMMUNITIES

Current Year Matters

Current Expenditure

*Employment Costs*

608. Thirty-five percent of the Ministry's employees were on contract as at December 2018. The table below shows a summary as per category of expenditure.

Line Item	Description	No. of Employees	Percentage
6111	Administrative	24	13
6112	Senior Technical	19	11
6113	Other Tech. & Craft Skilled	5	3
6114	Clerical & Office Support	30	17
6115	Semi-Skilled Operatives & Unskilled	22	12
6116	Contracted Employees	62	35
6117	Temporary Employees	16	9
Total		178	100

609. It should be noted that forty-two of the sixty-two employees on contract as of December 2018 were above the age of forty-five. As such, they could not be placed on the Pensionable Establishment.

610. Fifty-seven percent of the Ministry's expenses for wages and salaries were paid to employees on contract. A summary is shown in the table below:

Line Item	Description	Amount Expended \$'000	Percentage Expended
6111	Administrative	43,584	13
6112	Senior Technical	34,402	10
6113	Other Tech. & Craft Skilled	3,530	1
6114	Clerical & Office Support	22,343	7
6115	Semi-Skilled Operatives & Unskilled	13,775	4
6116	Contracted Employees	186,595	57
6117	Temporary Employees	25,563	8
Total		329,792	100

611. The table below provides a breakdown of the contracted employees by salary ranges:

Salary Range \$	No. of Employees	Amount Paid in Dec. 2018 \$'000
Below 100,000	16	1,255
100,000 - 250,000	32	4,511
250,001 - 400,000	10	3,211
Above 400,000	4	1,936
Total	62	10,913

Subsidies and Contribution to Local Organisations

612. Subsidies and Contributions to Local Organisations totalling \$528M were transferred to the Agencies as summarised in the table below. It should be noted that these Agencies are subject to separate financial reporting and audit.

Details	Amount \$'000
Electricity charges - Guyana Water Incorporated (GWI)	428,000
Subvention - Local Government Commission	90,000
Subsidies for capacity building to ten Town Councils	10,000
Total	528,000

613. The Local Government Commission (LGC) was established by way of Order No. 23 of 2017 under the Local Government Commission Act 18 of 2013. The Commission began its operation on 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*”. It should be noted that the Commission submitted Financial Statements for the financial year 2018 in May 2019, at the time of reporting in September 2019 the audit was in progress.

**Ministry’s Response:** The Local Government Commission acknowledged this finding and stated that it will correct this shortcoming in the future. The Commission added that the late submission was due to the Commission having to adopt an accounting policy for guidance on the preparation of Financial Statements.

**Recommendation:** The Audit Office recommends that the Commission prepare its Financial Statements in a timely manner. (2018/245)

614. Notwithstanding the above, an examination of the Commission’s records revealed that the sum of \$89.083M was expended out of the ‘Subsidy’ of \$90M. A summary of the expenditure is shown in the table below:

Description	Amount \$’000
Employment Costs	30,599
Other Charges	30,157
Statutory Employment	28,327
Total	89,083

615. The Commission breached Section 43 of the Fiscal Management and Accountability Act 2003. This Section requires all unspent balances to be refunded to the Consolidated Fund at the end of the fiscal year. Moreover, the unspent balance on the ‘Subsidy’ (\$916,598) was retained in the Commission’s bank account. The Ministry’s Appropriation Accounts would have also been overstated by the said sum. This amount was refunded to the Consolidated in May 2019.

**Ministry’s Response:** The Local Government Commission acknowledged this breach. However, the Commission had written to the Permanent Secretary, Ministry of Communities on 10 January 2019, seeking to have the unspent balance retained by the Commission for the execution of its mandate; since the Commission in its incubatory stage was tasked with addressing a myriad of issues and deficiencies within several Local Government Organs.

The Permanent Secretary of the Ministry of Communities wrote the Finance Secretary, Ministry of Finance on 5 February 2019, on behalf of the LGC, seeking permission for the Commission to retain the unspent balance; which represented the re-current budget for 2018.

The Finance Secretary of the Ministry of Finance via a letter dated 8 May 2019, to the Permanent Secretary of the Ministry of Communities, advised that the unspent balance cannot be acceded to.

The LGC upon receipt of the response from the Finance Secretary refunded the unspent balance to the Consolidated Fund on 23 May 2019. The LGC intends to desist from this practice in the future by having all unspent monies refunded to the Consolidated Fund in a timely manner.

**Recommendation:** The Audit Office recommends that the Commission comply with the requirements of the FMA Act, especially as it related to Section 43. (2018/246)

## Capital Expenditure

### Shortfall in Expenditure

616. Significant shortfalls were noted under six projects in Programme 422 - Sustainable Community Development. Moreover, the sum of \$3.751 billion was allotted. The sum of \$3.239 billion was expended, resulting in a shortfall of \$512.228M. See summary in the table below:

Proj. Code	Description	Total Funds Available \$'000	Amount Expended \$'000	Shortfall \$'000	Shortfall %
16018	Water Supply Improvement Project	15,000	0	15,000	100
19033	Georgetown Restoration Programme	200,000	188,999	11,001	5.50
28027	Water Supply and Infrastructure Improvement Prog.	2,200,000	1,768,460	431,540	19.62
28031	Tech. Asst.-Planning and Supp. for Local Councils	10,000	0	10,000	100
36003	Solid Waste Disposal Programme	178,620	143,933	34,687	19.42
44047	Urban Development and Removal Project	10,000	0	10,000	100

### Water Supply Improvement Project

617. The amount of \$15M was allotted for the Water Supply Improvement Project. Provisions were made for: (a) improvement of water supply services in coastal areas and hinterland communities; (b) feasibility study for use of surface water from Hope Canal; and (c) institutional strengthening. The entire allotment remained unspent.

618. The Ministry explained that the Project was to be executed under a loan agreement with the Caribbean Development Bank. However, the loan agreement was only signed in September 2018. Further, contracts for this Project was not awarded in 2018. It should be noted that the benefit of this Project was increased access to potable water.

### Georgetown Restoration Programme

619. The sum of \$200M was allotted for Georgetown restoration and enhancement initiatives. The sum of \$188.999M was expended, leaving an unspent sum of \$11.001M. The following is a summary of the expenditure:

Particulars	Amount \$'000
Georgetown restoration and enhancement initiatives	115,803
Purchase of one garbage truck	44,173
Purchase of tractor and trailer	20,110
Rehabilitation of East Ruimveldt Market sanitary block	7,449
Payment of 2% withholding tax	1,464
Total	188,999

**Ministry's Response:** The Head of Budget Agency explained that the unspent sum reflected savings that were not reallocated.



Water Supply and Infrastructure Improvement Programme

620. The sum of \$2.200 billion was allotted under this Programme, which was to be executed through a loan agreement between the Government of Guyana (GOG) and the Inter-American Development Bank (IDB). The loan contract was signed on 14 October 2014. The general objective of the loan was 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 loan was estimated to be the equivalent of US\$31.677M which included the amount of the financing referred to in Section 1:02 of the Special Conditions and up to Euros 10.675M from the resources of the Non-Reimbursable Financing Agreement №. GRT/EX-14520-GY referred to in Section 3.03 of the Special Conditions.

621. The sum allotted in 2018 was for: (a) construction of water treatment Plant-Cornelia Ida to DeKinderen, Diamond to Herstelling and Cumberland to Williamsburg; (b) installation of distribution and transmission networks; (c) upgrading of sanitation infrastructure; and (d) institutional strengthening. This Programme is subject to separate financial reporting and audit. The Project was last audited for the financial year 2018. The audit report was issued on 29 April 2019.

622. A shortfall of \$431.540M was noted. As a result, the intended benefits of the Programme, which included improved water supply quality, improved institutional capacity and service delivery, and reduced level of non-revenue water, could be delayed.

**Ministry's Response:** The Head of Budget Agency stated that GWI executes this Project, and the Corporations responses for the shortfall of \$431.540M were as follows:

- a) The rehabilitation project for the Shelterbelt water treatment plant was signed on the 20 April 2018 and subsequently the order to proceed was issued on 22 May 2018 after payment of the advance (which is a condition of the contract). The program had initially catered for the monies to be expended from January to June, the first half of the year but only the advance payment was made by June 2018. Subsequently, designs were being done for the rehabilitation works on the plant, but since the works are rehabilitative in nature a great deal of time was spent finalising the designs to ensure that the facilities installed would be compatible with the existing system. These delays resulted in payments being made for this project at the end of 2018 totalling, G\$228.335M instead of the budgeted G\$436.808M a shortfall of G\$208.474M. This project is multi-year and extends into 2019, as such the contract sum is expected to be expended in 2019.
- b) The pipe works in Georgetown, which included the rehabilitation of 4km of transmission and 12km of distribution mains, were budgeted at G\$221.010M. Despite the completion of the tendering and bidding processes for these works the Program did not commit the funds due to the reduction in available resources arising from the difference between the contracted and disbursement rate of the US\$ to Euro.

- c) The gap in G\$2.056M are a result of late payments for one of the metering projects on the West Coast Demerara (lot 1) which commenced in October 2018 instead of the planned date of January 2018. Hence, the 1st payment was made in December 2018.

Technical Assistance - Planning and Support for Local Councils

623. The sum of \$10M was allotted for strengthening local government systems. The entire allotment remained unspent. The Ministry explained that the Project was to be executed under a loan agreement with the Caribbean Development Bank. The loan agreement was signed in March 2018. However, no contract for this Project was awarded in 2018. The benefits of this Programme, which included improved capacity for strategic policy management and coordination, may be delayed.

Solid Waste Disposal Programme

624. The sum of \$178.620M was allotted for: (a) payment of retention; (b) completion of designs for the sanitary landfill sites at Bartica, Linden and Mahdia; (c) construction of Cell II at Hague-Bosch Sanitary Landfill Site, Eccles; (d) rehabilitation of access road to Rosehall Landfill Site; and (e) provision for skip bins. A shortfall of \$34.687M, which represented 19.42% of the approved allotment was observed. The Ministry explained that the shortfall was due to the construction of Cell II at The Hague Bosch Sanitary Landfill Site, Eccles, not being awarded.

Urban Development and Renewal Project

625. The sum of \$10M was allotted for studies for provision of social and physical infrastructure for new townships of Bartica, Lethem, Mabaruma and Mahdia, and studies for urban renewal of Georgetown. The entire allotment remained unspent. The activities under this Project was to be executed through financing from IDB. The Ministry explained that the Project did not come on stream. It should be noted that the benefits of this Programme included enhanced access to social services and improved infrastructure.

Community Infrastructure Improvement Project (CIIP)

626. The sum of \$317.380M was allotted for the Community Infrastructure Improvement Project. The full amount was transferred to the Project. Audit examination of the records of the Project revealed that amounts totalling \$101.596M were expended. A summary of the expenditure is shown in the table below:

Description	Budgeted \$'000	Expended \$'000	Balance \$'000	Balance %
Community Centre Development	60,000	36,804	23,196	38.66
Construction of Lethem Town Hall	45,000	0	45,000	100
Development of Centennial Park, Linden Phase 2	40,000	5,719	34,281	85.70
Development of Annandale Market Tarmac	37,000	28,653	8,347	22.56
Development of Aranaputa Sports Ground	30,000	17,900	12,100	40.33
Modernisation of Property Valuation System	30,000	0	30,000	100
Ten Thousand Trees Planting Initiative	20,000	3,470	16,530	82.65
Salaries of Clerks of Works	12,000	6,571	5,429	45.24
Construction of “Smart Stop”	10,000	0	10,000	100
Green Development Plans (Reg. №.6 PARD)	10,000	0	10,000	100
National/Regional Development Fair (RACE)	10,000	0	10,000	100
Municipal Management Manuals	5,000	0	5,000	100
Municipal Disaster Risk Management Capacity Building	5,000	0	5,000	100
Construction of Sanitary Block at Mon Repos Market	3,380	2,479	901	26.66
<b>Total</b>	<b>317,380</b>	<b>101,596</b>	<b>215,784</b>	<b>68</b>

627. As noted above, only the sum of \$101.596M was expended. This represented only a 32% expenditure. It was noted that moneys were not spent on seven of the Project’s activities. In addition, expenditure for seven other components were below the respective estimated sums, with two being less than twenty percent. As such, the benefit of the Project, which was to improve the environment, may have been affected.

**Ministry’s Response:** The Head of Budget Agency stated that the findings were noted.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency take action to ensure all activities are executed as planned with a view to achieving Project objectives. (2018/247)

Guyana Water Incorporated

Hinterland Water Supply

628. The sum of \$150M was allotted for: (a) completion of water supply improvement at Oronoque, Koko, Kamwatta, Koberimo, Chenapau, Campbelltown, Chinoweing and Paramakatoi; (b) procurement of photovoltaic systems, pipes, well masters, pumps and filters; (c) upgrading of water supply systems at Mabaruma, Port Kaituma and Moruca; and (d) provision for installation and extension of transmission and distribution systems - Lethem. During the year, there was a Supplementary Provision in the sum of \$52M, bringing the total funds available to \$202M. According to the Appropriation Account, the full amount was expended as at 31 December 2018. A summary of the expenditure is provided in the table below:

Description	Amount \$'000	Status as at August 2019
Completion of water supply systems at: (a) Oronoque; (b) Koko; (c) Campbelltown; (d) Chinoweing; and (e) Paramakatoi	23,098	Works completed in each of the communities
Procurement of photovoltaic systems, pipes, well masters, pumps and filters	108,880	Substantially completed
Upgrading of water system at (a) Mabaruma; (b) Port Kaituma; and (c) Moruca	22,941	Contract terminated for Mabaruma, completed in other areas
Installation and extension of transmission and distribution systems at Lethem	16,769	Works completed
Project Administration	28,855	
Withholding Tax	1,457	
<b>Total</b>	<b>202,000</b>	

629. The sum of \$21.141M was expended for the supply & delivery of Grundfos submersible pumps and flex controllers for Hinterland regions. An examination of the Payment Vouchers and other supporting documents revealed that a contract was awarded by the Corporation on 13 April 2018 in the sum of \$21.141M. This was in breach of the Procurement Act 2003, Section 24 (1 & 2) of Part III, which states:

- a) *"Public corporations and other bodies in which the controlling interest is vested in the State may, subject to the approval of the National Board, conduct procurement according to their own rules or regulations, except that to the extent that such rules and regulations conflict with this Act or the regulations, this Act and the regulations shall prevail".*
- b) *"If funds are received from the Treasury for a specific procurement, then the corporation or other body shall be obliged to follow the procedures set out in this Act and the regulations".*

**Ministry's Response:** The Head of Budget Agency stated that the findings were noted and measures would be put in place to comply with the Procurement Act.

**Recommendation:** The Audit Office recommends that the Corporation comply with the requirements of the Procurement Act 2003, especially as it related to Section 24 (1 & 2) of Part III. (2018/248)

630. A contract in the sum of \$15.464M was entered into on 8 May 2017, for the drilling of a potable water well at Campbelltown, Region №. 8. Audit checks revealed that amounts totalling \$3.866M and \$2.773M were paid during 2017 and 2018 respectively, bring the total payments to \$6.639M.

631. The contract was terminated in 2018. Information contained in correspondence dated 6 December 2018 from GWI to the contractor stated that “...GWI will move to amicably terminate this contract under clause 40.2(a), since your company is experiencing difficulty in penetrating the rocky terrain in the project area”. However, documentation on the actual termination was not submitted for audit. Hence, we could not determine the terms and conditions of the termination.

**Ministry’s Response:** The Head of Budget Agency stated that action will be taken to submit the necessary documentation.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency ensure the relevant documentation is submitted for audit. (2018/249)

632. A second contract was signed on 24 October 2018, for the drilling of the potable water well at Campbelltown, Region No. 8 in the sum of \$8.830M. Full payment was made to the contractor. A cheque was issued to Guyana Water Inc. on 17 December 2018, for the retention sum of \$0.706M. However, this sum was still in GWI’s bank account; since, payment was held until the defects liability period is over. This is not in keeping with the requirements of Section 43 of the Fiscal Management and Accountability Act 2003, which 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 Fund.

**Ministry’s Response:** The Corporation stated that the defects liability period is over and GWI has since made the necessary payment.

**Recommendation:** The Audit Office recommends that the Corporation comply with the requirements of the FMA Act 2003, especially as it related to Section 43. (2018/250)

#### Coastal Water Supply

633. The sum of \$218M was allotted for: (a) completion of wells at Port Mourant, Bartica, Sophia, Sparendam, Vergenoegen, Pouderoyen and Westminister; and (b) completion of installation of water supply distribution main - Eversham to Philippi. As at 31 December 2018, the works and items purchased were physically verified and found to be in conformity with specifications. However, in respect of: (a) drilling of potable water well at Pouderoyen and Westminister, works are on-going; (b) water supply improvement at Bartica, works are on-going and (c) the construction of potable water well at Four Mile, Bartica, the contract was terminated.

634. Two payments totalling \$7.574M were paid to the supplier for the procurement of one Nikon camera and supply of pumps, motors, soft starters and cables. However, as at 20 September 2019, only the Nikon camera was received.

**Ministry’s Response:** The Corporation stated that the pumps, motors, soft starters and cables should be received sometime in September 2019.

**Recommendation:** The Audit Office recommends that the Corporation pursue the receipt of the outstanding items and submit the evidence for audit. (2018/251)

### Linden Water Supply

635. The sum of \$60M was allotted for: (a) the completion of water supply systems at Wisroc, Half Mile, Canvas City, Ituni and drilling of well at West Watooka; and (b) provision for water supply systems at Moblissa and Three Friends. As at 31 December 2018, the works and items purchased were physically verified and found to be in conformity with specifications. However, the contract for the construction of slow sand filter and foundation for Three Friends water supply system, Linden Region №.10 was terminated.

636. The sum of \$100M was allotted for: (a) final payment for service connection materials including meters, pumps and motors; and (b) completion of transmission mains from Shelterbelt to Kitty Seawall. As at 31 December 2018, the full amount was expended, as shown below:

Description	Amounts \$'000	Status as at August 2019
Supply & installation of HDPE transmission mains along Vlissengen Road between Shelterbelt to Kitty Seawall.	61,534	Works ongoing
Procurement and Installation of Service Connections and metering, pumps and motors	32,594	Completed
Project Administration	5,872	Completed
Total	100,000	

### Hinterland Sustainable Housing Programme

637. On 17 February 2010, the Government of Guyana and the Inter-American Development Bank 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\$3.100M to be used for Sustainable Housing for the Hinterland Program. The objective of the reformulated Program was 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.

638. 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 2018, that is, three years after the signing of the amendatory agreement, the Program had expended the sum of US\$2.220M equivalent to 72% of the total funds expended. Of this amount, the sum of US\$83,702 was expended during 2016; whilst, US\$844,786 was expended during 2017. The sum of US\$1.292M (G\$ 270.194M) equivalent to ninety-three (93%) of the amount budgeted for 2018 was expended during the said year.

639. During 2018, the sum of G\$240M was allotted and expended under this Program. The system of operations for the Program includes the recording of all Payment Vouchers into the Integrated Financial Management & Information System. Audit checks revealed that Payment Vouchers totalling G\$30.194M were not entered into IFMIS during 2018. As a result, the expenditure recorded in the Appropriation Account was understated by this amount.

**Ministry's Response:** The Ministry stated that the sum of \$30.194M represented payments that were made in late December 2018. However, there wasn't sufficient time for the Ministry to seek a Supplementary Provision to allow the expenditure of \$30.194M to be processed in the IFMIS in 2018. The said sum was subsequently reported in the IFMIS in 2019.

#### Prior Year Matters

640. The Ministry still had sixty-two employees on contracts as of December 2018. This was in comparison to seventy-one as of December 2017. It should be noted that of the sixty-two employees who were still on contract as of December 2018, forty-two were above the age of forty-five. As such, they could not be transferred to the Pensionable Establishment.

**Ministry's Response:** The Head of Budget Agency stated that of the twenty employees below the age of forty-five: (a) ten did not yet qualify for the Pensionable Establishment; (b) three employees were attached to the Minister's Secretariat; (c) four employees were transiting to the Pensionable Establishment; and (d) three employees were no longer employed by the Ministry.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency continue to transfer eligible employees to the Permanent Pensionable Establishment. (2018/252)

641. The Ministry continued to breach Section 43 of the Fiscal Management and Accountability Act 2003. This Section requires all unspent balances to be refunded to the Consolidated Fund at the end of the fiscal year. Moreover, audit checks conducted on 2 January 2019, revealed that the Ministry had on hand, forty-six cheques totalling \$29.570M. As a result, the Appropriation Account would be overstated by the said sum. As of 20 September 2019, one cheque drawn for the sum of \$30,000 was still on hand. This cheque would have become stale-dated.

**Ministry's Response:** The Head of Budget Agency stated that all payees are notified when cheques are ready for payment at the Ministry of Finance.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency ensure compliance with the requirements of the FMA Act, especially as it related to Section 43. (2018/253)

642. The Audit Office was still unable to verify the completeness, accuracy and validity of the sum of \$475.635M. The said sum was paid by the Ministry in 2017 to the Georgetown Mayor and City Council. The funds were to facilitate payments to contractors for sanitisation services provided to the Council. 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
	05-996410		2,417	
	05-996411	99,000		
		99,000		
Total			475,635	475,635

643. 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.

644. The Audit Office had written to the Council, on 12 July 2018 and (copied to the Ministry), requesting pertinent records to aid verification of the expenditure. The Ministry submitted documents on 18 August 2018 comprising primarily of correspondences written by the contractors to the Ministry seeking payments. However, it was not possible to verify the expenditure from the said documents.

**Ministry's Response:** The Head of Budget Agency stated that the Council should be approached for the outstanding information.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency follow-up with the Council to have the pertinent documents submitted for audit. (2018/254)

645. With the exception of those that were newly established, the Neighbourhood Democratic Councils continued to be in breach of the Local Government Act, Chapter 28:02 of the Laws of Guyana, which stipulated that "...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. It should be noted that the Ministry transferred sums totalling \$378.014M to the Councils in 2018. A status of the audits in respect of NDC's at the time of reporting in September 2019 is provided in the tables below as per Region:



Region №.	№. of Councils	Last Audits	Current Status
1	1	1994	Financial statements not received for the years 1995 - 2018.
2	2	2017	Financial statements not received for the year 2018.
	3	2009	Audit to be planned for the years 2010-2017. Financial statements not received for the year 2018.
	3	-	Established in 2018.
3	2	2017	Financial Statements not received for the year 2018.
	1	2014	Audit to be finalised for the years 2015-2017. Financial Statements not received for the year 2018.
	1	2012	Audit to be finalised for the years 2013-2017. Financial Statements not received for the year 2018.
	7	2000-2010	Audits to be planned for financial statements received. Audits to be finalised for work completed.
	3	Prior to 2000	
4	4	2000 - 2006	Audits to be planned for financial statements received. Audits to be finalised for work completed.
	11	Prior to 2000	
	2	-	Established in 2018.
5	5	2000 - 2004	Audits to be planned for financial statements received. Audits to be finalised for work completed
	5	Prior to 2000	
6	13	2014-2015	Audits to be planned for financial statements received. Audits to be finalised for work completed
	1	2010	Audit to be finalised for the years 2011-2015. Financial Statements not received for the years 2016-2018.
	1	2007	Audit to be planned for the years 2008-2014. Financial Statements not received for the years 2015-2018.
	1	1994	Audit to be finalised for the years 2008-2014. Financial Statements not received for the years 1995-2007 & 2015-2018.
	2	-	Established in 2018.
9	1	-	Established in 2018.
10	1	2006	Audit to be finalised for the years 2007-2010. Audit to be planned for the years 2011-2013. Financial Statements not received for the years 2014-2018.

**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 Overseers to submit annual Financial Statements to the Audit Office.

**Recommendation:** The Audit Office recommends that the Overseers submit all outstanding Financial Statements to the Audit Office. (2018/255)

646. The Municipalities continued to breach the Municipal and District Councils Act, Chapter 28:01 of the Laws of Guyana, which stipulated that "...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". It should be noted that the Ministry transferred sums totalling \$297.795M to the Municipalities in 2018. The table below provides a status of the audits of the Municipalities:

Agency	Audited Report Last Issued	Financial Statements Submitted	Financial Statements Outstanding
Mabaruma Town Council	-	-	2015 - 2018
Anna Regina Town Council	2010	2011 - 2018	-
Georgetown City Council	2004	2005, 2007 & 2012 - 2017	2006, 2008 - 2011 & 2018
New Amsterdam Town Council	1996	1997 - 2017	2018
Rose Hall Town Council	1998	2003 & 2005 - 2017	1999 - 2002, 2004 & 2018
Corriverton Town Council	2001	2002 - 2003 & 2008 - 2015	2004 - 2007 & 2016 - 2018
Bartica Town Council	-	-	2015 - 2018
Mahdia Town Council	Incorporated on 25 November 2018		
Lethem Town Council	-	-	2015 - 2018
Linden Town Council	1984	2008-2010, 2012 & 2014-2017	1985 - 2007, 2011, 2013 & 2018

**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 Municipal Treasurers submit all outstanding Financial Statements to the Audit Office. (2018/256)

647. The Ministry was yet to recover the sum of \$1.454M from a contractor for 300 lengths 100mm PVC pipes that GWI loaned to the said contractor. The pipes were loaned during the execution of a contract for the extension of the distribution network from Byderabo to Agatash, Bartica, in 2017. The performance bond on the contract was registered by GWI with the insurance company on 5 April 2018, for a claim valued \$921,175. However, GWI did not cash in on the Bond.

**Ministry's Response:** The Corporation stated that the matter was engaging the attention of the Legal Department within GWI.

**Recommendation:** The Audit Office recommends that the Corporation take action to recover the full amount of \$1.454M and implement systems to prevent a recurrence. (2018/257)

648. The sum of \$2.538M indebted to GWI by a contractor on a terminated contract was still to be recovered. The contract was awarded for the drilling of potable water well at Three Miles, Bartica. The contract was terminated in July 2017. The GWI was in possession of an advance bond to the value of \$3.081M. However, at the time of reporting in September 2019, there was no evidence to indicate that the advance bond was levied.

**Ministry's Response:** The Corporation stated that its Legal Department has prepared the relevant documents to initiate court proceedings against the contractor.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency take action to recover the full amount of \$2.538M and implement systems to prevent a recurrence. (2018/258)

#### Special Audit

649. Responses to audit findings contained in an interim audit report dated 31 May 2018, in relation to the special audit of the Georgetown Restoration Programme executed by the Georgetown Mayor and City Council, are yet to be submitted to the Audit Office. The audit was requested by the Chairman of the Public Accounts Committee. Furthermore, the request was made during a meeting held on 6 February 2017, where the audit findings of the Ministry of Communities for the year 2016 were being discussed. A summary of the findings is presented in the subsequent paragraphs.

650. 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: (a) environmental improvement; and (b) 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 Information System report is summarised 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

651. 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 twenty-seven 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 twenty-five contracts amounting to \$37.500M.
- 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.

652. 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.

653. According to the Appropriation Accounts, the full amount was expended.

654. 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.

655. An examination of the IFMIS 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		17-Jan-17	76,200
Total			200,000

656. 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 (b) 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 (c) 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.
- 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 Budget Agency stated that follow-up will be done with the Municipality to assist in dissolving these queries.

**Recommendation:** The Audit Office recommends that the Municipality responds urgently to the findings contained in the interim audit report. (2018/259)

Follow-up on the Implementation of Prior Year Audit Recommendations

657. The table below summarises the prior year matters as contained in the Auditor General's 2017 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
2017/161	Breach of Circularised Instruction - Contracted Employees		√	
2017/162	Non - Submission of Financial Statements	√		
2017/163	Breach of FMA Act			√
2017/164	Breach of FMA Act		√	
2017/165	Non - Submission of Financial Statements		√	
2017/166	Non - Submission of Financial Statements		√	
2017/167	Contract related issue	√		
2017/168	Contract related issue	√		
2017/169	Shortfall in Expenditure	√		

AGENCY 43  
MINISTRY OF PUBLIC HEALTH

Current Year Matters

Current Expenditure

Employment Costs

658. During the period under review, the sum of \$6.648 billion was budgeted for Employment Costs. According to the Appropriation Accounts, amounts totalling \$6.647 billion were expended. This represents 32% of total current expenditure for the year 2018. The table below shows the staffing details at the time of preparation of the 2018, National Estimates versus actual staffing according to the payroll as at 31 December 2018:

Line Item	Description	National Estimate	Actual as at 31.12.2018	Difference
6111	Administrative	56	60	4
6112	Senior Technical	264	613	349
6113	Other Technical & Craft Skilled	743	886	143
6114	Clerical & Office Support	122	161	39
6115	Semi-Skilled Operatives & Unskilled	588	788	200
6116	Contracted Employees	1073	888	(185)
6117	Temporary Employees	202	148	(54)
Total		3,048	3,544	496

659. An examination of the Appropriation Accounts and the records of the Ministry revealed that amounts totalling \$207.246M were expended to pay the 888 contracted employees, as shown in the table below:

Salary Range \$	Nº. of Employees	Amount Paid in 2018 \$'000
Below 100,000	132	9,388
100,000 - 250,000	60	8,789
250,000 - 400,000	686	183,883
Above 400,000	10	5,186
Total	888	207,246

660. The amount of \$207.246M represents 3% of the total Employment Costs 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 who should have been transferred to the fixed establishment.



**Ministry's Response:** The Head of Budget Agency indicated that the difference of 185 showed that persons were transitioned into the Public Service to the pensionable status during the year 2018. This transition is ongoing.

**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. (2018/260)

661. 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 \$1.638M to ten employees. The overpaid amounts have not been recovered to date and this circumstance was compounded by a sum of \$5.120M, which remained outstanding from overpayments made during the years 2011 - 2012 and 2014 - 2017. The unrecovered amounts as at 31 December 2018 totalled \$5.739M.

Years	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
2018	1,638	280	1,918	1,299	619
Total	6,908	1,743	8,651	2,912	5,739

**Ministry's Response:** The Head of Budget Agency has written to the Officers to have the monies refunded as early as possible.

**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. (2018/261)

#### Drugs and Medical Supplies

662. The sum of \$2.232 billion was allocated for the purchase of drugs and medical supplies for the period under review. According to the Appropriation Account, amounts totalling \$2.183 billion were expended for the period. As at 31 December 2018, thirty cheques totalling \$215.118M were on hand, which resulted in the Appropriation Account being overstated by this amount. However, at the time of reporting in September 2019, eleven cheques totalling \$59.529M were still on hand. The table below shows a summary of the expenditure (\$2.183 billion) as per suppliers:

Supplier	Amount \$'000
New GPC Incorporated	798,272
Caribbean Medical Supplies	318,115
The Royal Emporium	37,599
Trans Continental	194,154
Meditron	121,798
PAHO	135,823
Global Health Supplies Inc.	64,998
One World Accuracy	3,276
Regium International Inc.	46,133
Eureka Laboratory	46,050
Ansa McAL Trading Limited	29,670
Massy Gas Products	28,306
Western Scientific Company	25,588
MedPharm	20,287
HDM Labs	55,563
A.A LaQuis	9,670
Massy Industries	15,188
Diamed	11,684
Khalama's AT Chemicals Company Inc.	6,979
Republic Bank (Guyana) Ltd	6,283
Chemonics	4,941
IDA	4,968
Dax Contracting Services	2,262
Roche Diagnostics	30,962
Miscellaneous	164,478
Total	2,183,047

**Ministry's Response:** The Head of Budget Agency indicated that indeed at the time of the audit the cheques were on hand due to a multi-year approval that was given by the Ministry of Finance of which some suppliers had fulfilled their contractual obligations.

**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 refund to the Consolidated Fund where necessary. (2018/262)

663. At the time of reporting in September 2019, a supplier who received payment totalling \$94.066M did not fully honor his obligations, where goods valued at \$37.210M remained outstanding. In addition to the amounts outstanding for the year 2018, there were outstanding deliveries for the years 2015 to 2017 totalling \$306.205M, as shown in the table below:

Supplier	Years			Total \$'000
	2015 \$'000	2016 \$'000	2017 \$'000	
Caribbean Medical Supplies	67,500	-	337	67,837
PAHO	-	5,738	39,014	44,752
International Pharm. Agency	-	5,174	-	5,174
New GPC Inc.	-	1,181	45,147	46,328
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
USAID Global Health Chain	-	-	45,294	45,294
Massy Gas Products	-	-	967	967
Royal Emporium	-	-	2,336	2,336
<b>Total</b>	<b>144,616</b>	<b>28,494</b>	<b>133,095</b>	<b>306,205</b>

664. 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 indeed no penalty was imposed due to the revised delivery schedules and space constraints faced the Ministry so the deliveries were staggered in order to avoid spoilage.

**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. (2018/263)

665. The sum of \$2.183 billion include a cheque in the sum of \$46.050M that was still on hand at the time of reporting in September 2019. It should be noted that goods to the value of \$32.925M were delivered by the supplier. A similar observation was made in 2017, where five cheques valued at \$9.977M were still on hand at the time of reporting in September 2019 with outstanding deliveries to the value of \$8.194M.

**Ministry's Response:** The Head of Budget Agency indicated that this was mainly due to the multi-year approval and staggered deliveries given to the suppliers by the Ministry.

**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. (2018/264)

666. The sum of \$13.416M was paid to The Royal Emporium for laboratory supplies for the Food and Drug Department, as shown in the table below:

Date	Tender Award №.	Description	Amount \$'000
25.04.18	NPTAB 926/18	Laboratory Supplies & Consumables	5,439
26.03.18	NPTAB 789/18	Consumables & reagents for food testing	1,615
25.09.18	NPTAB 610/18	Consumables & reagents for food testing	1,507
24.07.18	MTB 548/18	Consumables & reagents for food testing	1,287
27.07.18	MTB 545/18	Consumables & reagents for food testing	1,195
Not stated	MTB 128/18	Consumables & reagents for food testing	1,153
06.12.18	MTB 913/18	Consumables & reagents for food testing	748
19.09.18	MTB 559/18	Consumables and reagents for testing	472
Total			13,416

667. Examination of the related documents for the transactions listed above revealed the following observations:

- a) The items procured were all sourced from a single supplier.
- b) Reasons such as ‘the company provides goods of a very high quality, provides a credit line to the Ministry’ and ‘willing to supply 100% of the items prior to payment’ that were stated by the Ministerial Tender Board for using the single supplier. However, this was not in keeping with the Procurement Act 2003.
- c) No contracts were attached to the Payment Vouchers to verify whether the items delivered were in keeping with the contractual agreement.

**Ministry’s Response:** The Head of Budget Agency indicated that:

- a) The items procured by single sourcing were mainly specialised in keeping with Section 28 (a-b) of the Procurement Act 2003 (№. 8 of 2003).
- b) The Ministry wishes to state that some of the overseas companies are willing to supply the items without payment. This is a mutual understanding between the MOPH and Companies over the years. However, the Ministry will be scheduling a meeting with these overseas companies to discuss this matter on the way forward based on the findings.
- c) Systems are now in place to correct this action since the established Procurement Department will be procuring all items on behalf of the GA-FDD.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency: (a) adhere to the requirements of the Procurement Act 2003 when awarding contracts; and (b) 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. (2018/265)

668. Fourteen suppliers were awarded twenty-four contracts valued at \$386.605M, received payments totalling \$256.094M during 2018. 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. A similar observation was made in the previous year.

**Ministry's Response:** The Head of Budget Agency indicated that indeed the terms and conditions set out in the contract were not implemented due to the multi-year approvals that were granted. However, systems are now in place to correct this situation.

**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. (2018/266)

Maintenance of Building

669. A contract for electrical external security lights at New Amsterdam School of Nursing was awarded in the sum of \$2.278M by the Ministerial Tender Board on the 15 June 2018, against an Engineer's Estimate of \$2.349M. The contract date, duration and the defects and liability period could not be determined from the documents examined. As at 31 December 2018, the full contract sum was paid to the contractor. Based on our physical verification conducted on 29 August 2018, of the completed works, measurements and calculations, the following overpayments were discovered:

Item	Description	Qty. Paid	Qty. Found	Unit	Diff.	Rate \$	Amount Overpaid \$
3.10	Supply and put in place energy saver street lamps	12	6	No.	6	102,000	612,000
3.11	Supply and put in place 1 1/2" dia galvanize pipe	48	40	Ly	8	1,000	8,000
Total							620,000

670. In addition, the following was observed:

- a) We were unable to determine what method of procurement was used to select the contractors to provide bids for the works. It is unclear how these three bids were acquired, the duration for pricing and submitting the bids, the date and time of submissions and the date, time and location of opening of the bids.
- b) The bids were evaluated by one of the Ministry's engineer, (evaluation report dated 9 February 2018). This same officer was also responsible for supervising the works, preparing and certifying valuations for payments.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency should: (a) recover the amount overpaid; (b) ensure that completed works are accurately measured and quantified before payments are made to contractors for works completed; and (c) submit for audit examination the signed contract documents and the Commencement Letter/Order to Commence. (2018/267)

#### Other Matters

671. Cheque Orders are required to be cleared within thirty days of their issue through the submission of bills/receipts and other documents in support of the payments made. However, the Ministry failed to adhere to this requirement, since for the period under review there were 175 Cheque Orders totalling \$55.531M that were still outstanding at the time of reporting in September 2019. In addition, an examination of the Cheque Order Register revealed that Cheque Orders were cleared on an average of 308 days after they were issued.

672. In addition, Cheque Orders were originally meant to be utilised only for the payment of salaries and allowances, but because of limited imprest resources and the volatility of cash transactions in recent times, the use was extended to the procurement of goods, with the approval of the Accountant General. Such Cheque Orders remaining outstanding for long periods of time would therefore bring into question whether the sums involved had been misappropriated or wrongly applied. Similar observations were made in the years 2015, 2016 and 2017 where there were 126 Cheque Orders valued at \$24.934M, remained outstanding at the time of reporting as detailed in the table below:

Years	No. of Cheque Orders	Amount \$'000
2015	34	6,308
2016	6	1,270
2017	86	17,356
Total	126	24,934

**Ministry's Response:** The Head of Budget Agency indicated that to date six Cheque Orders were cleared, however ongoing efforts are being made to have the outstanding ones cleared at the earliest opportunity. Additionally, the Ministry had sent a strong warning to defaulting Officers to clear all outstanding Cheque Orders earliest. Alternatively, monies will be deducted from the Officers who failed to comply.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency: (a) 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 (b) engage the Accountant General's Department in increasing the Imprest sum so as to avoid exhausting its use and timely clearance of Cheque Orders. (2018/268)

673. 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 31 December 2018, there were 531 cheques totalling \$699.841M on hand at the Ministry. 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 in September 2019, nine-eight cheques totalling \$109.915M were still on hand.

**Ministry's Response:** The Head of Budget Agency indicated that the Ministry was given multi-year approval and revised the delivery schedules in order to avoid spoilage of which the items were delivered in 2019 and some of the suppliers were paid while cheques are on hand to effect payment based on the completion of the verification process.

**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. (2018/269)

#### Warrants

674. The Ministry received eighteen warrants totalling \$1.957 billion from the ten Administrative Regions in 2018, 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 \$1.957 billion was shown as expended by the Ministry, while the balance of \$0.712M was retained in the Consolidated Fund.

Region №.	Warrant №.	Date of Warrant	Amount Received \$'000	Amount Expended \$'000	Balance \$'000
1	01/18 & 02/18	12/04/18 & 09/03/18	61,000	60,502	498
2	01/18 & 02/18	09/04/18 & 17/04/18	179,000	178,952	48
3	01/18 & 02/18	22/03/18 & 30/08/18	339,000	338,835	165
4	01/18	13/02/18	618,000	617,999	1
5	01/18 & 02/18	19/02/18 & 11/07/18	150,000	150,000	0
6	01/18 & 02/18	28/02/18 & 09/04/18	315,000	315,000	0
7	01/18 & 03/18	24/04/18 & 06/09/18	49,200	49,200	0
8	02/18 & 03/18	23/05/18 & 03/09/18	26,000	26,000	0
9	01/18 & 02/18	06/03/18 & 04/09/18	90,000	90,000	0
10	01/18	15/01/18	130,000	130,000	0
Total			1,957,200	1,956,488	712

675. In relation, to amounts totalling \$1.956 billion the National Procurement and Tender Administration Board and Ministerial Tender Board awarded ten contracts to eight suppliers as detailed in the table below:

Supplier	Amount \$'000
China National	848,129
New GPC Incorporated	488,270
Ansa McAl Trading Limited	352,828
HDM Labs Inc.	125,709
Meditron Inc.	73,115
Global Healthcare Supplies Inc.	54,970
Regium International Inc.	10,000
Western Scientific Company	3,467
Total	1,956,488

*Linden Hospital Complex*

676. During 2018, the Ministry of Public Health transferred to the Linden Hospital Complex amounts totalling \$354.244M from its current provisions. The sum was to offset 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. This situation was reported in 2017.

**Ministry's Response:** The Head of Budget Agency indicated that the Ministry was given the budgetary allocations for the Linden Hospital Complex under Programme 434-Regional and Clinical Services of which a request is made to the Accounting Officer to facilitate the employment and operating costs. However, this system used is in keeping with proper financial and accounting procedures since annual auditing is done to the Agency.

677. 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.
- 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 \$354.244M was expended for the purposes intended. Similar observations were made in previous years.



**Ministry's Response:** The Head of Budget Agency indicated that (a) this entity is managed by a board that has the oversight responsibility for the operation of the Linden Hospital Complex in keeping with standard operating procedures and funds are being given and process via financial procedures; and (b) budgetary allocations are given under the respective Line Items/ Chart of Accounts for the operating cost of the Linden Hospital Complex which is been catered for under Programme 434-Regional and Clinical Services and is audited under MOPH.

**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. (2018/270)

### Capital Expenditure

678. The sum of \$2.508 billion was allotted under the capital programmes of the Ministry for the period under review. According to the Appropriation Accounts, the sum of \$1.830 billion was expended as at 31 December 2018, resulting in an unspent balance of \$678.262M. 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 2018 \$'000	Shortfall \$'000
1216200	Ministry of Health -Buildings	996,271	761,023	235,248
1216300	Georgetown Public Health Corp.	479,341	479,341	0
1217500	Doctors' Quarters	34,709	0	34,709
2405600	Land and Water Transport	32,040	23,670	8,370
2508900	Office Furniture and Equipment	56,700	36,801	19,899
2509000	Equipment - Medical	209,400	175,939	33,461
4402800	Modernisation of Primary Health Care	200,000	200,000	0
4403200	Maternal & Child Health Improvement	310,000	735	309,265
4402700	HIV/TB/Malaria Programmes	150,000	129,027	20,973
4504300	Technical Assistance	40,000	23,663	16,337
Total		2,508,461	1,830,199	678,262

### Ministry of Health (Buildings)

679. The sum of \$996.271M was allotted for the Ministry's buildings which entailed: (a) provision for Ministry's Head Office Complex, construction of laboratory - Food and Drugs Department; (b) payment of retention, construction of entomological laboratory; (c) provision for upgrading of electrical system including procurement of transformer and generator - Cheddi Jagan Dental School (CJDS); (d) payment of retention, completion of Port Kaituma Hospital Complex and storage bonds at Kingston and Diamond, provision for clinics at Linden Hospital Complex, provision for Festival City Health Centre and CC Nicholson Hospital; and (e) payment of retention, provision for generator and transformer and extension of New Amsterdam School of Nursing.

680. In addition, approval was granted for change/inclusion in programme as shown in the table below:

Programmes	Description
1	Rehabilitation works to MOPH Annex - Camp Street Rehabilitation to electrical system at Camp Street Annex MOPH
2	Rehabilitation works to Step Down Care Building- West Demerara Regional Hospital Rehabilitation of National Public Health reference laboratory building (NPHRL) MOPH
4	Dismantling and removal of wall, cupboard, ceiling, shelves etc. situated at CSU Bond Kingston Demolishing complete existing wooden building, Zinc Sheets, roofing and existing canopy situated at CSU Kingston Supply labour force to carefully empty storage bond - CSU Kingston, supply and installation of elevator at Linden Hospital Complex Rehabilitation works to National Ophthalmology Centre Port Mourant, Corentyne, Berbice, Reg. №. 6;
5	Extension to School Building - New Amsterdam School of Nursing Completion works to extension of Charles Rosa School of Nursing, electrical Air conditioning works: remodeling and upgrading of the Georgetown School of Nursing Rehabilitation to Electrical Air Condition System at Charles Rosa School of Nursing Linden

681. A contract for the construction of Head Office Building phase one was awarded to the lowest of eight bidders in the sum of \$356.826M, against the Engineer's Estimate of \$546.751M. The contract was signed on the 8 November 2017, with a duration of twelve months for completion and a defects and 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, followed by two interim payments of \$34.521M and \$48.859M respectively for the fiscal year 2018, while in 2019, two payments of \$42.078M and \$12.069M were made. The total amount received by the contractor at the time of reporting in September 2019 was \$208.892M or 58.5% of the contract sum, while the contractual completion date for the works expired since December 2018 and only \$12.183M or 17% of the mobilisation advance was recovered; the Advance Bond was examined and found to be valid.

682. At the time of the physical verification on 29 July 2019, twenty-one months after the signing of the contract, only foundation works for the building was completed while erection of the steel frame was in progress. In addition, only three workers were seen on site despite the fact that the works were significantly behind schedule. Also, only one piece of heavy-duty equipment was noted along with a quantity of BRC fabric, even though the contractor had received payments totalling \$208.892M to date, which included a second advance payment of \$36.107M, which was in breach of the conditions of contract as it relates to advance payments.

683. Further the following findings were discovered:

- a) Examination of Interim Payment Certificate №. 1 (IPC №. 1) issued on 12 October 2018 by the consultant contains the sum of \$33.330M stated as “Variations”, however no approvals were seen for these works, and neither were there sufficient documentation or evidence at the time attached to the IPC №. 1 to justify the payment for the variation. Instead, we discovered a correspondence dated 9 October 2018 from the Permanent Secretary of the Ministry of Public Health to the consultant instructing them to pay for the works, despite no approval or breakdown of the works being in place. As such, the basis of this payment cannot be established; we are unable to determine what the Ministry paid the sum of \$33.330M to the contractor for at the time.
- b) To further compound the situation, our examination of Interim Payment Certificate №. 2 (IPC №. 2) issued on 27 December 2018, two months after making payment under IPC №. 1, revealed that, as per instructions of the Ministry, the contractor was paid the sum of \$36.107M for steel materials which he had purportedly made a down payment on. As such, the Ministry issued a second advance payment of \$36.107M to the contractor for materials which he did not have in his possession at the time, which is in fact a breach of the conditions of contract with regards to Advance Payment. The second advance was covered by an Advance Guarantee (Advance Payment Guarantee №. GAMB -2019/01/07-001) issued by CARICOM General Insurance Company Inc. dated 7 January 2019 for the sum of \$36.107M.
- c) All valuations for payment for which the contractor received payments were prepared without any breakdown of the works being paid for. Only a summary sheet with the sums being paid was prepared and submitted by the Consultant recommending the payment to the contractor.
- d) In addition, payments for the unapproved variation works were made as lump sums, totalling \$26.408M, and as such, we could not measure or quantify the variation works for which payment was made. The variation works which were paid as lump sum items are shown in the table below:

Item	Description	Amount \$'000
1.00	Construction of Drivers Office / Transport Officer Office	7,927
2.00	Construction of Bridge	7,793
3.00	Installation of 2 Nr. 450 gals and 4 Nr. 400-gal water tanks on newly constructed concrete base	3,420
1 B)	Construction of Consultants Site Office	7,268
Total variation works at the time of reporting		26,408

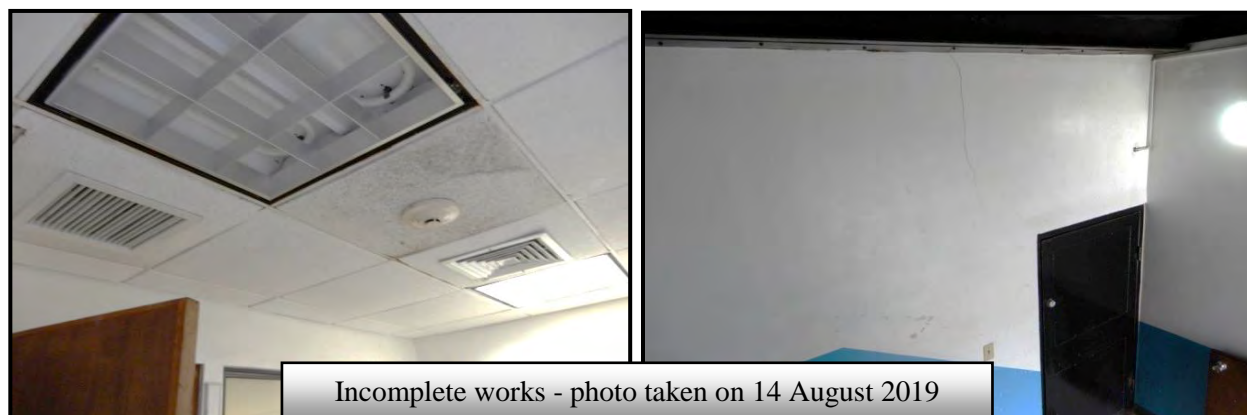
**Recommendation:** The Audit Office recommends that the Head of Budget Agency should: (a) immediately desist from paying contractors in advance for works which has not commenced, and (b) should submit for audit examination the original signed contract document, Commencement Letter/ Order to commence, contract drawings, copies of the insurances, progress reports from the consultant, minutes of site meetings, copy of the consultant's contract, copy of all payments made to the supervising consultant to date, detailed breakdown of all items paid for under the contract along with the requisite approvals for any changes in the scope of works (approved variation orders) and copy of any approved extension of time. (2018/271)



684. A contract for rehabilitation works to National Public Health Reference Laboratory (Georgetown Public Hospital) was awarded by the Ministerial Tender Board on the 19 November 2018 in the sum of \$7.602M, against an Engineer's Estimate of \$7.352M. The duration and the defects liability period could not be determined from the documents examined. As at 31 December 2018, the full contract sum was paid to the contractor. It was noted that the works are incomplete and the contractor is presently not onsite. Based on our physical verification conducted on 30 July 2019, of the completed works, measurements and calculations, the following were observed:

- a) Overpayments totalling \$1.931M were discovered.
- b) We were unable to determine what method of procurement was used to select the contractors to provide bids for the works. It is unclear how these four bids were acquired, the duration for pricing and submitting the bids, the date and time of submissions and the date, time and location of opening of the bids.
- c) It was discovered that the bids were evaluated by only one personnel, (evaluation report dated 25 October 2018). This same individual was responsible for supervising the works, preparing and certifying valuations for payments.
- d) It was discovered that the valuation indicated that the works had been completed. It was however noted that the works were incomplete at the time of the physical verification and the contractor was still on site working.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency: (a) recovered the amount overpaid, (b) should immediately desist from making full payments to contractor for works which have not been completed, and (c) should submit for audit examination the signed contract document and Commencement Letter/ Order to commence. (2018/272)



685. The sum of \$10.400M was approved for three contracts that were awarded by the Ministerial Tender Board for the dismantling and removal of wall, cupboard, ceiling, shelves, complete existing wooden building, zinc sheets, roofing, existing canopy and carefully emptying of storage bond CSU Kingston. Examination of the Payment Vouchers revealed that sums totalling \$10.600M were expended giving rise to a difference of \$0.200M.

**Ministry's Response:** The Head of Budget Agency indicated that the \$0.200M was an expenditure based on an award given by the MPTAB and funds were reassigned to offset same.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency ensure amounts expended are budgeted and approved. (2018/273)

686. Included in the sum of \$761.023M were seven contracts totalling \$43.373M awarded by the Ministerial Tender Board to three contractors. Given the value of each contract, it would appear that these contracts were subdivided to avoid submission to the National Procurement and Tender Administration Board. This was not in keeping with the requirements of the section 14 Procurement Act 2003 which states "*A procuring entity shall not split or cause to split contracts or divide or cause to divide its procurement into separate contracts where the sole purpose for doing so is to avoid the application of any provision of this Act*". The table below show details of the expenditure:

MTB №.	Date of Award	Contract №.	Contract Date	Description	Amount \$'000
61/18	Not stated	190/18	28.02.18	Asphalt paving to Car park - southern Side Lot 1 Upper Brickdam	7,905
62/18	Not stated	191/18	28.02.18	Asphalt paving for Car park northern side Lot 1 Upper Brickdam	7,905
63/18	Not stated	192/18	28.02.18	Asphalt paving to car park- completion works Lot 1 Upper Brickdam	5,358
<b>Total</b>					<b>21,168</b>
192/18	Not stated	2150/18	23.02.18	Dismantling and removal of wall, cupboard, ceiling, shelves etc. situated at CSU Bond, Kingston	3,000
563/18	Not stated	2019/18	02.02.18	Demolishing complete existing wooden building, zinc sheets, roofing and existing canopy situated at CSU Bond, Kingston	4,000
214/18	Not stated	2018/18	13.02.18	Supply labour force to carefully empty storage bond- CSU Kingston	3,600
<b>Total</b>					<b>10,600</b>
543/18	Not stated	1315/18	16.08.18	Extension of building, New Amsterdam Nursing School- Angoy Avenue NA	3,653
255/18	Not stated	743/18	14.09.18	Extension to School Building, New Amsterdam School of Nursing	7,952
<b>Total</b>					<b>11,605</b>
<b>Grand Total</b>					<b>43,373</b>

**Ministry's Response:** The Head of Budget Agency indicated that these works were done in phases in order to have a continuation of purposes in fulfilling the Ministry's mandate without much interference. If all of the works were to be executed at the same time the services would have been totally disrupted, hence the phases were of utmost importance.

**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. (2018/274)

687. The Procurement Act Section 23 (b) also states that "Each such Tender Board shall, in accordance with this Act and the regulations, oversee the administration of procurement for its respective Ministry". However, during the period under review, it was noted that two contracts totalling \$6.021M were awarded before Ministerial Tender Board approval was sought.

Description of Project	MTB Approval Date	Contract Date	Contract Sum \$'000
Supply and installation of power transformer - New Amsterdam School of Nursing	25.09.18	20.08.18	1,206
Construction of temporary wooden bridge and embankment at - Food and Drug Department.	29.05.18	23.05.18	4,815
<b>Total</b>			<b>6,021</b>

**Ministry's Response:** The Head of Budget Agency indicated that this was an oversight and error made by the officer who formulates the contract, however the commencement order was issued after the approval was granted.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency ensure that the relevant Tender Board approvals be sought before awarding of contracts. (2018/275)

688. Five contracts totalling \$12.830M were awarded under programme four of the Ministry. However, during the examination of Payment Vouchers and other related documents, it was observed that these works were not in keeping with the Capital Profile. A change of program nor an inclusion of program was presented for audit examination. The details are outlined in the table below:

No.	Description of Project	Contract No.	Amount Paid \$'000
1	Provision of electrical and air conditioning works - National Cold Chain Board, Kingston	2202/18	1,989
2	Preliminary work- air condition and ventilation works, general servicing, repairs to air conditioning units etc. at the Ophthalmology Centre, Region No. 9	2155/18	4,772
3	Architectural drawings and Bill of Quantities for MOPH proposed construction of Ruimveldt's polyclinic	2216/18	3,100
4	Final presentation drawings of Architectural design services for new Ruimveldt Polyclinic and Wellness Centre	1969/18	481
5	Upgrading voltage to existing and new air conditioning units at Lenora Public Hospital	790/18	2,488
Total			12,830

**Ministry's Response:** The Head of Budget Agency indicated that items 3 and 4 were part of the original project inclusive of the design and drawing for Ruimveldt Polyclinic and Wellness Centre, while items 5 was approved in the capital budget 2018. Efforts are being made to determine item number 2.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency ensure that approvals for any change of programme are obtained from the relevant authority. (2018/276)

689. A contract for the construction of security fence at the construction site of the new location for the Food and Drugs Department was awarded by Ministerial Tender Board on the 15 June 2019 in the sum of \$7.978M, against an Engineer's Estimate of \$7.991M. The contract was signed on 20 August 2018. The contract duration and the defects liability period could not be determined from the documents examined. As at 31 December 2018, the full contract sum was paid to the contractor. Physical verification on 29 July 2019, revealed that the works were incomplete and the site was abandoned. Further, there were no materials or equipment on site at the time. Based on physical verification of the completed works, measurements and calculations, the following overpayments were discovered:

Item	Description	Qty. Paid	Qty. Found	Unit	Diff.	Rate \$	Amount Overpaid \$
	Site Clearance						
a	Clear site of all shrubs, derelicts and the like include for transporting to dump site	800	38	Sy.	762	600	457,200
	Excavation and Earthworks						
b	Provide for the excavation of 8" x 8" x 3'0" deep hole to take 4" x 4" x 3'0" long concrete as reinforcement to 4" x 4" greenheart post to fence	131	13	Nº.	118	1,200	141,600
c	Ditto but 10" x 10" x 5'0" ditto but 6 Nº. Gate post 8"x8"x15'0" long gate post	6	0	Nº.	6	1,500	9,000
d	Excavate trench for footing and strip for 1' x 12' green heart mud board to fence	128	0	Cy	128	1,000	128,000
	Disposal						
e	Cart away excess excavated materials and spread around site as directed	267	0	Sy	267	400	106,800
	Sand filling						
f	Supply and put in place clear white sand as backfilling to underside of post to required height and level	20	0	Cy	20	1,800	36,000
	Concrete Work						
g	Supply and put in place 4" thick concrete 3000 psi around 4" x 4" hardwood post to take 2" x 4" and 1" x 12" base board	10	0	Cy	10	40,000	400,000
	Carpentry						
h	Supply and put in 6" x 6" x 3'0" deep prepared mud holes 4" x 4" x 3'0" long hardwood post	3760	260	fbm	3500	550	1,925,000
a	Allow for shaping and tarring all post before placing	1	0	Item	1	93,575	93,575
b	Supply and put in 10" x 10" x 5'0" deep prepared mud hole 8" x 8" x 15'0" deep hardwood post for gate at main entrance, University of Guyana and Sophia Road	480	0	fbm	480	550	264,000
c	Supply and put in place hardwood top and bottom 2" x 4" rails bolted to 4' x 4' hardwood post with 1/2" dia x 7" long mild steel bolts, nuts and 2 Nº. washers	1660	152	fbm	1508	550	829,400
d	Supply and put in place hardwood 1" x 12" base board well tarred and secured to 4" x 4" hardwood post with 4" long wire nails	1125	114	fbm	1011	550	556,050
e	Supply and put in place hardwood brace with 2" x 4" hardwood anchor to secure fence from leaning (include for securing anchor piece with concrete)	620	0	fbm	620	550	341,000
f	Supply and put in place 1" x 4" hardwood cover strip to 2" x 4" rail to secure chain-link	3695	0	Lf	3695	220	812,900



Item	Description	Qty. Paid	Qty. Found	Unit	Diff.	Rate \$	Amount Overpaid \$
	Metal Work						
g	Supply and put in place 10 gauge chain-link mesh 8'0" high nails to 2" x 4" hardwood top and bottom rails with 1" long mild steel staples to secured chain-link	112	0	Sy	112	5,000	560,000
h	Supply and put in place 1/2' dia x 7' long mild steel bolts with 2 №. washers and nuts to secure top and bottom rail to hardwood post (Include for drilling holes)	250	0	№.	250	250	62,500
i	Ditto but 12" long	12	0	№.	12	600	7,200
	Gate						
a	Construction 12'0" wide gate of 2' x 4' hardwood framing and brace with 8'0" high chain-link masking in two halves. Include for heavy duty hinges and locking devices	3	0	№.a	3	140,000	420,000
	Summary						
	Preliminaries	1		Sum	1	500,000	500,000
Total							7,650,225

690. In addition, the following were observed:

- a) That the valuation indicated that the works was completed and full payment was made to the contractor. This full payment for completed works was prepared on the same day that the contract was signed.
- b) We were unable to determine what method of procurement was used to select the contractors to provide bids for the works. It is unclear how these four bids were acquired, the duration for pricing and submitting the bids, the date and time of submissions and the date, time and location of opening of the bids.
- c) Examination of the bids revealed that the sum of \$0.500M was stated as a cost under preliminaries; however detailed examination of the bids revealed that there is no breakdown for this sum and it unclear what exactly this sum was paid for.
- d) It was discovered that the bids were evaluated by one personnel, (evaluation report dated 13 May 2018). This same individual was responsible for supervising the works, preparing and certifying valuations for payments. Further examinations revealed that this officer certified that the works were completed on 20 August 2018, which is the same date that the contract was signed.
- e) The Engineer's Estimate which was prepared was not signed and as such the Audit Office was unable to determine who prepared the Estimate.

691. A revisit to the Project site by representatives from the Ministry and the Audit Office on 26 September 2019 confirmed that the works were completed subsequent to our initial verification on the 29 July 2019. However, the reason for payment of the sum of \$0.500M under preliminaries remains unknown at the time of reporting in September 2019.

**Ministry's Response:** The Head of Budget Agency explained the following:

- a) The work was completed but had to be dismantled based on an instruction from the University of Guyana but subsequently given the go head to erect.
- b) The Ministry used the procurement method of request for quotation which was opened by the Ministry's Tender Box on 10 May 2018.
- c) There was no need for an evaluation to be done since the procurement method used was request for quotation and a technical report with the recommendation was provided.
- d) Indeed, the works were certified by the technical Officer.
- e) The Engineer's Estimate was prepared by the Technical Officer.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency: (a) explain the procurement procedures utilised for obtaining the bids, (b) should confirm who prepared the Engineer's Estimate, (c) immediately desist from review valuations before making full payments to contractor for works which have not been completed, (d) should ensure that completed works are accurately measured and quantified before payments are made to contractors and submit the signed contract document and Commencement Letter/Order to Commence for audit examination. (2018/277)

692. A contract for the construction of temporary wooden bridge and embankment at Food and Drugs Department Turkeyen, East Coast Demerara was awarded by the Ministerial Tender Board on the 15 June 2018 in the sum of \$4.815M, against an Engineer's Estimate of \$7.991M. The contract was signed on 23 May 2018. The contract duration and the defects liability period could not be determined from the documents examined. As at 31 December 2018, the full contract sum was paid to the contractor. Based on our physical verification conducted on 29 August 2019, of the completed works, measurements and calculations, the following overpayments were discovered:

Item	Description	Qty. Paid	Qty. Found	Unit	Diff.	Rate \$	Amount Overpaid \$
	Construction Of Temporary Bridge:						
2	Supply And Place Bridge Liners (2*12)	1560	960	Fbm	600	600	360,000

693. In addition, the following were observed:

- a) We were unable to determine what method of procurement was used to select the contractors to provide bids for the works. It is unclear how these four bids were acquired, the duration for pricing and submitting the bids, the date and time of submissions and the date, time and location of opening of the bids. Further, our examination of the quotation from the contractor revealed that it was not stamped.
- b) That bids were evaluated by one personnel, (evaluation report dated 3 May 2018). This same individual was responsible for supervising the works, preparing and certifying valuations for payments.
- c) That the works were certified as completed by this officer before the contract was even awarded or signed. The payment was prepared and certified for works being completed on 20 February 2018, while the contract was signed before it was awarded on 23 May 2018. The award of the contract was made until 29 August 2018.
- d) Our examination of the agreement signed on 23 May 2018, revealed that the witnesses to the contract agreement did not sign the agreement on the same date and as such, we cannot determine whether or not the witnesses were actually present during the signing of the contract.



**Ministry's Response:** The Head of Budget Agency explained the following:

- a) This was an oversight that the quotation from the contractor was not stamped, however the Ministry will ensure in the future that quotations received will be stamped and the procurement method of request for quotation which was opened by the Ministry's Tender Box on 29 April 2018.
- b) There was no need for an evaluation to be done since the procurement method used was request for quotation and a technical report with the recommendation was provided.
- c) Indeed, the works were certified by the technical Officer.
- d) The Ministry has acknowledged that there was an error in the dates mentioned above, however, system is in place to avoid a reoccurrence since the contract manager will be reviewing all contracts.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency: (a) recover the amount overpaid; (b) ensure that completed works are accurately measured and quantified before payments are made to contractors for works completed; and (c) submit a copy of the signed contract documents and Commencement Letter/Order to Commence for audit examination. (2018/278)

Contracts Observations

694. We were unable to verify the works completed under the contracts listed below since we could not definitively identify the scope of works completed under each of the two contracts. These works were all completed as additional works under a contract for the extension of the New Amsterdam School of Nursing Building.

Contract №.	MTB Award №.	Contract	Contract Sum \$'000
743/2018	255/2018	Additional Works - Extension of New Amsterdam School of Nursing Building	7,952
1315/2018	543/2018	Extension of Building (Existing Building) - New Amsterdam School of Nursing, Region №. 6	3,653

**Recommendation:** The Audit Office recommends that the Head of Budget Agency ensure that all requisite details of the completed works and valuations are attached to the Payment Vouchers. (2018/279)

695. The following contracts were visited however; no detailed breakdown of the completed works were attached to the respective Payment Vouchers. As such, we were unable to establish whether or not any overpayments would have occurred.

Item	Contract	Contract Sum \$'000
1	Construction of Mental Health Institute	61
2	Construction of CSU Storage Bond	363

**Recommendation:** The Audit Office recommends that the Head of Budget Agency should submit the final valuation of the works completed and paid for under each contract. (2018/280)

#### Doctors' Quarters

696. According to the Capital Profile, the Ministry budgeted the sum of \$34.709M 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 Item for the period under review. As a result, the amount budgeted was not utilised.

#### Office Furniture & Equipment

697. The sum of \$56.700M was allotted for the Ministry's Office Furniture & Equipment which entailed: (a) purchase of furniture and equipment for head office; (b) provision for photocopier, computers, uninterruptible power supply systems, chairs, desks, projectors and table; (c) purchase of computers, desks, chairs, water dispenser, filing cabinets, printer and camera; (d) provision for furniture and equipment; (e) purchase of computers, photocopiers and risograph; (f) purchase of computers, desks, chairs, water dispensers, uninterruptible power supply systems and scanners; and (g) provision for generator, projectors, air conditioning unit, chairs, water filtration system, hair steamers, hair dryers, facial bed and furniture for manicure and pedicure.

698. In addition, approval was granted for change of programme and inclusion of programme to include: (a) provision of office materials to host virtual meetings and to monitor illegal advertisement on television of food, drug cosmetics and medical devices making health claims by inspectors; and (b) supply and delivery of one executive chair and five fans.

699. Examination of the Payment Voucher revealed that the Ministry did not seek approval for change of programme nor inclusions of programme for five contracts totalling \$18.130M as detailed in the table below:

№.	Description of Project / Items Purchased	Contract №.	Contract Date	NPTA/MTB №.	Ref №.	Contract Sum \$'000
1	Supply and Delivery of IT Equipment	2197/2018	17/12/2018	NPTA 1818/2018/43	CPTL/ 12/2018	14,616
2	Procurement of office materials (computers)	1728/2018	20/08/2018	MTB 603/2018	Not Seen	1,220
3	Provision of Office materials	2168/2018	19/12/2018	MTB 677/2018	Not Seen	1,099
4	Provision of two 20 feet high rolling ladders with wheels	100/2018	09/02/2018	MTB 54/2018	Not Seen	751
5	Procurement of office materials (printers)	1727/2018	20/08/2018	MTB 604/2018	Not Seen	444
Total						18,130

**Ministry's Response:** The Head of Budget Agency indicated that The Ministry wishes to express its concerns with respect to the five contracts that were awarded and queried as stated above, items 1, 2, 4 and 5 were approved in the 2018 Capital Budget. However, items 3 received the following inclusion and multi-year approval.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency ensure that approvals for any changes are obtained from the relevant authority. (2018/281)

700. An examination of thirty-two Payment Vouchers totalling \$37.800M relating to Office Furniture and Equipment revealed that items valued at \$2.358M are still to be delivered while office furniture and equipment to the value of \$0.695M could not be physically verified at the time of reporting in September 2019.

**Ministry's Response:** The Head of Budget Agency indicated the items were received and taken into account.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency ensure all outstanding deliveries are received and provided to the Audit Office with the evidence when received. (2018/282)

Equipment - Medical

701. The sum of \$209.400M was allotted for medical equipment which entailed: (a) purchase of equipment - Food and Drugs Department; (b) provision for mammographer, cryotherapy machines, dermatemp machines, dopplers, bone cutters, scalpel handles, debridement sets, drums for sterile instruments, microscopes, screens, patient beds, carts, storage cabinets, fume hood and micro centrifuge; (c) purchase of dopplers, blood pressure monitors, infant scales, length boards and incubators; (d) purchase of dopplers, scales, ultrasound machine, X-ray machine, analysers, height boards, stools, fans, multimeters, clampmeters and otoscopes; (e) purchase of examination couches; (f) purchase of cryofuges, analysers, blood bank refrigerators, hemocues, X-ray machine, upright buckey stand, film processors and chairs; and (g) purchase of diathermies, lamps, ultrasound machines, bed, tables, footstools, mats, massage vibrators, depressors and parallel bars.

702. In addition, approval was granted for change of programme and inclusion of programme to include: (a) purchase of equipment (HCAH) TL 2350 Turbidity meter for testing at the Food & Drug Department; and (b) supply and delivery of medical equipment.

703. An examination of twenty-six Payment Vouchers totalling \$174.204M revealed that medical equipment to the value of \$62.274M were still to be delivered while 208 items valued at \$50.759M could not be verified as received by the Ministry.

**Ministry's Response:** The Head of Budget Agency indicated that the Ministry is available to have the verification done on some of the items that were subsequently delivered. Additionally, the Ministry has been following up with the suppliers to have the outstanding items delivered soonest.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency ensure all outstanding deliveries are received and provided to the Audit Office with the evidence when received. (2018/283)

704. A contract was awarded by National Procurement and Tender Administration Board in the sum of \$5.245M for the supply of two floor model laboratory coded corrosive safe storage Cabinet. Physical examination of the item revealed: (a) two office filing cabinets were delivered instead; (b) the Ministry failed to adhere to specifications in the contract at the time of delivery; and (c) the intended purpose of the item purchased was defeated.

**Ministry's Response:** The Head of Budget Agency indicated that this matter is currently under investigation to verify the items delivered by the supplier. However, based on the outcome of the investigation the appropriate action will be taken.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency put systems in place to ensure that all items delivered are in keeping with the contractual agreements. (2018/284)

### Maternal & Child Health Improvement

705. 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: (a) increase access and use of reproductive, maternal, and neonatal health services; (b) improve the quality of reproductive, maternal, and neonatal health services; and (c) increase the effectiveness of the maternal and neonatal healthcare network. This Project is subject to separate financial reporting and audit. The last audited report was issued on 2 May 2019 for the year ended 31 December 2018.

706. According to the Annual Operations Plan and the Financial Plan for the year 2018, the planned expenditure was reflected as US\$1.681M equivalent to 21% of the IDB's allocated amount. However, a disbursement in the sum of US\$908,976 was requested and received from the IDB, while amounts totalling US\$731,840 were expended. The amounts were verified as being brought to account in the records of the Project.

### HIV/TB/Malaria Programmes

707. The sum of \$200M 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. According to the Appropriation Account the full sum was expended under the Programme for the financial year 2018. This Programme is subject to separate financial reporting and audit.

### Technical Assistance

708. The sum of \$40M 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 \$23.663M was expended under the programme for the year 2018.

### Modernisation of Primary Health Care System

709. The Ministry budgeted the sum of \$310M under Programme 434 - Regional and Clinical Services, for the modernisation of primary health care facilities at the West Demerara, Bartica and Suddie Hospitals. According to the Appropriation Account, the sum of \$0.735M was expended under the Programme for the year 2018.



Prior Year Matters

Capital Expenditure

Ministry of Health (Buildings)

710. 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. (2018/285)

711. 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. 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. In addition, at the time of reporting in September 2019, no approval from the NPTAB to increase the contract sum or vary the contract was noted. While evidence was seen where the Ministry wrote NPTAB on the 4 December 2017 requesting approval for the additional works. No approval was seen at the time of reporting and the Ministry already processed payments totalling \$38.256M.

**Ministry's Response:** The Head of Budget Agency indicated that: (a) the project is presently at 98% completed. The said works were delayed due to the sourcing of specialised flooring material from the UK, for the isolation room; and (b) a letter was sent to NPTAB on 25 January 2018 requesting approval to extend the current contract from (\$18.293M) to (\$39,773M). The Ministry is awaiting approval and final valuation.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency 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. (2018/286)

Port Kaituma Hospital Complex

712. 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:

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

**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. (2018/287)

Doctors' Quarters

713. 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.

714. In a letter to the contractor 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 finalise payments for works done. A further verification of the works carried out on 15 August 2018 revealed that the works were still incomplete.

**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. (2018/288)

#### Generator Building

715. 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: (a) the generator is presently housed at the new Port Kaituma Hospital; (b) the work started on 19 January 2016 and this was because the commencement order was issued the same day; (c) at the time of the audit the bond was not given to the auditors; and (d) 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. (2018/289)

### Infectious In-Patient Facility

716. 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 demobilised 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.

**Ministry's Response:** The Head of Budget Agency indicated that:

- a) The contractor did not complete the building on time and demobilised 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.
- 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 documentation for audit verification. (2018/290)

### Nurses Hostel

717. 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.

718. 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 also 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. (2018/291)

#### Equipment - Medical

719. 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 of 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.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency ensure all outstanding deliveries are received and provided to the Audit Office with the evidence when received. (2018/292)

720. 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.

**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. (2018/293)

721. 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.

**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. (2018/294)

Follow-up on the Implementation of Prior Year Audit Recommendations

722. The table below shows the prior year matters as contained in the Auditor General's 2017 Report and action taken by the Head of Budget Agency regarding the recommendations made by the Audit Office.

Rec. №.	Category of Findings	Recommendations		
		Fully Implemented	Partially Implemented	Not Implemented
2017/170	Overpayment of salaries		√	
2017/171	Contracted employees		√	
2017/172	Breach of contractual obligations		√	
2017/173	Breach of contractual obligations		√	
2017/174	Breach of Procurement Act	√		
2017/175	Breach of FMA Act		√	
2017/176	Breach of Stores Regulations		√	
2017/177	Breach of Procurement Act		√	
2017/178	Breach of Procurement Act	√		
2017/179	Breach of Procurement Act	√		
2017/180	Breach of Stores Regulations	√		
2017/181	Breach of Stores Regulations	√		
2017/182	Breach of Stores Regulations	√		
2017/183	Breach of Stores Regulations	√		
2017/184	Breach of Stores Regulations	√		
2017/185	Breach of Stores Regulations	√		
2017/186	Weak internal control		√	
2017/187	Breach of FMA Act		√	
2017/188	Expenditure on warrants	√		
2017/189	Breach of Procurement Act	√		
2017/190	Regularisation of Linden Hospital Complex			√
2017/191	Non- submission of records			√
2017/192	Non- submission of records			√
2017/193	Non-submission of records			√
2017/194	Overpayment on contract			√
2017/195	Overpayment on contract /Non-submission of records			√

Rec. №.	Category of Findings	Recommendations		
		Fully Implemented	Partially Implemented	Not Implemented
2017/196	Breach of FMA Act		√	
2017/197	Non - submission of records			√
2017/198	Breach of Procurement Act			√
2017/199	Overpayment on contract			√
2017/200	Non - delivery of items	√		
2017/201	Non - delivery of items	√		
2017/202	Outstanding payments	√		
2017/203	Breach of contractual obligations & Breach of Stores Regulations		√	
2017/204	Non - submission of records		√	
2017/205	Outstanding advances	√		
2017/206	Outstanding support documents & overpayment on contract			√
2017/207	Overpayment on contract			√
2017/208	Non - submission of records			√
2017/209	Non - submission of records			√
2017/210	Non - submission of records			√

AGENCY 49  
MINISTRY OF SOCIAL PROTECTION

Current Year Matters

Current Expenditure

723. The sum of \$16.587 billion was budgeted for in 2018 to execute the four current programmes of the Ministry of Social Protection. According to the Appropriation Account, the sum of \$15.805 billion was expended, resulting in an unspent amount of \$782M in expenditure as at 31 December 2018. Included in the amount of \$782M is a shortfall of \$763M which was recorded under Programme 2 - Social Services, Line Item 6343 - Old Age Pension and Social Assistance.

**Ministry's Response:** The Head of the Budget Agency indicated that the unused amount under Line Item 6343 is as a result of a monthly average of 6% (between 5% - 7%) of all pension and public assistance beneficiaries not cashing coupons. The total of \$763M being the amount unused for 2018 under line 6343 is equivalent to 5.3% of the Ministry's total allocation under the Line Item and falls within the margin of uncertainty used by the Ministry when projecting/estimating the increase in social security beneficiaries. This figure includes persons not cashing their coupons (and in many cases forfeiting the payments) for various reasons, including but not limited to: a) being out of the country; b) damaged books; c) lost books; d) forgetting to cash coupons; e) eligible pensioners not applying and receiving Old Age Pension benefits; and f) late/incomplete applications.

Employment Costs

724. During the period under review amounts totalling \$940.449M was budgeted for Employment Costs. An examination of the Appropriation Account for the Ministry of Social Protection revealed that the sum of \$939.880M was expended, which represented 6% of total current expenditure. The table below shows the staffing details at the time of preparation of 2018 National Estimates versus actual staffing according to the payroll as at 31 December 2018.

Chart of Account	Description	National Estimates 2018	Actual per Payroll as at 31.12.2018	Difference
6111	Administrative	20	33	13
6112	Senior Technical	30	38	8
6113	Other Technical and Craft Skilled	111	135	24
6114	Clerical and Office Support	84	103	19
6115	Semi-Skilled Operatives	146	171	25
6116	Contracted Employees	222	212	(10)
6117	Temporary Employees	8	51	43
Total		621	743	122

725. Included in the sum of \$939.880M expended on Employment Costs are amounts totalling \$23.055M which were paid to 212 contracted employees for 2018, this represents 2% of the total Employment Costs for the four Programmes. 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. However, at the time of reporting there were still sixty contracted employees who were below the age of forty-five on the payroll. Shown in the table below are the salary ranges of 212 contracted employees according to the December 2018 payroll:

Salary Range \$	№. of Employees	Amount \$'000
Below 100,000	133	9,606
100,000 - 250,000	68	9,432
250,001 - 400,000	8	2,502
Above 400,000	3	1,515
Total	212	23,055

**Ministry's Response:** The Head of the Budget Agency indicated that according to the Audit report, at the end of 2018, sixty persons under the age of 45 years were still on contract. This was as a result of many of them not satisfying the required qualifications to be appointed through the Public Service Commission on the Permanent Pensionable Establishment. However, the following current status shows that only 39 staff are on contract as compared to 60 staff members stated in the report. As a matter of fact, it shows a decrease by 33 staff members as compared to 2017.

**Recommendation:** The Audit Office recommends that the Head of the Budget Agency continue to take action to minimise the number of staff being employed on contract/gratuity terms in keeping with circularised instructions. (2018/295)



726. The Old Age Imprest Bank Account №. 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 2018 totalled \$1.450 billion, according to the Cash Book, reflected in the table below:

Description	Amount \$'000
Cash at Bank	18,396
Cash in Hand (cheques)	140,129
Vouchers at Acct. General 2016	5,928
Vouchers to process	50,451
Vouchers to enter	57,762
Advance outstanding	3,653
Unreconciled difference	115,931
Guyana Post Office Corporation	1,057,750
<b>Total</b>	<b>1,450,000</b>

727. According to the Cash Book summary as shown in the table above, the sum of \$1.058 billion 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 2018 revealed that the Corporation was indebted to the Ministry in the sum of \$1.033 billion. As a result, there is a difference of \$135.484M between the records kept at the Ministry and GPOC.

**Ministry's Response:** The Head of the Budget Agency explained that the difference of \$135.484M is comprised of \$100,570 (coupons paid by GPOC in 2017 and paid over in 2018), \$24.592M (coupons inadvertently understated in Cash Book on 28.12.2018 and subsequently adjusted on 03.01.2019 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. (2018/296)

728. Further, according to the Cash Book summary as at 31 December 2018 the sum of \$5.928M represented vouchers at the Ministry of Finance for recoupment of which amounts totalling \$5.304M were verified. The outstanding Payment Voucher №. 4902681 valued at \$0.624M could not be located at Ministry of Finance. Hence, a letter dated 12 June 2019 was written to the Accountant General seeking assistance to locate the Payment Voucher.

**Ministry's Response:** The Head of the Budget Agency explained the outstanding PV №. 4902481 is still to be located at the Ministry of Finance.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency take all necessary measure to locate the missing Payment Voucher, while reviewing the control exercises over all vouchers, so that corrective actions could be taken to ensure that Payment Vouchers are properly secured for audit and the retention period. (2018/297)

## Goods and Services

### Rental of Buildings

729. During the period under review, amounts totalling \$16.022M were budgeted for rental of buildings. According to the Appropriation Account the sum of \$12.975M was expended as at 31 December 2018 on rental of eleven houses for the Social Services Officers in Region Nos. 2, 4,5,6,7, 9 and 10, halls and conference rooms. An examination of the contracts revealed that a contract in the sum of \$1.897M was paid to Cuso International Latin America & the Caribbean Guyana, for the accommodation of volunteers. However, no agreement was produced for examination. Thus, the validity of the transaction was not verified.

**Ministry's Response:** The Head of the Budget Agency explained that the contract document and Payment Vouchers requested by the Audit Office of Guyana were sent to the Accountant General's Office for processing of payments and it is not standard practice for the Ministry of Finance to return to payment documents the Ministry of Social Protection. As a result, the audit team was advised to solicit the assistance of the Accountant General's Department, Ministry of Finance to retrieve the requested documents to be audited.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency take all necessary measure to locate the missing Payment Voucher, while reviewing the control exercises over all vouchers, so that corrective actions could be taken to ensure that vouchers are properly secured for audit and the retention period. (2018/298)

### Security Services

730. Amounts totalling \$138.862M were allotted for security services during the period under review. According to the Appropriation Account, the sum of \$138.228M was expended for services rendered from two security firms. An examination of the related records revealed that while the sum of \$14.523M was paid to the Commissioner of Police, no contract was entered into between the Commissioner of Police and the Ministry of Social Protection during the period under review. As a result, the Ministry failed to adhere to the Procurement Act 2003.

**Ministry's Response:** The Head of the Budget Agency explained that over the years, the Ministry of Social Protection never entered into an agreement with the Commissioner of Police given that it's the National Police Force. Further, all government Agencies and Ministries utilises this service without any formal agreement. Nevertheless, the query has been noted and corrective action will be taken in 2020.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency fully comply with the requirements of the Procurement Act 2003. (2018/299)

Subsidies and Contributions to Local and International Organisations

731. During the period under review, the sum of \$448.776M was allotted for Subsidies and Contribution to sixty-one Local and four International Organisations. According to the Appropriation Accounts as at 31 December 2018, \$441.222M were expended, leaving an unspent balance of \$7.554M. The unspent balance represents eight entities that did not receive subsidies although they were budgeted for in the 2018 National Estimates. See table below:

Line Item	Entity	Amount \$'000
6321	National Congress for Women	25
	Federation of Independent Trade Unions (FITUG)	500
	Bal Nivas Shelter for Abused Children	200
	Bless the Children	200
	Cornelia's Ida Children's Home (Prabhu Sharon )	200
	Save * R * Kids	200
	Support to Other Trade Unions	2,679
6322	International Labour Organisation	3,550
Total		7,554

732. Included in the amount expended, two payments totalling \$2.750M were paid to two international agencies. However, Payment Vouchers to substantiate these payments were not submitted for audit examination.

**Ministry's Response:** The Head of the Budget Agency explained that the Payment Vouchers are at the Ministry of Finance. The Ministry of Social Protection is a non-sub accounting Ministry; therefore, all vouchers are retained by the Accountant General Department.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency take all necessary measure to locate the missing Payment Vouchers, while reviewing the control exercises over all vouchers, so that corrective actions could be taken to ensure that vouchers are properly secured for audit and the retention period. (2018/300)

Maintenance of Buildings

733. During the period under review the sum of \$143.460M was budgeted for Maintenance of Buildings. According to the Appropriation Account, the amount of \$143.378M was expended on repairs, rehabilitation, electrical and maintenance works. See table below:

Description	Nº. of Contracts	Value \$'000
Rehabilitation	38	74,239
Repairs	40	38,697
Maintenance	77	26,303
Electrical	18	4,139
Total	173	143,378

734. A contract for the rehabilitation of plumbing system at Palms (Block A, B, C and Stores), Brickdam, Georgetown was awarded in the sum of \$12.324M by the Ministerial Tender Board against an Engineer's Estimate of \$14.809M to the most responsive of five bidders. As at 31 December 2018, the sum of \$12.050M was paid to the contractor. Based on our overall assessment of the works completed, measurements taken on site, inspection and calculations, our quantities reasonably correspond with all quantities listed and paid for under the Bills of Quantities 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.

735. However, it was discovered that two completely new pump houses were constructed for Block B for the sum of \$873,682 and Block C for sum of \$851,282, under this contract using recurrent funds (6242). These works are capital in nature and should not have been paid using recurrent budgetary allocations. Additionally, as part of the nature of this project, these two structures were required to house the pressure pumps and pressure tank so as to avoid any theft or damage to the said equipment.



**Ministry's Response:** The Head of the Budget Agency explained that; as part of the nature of this project, these two structures were required to house the pressure pumps and pressure tank so as to avoid any theft or damage to the said equipment.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency ensure: (a) that all relevant information is included in all contract document; and (b) all new constructions are charged to the Capital Budgetary Allocation instead of Current. (2018/301)

## Other Matters

736. 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 Ministry's safe revealed that there were 252 cheques valued at \$267.224M. At the time of reporting in July 2019, the Ministry still had on hand one cheque valued at \$395,026. 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.

**Ministry's Response:** The Head of the Budget Agency explained: (a) the cheque on hand valued at \$395,026 would be updated and paid to Metro; (b) Payments (cheques) for utilities and security services were uplifted; (c) the cheques for imprest were also uplifted, both for ordinary imprest and old age pension; and (d) the payees for the other cheques on hand uplifted their payments.

**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. (2018/302)

737. Cheque Orders are required to be cleared within thirty 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 Ministry failed to adhere to these requirements, since 1,943 Cheque Orders totalling \$284.638M were cleared after the stipulated time. In addition, sixty-eight Cheque Orders amounting to \$27.267M remained outstanding as at September 2019. As a result, it could not be ascertained whether the Ministry received full value for all sums expended.

**Ministry's Response:** The Head of the Budget Agency explained:

- a) Refunds- these payments are for officers stationed in outlying and riverain areas, and are usually uplifted by them when they visit Georgetown on official duty.
- b) Similarly, persons who have stipend payments available uplift same (in some instances) almost over one month after the payments are with the Accounts Department.
- c) Cheque Orders for items and goods purchased are delayed when suppliers have "due items" to be supplied to the Ministry.

- d) Returned Cheque Orders for New Opportunity Corps (NOC) and Onverwagt which are queried to be returned to those locations. This causes delay in retirement of vouchers.
- e) Cheque Orders for financial assistance payments are delayed when the applicant cannot be contacted in a timely manner. Contact numbers are incorrect in some instances.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency: (a) 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 (b) 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. (2018/303)

### Capital Expenditure

738. The sum of \$401.257M was budgeted for in 2018 for the Ministry to execute its capital programmes. Supplementary Provisions totalling \$81.614M were received in 2018 taking the total funds available to \$482.871M. According to the Appropriation Accounts the sum of \$422.782M were expended, resulting in the Ministry not achieving its anticipated level of capital expenditure activities in 2018 by \$60.089M or 14%. Shown in the table below is a summary of the shortfall in capital expenditure for 2018:

Description	Total Fund Available \$'000	Expenditure \$'000	Shortfall \$'000
Buildings	233,310	227,191	6,119
Sustainable Livelihood Entrepreneurial Development	150,000	122,748	27,252
Furniture and Equipment	34,561	33,359	1,202
Land Transport	25,000	19,484	5,516
Modernisation of Geriatric Facility	20,000	20,000	0
Technical Assistance - IDB	10,000	0	10,000
Technical Assistance - Country Gender Assessment	10,000	0	10,000
<b>Total</b>	<b>482,871</b>	<b>422,782</b>	<b>60,089</b>

739. According to the Appropriation Account, the sum of \$10M was budgeted for in 2018 for studies to examine gender equalities in the education system with special emphasis on under-achievement of boys. However, this sum was not expended as at 31 December 2018.

**Ministry's Response:** The Head of the Budget Agency explained that the shortfall in respect of Buildings, Furniture and Equipment and Land and Transport were due to savings. While, for Technical Assistance-IDB and Technical Assistance Country Gender Assessment, the funds were not released by the Ministry of Finance and for Sustainable Livelihood Entrepreneurial Development, the monies were not utilised due to the beneficiaries not being able to satisfy the requirements, thus, by the last quarter the procurement process cannot commence.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency expedite the communication process with the relevant authorities with the view of having all projects properly executed within the time-frame. (2018/304)

740. A contract for construction of bridge at Skills Training Facility, Eccles East Bank Demerara, Region No. 4 was awarded in the sum of \$996,790 by the Ministerial Tender Board on the 16 April 2018, against an Engineer's Estimate of \$1.644M to the lowest of four bidders. The duration and the defects liability period could not be determined from the documents examined. As at 31 December 2018, the full contract sum was paid to the contractor. Based on our physical verification conducted on 19 June 2019, of the completed works, measurements and calculations, the following overpayments were discovered:

Item	Description	Qty. Paid	Qty. Found	Unit	Diff.	Rate \$	Amount Overpaid \$
	Construction of Concrete Bridge						
6	Supply, cut and fix ½" HT steel in foundation, abutment and wing walls	1250	660	Lbs	590	160	94,400
8	Supply and lay 6" core filled HCB	10	0	Sq.yd	10	2,800	28,000
13	Supply, cut and fabricate 2" Galvanised Pipe as rails	65	35	Ln.ft	30	780	23,400
	Construction of Gate and Columns						
7	Supply, mix and pour concrete 3000 Psi for foundation and columns	1.1	0.4	Cu.yd	0.7	30,000	21,000
Total							166,800

**Ministry's Response:** The Head of the Budget Agency explained:

- a) Initially, the design for this bridge was (9'X10') however, it was recognised that this measurement would not have enough support on either side of the trench and would not have been in line with the other bridges in the area. As such, the size was increased to (10'X13').
- b) The size of steel was increased from 1/2" to 5/8" since it was mentioned that heavy-duty vehicles would be using the said bridge. The total amount of steel used is (1032 lbs. x 5/8" steel) at a rate of \$160 per lbs. = \$165,120.
- c) An addition casting of 2'X10'X4' inside the compound to prevent water from accumulating in front of the gate and bridge area at a total cost of \$6,000.
- d) No painting was catered for in the Bill of Quantities, as such the contractor was instructed to paint the two (2) (6') columns and the gate (10'X8') at a total cost of \$15,000.
- e) Columns base was increased by 1' depth to render additional support to the columns. The total amount of concrete used is 0.5 cy (0.5x \$30,000 = \$15,000).

**Recommendation:** The Audit Office recommends that the Head of Budget Agency should: (a) recover the overpayment \$166,800; and (b) ensure that completed works are accurately measured and quantified before payments are made to contractors. (2018/305)



The completed works

741. A contract for the construction of fence at New Opportunity Corp Onderneeming, Essequibo Coast was awarded in the sum of \$69.536M by the NPTAB against an Engineer's Estimate of \$81.614M to the lowest responsive of twenty-eight bidders. The advertising details, the date on which the contract was signed, start date, completion date and defects liability period could not be determined from the documents presented for audit examination. As at 31 December 2018, the sum of \$69.216M was paid to the contractor. Based on our physical verification conducted on 11 August 2019, of the completed works, measurements and calculations, the following overpayments were discovered:

Item	Description	Qty. Paid	Qty. Found	Unit	Diff.	Rate \$	Amount Overpaid \$'000
	Additional Works						
	Drive way works:						
2.3	Provide for supplying, placing and compacting crusher run to fill 98% excavated area	238	0	Cu.yd	238	35,000	8,330
Total							8,330

742. Further, it was discovered that payments totalling \$8.330M was made to the contractor for supplying and placing crusher run to the access road surface, however, our physical verification revealed that no crusher run was ever supplied.



**Ministry's Response:** The Head of the Budget Agency explained, that in accordance to Form 3: contract Agreement and page 34: special conditions of contracts (SCC) the contract was signed: 13 August 2018, Start Date: seven days after signing of contract (20 August 2018), duration of contract: six months (19 February 2019), defects liability Period: six months (20 August 2019) and that variation order was done for Item 2.3 of the Bill of Quantities.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency should: (a) recover the payment of \$8,330,000 and reconciled in the final payment for works executed; and (b) ensure that completed works are accurately measured and quantified before payments are made to contractors. (2018/306)



### Sustainable Livelihood Entrepreneurial Development

743. The sum of \$150M was budgeted for Sustainable Livelihood for 2018. According to the Appropriation Account, amounts totalling \$122.748M were expended as at 31 December 2018. Included, were amounts totalling \$85.417M which represented twenty-one Inter/Intra Departmental Warrants (IDWs) that were issued to the following Regions. See table below:

Region №.	№.of Warrants	Amount Issued \$'000	Amount Expended \$'000	Unspent Amount \$'000	Remarks
1	1	3,493	-	3,493	Financial Return Not Seen
2	4	13,628	10,463	3,165	
3	1	4,967	-	4,967	Financial Return Not Seen
4	2	13,538	-	13,538	Financial Return Not Seen
6	1	25,551	25,086	465	
7	2	1,456	-	1,456	Financial Return Not Seen
9	6	6,916	6,612	304	
10	4	15,868	7,911	7,957	
Total	21	85,417	50,072	35,345	

744. Physical verification of three contracts totalling \$13.539M for the construction of salt fish processing facility and solar dryer at Timehri North, construction of block making facility at Congress Place Sophia and construction of poultry rearing facility Bachelor's Adventure revealed that these projects were non operational at the time of physical verification in February and July 2019. However, at the time of reporting in September 2019, the block making facility at Congress Place Sophia was still non-operational.

**Ministry's Response:** The Head of the Budget Agency explained; (a) delays in construction due to rainy weather, and importation of specialised plastic for dryer; (b) delays in construction of facility, and delivery of block making machine and training for the use of the machine and extended rainy season impacted; and (c) severe delays in the procurement process due to misplaced documents.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency make every effort to have the community projects commissioned with the view of creating jobs and enhancing community development. (2018/307)

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

745. The table below shows the prior year matters as contained in the Auditor General's 2017 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
2017/211	Breach of Circularised Instruction - Contracted Employees	√		
2017/212	Internal Controls	√		
2017/213	Shortfall in Expenditure	√		
2017/214	Non - Submission of Financial Returns	√		

AGENCY 52  
MINISTRY OF LEGAL AFFAIRS

Current Year Matters

Current Expenditure

Employment Costs

746. During 2018, amounts totalling \$184.826M were expended for the payment of salaries within the Ministry. Audit checks revealed that the sum of \$87.529M or 47% of the total Employment Costs 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	63,409	34
6112	Senior Technical	1,507	1
6113	Other Technical and Craft Skilled	2,113	1
6114	Clerical and Office Support	24,257	13
6115	Semi-Skilled Operatives and Unskilled	5,963	4
6116	Contracted Employees	87,529	47
6117	Temporary Employees	48	0
Total		184,826	100

747. According to the payroll for December 2018, the Ministry had a total of 82 employees and contracted employees were 12% of this total. Details are shown in the table below:

Line Item	Description	National Estimates 2018	Actual as per Payroll 31.12.2018	Difference	Percentage
6111	Administrative	19	25	6	30
6112	Senior Technical	1	1	0	1
6113	Other Technical and Craft Skilled	2	2	0	2
6114	Clerical and Office Support	21	36	15	43
6115	Semi-Skilled Operatives and Unskilled	6	10	4	12
6116	Contracted Employees	14	8	(6)	12
6117	Temporary Employees	0	0	0	0
Total		63	82	19	100

748. Of the \$184.826M expended on Employment Costs during the year, amounts totalling \$87.529M were paid to contracted employees. The Public Service Commission Circular №. 1/2017 dated 7 February 2017 requires Permanent Secretaries, Heads of Departments and Regional Executive Officers to submit a list of all officers on contract/gratuity so that action can be taken to have the officers awarded pensionable status. However, as at 31 December 2018, there were five contracted employees below the age of forty-five who should have been appointed on the Pensionable Establishment.

**Ministry's Response:** The Head of the Budget Agency explained that in an effort to attract and retain the specialised skills within the Public Service, some officers were offered contract employment.

#### Accounting for Expenditure

749. The Ministry breached the provisions of Section 43 of the Fiscal Management and Accountability Act 2003 when it failed at the end of the year to refund twenty-two cheques for amounts totalling \$28.382M for the year 2018. As a result, the Appropriation Accounts were overstated by this amount. At the time of reporting in September 2019, the cheques were paid over to the payees.

**Ministry's Response:** The Head of the Budget Agency explained that the Ministry received some of the cheques in January to pay persons who have provided services to the Ministry.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency ensure that there is full compliance with the FMA Act 2003. (2018/308)

#### Stores and Other Public Property

750. The Stores Regulations 1993 requires the storekeeper to arrange the stores in a manner that makes them easy of access and check and to separate unserviceable from serviceable stores. The verification exercise to account for items in the stores was tedious and time consuming since the storage area was not organised in an orderly manner. Furthermore, it was also observed that unserviceable stores were not separated from serviceable stores. This is a breach of the Stores Regulations.

**Ministry's Response:** The Head of the Budget Agency Ministry acknowledged the findings and explained that there are some challenges due to the limited space.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency adhere to the Stores Regulations 1993 at all times. (2018/309)

### Capital Expenditure

#### Justice Sector Programme-1501500

751. 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\$8,000,000 to contribute to the financing and execution of the Support for the Criminal Justice System Program. The general objective of the Program is to contribute to the reduction of high concentrations of prison 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 2021. This Program is subject to separate reporting and audit.

752. An amount of \$180M was allotted for: (a) Alternative sentencing intervention; (b) Strengthening of probation services; (c) Design and implementation of restorative justice programme; (d) Implementation of case management and court scheduling system; (e) Training of judges and magistrates in the use of alternatives to pre-trial detention; and (f) Support to the Law Reform Commission. Amounts totalling \$128.571M were expended during the year and the expenditure was brought to account in the records of the Program. The delay in the timely execution of the Program's activities and the spending of 71% of the allotted resources may result in the Program not achieving its stated objectives and an overrun of the life of the Program.

**Ministry's Response:** The Head of the Budget Agency explained that the activities planned were completed at a lower cost than initially planned for and the Support for Criminal Justice System has identified three additional areas to increase the burn rate on the Loan by the end of 2019.

**Recommendation:** The Audit Office recommends that management prepare realistic budget for Program activities. (2018/310)

#### Furniture and Equipment

753. An amount of \$20.213M was allocated for the purchase of furniture and equipment for the State Assets Recovery Unit (SARA) and main office, filing cabinet, printer, water dispenser, photocopier and uninterruptible power supply systems for Head Office and Law Reform Commission. The items which were acquired at a total cost of \$20.209M, were verified as received, marked and properly brought to account in the records of the Ministry.

#### Prior Year Matter

#### Current Expenditure

754. At the time of reporting in September 2019, 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:

Years	Amount Outstanding \$'000
2010	917
2011	1,161
2012	1,367
Total	3,445

**Ministry's Response:** The Head of the Budget Agency explained that the Ministry is still to reconcile the monies owing and due. However, in an effort to recover the monies owed for rent, the names of licensees were published in the daily newspapers. Legal proceeding has not yet commenced.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency continue to pursue this matter in order to bring closure. (2018/311)

Follow-up on the Implementation of Prior Year Audit Recommendations.

755. The table below shows the prior year matters in the Auditor General’s 2017 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
2017/215	Non-compliance with contractual clauses	√		
2017/216	Overpayment of Salary	√		
2017/217	Court Matter		√	

AGENCY 53  
GUYANA DEFENCE FORCE

Current Year Matters

Current Expenditure

Employment Costs

756. Examination of personal files and payroll records for a sample of twenty-five leavers revealed that three employees who were struck off the payroll during the year were overpaid salaries totalling \$407,975. The related deductions of \$159,430 were also overpaid. Similarly, the 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. A request was sent to Finance Secretary seeking approval for the outstanding amounts to be written off for the years 2011 to 2015.

**Defence Force’s Response:** The Head of the Budget Agency indicated that these employees were overpaid due to late publications in Force Orders. These employees were contacted and informed of the overpayments, and were advised to refund to Force. Letters dated 19 September 2019 were written to them requesting that the overpayment in salaries be repaid before 1 December 2019. The GDF still awaits the approval of the Finance Secretary and will follow-up this matter.

**Recommendation:** The Audit Office recommends that the administration of the Defence Force 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 Finance Department. (2018/312)

Stores and Other Public Property

757. Section 17 of the Stores Regulations 1993 states "*The storekeeper shall also make entries in the Goods Received Books in Form 4 of the goods received...*". An examination of a sample of thirty-six Payment Vouchers for goods purchased by the Force revealed that items totalling \$9.673M as shown in the table below were not entered in the Goods Received Books. In addition, checks in the Stock Ledger revealed that no entries were made in respect of these items and as such it could not be determined if the items were received by the Force.

Items	Quantity	Value \$'000
Ink	48	4,473
Dietary Items (ketchup, green seasoning, etc.)	8,858	2,498
Overalls	340	2,006
Other Clothing (SD Pants, SD skirts etc.)	135	413
Camouflage Suits	32	283
Total		9,673

758. Section 19 of the Stores Regulations stipulates that upon receipt of goods, the Storekeeper must immediately bring them to account on the Bin Cards. However, an examination of a sample of forty Bin Cards at the various stores revealed that none of the Bin Cards were updated to reflect receipts and issues. In addition, Bin Cards were not kept for the Medical Corps stores.

**Defence Force's Response:** The Head of the Budget Agency indicated that these inefficiencies were noted, efforts are being made to address them. Trainings are being conducted and better system of supervision is being explored to avoid any recurrences.

**Recommendation:** The Audit Office recommends that the Administration of the Defence Force fully comply with the Stores Regulations at all times. (2018/313)

759. Section 24 of the Stores Regulations requires that Master and Sectional Inventories in Forms 11 and 13 of permanent stores are kept and properly maintained. However, Master Inventory presented for audit verification was still incomplete since information such as year of acquisition and asset number was omitted and it was not updated to include assets purchased during the period under review.

**Defence Force's Response:** The Head of the Budget Agency indicated that the updating of the Force Master Inventory is ongoing.

**Recommendation:** The Audit Office recommends that the Administration of the Defence Force fully comply with the Stores Regulations at all times. (2018/314)

760. Section 26 of the Stores Regulations requires that historical records of vehicles, plant and equipment are to be maintained. However, historical records were not maintained for serviceable vehicles/equipment owned and operated by the Force. In the circumstances, the Force was not in a position to monitor the cost of maintenance in each case and to determine whether it was economical to retain or dispose of these vehicles.

**Defence Force's Response:** The Head of the Budget Agency indicated that in compliance with Stores Regulations, the historical records are maintained in hard and digital copies. Attempts are made to ensure all details are included. This is a work in progress.

**Recommendation:** The Audit Office recommends that the Administration of the Defence Force comply with Stores Regulations as it relates to maintenance of Historical Records. (2018/315)

761. Section 29 of the Stores Regulation 1993, require that 'Log Books in Form 17 shall be maintained for motor vehicles, plant, machinery and equipment. However, an examination of the vehicle listing revealed that there were 223 serviceable vehicles and machinery that required Log Books to be maintained, however forty-two Log Books were not presented for audit examination. In the circumstances, it could not be determined whether all journeys undertaken were authorised and were in the interest of the Force. Similarly, seventy-four Log Books were still not presented for the years 2015 to 2017.

**Defence Force's Response:** The Head of the Budget Agency indicated that the Force will work to ensure compliance in this regards, especially, where these assets are in remote locations.

**Recommendation:** The Audit Office recommends that the Administration of the Defence Force maintain and present Log Books for all vehicles/machinery/equipment which required this record in keeping with the requirements of the Stores Regulations. (2018/316)

#### Other Matters

762. Circular №. 14/2018 dated 23 October 2018 requires that all Cheque Orders be cleared within thirty days of their issue through the submission of bills/receipts and other documents in support of the payments made. An examination of the Cheque Order Register revealed that 108 Cheque Orders valued at \$324.099M issued during the year 2018 were still outstanding at the time of reporting in September 2019. Similarly, for the year 2015, four Cheque Orders totalling \$6.867M also remained outstanding. As a result, it could not be ascertained whether the GDF received full value for all monies expended.

**Defence Force's Response:** The Head of the Budget Agency indicated that the Force is currently working to clear the outstanding Cheque Orders.

**Recommendation:** The Audit Office recommends that the Administration of the Defence Force implement stricter measures to ensure Cheque Orders are cleared within the stipulated time-frame and take action to clear the outstanding Cheque Orders immediately. (2018/317)



763. 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, as at 2 January 2019 there were twenty-eight cheques totalling \$32.576M on hand. In addition, 355 cheques totalling \$639.465M were subsequently printed on 4 and 5 January 2019 in respect of 2018 transactions. These cheques should have been refunded to the Consolidated Fund and the necessary adjustments made to the Appropriation Account. As a result, the Appropriation Account was overstated by \$672.041M.

***Defence Force's Response:*** The Head of the Budget Agency stated that measures will be put in place to comply with the Fiscal Management and Accountability Act.

***Recommendation:*** The Audit Office recommends that the Administration of the Defence Force adhere strictly to the requirements of Section 43 of the FMA Act, as it relates to unexpended balances at the end of the year being returned and surrendered to the Consolidated Fund. (2018/318)

764. During the period under review, six Payment Vouchers totalling \$11.377M under current expenditure were not presented for audit examination. Similarly, for capital expenditure eighteen Payment Vouchers totalling \$507.985M were not presented for audit examination. As a result, a determination could not be made as to the propriety of the payments or whether value was received for the moneys spent.

***Defence Force's Response:*** The Head of the Budget Agency indicated that the Force was not the custodian of these Payment Vouchers. Rather, these Payment Vouchers were in the possession of Sub-Treasury.

***Recommendation:*** The Audit Office recommends that the Administration of the Defence Force in collaboration with the Sub-Treasury, take steps to locate and present the outstanding vouchers for audit. (2018/319)

765. Section 42 (2) (a) of the Procurement Act states “*that notwithstanding subsection (4), the solicit document may require the supplier or contractor whose tender has been accepted to sign a written document conforming to the tender. In such cases, the procuring entity and the supplier or contractor shall sign the contract within a reasonable period of time after the notice referred to in subsection (1) is dispatched to the supplier or contractor*” and Section 42 (2) (b) subject to subsection (3), where a written contract is required to be signed pursuant to paragraph (a), the contract enters into force when the contract is signed by the supplier or contractor and by the procuring entity. In this regard, an examination of the National Tender Board Awards for the year 2018 revealed that twenty-eight contracts were awarded in the sum of US\$4.518M to overseas suppliers, however, the requisite agreement/contracts were not entered into. As a result, the Force is not protected should the suppliers fail to deliver.

**Defence Force's Response:** The Head of the Budget Agency indicated that with effect from June 2019 the Force has ensured that contracts are done for all overseas suppliers.

**Recommendation:** The Audit Office recommends that the Administration of the Defence Force continue to ensure that there are contract agreements for all contracts entered into in keeping with the requirements of the Procurement Act. (2018/320)

### Capital Expenditure

766. The sum of \$539.910M was budgeted for in 2018 for the Guyana Defence Force to execute its capital programme. A Supplementary Provision in the sum of \$484.239M was approved increasing, the budgetary allocation to \$1.024 billion. According to the Appropriation Account the full amount was expended as at 31 December 2018 as summarised in the table below:

Description	Budget \$'000	Virement \$'000	Supplementary Allotment \$'000	Revised Allotment \$'000	Expenditure \$'000
Buildings - GDF	280,473	(128,473)	0	152,000	151,911
Marine Development	42,000	0	0	42,000	42,000
Air, Land, & Water Transport	73,437	142,473	484,239	700,149	700,143
Pure Water Supply	14,000	(14,000)	0	0	0
Agriculture Development	31,000	0	0	31,000	30,974
Equipment	74,000	0	0	74,000	73,989
National Flagship - Essequibo	25,000	0	0	25,000	24,846
<b>Total</b>	<b>539,910</b>	<b>0</b>	<b>484,239</b>	<b>1,024,149</b>	<b>1,023,863</b>

#### Buildings - GDF

767. The sum of \$280.473M was allotted for the: (a) completion of new troops accommodation at Timehri; (b) construction of drill hall at Bartica and Stores at Georgetown; (c) construction of fence at Garden of Eden and rehabilitation of fence at Base Camp Ayanganna; and (d) provision for electrical upgrade, security lights and underground storage for fuel. During the year there was a negative allotment transfer of \$128.473M resulting in a revised allotment of \$152M. According to the Appropriation Account, amounts totalling \$151.911M were expended as shown in the table below:

Description	Amount \$'000
Construction of First Infantry Accommodation, Phase 2	78,349
Rehabilitation of Underground Gasoline & Diesel Tanks	25,240
Electrical Upgrades	17,732
Purchase of Lithium/Smart Tech Battery	16,016
Rehabilitation of 5 Service Support Battalion Accommodations	6,843
Procurement of Building Materials BC(A) & BC(S)	4,153
Payment of Withholding Tax	1,957
Repairs to Gym Roof Base Camp Ayanganna	1,621
<b>Total</b>	<b>151,911</b>

768. Approval was granted for inclusion of programme for the rehabilitation of 5 Service Support Battalion Accommodations and rehabilitation of Gym BC(A). However, approval for inclusion of programme was not seen for the procurement of building materials totalling \$4.153M.

**Defence Force's Response:** The Head of the Budget Agency indicated that all the necessary approval would be obtained in the future.

**Recommendation:** The Audit Office recommends the Administration of the Defence Force obtain the necessary approval for the inclusion in Capital Profile. (2018/321)

769. The contract for rehabilitating underground gasoline diesel tanks was awarded in the sum of \$37.368M. Approval for single sourcing the contractor was granted by the National Procurement and Tender Administration Board. However, justifications for using this particular method of procurement was not stated in the documents examined. As such, the basis for using selective bidding is unclear, since the works were routine repair works. The contractor received three payments totalling \$25.756M. Physical verification by the Audit Office revealed that the works were completed and commissioned.

**Defence Force's Response:** The Head of the Budget Agency indicated that approval was obtained from the National Procurement and Tender Administration Board to single source the contract.

**Recommendation:** The Audit Office recommends that the Administration of the Defence Force adhere to the Procurement Act 2003. (2018/322)

#### Marine Development

770. The sum of \$42M was allotted for the (a) payment of retention; (b) construction of base at New Amsterdam; and (c) rehabilitation of base at Morawhanna. According to the Appropriation Account the full amount was expended as at 31 December 2018 as follows:

Description	Amount \$'000
Supply of Gear box and Engine for 1022 Barracuda	13,731
Rehabilitation of Tira Puku 1025	7,431
Procurement of 3 Outboard Engines	6,284
Fabrication & installation of 3 cabin enclosure for MLB	5,188
Procurement of 2 Generators	3,930
Procurement of 2 Aluminum Trailers	3,800
Procurement of a quantity of spares for engine	1,228
Withholding Tax	408
Total	42,000

771. The Force sought and obtained approval for a change of programme to utilise the sum of \$12.900M to purchase three outboard engines, two aluminum trailers and two generators instead of rehabilitation to motor life boat (MLB) and the payment of retention since the project was terminated due to poor performance by the contractor. However, approval was not seen for the supply of gear box and engine, rehabilitation of ship and procurement of engine spares totalling \$22.390M.

**Defence Force's Response:** The Head of the Budget Agency indicated that all the necessary approval would be obtained in the future.

**Recommendation:** The Audit Office recommends the Administration of the Defence Force obtain the necessary approval for the inclusion in Capital Profile. (2018/323)

*Air, Land and Water Transport*

772. The sum of \$73.437M was allotted for the purchase of vehicles, boats, ATVs and tractors. During the year there was an approved Supplementary Provision of \$484.239M and Virement of \$142.473M to accommodate the purchase of two Skyvan and two Islander aircraft resulting in a revised allotment of \$700.149M. According to the Appropriation Account, amounts totalling \$700.142M were expended as at 31 December 2018 as follows:

Description	Quantity	Amount \$'000
Procurement of SC7 Skyvan Aircraft	2	508,536
Procurement of BN-2A Britten Norman Islander Aircraft	2	135,599
Ferry cost and insurance for aircraft	-	32,878
Procurement of Aircraft Spares	numerous	9,962
Procurement of Toyota Corolla	1	4,821
Procurement of Toyota Yaris	1	3,858
Procurement of Outboard Motor Engine	2	1,679
Procurement of Inflatable Boat	1	1,480
Procurement of ATV Trailers	6	750
Procurement of Wooden Boat	2	500
Withholding Tax	-	79
Total		700,142

773. The National Procurement and Tender Administration Board awarded a contract on 31 December 2018 for the procurement of three motor vehicles in the sum of \$18.513M by direct contracting/single source. The contract agreement was also signed on the same day but was for the purchase of two motor vehicles totalling \$9.195M, one new Toyota Corolla and one new Toyota Yaris valued at \$4.821M and \$4.375M respectively. At the time of reporting in September 2019, a cheque for the purchase of a Toyota Corolla in the sum of \$4.821M, which has become stale dated, has since been updated on 29 August 2019 and was still on hand at the Finance Department. Further, two cheques totalling \$3.859M for the Toyota Yaris was paid to the supplier on 29 August 2019. However, this vehicle is still to be delivered.

**Defence Force's Response:** The Head of the Budget Agency indicated that the cheque for \$4.821M is at the Finance Department and will be paid to the supplier on receipt of the vehicles which will be delivered on or before 30th September.

**Recommendation:** The Audit Office recommends that Administration of the Defence Force provide the Audit Office with the relevant documentation when the vehicle is delivered. (2018/324)

Agriculture Development

774. The sum of \$31M was allotted for the (a) construction and rehabilitation of pens; and (b) provision for water sprinkler system and hut. During the year, approval was sought and granted for an adjustment of programme and according to the Appropriation Account, amounts totalling \$30.974M were expended as shown in the table below:

Description	Amount \$'000
Construction of a Boiler Pen	10,011
Rehabilitation of 3 Layer Pens	8,713
Installation of a Water Sprinkler System	5,390
Purchase of 5 stainless steel farrowing crate	2,400
Construction of Farm House	1,917
Construction of Green House	1,294
Purchase of gardening tools	731
Withholding Tax	518
Total	30,974

775. A contract for procuring and installing a complete sprinkler system at Agri. Corps, Garden of Eden was awarded in the sum of \$5.500M. Approval was granted by the National Procurement and Tender Administration Board for single sourcing of the contract. However, justifications for using this particular method of procurement was not stated in the documents examined. As such, the basis for sole sourcing of the works is unclear. In addition, the date on which the contract was signed, commencement date, completion date and defects liability period could not be determined from the documents presented for audit examination. The full contract sum was paid to the contractor for the works completed. Physical verifications revealed that the sprinkler system was set up onsite, however, out of the ten pump supplied, only five were being utilised for the sprinkler system; the remaining five pumps were never used and were placed in the stores.

**Defence Force's Response:** The Head of the Budget Agency indicated that the sprinkler system is serviceable and has being so during the verification process. This system is used mainly during dry season and is usually disassembled during rainy season. At the time of the visit the irrigation hoses were secured in bags in order to protect their integrity from land preparation.

**Recommendation:** The Audit Office recommends that the Administration of the Defence Force adhere to the Procurement Act 2003. (2018/325)

## Prior Year Matters

### Capital Expenditure

776. The contract for the construction of a timber wharf, approach and floating raft at the Guyana Defence Force Coastal Battalion, New Amsterdam was awarded in 2017 for the sum of \$52.638M. The total payment received by the contractor was \$32.351M. 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. However, at the time of reporting, it was noted that the contract was terminated and the sum of \$8.499M was recovered from the contractor. The Force has since taken legal action to recover the remaining overpayment.

***Defence Force's Response:*** The Head of the Budget Agency indicated that the GDF has engaged their Legal Department to recover the outstanding amount from the contractor.

***Recommendation:*** The Audit Office recommends that the Administration of the Defence Force provide the Audit Office with the relevant documentation when this matter is concluded. (2018/326)

777. A contract for the construction of a water storage facility at Air Station London, Timehri was awarded in 2017 for the sum of \$8.992M. 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 at September 2019, the amount of \$100,000 has since been repaid reducing the overpayment to \$2.187M.

***Defence Force's Response:*** The Head of the Budget Agency indicated that it has been verified that \$1,093,210 is outstanding for this contract. The contractor was informed via letter of the overpayment and he has promise to repay on or before 1 September 2020. He has repaid \$100,000 on 2019-09-20 and this amount has been returned to the Consolidated Fund. The GDF Legal Service Department was also informed and is contemplating to commence legal action if necessary to recover the sums overpaid.

It should be noted that the Guyana Defence Force indicated that works to the value of \$1.094M was subsequently completed by the contractor. However, at the time of reporting in September 2019, documentations to substantiate this were not submitted to the Audit Office.

***Recommendation:*** The Audit Office again recommends that the Administration of the Defence Force follow-up the recovery of the overpayment and provide the relevant documentations to the Audit Office. (2018/327)

778. 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 was still to be recovered at the time of reporting in September 2019.

**Defence Force's Response:** The Head of the Budget Agency explained that since the last report there were no further works completed by the contractor. It was further substantiated that the contractor was overpaid \$1.671M. This matter has engaged the attention of the Legal Service Department to ensure restitution.

**Recommendation:** The Audit Office again recommends that the Administration of the Defence Force continue to pursue the recovery of the sum overpaid and provide the relevant documentations to the Audit Office when this matter is concluded. (2018/328)

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

779. The table below shows the prior year matters as contained in the Auditor General's 2017 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
2017/218	Incorrect classification of expenditure	√		
2017/219	Non return of military kits by deserters	√		
2017/220	Breach of Stores Regulations - Non receipt items	√		
2017/221	Internal Controls	√		
2017/222	Breach of Stores Regulations		√	
2017/223	Breach of Stores Regulations			√
2017/224	Shortfall in Expenditure		√	
2017/225	Non - delivery of assets	√		
2017/226	Overpayment on construction works		√	
2017/227	Non - delivery of assets	√		
2017/228	Overpayment on construction works and administrative issues		√	
2017/229	Duplication of payments	√		
2017/230	Duplication of payments	√		
2017/231	Overpayment of salaries & deductions		√	
2017/232	Breach of FMA Act - Cheque Orders			√
2017/233	Breach of FMA Act - Cheques on hand	√		
2017/234	Overpayment on construction works			√

AGENCY 54  
MINISTRY OF PUBLIC SECURITY

Current Year Matters

Current Expenditure

Employment Costs

780. During the period under review, the sum of \$2.216 billion was budgeted for Employment Costs. According to the Appropriation Accounts, amounts totalling \$2.207 billion were expended. This represents 55% of total current expenditure for the year 2018. The table below shows the staffing details at the time of preparation of the 2018 National Estimates versus actual staffing according to the payroll as at 31 December 2018.

Chart of Account	Description	National Estimates 2018	Actual as at 31.12. 2018	Difference
6111	Administrative	88	83	(5)
6112	Senior Technical	19	23	4
6113	Other Technical and Craft Skilled	661	755	94
6114	Clerical and Office Support	396	374	(22)
6115	Semi-Skilled Operatives	23	25	2
6116	Contracted Employees	148	256	108
6117	Temporary Employees	1	2	1
Total		1,336	1,518	182

781. Amounts totalling \$386.718M were paid to contracted employees for the period under review; this represents 17% of the total Employment Costs for the Ministry of Public Security. As can be noted from the table below, there was a total of 256 contracted employees on the payroll as at December 2018. 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 2018, there were a total of 196 contracted employees below the age of forty-five. Shown in the table below are the salary ranges of the 256 contracted employees according to the December 2018 payroll:

Salary Range \$	No. of Employees	Amount \$'000
Below 100,000	129	9,932
100,000 - 250,000	111	14,672
250,001 - 400,000	11	3,203
Above 400,000	5	2,596
Total	256	30,403



**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 or academic requirements for appointment on the fixed establishment.

**Recommendation:** The Audit Office recommends that Head of Budget Agency 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. (2018/329)

782. For the year under review, an examination of ninety-three transactions relating to pay change directives for resignations, retirements and dismissals revealed that net salaries totalling \$577,688 were overpaid to eleven officers whilst overpayments of \$76,528, \$43,628 and \$127,352 were made to GRA, NIS and other agencies respectively. However, at the time of reporting, net salaries totalling \$57,678 were recovered from one person leaving an amount of \$520,010 still to be recovered along with deductions of \$247,508. Similarly, for the year 2017 and 2016, net salaries amounting to \$464,843 and \$668,233 respectively are still to be recovered as well as the related deductions of \$886,119 and \$261,117 from the respective deduction agencies.

**Ministry's Response:** The Head of the Budget Agency indicated that the Ministry is seeking to recover the sum overpaid for 2018 while for prior years the Ministry has since engaged the Attorney General in an effort to recover the remaining sums.

**Recommendation:** The Audit Office recommends that Head of Budget Agency continue its effort to recover the overpayments and to ensure that pay change directives are communicated in a timely manner to the Central Accounting Unit. (2018/330)

783. For the year under review, it was observed that vehicle insurances for fourteen officers who received travelling allowances for the period January to December 2018 were not presented for audit examination. In addition, there were five instances where vehicle insurances were only submitted for a part of the year. At the time of reporting in September 2019, vehicles insurances for two out of the fourteen outstanding insurance were received, while for partial submissions four were received.

**Ministry's Response:** The Head of Budget Agency explained that the Ministry has since received vehicle insurances for two officers and is currently awaiting the remaining twelve. Also, vehicle insurances were received for four officers where insurances were submitted for part of the year.

**Recommendation:** The Audit Office recommends that Head of Budget Agency ensure that officers submit valid insurances before travelling allowances are paid. (2018/331)

Maintenance Works

784. Amounts totalling \$151.300M were allocated for repairs and maintenance works within the Ministry. According to the Appropriation Accounts, as at 31 December 2018, amounts totalling \$113.464M were expended as shown in the table below:

Line Items	Description	Total Funds Available \$'000	Amount Expended \$'000
6242	Maintenance of Buildings	90,200	70,111
6255	Maintenance of Other Infrastructure	61,100	43,353
Total		151,300	113,464

785. A sample of nine projects with contract sums totalling \$38.581M for maintenance works were selected for physical verification. It was noted that the contract for the renovation of new self-acting sluice at Western Section, Lusignan was awarded in the sum of \$4.636M by Ministerial Tender Board to the lowest evaluated of sixteen bidders. The Engineer's Estimate was \$5.780M. The contract was signed on 5 December 2018 with duration of two months for completion and defects liability period of three months. As at December 2018, amounts totalling \$4.544M was paid to the contractor. However, the following observations were noted:

- a) It was discovered that the Engineer certified that the works were completed since 16 December 2018, however, our physical verification on 3 May 2019 revealed that the contractor was still on-site effecting works to the structure. As such, the Engineer falsely certified that the works were completed since December 2018.
- b) Physical inspection of the concrete works to the structure revealed shoddy works, with honeycombing of the concrete and pieces of cement bags casted into the finished structure.

**Ministry's Response:** The Head of Budget Agency indicated that: (a) the contractor was paid after the completion of the project; and (b) all remedial works have been completed on the project.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency must immediately desist from certifying and processing payments for incomplete works and improve in the supervision of works and should not make payments for unacceptable works that do not meet the specifications. (2018/332)

Stores and Other Public Property

786. Section 29 of the Stores Regulations requires Log Books be maintained for all motor vehicles, plant, machinery, and equipment. Audit examination of the Ministry's vehicles listing revealed that of the 155 serviceable vehicles, the Ministry was required to submit 151 Log Books for audit examination. However, twenty-two Log Books were not presented for the year under review. In addition, of the Log Books presented, forty-four had periods missing. As a result, it could not be ascertained whether all journeys undertaken were authorised and were in the public interest. At the time of reporting in September 2019, four Log Books were subsequently presented.

**Ministry's Response:** The Head of Budget Agency indicated that four of the outstanding Log Books and two Log Books for periods of the year have since been submitted to State Audit and effort is being made to locate the remaining Log Books.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency comply fully with the requirements of the Stores Regulations at all times as it relates to the maintenance of Log Books. (2018/333)

787. As shown in the table below, validation exercises were carried out on a sample of 296 items of stock, including medical, janitorial, fuel, electrical, spares and dietary items at various stores of the Ministry. Overall, shortages were identified in 32% of the instances examined, compared to a 25% overage rate. The respective values of the shortages and excesses identified could not be readily determined, since there were no prices attached to the items. As such, we were unable to determine the total value of shortages and excesses.

Location	No. of Items Checked	Excess	Shortage	Excess %	Shortage %
Mazaruni Prison	64	11	22	17	34
Georgetown Prison	37	3	4	8	11
Timehri Prison	20	11	4	55	20
Lusignan Prison	15	5	4	33	27
Central Fire Station	48	13	10	27	21
MOPS Secretariat	18	1	10	6	56
GSFL	94	30	40	31	42
Total	296	74	94		

788. In addition to the above, the following unsatisfactory features were observed based on an inspection of the records at the Mazaruni and Georgetown Prisons stores and at the Guyana Science Forensic Laboratory:

- a) Section 6 (2) of the Stores Regulations requires the Stores Ledger to be maintained and kept up to date by the Accounting Department to provide for an independent check on the Bin Cards maintained by the Storekeeper. However, it was noted that the Storekeeper at the Mazaruni Prison and Georgetown Prison stores were responsible for the maintenance of both the Stores Ledgers and Bin Cards.
- b) The accounting for receipts and issues of drugs and medical supplies at the Guyana Science Forensic Laboratory were computerised. However, these records were not updated at the time of inspection, resulting in balances shown not being considered as reliable bases for determining the stock position at a point in time. In the circumstances, a proper comparison with physical balances could not be carried out. This is evidenced in the fact that a physical count of a sample of forty-three items resulted in discrepancies in relation to thirty-six items or an 84% error rate.

**Ministry's Response:** The Head of Budget Agency indicated that: (a) the Ministry acknowledges the finding of State Audit. However, due to staff shortage at the Guyana Prison Service, the Ministry is facing difficulties with the segregation of duties and is working at addressing this issue; and (b) the Ministry acknowledges the finding of State Audit and is currently updating the records.

**Recommendation:** The Audit Office recommends that the Stores Ledger be kept at the Accounting Unit to provide for an independent check on the Bin Cards maintained by the Storekeeper and to ensure that all stores records are kept up to date at all time. (2018/334)

#### Other Matters

789. 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, 201 cheques totalling \$374.918M were cut after the 31 December 2018. As a result, the Appropriation Accounts were overstated by the amounts of \$374.918M.

**Ministry's Response:** The Head of Budget Agency indicated that with regards to the 201 cheques cut after 31 December 2018, this Ministry is not responsible for the time those cheques were cut.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency adhere strictly to the requirements of Section 43 of the FMA Act, as it relates to unexpended balances at the end of the year being returned and surrendered to the Consolidated Fund. (2018/335)

### Capital Expenditure

790. The sum of \$3.146 billion was budgeted for in 2018 to execute the six capital programmes of the Ministry. Supplementary Provision totalling \$132.812M were approved increasing the budgetary allocation to \$3.279 billion. According to the Appropriation Accounts, the sum of \$2.707 billion was expended leaving an unspent amount of \$572.469M. Shown in the table below, is the shortfall in capital expenditure for 2018:

Description	Total Funds Available \$'000	Expenditure \$'000	Shortfall \$'000
Buildings	1,867,901	1,297,487	570,414
Land and Water Transport	437,139	435,822	1,317
Foreign Funded Projects	503,469	503,469	0
Furniture and Equipment	460,000	459,272	728
Other Agencies	10,690	10,680	10
Total	3,279,199	2,706,730	572,469

791. As can be noted from the table above, the most significant of shortfall was recorded under Buildings. However, details pertaining to the shortfall were not presented for audit.

**Ministry's Response:** The Head of Budget Agency explained that payments are made on evaluated works and therefore the expenditure reflected the payment certificates received. Also, bids received for several projects were below the Engineer's Estimates.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency 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. (2018/336)

792. A sample of nineteen projects with contract sums totalling \$859.137M for works undertaken under the capital programmes were selected for physical verification. Overpayments totalling \$4.898M and administrative issues were discovered on the contracts detailed below.

793. A contract for the completion of Fire Station at Mabaruma was awarded by the National Procurement and Tender Administration Board in the sum of \$19.046M. The contract was awarded to the lowest evaluated of seventeen bidders. The Engineer's Estimate was \$20.314M. Amounts totalling \$18.346M was paid to the contractor as at December 2018. Physical verification revealed that the site was abandoned by the contractor and the following overpayment was discovered:

Item	Description	Qty. Paid	Qty. Found	Unit	Diff.	Rate \$	Amount Overpaid \$'000
	<u>Bill №. 1 - Preliminaries</u>						
1.6	Allow for testing of entire electrical system to ensure functionality	1	0	Sum	1	40,000	40
1.8	Allowance for the supply service line to the building by GPL	1	0	Sum	1	30,000	30
	<u>Bill №. 4 - Steelworks</u>						
4.10	Provide for the installation of three (3) metallic 15' x 15' manual recoil shutter to front of building. Rates should include for all necessary accessories, welding, drilling, cleaning, repainting and refilling which may arise during installation. Shutters must be free from rust, dents, or damages and should be inspected before installation	3	0	Nr.	3	120,000	360
	<u>Bill №. 6 - Carpentry</u>						
	<u>Door Frames</u>						
6.10	Supply and Install 1" x 4" GH door facing	306	0	Ln. ft	306	300	92
6.11	Supply and Install 2" x 6" GH door frame	306	266	Ln. ft	40	450	18
6.12	Supply and Install 1" x 3" Gh door Jab	306	266	Ln. ft	40	250	10
	<u>Bill №. 7 - Hardware, Ironmongery &amp; Glazing</u>						
	<u>Windows</u>						
7.1	Supply and install Aluminum frame Sash tinted windows (2'-6" x 4')	17	16	№.	1	23,000	23
7.2	Supply and install Aluminum frame Casement tinted Windows ( 18" x 18")	5	3	№.	2	15,000	30
	<u>Kitchen Cupboard</u>						
7.4	Supply and install three wooden kitchen cupboard in accordance with the indicative drawing	3	1	№.	2	75,000	150
	<u>Bill №. 8 - Roofing</u>						
	<u>Bat Proofing</u>						
8.3	Supply and install expanding foam to the eaves and other opening in roof of the building	200	0	Ln. ft	200	120	24
	<u>Bill №. 12 - Painting and Finishes</u>						
	<u>Finishes (Tiling)</u>						
12.5	Supply and install ceramic toilet paper holders to washrooms inclusive of all necessary fittings	5	0	№.	5	2,500	13

Item	Description	Qty. Paid	Qty. Found	Unit	Diff.	Rate \$	Amount Overpaid \$'000
12.6	Supply and place 24" x 24" ceramic floor tiles to entire floor including for grout (Colour and pattern to be decided by the project manager)	210	194	Sq. yd	16	3,000	48
	Bill №. 13 - Externals Works						
	<u>Construction of Fence and Drill Square</u>						
13.23	Provide for the construction of Perimeter Fence around the compound	1	0	Prov. Sum	1	2,000,000	2,000
13.24	Provide for the construction of drill square next to building	1	0	Prov. Sum	1	1,500,000	1,500
Total							4,338

794. In addition to the above, the following were observed:

- a) It was discovered that the works were incomplete and the contractor abandoned the site, no materials, tools or equipment were on site. In addition, based on the valuation of works presented for audit examination, the Ministry certified and prepared full payment for completed works on 17 December 2018, knowing at the time that the works were incomplete.
- b) It was further discovered that the contractor uplifted said payment on 8 January 2019 and the works were still not completed at the time.
- c) Examination of the Tender Evaluation Report revealed that poor and incorrect analysis of tenders by the Evaluation Committee resulted in the omission of the costs of two pages from the Bills of Quantities of the bidder which was awarded the contract. The first page contained Items 13.1 to 13.10 valued at \$219,230 and the second page, Items 13.23.1 to 13.23.5 valued at \$721,500, together totalling \$940,730. This would have resulted in an arithmetically correct sum of \$19.987M, instead of the incorrectly awarded sum of \$19.046M. The evaluation of the tenders was therefore not properly done since this basic arithmetic check was incorrect.
- d) It was noted that the Performance Bond issued by an insurance company on 17 April 2018 had expired since 17 December 2018 and the works are still incomplete.
- e) No breakdown was seen for Item 10.1 of Bill №. 10 - electrical installation, valued at \$1M.
- f) It was noted that the contingency sum of \$1.732M was paid to the contractor, however no breakdown was seen and as such, it is unclear what this sum was paid to the contractor for.

- g) Substandard ceiling works were also discovered, where the ceiling was installed without any noggins, as contractually required, to affix same, resulting in the ceiling falling off from the eaves of the building.

**Ministry's Response:** The Head of Budget Agency noted the comments and explained that: (a) work on the project was delayed due the presence of a rubber tree in the vicinity of the area of construction of the fence and driveway. Initially approval was denied by the Regional Administration to remove the tree but recently this approval was granted verbally. Works will recommence shortly; (b) Final Account has not been made on this project at the time of verification and as such all queries will be rectified on the final account; (c) noted the comments; (d) the Bond has since been updated; (e) the breakdown is available for verification by State Audit; (f) the breakdown is available for verification by State Audit; and (g) this remedial works will be completed before final payment is made.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency: (a) must immediately desist from certifying and making payments for incomplete works; (b) the overpayment of \$4.338M should be recovered; (c) submit Order to Commence or Letter of Commencement, contractor's application with justifications for extension of time and Ministry's approval for extension of time; and (d) the contract should attract liquidated damages or should be terminated for failure to complete the works within the contractual duration and for failure to comply with specifications. All applicable clauses of the contract should be taken into consideration when preparing the Final Account. (2018/337)

795. A contract for revetment works to South/Western Tower Lusignan Prison was awarded in the sum of \$3.8M by the Ministerial Tender Board. One bid was requested by the Ministry. No Engineer's Estimate was seen. The contract was signed on 31 December 2018 with one-month duration for completion; however, the defects liability period could not be determined. Amounts totalling \$3.724M was paid to the contractor. Physical verification revealed that the contractor was overpaid \$560,448 as shown in the table below:

Item	Description	Qty. Paid	Qty. Found	Unit	Diff.	Rate \$	Amount Overpaid \$
Bill №. 2 - Concrete Works							
2.3	Formwork to dices to foundation and slab rate shall include for all necessary straps, ties, etc. as directed	127	116	Syd	11	3,000	33,000
2.4	Sand and cement blinding to foundation and slab as directed	35	30	Syd	5	2,500	12,500
2.5	1/2" dia HT bars 6" c/c to foundation and slab as directed	3582.74	2183	Lbs	1,400	200	279,948
2.6	Reinforced concrete 4000 psi to foundation and slab as directed	16.7	12	Cyd	5	50,000	235,000
Total							560,448



796. In addition to the above, it was discovered that full payment was processed since 31 December 2018, however the Engineer certified the works completed until 1 February 2019. The full payment was therefore prepared and processed before the works were actually completed.

**Ministry's Response:** The Ministry acknowledged the finding and stated the contractor has committed to repay the overpayment of \$560,448. It should be noted that the contractor was paid after the completion of the project.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency should take steps to immediately recover the overpayment, put systems in place to prevent recurrences and submit the commencement order for audit. (2018/338)

797. A contract was awarded by the National Procurement and Tender Administration Board for the rehabilitation of the Matthew's Ridge Police Station in the sum of \$37.568M to the lowest evaluated of eleven bidders. The Engineer's Estimate was \$40.530M. The contract was signed on 17 July 2018 with duration of six months and a defects liability period of six months. Amounts totalling \$14.778M was paid to the contractor as at December 2018. Physical verification revealed that the contractor has abandoned the project site and only a quantity of ceramic tiles was on site. According to the Officer in Charge of the police station, the contractor abandoned the site since 29 April 2019 and the works were incomplete; however, at this time the works should have been completed. No approved extensions of time were noted. In addition, it was discovered that the Advance Guarantee issued on 6 August 2018 had expired since 15 February 2019 and the Advance Payment has not been recovered.

**Ministry's Response:** The Head of Budget Agency explained that this project has since recommenced. The contractor did not abandon the site; the project delay was due to the inaccessibility to the project site caused by the deteriorated access road. The contractor is in the process of updating the Bond.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency: (a) submit Order to Commence or Letter of Commencement, contractor's application with justifications for extension of time, the Ministry's approval for extension of time; and (b) if liable, liquidated damages should be applied in accordance with the contract. (2018/339)

798. The Ministry awarded two contracts totalling \$11.943M on 31 December 2018 and prepared and processed full payments, despite the fact that the works would not have even commenced at the time. The details of the two contracts are shown in the table below:

Item	Description	Contract Sum \$'000
1	Construction of Watch Tower (Southern) at Lusignan Prison	5,843
2	Construction of Watch tower at Lusignan Prison	6,100
Total		11,943

**Ministry's Response:** The Head of Budget Agency noted the comments and indicated that payments were however made only after the completion of the projects.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency should desist from cutting and holding cheques before works are completed and certified. (2018/340)

Foreign Funded Projects

799. The sum of \$400M was budget for Citizen Security Strengthening Programme for 2018. Supplementary Provision totalling \$103.469M were approved, giving a revised budgetary allocation of \$503.469M. According to the Appropriation Accounts, the full amount was expended. The project was funded by the Inter-American Development Bank and are subjected to separate financial reporting and audit.

Furniture and Equipment

800. The sum of \$460M 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, Customs Anti-Narcotics Unit (CANU) and Police Complaints Authority. According to the Appropriation Accounts, amounts totalling \$469.952M were expended during the year as shown in the table below:

Description	Amount \$'000
Purchase of communication, musical and other equipment - Police	224,871
Purchase of tools and other equipment - Prison	159,850
Purchase of tools, office furniture & communication equipment - Fire	39,551
Purchase of equipment and furniture - Secretariat	35,000
Retention for building, furniture and equipment for CANU	9,997
Purchase of Computers and printer for Police Complaints Authority	683
Total	469,952

801. Included in the amount of \$224.871M shown as expended on communication and other equipment for the Police is the sum of \$1.434M, which represents the purchase of grass cutting machine, electronic forge, stable rubbers procured for the Force but were not received. Nevertheless, the other assets were verified as having been received and properly brought to account.

**Ministry's Response:** The Head of Budget Agency indicated that equipment to the value of \$1.434M will be supplied shortly.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency 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. (2018/341)

802. Included in the amount of \$39.951M which was expended on the purchase of tools, office furniture and communication equipment for Guyana Fire Service is the sum of \$962,266, which represent the purchase of Plantronics wireless headsets, GPS series radio, that were not received at the time of reporting in September 2019.

**Ministry's Response:** The Head of Budget Agency indicated that the remaining items to the value of \$962,266 are expected to be installed by GTT shortly.

**Recommendation:** The Audit Office recommends that the Head of Budget Agency 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. (2018/342)

#### Prior Year Matters

#### Current Expenditure

803. An amount of \$137,875 was overpaid on a contract for the tiling of dormitories at Timehri Prison. It was noted that the contract also had administrative issues.

**Ministry's Response:** The Head of Budget Agency stated that the contractor has committed to refund to the Ministry the sum overpaid.

**Recommendation:** The Audit Office again recommends that the Head of Budget Agency follow-up with the contractor to recover the overpayment and put systems in place to prevent recurrences. (2018/343)

804. A contract for the renovation to B-17 Living Quarters, Mazaruni Prison, was awarded in the sum of \$2.421M. 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. At the time of the physical verification in 13 June 2018 the advance payment guarantee was valid and the final payment was still to be prepared. However, the works were incomplete and the contractor had demobilised from the site.

**Ministry's Response:** The Head of Budget Agency stated that the Ministry has since revisited the project and found that works were completed to the value of \$711,836. These works are available for verification by State Audit.

805. The Ministry had indicated that the contractor has since completed the works, however, 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 Head of Budget Agency submit the relevant documentation to the Audit Office for verification. (2018/344)

### Other Matters

806. Twenty-five Cheque Orders totalling \$19.477M were outstanding for the year 2017.

**Ministry's Response:** The Head of Budget Agency indicated that the Ministry is making every effort to locate and present the outstanding Cheque Orders.

**Recommendation:** The Audit Office again recommends that the Head of Budget Agency 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. (2018/345)

807. According to information from the Ministry of Finance, there were five Deposit Fund Accounts in respect of the Ministry. 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. (2018/346)

### Capital Expenditure

808. During 2017, the sum of \$11.836M, was expended on the purchase of German Shepherd dog, automated finger print identification system, photovoltaic system, metal barriers, furniture and computer accessories for the Guyana Police Force. At the time of reporting, the metal barriers, computer accessories, German Shepherd dog and photovoltaic system were received, however, items to the value of \$7.805M were still to be delivered.

**Ministry's Response:** The Head of the Budget Agency indicated that the remaining items are expected shortly.

**Recommendation:** The Audit Office again recommends that the Head of Budget Agency 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. (2018/347)

809. 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 demobilised 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.
- b) The commencement date, completion date and defects liability period were not recorded in all the contract documents examined.

**Ministry's Response:** The Head of the Budget Agency indicated that the reinforced concrete parking lot has since been completed and the Ministry will ensure that all the necessary details are included in our contract documents.

810. The Ministry had indicated that the contractor has since completed the works, however, 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 Head of Budget Agency provide the Office with the outstanding documents so that this matter can be concluded. (2018/348)

811. 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. At the time of reporting the Ministry had recovered to date a total of \$2.250M from the contractor leaving an amount of \$1.254M still to be recovered.

**Ministry's Response:** The Head of the Budget Agency indicated that the contractor has refunded to the Ministry a total of \$2.250M. This matter has since been addressed in the Courts and an Order was made for the contractor to repay the sum of \$1.504M.

**Recommendation:** The Audit Office again recommends that the Head of Budget Agency diligently follow-up this long outstanding matter with the Attorney General in order to bring it to closure. (2018/349)

812. 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 the Audit Office an amount of \$312,750, leaving a balance of \$960,000 still to be recovered.

**Ministry's Response:** The Head of the Budget Agency indicated that the contractor has refunded to the Ministry the sum of \$40,000. This matter has since been addressed in the Courts and an Order was made for the contractor to repay the sum of \$960,250.

**Recommendation:** The Audit Office again recommends that the Head of Budget Agency diligently follow-up this long outstanding matter with the Attorney General in order to bring it to closure. (2018/350)

### Special Investigation

813. 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, this matter was still engaging the attention of the Court.

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

814. The table below shows the prior year matters as contained in the Auditor General's 2017 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
2017/235	Breach of circularised instructions - contracted employees		√	
2017/236	Overpayment of salaries and deductions		√	
2017/237	Non delivery of item	√		
2017/238	Overpayment on construction works and Administrative issues		√	
2017/239	Administrative issues and overpayment on project		√	
2017/240	Administrative issues on project			√
2017/241	Breach of Stores Regulations - Log Books		√	
2017/242	Breach of Stores Regulations - Historical Records			√
2017/243	Breach of FMA Act - Cheques of hand		√	
2017/244	Breach of circularised instructions - Cheque Orders		√	
2017/245	Reconstructed Payment Vouchers - not presented	√		
2017/246	Shortfall in Expenditure		√	
2017/247	Overpayment on construction works and Administrative issues		√	
2017/248	Overpayment on project			√
2017/249	Non - delivery of assets	√		
2017/250	Non - delivery of assets		√	
2017/251	Non - delivery of assets	√		
2017/252	Non reconciliation of Deposit Account			√

Rec. №.	Category of Findings	Recommendations		
		Fully Implemented	Partially Implemented	Not Implemented
2017/253	Overpayment on construction works			√
2017/254	Overpayment on construction works		√	
2017/255	Overpayment on construction works		√	
2017/256	Special investigation			√

Programme 2 - Guyana Police Force

Current Year Matters

Current Expenditure

Employment Costs

815. An examination of the Appropriation Account revealed that the sum of \$7.689 billion was budgeted and \$7.636 billion was expended on Employment Costs for the period under review. This represents 68.59% of the total current expenditure for the year 2018. The table below shows staffing details at the time of preparation of the 2018 National Estimates versus actual staffing according to the payroll as at 31 December 2018.

Line Item	Description	№. of Employees		
		National Estimates	Payroll December 2018	Variance
6111	Administrative	165	162	(3)
6113	Other Technical and Craft Skilled	582	576	(6)
6114	Clerical and Other Support	4,260	4,954	694
6115	Semi-Skilled Operatives and Unskilled	555	570	15
6116	Contracted Employees	12	7	(5)
Total		5,574	6,269	695

**Police Force's Response:** The Head of Budget Agency indicated that for Line Items 6111 and 6113, the decrease was due to retirements. Line Item 6114, the increase is due to the enlistment of new recruits. Line Item 6115, the increase is due to the employment of ranks. Line Item 6116, decrease was due to non-renewal of contracts.

816. From a population of 190 officers who severed employment with the Guyana Police Force for various reasons in 2018, an examination on a sample of 137 revealed eighty-eight instances where officers were overpaid net salaries totalling \$6.133M. In addition, the related deductions of \$304,744, \$377,611 and \$1.139M were also overpaid to GRA, NIS and other deduction agencies respectively. Similarly, for the years 2010 to 2012 and 2017 the Force is still to recover outstanding amounts totalling \$2.122M, which were over-paid to employees and deduction agencies as in the table below. These overpayments were a result of pay change directives not being forwarded in a timely manner to the Central Accounting Unit of the Force.

Year	Net Salaries \$'000	Deductions \$'000	Total \$'000
2017	187	46	233
2012	671	363	1,034
2011	290	67	357
2010	498	-	498
Total			2,122

**Police Force's Response:** The Head of Budget Agency indicated that the Force is currently making every effort to recover the overpayments. Letters of reminders were sent to all concerned of their indebtedness to the State.

**Recommendation:** The Audit Office recommends that the Guyana Police Force take steps to recover the overpayments and ensure that pay change directives are effectively and efficiently communicated in a timely manner to the Central Accounting Unit. (2018/351)

Stores and Other Public Property

817. A sample of twenty-six items were selected from the various sections of the Forces' Stores for physical verification against the Stock Ledgers. In all the cases, differences were observed in count. This breached Stores Regulations 1993 Sections 4 Parts vii and x, and 6 Parts 1 & 2, since the Stock Ledger were not updated when items were received or issued.

**Police Force's Response:** The Head of the Budget stated that the Force regrets this lapse and indicated that Bin Cards and Stock Ledgers are currently being updated.

**Recommendation:** The Audit Office recommends that the Guyana Police Force should ensure that the Stores Regulations are complied with at all times. (2018/352)

818. Due to the poor maintenance of Bin Cards and Stock Ledgers, the Force may be at risk of breaching Stores Regulations 1993 Section 8, which states, "*The storekeeper shall be responsible for ensuring that adequate stocks are maintained to meet the day to day requirements of the Ministry. Stock and re-order levels shall be determined after due consultation with the Permanent Secretary and taking into account the pattern of usage. Care shall be exercised to ensure that there is no over-stocking and any resultant incidence of obsolescence.*"

**Police Force's Response:** The Head of the Budget noted the comment and indicated that the necessary steps would be taken to address same.

**Recommendation:** The Audit Office recommends that the Guyana Police Force should ensure that the Stores Regulations are complied with at all times. (2018/353)



819. The Force presented a list detailing thirty-four vehicles that were left at workshops across the country to be repaired for various reasons. It was observed that two vehicles were at the workshop in excess of eighteen months while twenty-four were between five to fourteen months. The remaining eight vehicles were to be disposed.

**Police Force's Response:** The Head of Budget Agency indicated that this was due to the contractors having to source parts from overseas.

**Recommendation:** The Audit Office recommends that the Guyana Police Force urgently review the status of these vehicles and take the appropriate action. (2018/354)

Follow-up on the Implementation of Prior Year Audit Recommendation

820. The table below shows the prior year matter as contained in the Auditor General's 2017 Report and action taken by the Head of the Budget Agency regarding the recommendation made by the Audit Office.

Recommendation №.	Category of Finding	Recommendation		
		Fully Implemented	Partially Implemented	Not Implemented
2017/257	Overpayment of Salaries and Deductions		√	

AGENCY 71  
REGION 1 – BARIMA/WAINI

Current Year Matters

Current Expenditure

Employment Costs

821. According to the National Estimates amounts totalling \$997.493M was budgeted for Employment Costs for a staff complement of 784. As at 31 December 2018, amounts totalling \$996.780M were expended for 882 staff. This represents 98 staff more than was budgeted for and \$713,000 under the budgeted expenditure. As such, it would appear that Employment Costs were over budgeted. The table below gives a breakdown:

Line Item	Description	Filled 2018	Actual 2018	Increase/ Decrease 2018
6111	Administration	58	57	(1)
6112	Senior Technical	211	194	(17)
6113	Other Technical and Craft Skilled	126	132	6
6114	Clerical and Office Support	18	26	8
6115	Semi-Skilled Operatives	332	429	97
6116	Contracted Employees	37	38	1
6117	Temporary Employees	2	6	4
Total		784	882	98

**Region’s Response:** The Head of Budget Agency was unable to provide an explanation for this finding.

**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 Costs are for staff positions that are filled. (2018/355)

822. A further analysis of the employment details revealed that Public Service Commission Staff Vacancy Circular №. 1/2019 had advertised a total of twenty-five vacancies. 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 seven persons had since been hired and this included a Procurement Officer.

**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. (2018/356)

823. In addition, unpaid net salaries totalling \$1.857M were refunded to the Consolidated Fund for thirteen employees, however, the related deductions of \$284,904 paid to the various agencies were not recovered.

**Region's Response:** The Head of Budget Agency stated that the agencies will be written to refund the overpayments.

**Recommendation:** The Audit Office recommends that the Regional Administration follow-up this matter with the relevant agencies with the view of recovering all amounts overpaid. (2018/357)

#### Office and Field Supplies

824. Amounts totalling \$676.987M were allocated under this accounting area. As at 31 December 2018, amounts totalling \$676.130M were expended. Included in this amount is the sum of \$86M which was budgeted for the procurement of Drugs and Medical Supplies under Health Services Programme - Line Item 6221. According to the Appropriation Account the sum of \$85.500M was expended as at 31 December 2018, while \$500,000 was reflected as unspent.

825. Included in the amount expended, were sums totalling \$61M 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 \$24.500M expended by the Region for the purchase of drugs and medical supplies on their own.

826. With respect to the IDW issued to the MOPH, Warrant №. 1/2018 for \$25M was dated 5 May 2018 while Warrant №. 2/2018 for \$36M was dated 3 September 2018. Financial returns were received from the MOPH indicating that the sums of \$25M and \$35.502M were expended respectively, resulting in an unspent amount of \$498,000 on warrant №. 2/2018.

827. However, although drugs and medical supplies were received by the Regional Administration from Materials Management Unit (MMU), the cost was not stated on the documentation that accompanied the deliveries sent from MMU. 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 will be asked to refund the sum or supply drugs to the value of the unspent sum.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that the list of drugs and medical supplies attached to the warrant sent to MOPH is submitted for audit inspection and this is reconciled with the drugs and medical supplies received from the MMU with respect to quantity and cost. (2018/358)

828. 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 Region breached the aforementioned Regulations since the three quote method of procurement was utilised in four instances totalling \$17.678M to procure drugs and medical supplies when these purchases should have been adjudicated by the Regional Tender Board (RTB) due to the value exceeding the limit of \$1.5M.

**Region's Response:** The Head of Budget Agency indicated that corrective action will be taken to ensure that the three quote system does not exceed the authorised amount.

**Recommendation:** The Audit Office recommends that the Regional Administration comply fully with the requirements of the Procurement Act. (2018/359)

829. Audit examination of a sample of thirty Payment Vouchers revealed that four purchases for drugs and medical supplies totalling \$618,000 were duplicated as detailed below:

- a) Identical Requisitions to purchase (RTPs) were raised by two different Officers but with similar date, quantity, unit price and value.
- b) The records of the Regional Administration show that all items purchased were received and entered in the Goods Received Book at the Mabaruma Regional Stores and issued to the Mabaruma District Hospital.
- c) The Stock Ledgers at the Mabaruma District Hospital had items received from only one set of payments made.

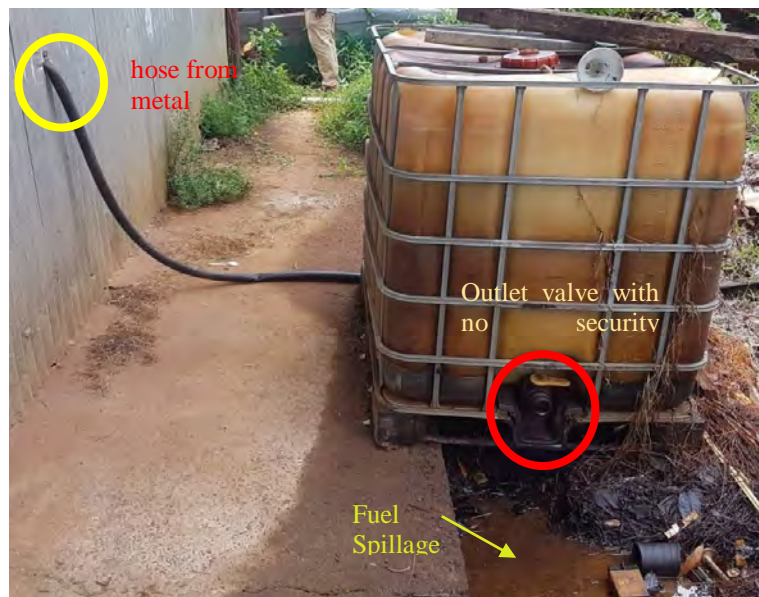
**Region's Response:** The Head of Budget Agency indicated that this matter will be investigated further and the necessary corrective action taken.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that all purchases are fully accounted for and properly brought to account in the records at the relevant Stores. (2018/360)

830. According to the Appropriation Accounts, amounts totalling \$163.673M were expended on Fuel and Lubricants for 2018. Included in this amount is the sum of \$77.491M which was expended under Programme 712 – Public Works. This amount included the purchase of fuel and lubricants for the Mabaruma Power House. Audit examination of Payment Vouchers, other related documents, stores records and the operations of the Power House revealed that:

- a) Amounts totalling \$57.513M were expended for the purchase of 2,025 drums of diesolene for the Power House during 2018.
- b) The Regional Administration continued to purchase fuel in excess of its storage capacity even though this matter was highlighted in the 2017 Auditor General's Report.

- c) During 2018, the Regional Administration prepared two Requisitions to Purchase (RTP №.1207845 & 1207846) on the same day (5 December) for 200 drums of diesoline each for the Mabaruma Power House. These payments were made on Payment Vouchers №.7103592 and 7103590 dated 6 December 2018.
- d) The fuel was delivered in full by the supplier to the Power House on 5 December 2018, however, total storage capacity at the Power House is 225 drums. It was unclear on what basis the Regional Administration managed to store the additional 175 drums of fuel purchased.
- e) No record was kept at the Power House to reflect the balance of fuel on hand at any given time which impeded the verification of a physical count.
- f) One of the fuel containers (plastic) with storage capacity of 5 drums or 225 gallons was placed at the back, outside of the Power House building. This container had a hose leading to it from the metal tanks, which feeds the generator engines inside the building.
- g) At the time of audit on the 16 of May 2019 the container was filled with diesoline with a small percentage of sediments settled at the bottom. It was also noted that the container was not properly secured in that the outlet valve had no security measures in place to restrict it from opening.



**Region's Response:** The Head of Budget Agency explained that a request was made for the Ministry of Communities to send their auditor to conduct a comprehensive audit of this issue.

**Recommendation:** The Audit Office recommends that the Regional Administration take steps to ensure that: (i) fuel is purchased within the requisite storage capacity; (ii) a fuel book is implement to reflect the balance of fuel on hand at the Power House at any given time; and (iii) all containers used to store fuel are properly secured. (2018/361)

Maintenance Works

831. The sum of \$427.480M was allocated for maintenance works. As at 31 December 2018, the sum of \$427.459M was expended. Included in this amount is the sum of \$183.198M expended on maintenance of buildings. An examination and analysis done on Payment Vouchers, contracts and related tender documents revealed three instances totalling \$12.492M, where the contract documents and Payment Vouchers were prepared and paid to the contractor at a higher price than what the contracts were awarded for by the Regional Tender Board. There was no evidence that these contracts had approved variation, as such, it was unclear on what basis the Regional Administration prepare the contracts in excess of the amounts approved by the Tender Board.

**Region's Response:** The Head of Budget Agency stated that the Engineer will be written to requesting an explanation.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that all contracts awarded are prepared for the same amount as that approved by the Tender Board. (2018/362)

832. The contract for the repairs to Hosororo Primary School, Mabaruma was awarded to the lowest of three bidders in the sum of \$5.781M. As at 31 December 2018, amounts totalling \$5.424M were paid to the contractor. We were unable to determine from the contract, the date on which it was signed, its start date, completion date and defects liability period. In addition, details regarding advertisement of the project and the Engineer's Estimate were not seen. A physical verification of the project revealed that the contractor was overpaid \$142,000 as detailed below:

Item	Description	Qty. Paid	Qty. Found	Unit	Diff.	Rate \$	Amount Overpaid \$'000
	Bottom Flat						
2	Provide for and to install new non-skid ceramic tiles to floor (cater for levelling floor before installation)	286.5	258.6	Sy/yd	27.9	4,000	112
2.9	Provide for servicing all lavatory sink to make fully functional (cater for replacing all missing components)	5	2	nr	3	10,000	30
	Total						142

**Region's Response:** The Head of Budget Agency stated that the Engineer will be written to requesting an explanation.

**Recommendation:** The Audit Office recommends that the Regional Administration: (i) take steps to recover the overpayment; and (ii) ensure that completed works are accurately measured and quantified before payments are made to contractors. (2018/363)

833. The contract for the repairs to Port Kaituma Teacher’s Quarters, Matarkai was awarded to the lowest of five bidders in the sum of \$6.682M. As at 31 December 2018, amounts totalling \$6.682M were paid to the contractor. An examination of the contract revealed that it was signed on 17 August 2018. However, the contract duration, commencement date and the defects liability period could not be determined. Further, details regarding the advertisement of the project and Engineer’s Estimate were not seen. A physical verification of the project revealed that the contractor was overpaid \$103,000 as detailed below:

Item	Description	Qty. Paid	Qty. Found	Unit	Diff.	Rate \$	Amount Overpaid \$'000
	Washroom Areas						
2.3.1a	Floor						
2.3.1b	Supply and install 5/8" thk concrete board to timber floor including for screws and sealing of joints	7.5	4.7	Sy/yd	2.8	8,300	23
2.3.1c	Supply and install 12" x 12" ceramic nonskid floor tiles to prepared surface laid with 1/2" spacers including for tin set and grouting. Tiles to meet specification set out in contract document and to be approved before installation commence	7.5	4.7	Sy/yd	2.8	6,000	17
2.3.2a	Wall						
2.3.2b	Supply and install 1/2" thk concrete board to timber floor including for screws and sealing of joints	25	19.3	Sy/yd	5.7	6,000	34
2.3.2c	Supply and install 8" x 12" ceramic non skid floor tiles to prepared surface laid with 1/4" spacers including for tin set and grouting. Tiles to meet specification set out in contract document and to be approved before installation commence	25	19.3	Sy/yd	5.7	5,000	29
	Total						103

**Region’s Response:** The Head of Budget Agency stated that the Engineer will be written to requesting an explanation.

**Recommendation:** The Audit Office recommends that the Regional Administration: (i) take steps to recover the overpayment; and (ii) ensure that completed works are accurately measured and quantified before payments are made to contractors. (2018/364)

834. Amounts totalling \$50.996M were expended on vehicle spares, services and repairs to the Regional Administration fleet of vehicles. However, historical records were not maintained to monitor the individual cost of repairs and to determine whether it was economical to retain or dispose of these vehicles. An analysis of these costs revealed that ten of the vehicles had significant maintenance costs amounting to \$14.781M for the period under review, as detailed below:

Vehicle №.	Description of Vehicle	Amount Expended 2018 \$'000
Tractor	Massey Ferguson Tractor 390	2,046
PWW 3810	Mini Bus (15 Seater)	2,030
PLL 6727	Ambulance	1,968
Outboard Engine	200 HP Outboard Engine– Health	1,715
PPP 1423	Pick up	1,609
GRR 1929	Canter	1,374
PKK 3248	Pick up	1,352
PVV 6818	David ‘G’ School Bus	1,256
CJ 806	ATV – Health	834
Outboard Engine	75 HP Outboard Engine – Health	597
Total		14,781

**Region’s Response:** The Head of Budget Agency indicated that there is no Mechanical Superintendent or files maintained on each vehicle. As soon as such person is employed, corrective action will be taken.

**Recommendation:** The Audit Office recommends that the Regional Administration monitor closely the maintenance of its fleet of motor vehicles and determine whether it would be more economical to dispose of vehicles that recorded high maintenance costs. (2018/365)

835. Replaced parts removed from vehicles and equipment when repairs were done by contractors were not returned to the Region’s Stores. As such, we were unable to substantiate the payments made for these repairs based on the bills submitted.

**Region’s Response:** The Head of Budget Agency indicated that corrective action has since been taken.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure all used spare parts are returned to Stores in compliance with the Stores Regulations. (2018/366)

Stores and Other Public Property

836. Of the 109 vehicles/machinery/equipment owned and controlled by the Region, thirty-three were under repairs/not working and in the workshop for the period under review. Of the remaining seventy-six serviceable vehicles/machinery/equipment, for which Log Books were required to be maintained, only thirty-four Log Books were submitted, leaving forty-two outstanding.



**Region's Response:** The Head of Budget Agency indicated that corrective action has since been taken.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure all Logs Book are maintained and properly written up in compliance with the Stores Regulations. (2018/367)

#### Other Matters

837. Section 43 of the Fiscal Management and Accountability (FMA) 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 safe revealed that there were 152 cheques valued at \$157.895M at the time of audit on 24 May 2019. These cheques should have been refunded to the Consolidated Fund in 2018 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 six cheques were refunded to the Accountant General Department for projects that were not completed, some of the cheques were paid to contractors for projects that were completed, while the Accountant General, on a visit to the Region, made some decision with the Sub-Treasury and the Region with regards to the outstanding cheques.

**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. (2018/368)

838. The system for the processing of a Payment Voucher by the Regional Administration requires Payment Vouchers be prepared by a staff of a Department, certified by the Head of Department, approved by the Regional Executive Officer, sent to the Regional Accounting Unit for further examination and certification before being entered into the Integrated Financial Management Information System (IFMIS) by an authorised Officer. Payment Vouchers are then sent to the Sub-Treasury for examination and approval is obtained from the IFMIS system before a cheque can be cut by the Accountant General Department. However, audit examination revealed that there were ten cheques on hand totalling \$9.067M which did not have supporting Payment Vouchers attached to them.

**Region's Response:** The Head of Budget Agency explained that he will have to seek an explanation from both the Accounts Department and the Sub-Treasury on this issue.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that for all payments processed through the IFMIS there is an approved Payment Voucher. (2018/369)

839. Cheque Orders are required to be cleared through the submission of bills/receipts and other documents in support of the payments made. However, the Regional Administration again failed to adhere to these requirements as they did in 2017. During 2018, an examination of the records revealed that 187 Cheque Orders valued at \$402.304M for the period 2015 to 2018 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
2015	29	26,191
2016	41	57,381
2017	40	119,462
2018	77	199,270
Total	187	402,304

**Region's Response:** The Head of Budget Agency indicated that the Regional Administration has commenced 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. (2018/370)

840. 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 232 Government Buildings owned and controlled by the Regional Administration of which sixty-two are Government Living Quarters. Of these sixty-two, thirty are occupied by Officers of the Region, twenty-nine are unoccupied and three are abandoned. However, in respect of the thirty 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 explained that this issue has been occurring for more than twenty years and no Government Officer pays for the occupation of 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. (2018/371)

### Tender Board

841. Evaluation Committee documents and Regional Tender Board Minutes were not presented for audit scrutiny for ten and eight contracts respectively awarded by the Regional Tender Board for the period under review. It should be noted that in the absence of the Evaluation Committee documents and Tender Board Minutes it cannot be determined whether the award of these contracts were done in a transparent manner by the Regional Tender Board.

**Region's Response:** The Head of Budget Agency was unable to provide an explanation for this finding.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure all Evaluation Committee documents and all meetings of the Tender Board are properly documented and retained for audit scrutiny. (2018/372)

### Capital Expenditure

842. The sum of \$350M was budgeted for in 2018 to execute the Capital Programme of the Regional Administration. According to the Appropriation Account the sum of \$309.026M was expended leaving an unspent amount of \$40.974M representing a shortfall of expenditure under the various Programmes as shown below:

Programme	Description	Budgeted Amount \$'000	Expenditure \$'000	Shortfall \$'000
1	Regional Administrative Finance	14,500	12,177	2,323
2	Public Works	107,000	94,088	12,912
3	Education Delivery	118,200	103,814	14,386
4	Health Services	110,300	98,947	11,353
Total		350,000	309,026	40,974

**Region's Response:** The Head of Budget Agency stated that he was unable to provide a suitable explanation for this shortfall in expenditure and will write the Engineer to obtain an answer.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure all works budgeted are executed and completed. (2018/373)

### Buildings

843. A contract for the Extension of Warapoka Primary School, Moruca was awarded in the sum of \$16.434M. As at 31 December 2018, amounts totalling \$14.692M were paid to the contractor. A physical verification on 24 May 2019 revealed that the contractor abandoned the site and the works were incomplete, while materials including windows, doors and ceramic tiles were still on site. Despite the fact that the works were abandoned, payments were approved and processed by the Region in excess of the works that was completed at the time. A physical verification of the project revealed the following overpayment:

Item	Description	Qty. Paid	Qty. Found	Unit	Diff.	Rate \$	Amount Overpaid \$'000
5	Beams						
5.1	Provide for and cast mass concrete to 10" x 12" x 320' beams to building	10	5.36	Cu/yd	4.64	45,000	209
5.4	Form works to faces of beams	1,000	608	Bm	392	200	78
6	Walls						
6.3	Provide for prime and apply two coats of semi-emulsion paint to all concrete walls of building (colour as directed)	280	0	Sq yd	280	800	224
7	Doors						
7.3	Provide for and to install new purple heart panel doors complete to internal door way, with English made locks , 3 nr 6" butts , 8" tower bolts , etc 30" x 80"	2	0	Nr	2	60,000	120
8	Windows						
8.2	Provide for and to install 30" x 48" sash windows complete with locking device to building	50	35	Nr.	15	27,000	405
9	Roof						
9.7	Provide for the to install 1 nr truss to roof using 2 nr 4" x 6" x 25' beams with 2" x 6" members. (cater for all bolts and nuts with washers, steel plates etc.) see engineer for design	1	0	Nr	1	50,000	50
9.13	Provide for prime, putty and apply two coats of oil paint to all roof members and close boarding of building	550	0	Sq yd	550	800	440
19.1	Provide for and to install new 24" x 24" non-skid ceramic tiles to floor (cater for all tin set, etc)	333	0	Sq yd	333	3,200	1,066
	Total						2,592



**Region's Response:** The Head of Budget Agency stated that the Engineer will be written to requesting an explanation. Nevertheless, the school has since been completed by another contractor.

**Recommendation:** The Audit Office recommends that the Regional Administration: (i) take steps to recover the overpayment; (ii) desist from approving payments for works which are incomplete and ensure that completed works are accurately measured and quantified before payments are made to contractors; and (iii) ensure liquidated damages are deducted for failure to complete the works in a timely manner. (2018/374)

844. The contract for the Extension of Sacred Heart Primary School Maburuma was awarded in the sum of \$15.763M. As at 31 December 2018, amounts totalling \$14.187M were paid to the contractor. In addition, the contractor received a Mobilisation Advance of \$4.729M, representing 30% of the contract sum. This advance payment was not recovered at the time of reporting in May 2019 and no Performance Bond was seen for the works.

845. A physical verification of the said project on the 24 May 2019, revealed that the contractor abandoned the site and the works were incomplete. Despite the fact that the works were abandoned, payments totalling \$9.142M were approved and processed by the Region. This is in excess of the works that was completed at the time.

**Region's Response:** The Head of Budget Agency stated the school was visited by the Minister and three Engineers from the Ministry of Communities and the contractor has restarted the school and it is approximately 50% completed.

**Recommendation:** The Audit Office recommends that the Regional Administration: (i) desist from approving payments for works which are incomplete and ensure that works are accurately measured and quantified before payments are made to contractors; and (ii) ensure Bonds and Insurances remain valid as required under the contract. (2018/375)



Photographs of the abandoned site and incomplete works

846. The contract for the construction of an X- ray Room/Lab at the Pakera District Hospital was awarded to the sole bidder in the sum of \$14.890M. As at 31 December 2018, amounts totalling \$13.401M were paid to the contractor. Audit checks revealed that a cheque for the sum of \$4.773M was prepared and held for the contractor and no Performance Security/Bond were seen for the contract.

847. A physical verification of the said project on the 23 May 2019 revealed that the works were to be completed by 23 January 2019 based on the contract duration, however, at 23 May 2019, four months beyond the completion date, the works have been abandoned and were incomplete with no materials onsite. It was also noted that despite the fact that the works were abandoned, payments were approved and processed by the RDC in excess of the works completed at the time.

**Region's Response:** The Head of Budget Agency stated that building has since been completed.

**Recommendation:** The Audit Office recommends that the Regional Administration: (i) desist from approving payments for works which are incomplete and ensure that completed works are accurately measured and quantified before payments are made to contractors; (ii) ensure liquidated damages are deducted for failure to complete the works in a timely manner; and (iii) bonds are issued and remain valid for the contract. (2018/376)



### Public Works

848. The contract for the construction of Reinforced Concrete Bridge at Barabina Main Access Road, Mabaruma, was awarded in the sum of \$13.580M. As at 31 December 2018, amounts totalling \$12.218M were paid to the contractor. An examination of Payment Vouchers and other supporting documents revealed that:

- a) There was no Engineer's Estimate.
- b) The date on which the Contract was signed, start date, completion date and defects liability period could not be determined from the documents examined.

849. A physical verification of the said project on the 20 May 2019 revealed that the contractor was overpaid \$455,000 as detailed below:

Item	Description	Qty. Paid	Qty. Found	Unit	Diff.	Rate \$	Amount Overpaid \$'000
2	End Abutments & Wing Walls						
2.4	Cater for applying 1" plaster to outer face of wall with 1:2 mix	1	0	Sum	1	200,000	200
10	Approaches to Bridge						
	Provide for backfilling approaches with recommend white sand 6" thick x 50' both ends	17	0	Cu Yd	17	15,000	255
Total							455

**Region's Response:** The Head of Budget Agency stated that the shortcomings identified were raised with the Minister of Communities and corrective action has since been taken for all future projects.

**Recommendation:** The Audit Office recommends that the Regional Administration: (i) take steps to recover the overpayment; and (ii) ensure that completed works are accurately measured and quantified before payments are made to contractors. (2018/377)

#### Capital Purchases

850. The sum of \$51.4M was allocated under this accounting area. As at 31 December 2018, the sum of \$50.424M was expended. Audit examination of the expenditure and documents revealed the following:

- a) The sum of \$7.644M was expended for the purchase of two Hematology Analyser for Mabaruma Regional Hospital without a contract.
- b) The equipment were delivered and brought into account on the records of the Regional Administrative Stores on 12 March 2018.
- c) The supplier uplifted cheque in the full sum of \$7.644M on the 30 July 2018.
- d) The items were issued to the Mabaruma District Hospital on 9 April 2019 almost a year later. However, upon examination by the Regional Health Officer, it was realised that they were faulty in that there were error codes reflected on starting up of the equipment.
- e) The equipment was returned to the supplier on 15 April 2019. However, there was no documentation to show that the equipment were returned to the supplier.
- f) At the time of reporting on 24 May 2019 the equipment were still not returned to the Region.

**Region’s Response:** The Head of Budget Agency was unable to provide an explanation.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure all assets critical to the operations of the Health Sector are purchased, received and functioning to ensure the proper operation of the Sector. (2018/378)

851. Two 15HP outboard engines and two centrifuges to the value of \$2.176M that were purchased under the Region’s Health Programme for the year 2018 were still on hand at the Regional Stores at the time of audit checks on 24 May 2019. There were several other items such as, solar panels, refrigerators, gas stoves, sofas, teacher tables and chairs, and wardrobes which were also in the Stores at the time of verification. In addition, items to the value of \$3.818M were still not received by the Region at the time of reporting.

**Region’s Response:** The Head of Budget Agency indicated that most of the items in Stores were being held for schools under construction/repairs and as soon as these schools are completed the items will be distributed, while the items outstanding were also for school and some has since been received.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure all assets purchased are received, promptly delivered to the required locations, and put into use as required. (2018/379)

Prior Year Matters

Current Expenditure

Employment Costs

852. Amounts totalling \$487,000 remained outstanding as overpaid net salaries to employees with respect to 2015-2017. The related deductions totalling \$352,000 paid over to the various agencies were also not recovered. Shown in the table below are the details of the outstanding amounts:

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
2017	1,141	734	407	70	0	70	477
Total	2,356	1,869	487	352	0	352	839

**Region’s Response:** The Head of Budget Agency was unable to provide an explanation.

**Recommendation:** The Audit Office recommends that the Regional Administration follow-up this matter with the relevant Officers and agencies with the view of recovering all amounts overpaid. (2018/380)



Office and Field Supplies

853. During 2017, the Regional Accounting Unit expended the sum of \$30.170M 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. 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.
- 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 from MMU.

**Region's Response:** The Head of Budget Agency was unable to provide an explanation.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that; (i) all drugs purchased are received and brought to account in the Goods Received Book; and (ii) items needed are not available at MMU before being purchased. (2018/381)

Maintenance Works

854. The Regional Administration had still not recovered overpayments totalling \$7.419M for the years 2016 and 2017. Shown below is a table of the outstanding overpayments.

Year	Description	Amount overpaid \$'000
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
2017	Senior Welfare Officer Living Quarter's Moruca	281
"	Repairs to St. Mary's Primary School	514
"	Repairs to Arakaka Teacher's Quarter's Matarkai	450
"	Repairs to Falls Top Primary School, Matarkai	1,033
Total		7,419

**Region’s Response:** The Head of Budget Agency was unable to provide an explanation.

**Recommendation:** The Audit Office recommends that the Regional Administration recover the overpayments and put proper systems in place to avoid future recurrences. (2018/382)

Other Matters

855. During 2017, 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 stated that he will ask for an explanation from the Accountant.

**Recommendation:** The Audit Office recommends that the Regional Administration take all necessary measures to review the controls in relation to the accounting, security and retention of all vouchers for audit examination. (2018/383)

Capital Expenditure

856. The Regional Administration is still to recover overpayments totalling \$7.728M on the following projects during the years 2015 to 2017.

Year	Line Item	Description	Amount Overpaid \$'000
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
2017	“	Construction of reinforced concrete bridge on the Hosororo Stretch	401
“	“	Construction of wharf at Kumaka, Mabaruma	1,025
Total			7,728

**Region’s Response:** The Head of Budget Agency was unable to provide an explanation.

**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. (2018/384)

Follow-up on the Implementation of Prior Year Audit Recommendations

857. The table below summarises the prior year matters as contained in the Auditor General's 2017 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
2017/258	Circularised instructions			√
2017/259	Circularised instructions			√
2017/260	Overpayment of Salaries			√
2017/261	IDW Drugs and Medical Supplies			√
2017/262	IDW Drugs and Medical Supplies			√
2017/263	Breaches of Stores Regulations			√
2017/264	Overpayment of construction works			√
2017/265	Overpayment of construction works			√
2017/266	Overpayment of construction works			√
2017/267	Overpayment of construction works			√
2017/268	Breaches of Stores Regulations			√
2017/269	Breaches of FMA Act 2003			√
2017/270	Cheques Orders and Missing Vouchers			√
2017/271	Cheques Orders and Missing Vouchers			√
2017/272	Circularised Instructions			√
2017/273	Shortfall of Capital Expenditure			√
2017/274	Overpayment of construction works			√
2017/275	Overpayment of construction works			√
2017/276	Breaches of Stores Regulations			√
2017/277	Other Matters			√
2017/278	Breaches of Procurement Act 2003			√
2017/279	Overpayment of construction works			√
2017/280	Overpayment of construction works			√

AGENCY 72  
REGION 2 – POMEROON/SUPERNAAM

Current Year Matters

Current Expenditure

Employment Costs

858. According to the National Estimates amounts totalling \$1.835 billion was budgeted for Employment Costs for a staff complement of 1,373. As at 31 December 2018, amounts totalling \$1.835 billion were expended for 1,496 staff as shown below. This represents 123 staff more than was budgeted for.

Line Item	Description	Filled 2018	Actual 2018	Increase/ (Decrease) 2018
6111	Administrative	143	144	1
6112	Senior Technical	494	554	60
6113	Other Technical and Craft Skilled	321	353	32
6114	Clerical and Office Support	66	70	4
6115	Semi-Skilled Operatives and Unskilled	265	279	14
6116	Contracted Employees	83	89	6
6117	Temporary Employees	1	7	6
Total		1,373	1,496	123

**Region's Response:** The Head of Budget Agency indicated that the additional funds for employment were provided from the Ministry of Finance – Revision of Wages and Salaries.

**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 Costs are for staff positions that are filled. (2018/385)

859. 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. However, it was noted that the Regional Administration employed three persons on contracts who were all below the age of forty-five and should have been employed on the fixed establishment.

**Region's Response:** The Head of Budget Agency indicated that one Officer is not qualified to be appointed substantively while the other two Officers will now be recommended to the Department of the Public Service so they can be appointed through the Public Service Commission.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that all employment is in keeping with circularised instructions and immediate steps are taken to move these employees over to the Permanent Establishment. (2018/386)

860. A further analysis of the employment details revealed that the Regional Administration had a total of twenty-five vacancies as advertised in the PSC Staff Vacancy Circular №. 1/2019 dated 27 June 2019. These vacancies included critical posts, such as, one Medical Superintendent, one Deputy Regional Executive Officer, one Regional Health Officer, one Regional Education Officer, one Senior Health Visitor, one Nutritionist, two Systems Development Officers and one Agricultural Officer. 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 all positions were advertised by PSC, however, to date no one has been appointed.

**Recommendation:** The Audit Office recommends that the Regional Administration urgently review its staffing situation since the level of staffing would have an adverse effect on the operations of the Region and in particular the level of control needed to ensure adequate checks and balances. (2018/387)

861. An examination of employment details revealed that three Officers were overpaid net salaries totalling \$154,407, of which \$25,181 for one Officer remained outstanding. In addition, the related deductions totalling \$20,385, overpaid to the various deduction agencies were also not recovered.

**Region's Response:** The Head of Budget Agency indicated that the Officer and agencies were written to in relation to refunding outstanding sums of monies, however, to date the agencies are still to make the refund while no refund was made by the Officer.

**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 communicated in a timely manner to the Regional Accounting Unit. (2018/388)

#### Office and Field Supplies

862. The sum of \$204.709M was budgeted for the procurement of Drugs and Medical Supplies under Health Services Programme - Line Item 6221. The Regional Administration expended \$25.707M and issued two Inter-Departmental Warrants for \$179M to the Ministry of Public Health (MOPH) for the Ministry to procure drugs and medical supplies for the Regional Administration.

863. With respect to the Inter-Departmental Warrants, IDW №. 1/2018 for \$130M was issued on 9 April while IDW №. 2/2018 for \$49M was issued on 17 April to the MOPH. Financial Returns were received indicating that amounts totalling \$129.952M and \$49M respectively were expended. However, 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.

**Region's Response:** The Head of Budget Agency indicated that the amount of \$140M for Drugs and Medical Supplies from MMU was received and reconciled with the request made.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that the list of drugs and medical supplies attached to the warrant sent to MOPH is submitted for audit inspection and this is reconciled with that received from the MMU with respect to quantity and cost. (2018/389)

#### Fuel and Lubricants

864. The Regional Administration had indicated that they have put systems in place to store fuel for the Region separately from that of other Bodies, however, this was not the case and fuel from one other entity continued to be stored with that of the Region. More specifically, the fuel for the CORE Group is stored in the same fuel tank with the Regional Administration without separate records. As a result, it could not be determined whether the fuel for the Regional Administration is utilised solely for the Region's vehicles and equipment.

**Region's Response:** The Head of Budget Agency indicated that CORE has an outstanding balance of fuel purchased in 2018, which is still to be utilised. After the full utilisation of the existing balance, the Regional Administration will be no longer responsible for storage of CORE fuel.

**Recommendation:** The Audit Office recommends that the Regional Administration put systems in place to ensure that all fuel for the Region is stored and accounted for separately and accurately. (2018/390)

#### Log Books

865. Of the seventy-eight serviceable vehicles/equipment for which Log Books were required to be maintained, Log Books were only presented for forty-six leaving thirty-two unrepresented. In addition, the Log Books presented were not properly written up.

**Region's Response:** The Head of Budget Agency indicated that the Regional Administration has implemented Log Books for all vehicles and equipment during 2019 and corrective action is being taken to properly maintain all Log Books.

**Recommendation:** The Audit Office recommends that the Regional Administration comply fully with the Stores Regulations with respect to the maintenance of Log Books. (2018/391)

#### Stores and Other Public Property

866. 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 that:

Public Hospital – Suddie

- a) Stock Ledgers at the Ration Store were not properly written up, in that, vital information, such as, receipts of goods and balances were not recorded.
- b) There were forty-five instances where the physical stocks were more than the amount recorded on the Bin Cards and nineteen instances where the physical stocks were less than the amount on the Bin Cards.
- c) The Inventory for Public Hospital Suddie was not updated. There were items seen that were not recorded on the Inventory whilst there were items recorded on the Inventory that were less than that stated.
- d) There were forty-three instances of expired drugs found at the Drugs Bond.

Oscar Joseph District Hospital

- a) The Drug Bond/Room ledgers were not updated for the period under review.
- b) The Inventory for the Oscar Joseph District Hospital was not updated. Items seen were not recorded therein.
- c) Capital items purchased were not put in to use and marked as property of the Hospital.

**Region's Response:** The Head of Budget Agency indicated that the Regional Administration established a system to ensure all records and Inventories were updated and subjected to Stores Regulations. All capital items were marked and put into immediate use.

**Recommendation:** The Audit Office recommends that the Regional Administration put systems in place to ensure that the Stores Regulations are complied with at all times and the Master and Sectional Inventories are accurately updated. (2018/392)

Other Matters

867. 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. There are fifty-eight living quarters owned by the Regional Administration. Examinations of the House Rent Register revealed that thirteen are occupied by persons for which there were no documentation to substantiate their entitlement to rent-free quarters. A similar situation existed in 2017.

**Region's Response:** The Head of Budget Agency indicated that two Officers are entitled to accommodation due to transfer to the Region. Three Persons were given final warning to vacate, two Officers are now paying rent while two Officers have since vacated. Officers occupying living quarters in Mashabo and Bethany are coastal teachers who took up appointment in Hinterland schools, as such, they were given rent free 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. (2018/393)

Economic Fund/Economic Project

868. The Regional Administration operated three special projects account nos. 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. Audit checks revealed that amounts from these accounts were used as advances to facilitate activities within the Region. An examination of the Cash Book for these accounts revealed that there were 356 outstanding advances totalling \$21.093M as shown below:

Account	Period	Number of Outstanding Advances	Total \$'000
West Bury	1995-2018	27	1,658
Kayman Sankar	1995-2018	128	4,256
State House	1995-2018	14	397
Essequibo Night	1995-2018	63	8,821
Sale of Tender	1995-2018	12	682
Rental of Unifloat	1995-2018	2	104
Toll Fee	1995-2015	5	1,000
Sewage Truck	1995-2018	73	2,321
Water Users	2018	1	271
Rental of Stage	1995-2018	5	103
Charity Marketing Centre	2013-2018	20	1,301
Mash	2015-2018	5	168
Flavour of Region №. 2	2016	1	11
Total		356	21,093

869. Further, eighty-five advances valued at \$3.322M were outstanding with respect to 2018. These advances were issued for travelling, meals, salary advance, purchase of spares and advertisements etc.

870. In addition, it was observed that even though it is required that an Officer clear all outstanding advances before being issued another, there were eleven Officers who have multiple advances outstanding for the year 2018. A similar situation existed in 2016 and 2017.



**Region's Response:** The Head of Budget Agency indicated that persons with outstanding advances were written to, however, just twenty persons responded and fully cleared their advances. Three hundred and thirty-six persons are still to respond. In the absence of a response by the end of October, these names will be made public with the corresponding amount outstanding.

**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. (2018/394)

Maintenance Works

871. Amounts totalling \$502.156M were allocated for repairs and maintenance of buildings and infrastructure within the Region. As at 31 December 2018, amounts totalling \$439.940M were expended under the various Line Items as shown below:

Line Item	Description	Amount Allocated \$'000	Amount Expended \$'000	Differences \$'000
6242	Maintenance of Buildings	118,329	113,895	4,434
6251	Maintenance of Roads	44,948	44,144	804
6252	Maintenance of Bridges	22,581	18,765	3,816
6253	Maintenance of Drainage & Irrigation	173,997	161,813	12,184
6254	Maintenance of Sea and River Defense	13,105	3,266	9,839
6255	Maintenance of Other Infrastructure	97,793	77,201	20,592
6264	Vehicle Spares & Maintenance	20,048	14,797	5,251
6282	Equipment Maintenance	11,355	6,059	5,296
Total		502,156	439,940	62,216

872. There was a shortfall in expenditure of \$62.216M, as such, it would appear that the Region over budgeted significantly for 6253 - Maintenance of Drainage & Irrigation, 6254 - Maintenance of Sea and River Defence and 6255 - Maintenance of Other Infrastructure.

**Region's Response:** The Head of Budget Agency indicated that the difference for Line Item 6253 - Maintenance of Drainage & Irrigation is as a result of contractors not being paid due to unsatisfactory works. In addition, some canals that were budgeted for could not have commenced manual maintenance since it required desilting by excavators.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that all amounts budgeted are expended in accordance with its submission to the Ministry of Finance. (2018/395)

873. The contract for landfilling at Anna Regina Secondary School was awarded by the Regional Tender Board in the sum of \$3.875M to the lowest of six bidders. The Engineer's Estimate was \$4.1M. As at 31 December 2018, amounts totalling \$3.798M were 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
	Bill No. 2 - Landfilling						
2.2	Supply, place and spread white sand to compound as directed. Sand should be free of all debris, rubbish etc. (Material to be measured at loose quantity in truck.)	300	0	Cu.m	300	1,400	420
Total							420

874. In addition, it is unclear how the Region verified the quantity of loose materials delivered to site, since no documentation was attached to the payment voucher indicating who verified the materials when it was delivered to the site by the contractor and how the loose quantity was measured at the time. At the time of reporting, the Audit Office was unable to quantify the actual volume of materials placed on site.

**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 completed works are accurately measured and quantified before payments are made to contractors. (2018/396)

875. The contract for general repairs to Wakapoa Health Centre was awarded by the Regional Tender Board in the sum of \$3.778M to the third lowest of seven bidders. The Engineer's Estimate was \$4.950M. As at 31 December 2018, amounts totalling \$3.310M were 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
Bill №. 2- Structural Works							
2.4	Supply and install 300mm x 300mm non skid ceramic tiles to floor inclusive of the levelling of the existing floor with 1:3 mix sandcrete (see existing for details) and the pointing of tiles with white cement, colour and design of tile to be approved ny the Regional Engineer (failure by Contractor to comply will result in the removal of unapproved tiles)	10	7	Sq.m	3	10,000	30
2.5	Supply and install 200mm x 300mm ceramic tiles to bathroom inclusive of the pointing of tiles with white cement, colour and design of tile to be approved ny the Regional Engineer (failure by Contractor to comply will result in the removal of unapproved tiles)	20	17	Sq.m	3	10,000	30
2.19	Supply and install British made WC complete (Brand: Lotus) inclusive of all necessary fitting and accessories and connections to the waste and fresh water networks.	3	2	Nr	1	50,000	50
Total							110

**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 completed works are accurately measured and quantified before payments are made to contractors. (2018/397)

876. The contract for general repairs to Hackney Health Post, Lower Pomeroon River was awarded by the Regional Tender Board in the sum of \$2.770M to the second lowest of four bidders. The Engineer's Estimate was \$4.150M. As at 31 December 2018, amounts totalling \$2.414M were 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
Bill №. 2- Structural Works							
2.39	Supply and install 10mm thick ply board to ceiling inclusive of moulding to corners and joints	40	0	Sq.m	40	1,200	48
Painting							
2.42	Provide for the application of two (2) №. coats of NEW WHEAT emulsion paint inclusive of all necessary sanding, filling and cleaning	225	0	Sq.m	225	600	135
Oil Paint							
2.44	Provide for the application of two (2) №. coat Oil paint to timber members inclusive of all necessary sanding, filling and cleaning	240	0	Sq.m	240	800	192
2.45	Provide for the application of 2nr coat anti corrosive paint to roof inclusive of all necessary cleaning	120	0	Ln.m	120	400	48
2.47	Provide for the general servicing of toilet inclusive of all necessary plumbing fitting, seat, cover etc.	2	0	Nr.	2	9,000	18
2.48	Provide for the general servicing of sink inclusive of all necessary plumbing, fitting and faucets	2	0	Nr.	2	9,000	18
Bill №. 1- Variation of Scope of Works							
1.4	Provide for the writing of the name of building, works to be done by a Professional	50,000	0	Sum	Sum	50,000	50
1.9	Supply and install 2.5mm Single Core Cable	5	0	Roll	5	60,000	300
1.10	Supply and install 1 x 10 Single Core Cable	30	0	Ln.m	30	4,000	120
Bill №. 2- Breakdown of Item 2.49							
1.6	Supply and install 1.5mm Single Core Cable	5	0	Roll	5	50,000	250
Total							1,179

877. In addition, the following unsatisfactory features were noted:

- a) The original scope of works under this contract was for the construction of a new extension to the existing Health Post, which was to be paid under current budgetary allocation 6242 - Maintenance of Buildings.
- b) The scope of works under the contract was then changed after the contract was awarded.

- c) The actual works completed and paid for were totally different from what was originally tendered for and awarded by the RTB.
- d) Variation works to the value of \$1.377M was approved by the Region for the contractor to carry out a totally different scope of work on the building.
- e) Physical verification revealed that the contractor did not complete the works according to the specifications.
- f) The overall quality of works was very poor and unacceptable. In some instances, none of the works were completed in its entirety, such as painting of internal walls, but the Region still certified that the works were completed and made payments to the contractor.

**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 completed works are accurately measured and quantified before payments are made to contractors. (2018/398)

878. The contract for general repairs to Lilydale Primary School Annex, Lower Pomeroon River was awarded by the Regional Tender Board in the sum of \$2.468M to the lowest of four bidders. The Engineer’s Estimate was \$2.982M. As at 31 December 2018, amounts totalling \$2.468M were 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
Bill №. 2- Structural Works							
2.3	Remove, supply and install 25mm x 150mm kabakalli V joint board to roof	28	3	Sq.m	25	5,000	125
2.4	Remove, supply and install 50mm x 150mm GH floor joists	18	0	Ln.m	18	1,600	29
2.5	Remove, supply and install 25mm x 100mm GH G&T to floor	28	4	Sq.m	24	1,200	29
Total							183

**Region’s Response:** The Head of Budget Agency indicated that the contractor will be 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 completed works are accurately measured and quantified before payments are made to contractors. (2018/399)

879. The contract for general repairs to bridge at Eastern Entrance, Public Hospital Suddie was awarded by the Regional Tender Board in the sum of \$3.488M to the lowest of seventeen bidders. The Engineer's Estimate was \$4.9M. As at 31 December 2018, amounts totalling \$2.982M were 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
Bill No. 2- Structural Works							
2.8	Supply, place and compact 1:2:4 concrete mix to bridge walls	32	5	Cu.m	27	30,000	810
2.11	Supply, place and compact 75mm thick first grade crusher run to RC bridge as directed	6	0	Cu.m	6	20,000	120
2.12	Supply and place prime coat using emulsified asphalt (RS-1 or RS-2) at 1.344 litres per square meters (other type of asphalt must be approved by the Engineer- see Specification)	32	0	Sq.m	32	700	22
2.13	Supply all materials and construct Double Bituminous Surface Treatment (DBST) on crusher run surface (19mm minus & 10mm minus agg.) See Specification	32	0	Sq.m	32	1,500	48
2.14	Sand deal using RS-1 or RS-2 at 1.344 litres per square meters (other type of asphalt must be approved by the Engineer prior to use)	32	0	Sq.m	32	700	22
Total							1,022

**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 completed works are accurately measured and quantified before payments are made to contractors. (2018/400)

## Capital Expenditure

### Buildings

880. The sum of \$285.504M was budgeted for this Line Item. As at 31 December 2018, amounts totalling \$207.983M were expended reflecting a shortfall in expenditure of \$77.521M, as detailed below:

Description	Amount Allocated \$'000	Amount Paid in 2018 Projects \$'000	Difference \$'000
Building - Administration	43,470	43,350	120
Building - Education	172,800	95,399	77,401
Building - Health	69,234	69,234	0
<b>Total</b>	<b>285,504</b>	<b>207,983</b>	<b>77,521</b>

**Region's Response:** The Head of Budget Agency indicated that the difference for Line Item Building - Education is as a result of the construction of Abram Zuil Secondary School not being carried out. The situation has now been corrected. Public advertisement for the construction of Abram Zuil Secondary School is now in process. Tenders will be closed on 8 October 2019.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that all budgetary allocations are expended in the year it was budgeted. (2018/401)

881. The contract for construction of Nursery School Mainstay Lake, Mainstay Mission was awarded by the Regional Tender Board in the sum of \$9.248M to the lowest of twenty-three bidders. The Engineer's Estimate was \$13.887M. As at 31 December 2018, amounts totalling \$9.058M were 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
	Bill №. 3 - Concrete Works						
3.5	Ground floor slab (100mm thick)	17	14	Cu.m	3	25,000	75
3.6	Apron	2.3	0	Cu.m	2.3	25,000	58
	Bill №. 3 - Concrete Works Cont'd						
	Reinforcement in Ground Floor slabs						
3.16	Supply and install B.R.C №. 610 fabric reinforcement inclusive of laps (all laps to be 300mm or as directed)	190	142	Sq.m	48	1,200	58
	Bill №. 5 - Carpentry Works						
5.1	Supply and install 50mm x 150mm common rafters @ 0.76m centres	226	190	Ln.m	36	2,000	72
	Bill №. 6 - Roofing						
6.1	Supply and fix in place RED pre-	254	200	Sq.m	54	2,800	151

Item	Description	Qty. Paid	Qty. Found	Unit	Diff.	Rate \$	Amount Overpaid \$'000
	painted corrugated (regular) profile 28 gauge roofing sheets inclusive of two flute side laps and 300mm end laps, sheets to be installed using zinc screws						
<b>Bill №. 8- Painting and Finishes</b>							
8.3	Supply and install 600mm x 600mm non skid ceramic tiles to floor inclusive of the levelling of the existing floor with 1:3 mix sandcrete (see existing for details) and the pointing of tiles with white cement, colour and design of tiles to be approved by the Regional Engineer (failure by the Contractor to comply will result in the removal of unapproved tiles)	134	112	Sq.m	22	5,000	110
<b>Total</b>							<b>524</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 completed works are accurately measured and quantified before payments are made to contractors. (2018/402)

882. The contract for rehabilitation of timber revetment at Kabakaburi Health Centre, Kabakaburi, Upper Pomeroon River was awarded by the Regional Tender Board in the sum of \$5.305M to the lowest of eight bidders. The Engineer's Estimate was \$7M. As at 31 December 2018, amounts totalling \$5.197M were 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
<b>Bill №. 2- Construction of Timber Revetment</b>							
2.1	Supply, shape, tar, pitch and drive 200mm x 200mm x 9.14m King piles to Revetment as set out by Regional Engineer on site (30 nr.), piles are to driven to set out alignment	274	265.06	Ln.m	8.94	4,300	38
2.2	Supply, shape, tar, pitch and drive 200mm x 200mm x 6.1m Anchor piles to Revetment as set out by Regional Engineer on site (15 nr.), piles are to driven to set out	92	85.4	Ln.m	6.6	4,300	28



Item	Description	Qty. Paid	Qty. Found	Unit	Diff.	Rate \$	Amount Overpaid \$'000
	alignment						
2.3	Supply, shape and install 25mm dia. x 5.18m long MS tie rods inclusive of two (2) №. 100mm x 100mm washer and all necessary nut	30	28	№.	2	10,000	20
2.4	Supply, shape and install 100mm x 200mm wailer to Revetment inclusive of all necessary notching which is required inclusive of all necessary excavation for its installation	168	135	Ln.m	33	1,600	53
2.5	Supply, shape, rebate, tar and drive 50mm x 300mm x 4.88m sheet piles to revetment	338	310	Sq.m	28	4,400	123
2.6	Supply and install pile caps using 450mm x 450mm Galvalum sheet as directed	30	29	№.	1	1,000	1
	Backfilling						
2.10	Supply, tar and install geotextile fabric (PP80 or PP40)	169	80	Sq.m	89	1,000	89
	Bill №. 1- Breakdown of Provisional Works						
2.1	Supply, shape, tar, pitch and drive 200mm x 200mm x 9.14m King piles to Revetment as set out by Regional Engineer on site (30 nr.), piles are to driven to set out alignment	9.14	0	Ln.m	9.14	4,300	39
2.2	Supply, shape, tar, pitch and drive 200mm x 200mm x 6.1m Anchor piles to Revetment as set out by Regional Engineer on site (15 nr.), piles are to driven to set out alignment	6.1	0	Ln.m	6.1	4,300	26
2.3	Supply, shape, rebate, tar and drive 50mm x 300mm x 4.88m sheet piles to revetment	2.6	0	Sq.m	2.6	4,400	11
2.4	Supply, tar and install geotextile fabric (PP80 or PP40)	5	0	Sq.m	5	1,000	5
	Total						433

**Region's Response:** The Head of Budget Agency indicated that the contractor was written to in order to recover the amount overpaid. However, he has indicated verbally that he can do additional works for the amount overpaid.

**Recommendation:** The Audit Office recommends that the Regional Administration: (i) take steps to recover the overpayment; and (ii) ensure that completed works are accurately measured and quantified before payments are made to contractors. (2018/403)

883. The contract for upgrading of Water Filtration System, Public Hospital Suddie was awarded by the Regional Tender Board in the sum of \$2.208M to the third lowest of fifteen bidders. There was an approved variation of \$1.961M giving a revised contract sum of \$4.169M. The Engineer's Estimate was \$2.757M. As at 31 December 2018, amounts totalling \$4.085M were paid to the contractor. Physical verification of the completed works, measurements and calculations revealed an overpayment of \$318,000. In addition, at the time of the physical verification on 4 April 2019, the water system was not in operation, inspections revealed that the system was never used since its installation in 2018.

Item	Description	Qty. Paid	Qty. Found	Unit	Diff.	Rate \$	Amount Overpaid \$'000
Bill №. 2- Structural Works							
2.15	Mix HW panel door 900mm x 2000mm	1	0	Nr.	1	45,000	45
Bill №. 1- Variation Order №. 1							
1.1	Supply and install 16" dia. x 65" high PG 4 Filter Tank	3	2	Each	1	200,000	200
1.2	Supply and install CPVC-4"-2.5" Tank- Valve Reducer CH4821-2	3	2	Each	1	10,000	10
1.3	Supply and install Fleck 2510 Manual Control VALVE	3	2	Each	1	55,000	55
1.4	Supply and install 1" Distribution Top Assy- Col Lector 1"x.011 Gray	3	2	Each	1	500	1
1.5	Supply and install Bypass Valve 5600, 1" NPT (6004 ISS)	3	2	Each	1	1,400	1
1.6	Supply and install Top distribution Assy 1" STD GRAY W/72" Tube	3	2	Each	1	5,500	6
Total							318

**Region's Response:** The Head of Budget Agency indicated that the contractor was written to in order to recover the amount overpaid and has agreed to complete the works.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that all assets that are critical to the functioning of the Health Sector are fully functional for the proper operation of the Sector. (2018/404)

Miscellaneous D&I

884. The contract for construction of timber revetment at Anna Regina West Embankment was awarded by the Regional Tender Board in the sum of \$6.291M to the lowest of fourteen bidders. The Engineer's Estimate was \$10.009M. As at 31 December 2018, amounts totalling \$6.114M were 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
	Bill №. 2 - Structural Works						
	Backfill						
2.10	Supply, place and compact selective clay materials to revetment, same should be free of debris.	468	195	Cu.m	273	2,000	546
	Bill №. 1 - Breakdown of Provisional Sum						
1.1	Supply, place and compact selective clay materials to revetment, same should be free of debris.	124	0	Cu.m	124	2,000	248
Total							794

**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 completed works are accurately measured and quantified before payments are made to contractors. (2018/405)

885. The contract for construction of timber revetment at Anna Regina East Embankment was awarded by the Regional Tender Board in the sum of \$6.291M to the lowest of ten bidders. The Engineer's Estimate was \$10.009M. As at 31 December 2018, amounts totalling \$6.165M were 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
	Bill №. 2 - Structural Works						
	Backfill						
2.10	Supply, place and compact selective clay materials to revetment, same should be free of debris.	468	220	Cu.m	248	2,000	496
	Bill №. 1 - Breakdown of Provisional Sum						
1.1	Supply, place and compact selective clay materials to revetment, same should be free of debris.	150	0	Cu.m	150	2,000	300
Total							796

**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 completed works are accurately measured and quantified before payments are made to contractors. (2018/406)

886. The contract for construction of timber revetment at Charity (Macbull) was awarded by the Regional Tender Board in the sum of \$5.885M to the lowest of ten bidders. The Engineer's Estimate was \$10.009M. As at 31 December 2018, amounts totalling \$5.767M were 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
	Bill №. 2- Structural Works						
	M.S Tie Rod						
2.8	Supply and place to secure from anchor pile to king pile 25mm dia. X 6m long MS tie rod- inclusive of wrapping with hessian 100mm x 100mm x 6.25mm thk. Washers and nuts, etc.	19	0	Nr.	19	6,200	118
	Geotextile						
2.9	Supply, place and install geotextile material to revetment before structure is backfilled or as directed by the engineer.	156	64	Sq.m	92	1,900	175
Total							293

**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 completed works are accurately measured and quantified before payments are made to contractors. (2018/407)

#### Capital Purchases

887. The sum of \$67M was voted for the purchase of capital items. As at 31 December 2018, amounts totalling \$66.582M were expended. An audit examination of all capital purchases revealed that the items were received and the following observations were made:

- a) A number of items purchased were still at the Regional Hardware Store, the Department of Education and the Public Hospital Suddie Store that are still to be put into use. These are:

Items	Quantity
15 HP Engine	3
Ventilating Machine	1
Executive Chair	1
Refrigerator	3
Dry Heat Steriliser	1
Writing Desk	9
Examination Couch	9
Mortuary Freezer	1
FS 280 Brush cutter	3
Theatre Bed	1
Lifan GY 150 Motor cycle	1
Gas stoves	5

- b) Even though the Regional Administration had given assurance that corrective action would have been taken to comply with the Stores Regulations, especially as it relates to the marking of permanent stores and recording on Inventories the situation remained the same, whereby items purchased were not recorded on Inventories and marked as property of the Region.

**Region's Response:** The Head of Budget Agency indicated that apart from the Ventilating Machine, Theatre Bed and Refrigerator, all other capital items were delivered, marked, recorded on the Inventory and distributed to the assigned areas of operation. These items cannot be put into immediate use, since the Operating Theatre is still to be completed. Also the Mortuary freezer and extractor fans were purchased and are awaiting installation. This will be done within two weeks.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure all assets purchased are promptly delivered to the required locations and put into use as required. (2018/408)

#### Prior Year Matters

#### Current Expenditure

888. Net salaries which were overpaid to employees and the related deductions which were overpaid to the various agencies for the years 2015 to 2017, as shown below, remained outstanding:

Year	Net Salary Overpaid \$	Net Salary Recovered \$	Net Salary Outstanding \$	Deductions Overpaid \$	Deductions Recovered \$	Deductions Outstanding \$	Net Salary & Deductions Outstanding \$
2015	101,949	77,211	24,738	40,671	0	40,671	65,409
2016	134,703	44,119	90,584	21,943	0	21,943	112,527
2017	653,366	621,912	31,454	114,117	0	114,117	145,571
Total	890,018	743,242	146,776	176,731	0	176,731	323,507

**Region's Response:** The Head of Budget Agency indicated that the agencies and employees were written to, however, there has been no other recovery.

**Recommendation:** The Audit Office recommends that the Regional Administration pursue the recovery of the outstanding amounts and implement proper systems to avoid a recurrence. (2018/409)

889. The Regional Administration had still not recovered amounts totalling \$495,000 that were overpaid on the following projects for the years 2016 and 2017.

Year	Description	Amount Overpaid \$'000
2016	Repairs to Teacher's Qtr Good Hope Annex	114
2017	Repairs to Water Trestle Karawab Health Center	381
Total		495

**Region's Response:** The Head of Budget Agency indicated that the contractors were written to but there has been no recovery of the amount overpaid.

**Recommendation:** The Audit Office recommends that the Regional Administration pursue the recovery of the amounts overpaid. (2018/410)

#### Capital Expenditure

890. The Regional Administration had still not recovered the amount of \$767,000 overpaid on the Extension of Suddie Primary School Annex for 2017.

**Region's Response:** The Head of Budget Agency indicated that the contractors were written to but there has been no recovery of the amount overpaid.

**Recommendation:** The Audit Office recommends that the Regional Administration pursue the recovery of the amount overpaid. (2018/411)

Follow-up on the Implementation of Prior Year Audit Recommendations

891. The table below summarises the prior year matters as contained in the Auditor General's 2017 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
2017/281	Circularised instructions			√
2017/282	Overpayment of salaries		√	
2017/283	IDW Drugs and Medical Supplies		√	
2017/283	IDW Drugs and Medical Supplies		√	
2017/284	Breaches of the Stores Regulations		√	
2017/285	Breaches of the Stores Regulations			√
2017/285	Breaches of the Stores Regulations			√
2017/286	Breaches of the Stores Regulations		√	
2017/287	Breaches of Procurement Act 2003	√		
2017/288	Overpayment of construction works			√
2017/289	Circularised instructions		√	
2017/289	Circularised instructions		√	
2017/290	Breaches of FMA Act 2003		√	
2017/291	Economic Fund / Economic Project		√	
2017/292	Breaches of Procurement Act 2003	√		
2017/293	Overpayment of construction works			√
2017/293	Breaches of Procurement Act 2003			√
2017/294	Overpayment of construction works	√		
2017/294	Poor quality of construction works	√		
2017/295	Overpayment of construction works	√		
2017/295	Breaches of Procurement Act of 2003	√		
2017/296	Other	√		
2017/297	Capital Purchases	√		
2017/298	Overpayment of construction works			√
2017/299	Overpayment of construction works			√

AGENCY 73  
REGION 3 – ESSEQUIBO ISLANDS/WEST DEMERARA

Current Year Matters

Current Expenditure

Employment Costs

892. According to the National Estimates amounts totalling \$2.733 billion were budgeted for Employment Costs for a staff complement of 1,993. As at 31 December 2018, amounts totalling \$2.729 billion were expended for 2,048 staff. This represents fifty-five staff more than was budgeted for and \$4M under the budgeted expenditure. As such, it would appear that Employment Costs was over budgeted.

Line Item	Description	Filled 2018	Actual 2018	Increase/ (Decrease) 2018
6111	Administration	578	628	50
6112	Senior Technical	481	473	(8)
6113	Other Technical and Craft Skilled	362	387	25
6114	Clerical and Office Support	65	87	22
6115	Semi- Skilled Operatives and Unskilled	421	399	(22)
6116	Contracted Employees	80	73	(7)
6117	Temporary Employees	6	1	(5)
Total		1,993	2,048	55

**Region's Response:** The Head of Budget Agency indicated that this matter is currently being addressed and the information will be supplied to the Audit Office as soon as it is available.

**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 Costs are for staff positions that are filled. (2018/412)

893. An audit examination of twenty-two leavers for 2018 revealed that four persons were overpaid net salaries amounting to \$303,058, whilst the related deductions totalling \$10,796 were also overpaid to the various deduction agencies. Similar situations occurred in the years 2015 and 2016 where net salaries totalling \$761,240 were overpaid to employees and the related deductions amounting to \$26,024 were also overpaid to the various agencies. Shown in the table below is the status of outstanding net salaries and deductions:

Year	Net Salaries Overpaid \$	Salaries Recovered \$	Salaries Outstanding \$	Overpaid Deductions Outstanding \$
2015	665,906	520,008	145,898	16,124
2016	95,334	0	95,334	9,900
Total	761,240	520,008	241,232	26,024



**Region's Response:** The Head of Budget Agency indicated that the Accountant of the Regional Administration had verbal discussions with the four persons that were overpaid requesting a refund of the overpayment, but to date no one answered such request. Letters were also sent to those employees.

**Recommendation:** The Audit Office recommends that the Regional Administration follow-up this matter with the view of recovering the overpayments. (2018/413)

894. An examination of the employment details revealed that the Regional Administration still had seventy-three vacancies during the period under review as advertised in the Public Service Commission Staff Vacancy Circular №. 1/2019. These Vacancies include critical post such as, one Deputy Regional Executive Officer, one Regional Health Officer, one Administrator and one District Development Officer II. 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 these vacancies were all advertised by the Public Service Commission as stated on circular №. 1/2019.

**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. (2018/414)

895. Regulation 19 of the National Insurance and Social Security (Collection of Contribution) Regulations states that all contributions payable in relation to insured persons must be paid on or before the 15th day of each month in respect of the previous month. Audit examination of the National Insurance (NIS) Schedule and other related records for the month of February 2018 revealed that NIS payments for that month were remitted to NIS on 21st March, 2018 which is six days later than the due date. The Regional Administration was subsequently charged with interest totalling \$491,069 as a result of this late payment.

**Region's Response:** The Head of Budget Agency indicated that the late payment to the National Insurance Scheme(NIS) for the month of February 2018 was due to the adjustment of an employee's salary that resulted in the NIS cheque being returned to the Ministry of Finance for the necessary correction.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure full compliance with the NIS Regulations at all times to avoid paying late fees and interest. (2018/415)

#### Office and Field Supplies

896. An amount of \$379.649M was budgeted for the procurement of drugs and medical supplies under Health Services Programmes - Line Item 6221. According to the Appropriation Account the sum of \$379.483M was expended as at 31 December 2018, while \$166,000 was reflected as unspent.

897. Included in the amount spent were sums totalling \$339M 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 while the sum of \$40.648M was expended by the Region for the purchase of drugs and medical supplies on their own.

898. With respect to the IDWs issued to the MOPH, Warrant №. 1/2018 for \$299M was issued in March 2018 while Warrant №. 2/2018 for \$40M was issued in August 2018. Financial returns were received from the MOPH indicating that the full sums were expended as at December 2018 with regards to warrant №. 2, while there was an unspent balance of \$165,128 remaining from warrant №. 1.

899. Further, as reported in 2017, a similar situation occurred in 2018 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 drugs dispatch report from the MMU for the period January – December 2018 was presented for audit. However, an examination of this report revealed \$194.668M in drugs were dispatched to the Region for the year 2018 leaving \$144.167M outstanding.

**Region’s Response:** The Head of Budget Agency explained that the Combined Requisition Issue Voucher (CRIV) does not reflect cost for drugs and medical supplies received. Hence, the Region would have no records in terms of costing for items received. The Region will also write the Ministry of Public Health seeking an updated dispatch report with the total sum of drugs and medical supplies dispatched to the Region.

**Recommendation:** The Audit Office recommends that the Regional Administration put systems in place to reconcile supplies received with the drugs list 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. (2018/416)

Maintenance Works

900. Amounts totalling \$696.028M were allotted for repairs and maintenance works within the Region. As at 31 December 2018, amounts totalling \$691.051M 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	208,900	207,581
6251	Maintenance of Roads	39,500	39,480
6252	Maintenance of Bridges	51,100	51,094
6253	Maintenance of Drainage & Irrigation	215,000	214,999
6255	Maintenance of Other Infrastructure	134,700	133,840
6264	Vehicle Spares and Services	26,646	24,381
6282	Equipment Maintenance	20,182	19,676
Total		696,028	691,051

901. A contract for corrective maintenance works to guard hut and walkway at the RDC Office was awarded by the Regional Tender Board in the sum of \$3.494M to the lowest of five bidders. The contractor received the full contract sum for dismantling the existing wooden guard hut and replacing it with a concrete structure. However, this project is of a capital nature and, as such, should have been budgeted and paid for under capital expenditure instead of current expenditure.

**Region's Response:** The Head of Budget Agency indicated that the Region has taken note of this query and steps will be taken to ensure this does not recur.

**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. (2018/417)

#### Stores and Other Public Property

902. Physical verification exercises were conducted on drugs and medical supplies at the West Demerara Regional Hospital, Wakenaam and Leguan Cottage Hospitals and seven Health Centers within the Region and the following observations were made:

- a) *Leguan Cottage Hospital* - there were 260 items of expired drugs on hand that relates to the year 2018 and prior years. Further, the expired drugs were being stored in boxes in the same room as drugs that were being dispensed for public consumption. In addition, there was a leaking roof with visible evidence of water stain at the location where the drugs were being stored. This matter was reported in 2017 but no action was taken to have this issue resolved.
- b) *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. Further, drugs were stored in a room with no air condition unit and the electrical point and stand fan were both out of order, therefore, at certain times of the day the room becomes very hot and may not be the ideal condition under which drugs should be stored. This matter was also reported in the year 2017, however, no action was taken to have this issue resolved.

**Region's Response:** The Head of Budget Agency explained that: (a) systems would be put in place to deal with expired drugs and medical supplies and that a memorandum was issued by the Regional Pharmacist to all pharmacy personnel for a systematic reporting system on drugs and medical supplies; (b) the Region under its maintenance budget had conducted extensive repairs to the hospital and the issue of leaking roof will be addressed; (c) the Regional Pharmacist is also presently undergoing training for pharmacy personnel's as it relates to storage of viable and non-viable products; (d) the Regional Pharmacist will put systems in place to adequately supervise pharmacy staff as it relates to labelling of pharmaceutical products; and (e) the Region acknowledge that systems need to be put in place for temperature control at all centres where drugs and medical supplies are being stored.

**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. (2018/418)

903. A physical count of a sample of fifty-four items carried out at West Demerara Regional Hospital (WDRH) Stores revealed that there were twenty-seven instances of shortages when the physical stock was compared with the amount recorded on the Bin Cards. These items include photocopying papers, long boots, milo, barley flour, white rice, Marvex bleach, Lysol, Baygon, air freshener, Formula 88 degreaser, garbage bags, mop buckets, Hygenol, hand sanitiser and hand soap.

**Region's Response:** The Head of Budget Agency explained that the West Demerara Regional Hospital (WDRH) stores would have put measures in place to verify what was entered in the Stock Ledgers and Bin Cards. A review of all items at the WDRH Stores was undertaken by the Regional Administration and continuous training is ongoing for staff members.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure full compliance with the Stores Regulations at all times. (2018/419)

#### Other Matters

904. 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 Regional Administration fail to provide the relevant records to determine whether the occupants of thirty of the fifty-two occupied buildings were entitled to rent free quarters or the reason for their non-payment of rent. This matter was reported in the year 2017, however, it was not resolved.

**Region's Response:** The Head of Budget Agency indicated that the Regional Administration have since introduced a register of the occupants differentiating those who are entitled to free living quarters from those who should be paying a monthly rent. Persons would be written to pertaining to the amount of rent that is due and the correspondences would be forwarded to the Audit Office.

**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. (2018/420)

Capital Expenditure

905. During the audit, physical verifications conducted on the projects listed below revealed overpayments totalling \$2.062M, however, at the time of reporting the Regional Administration had recovered the amounts overpaid.

Projects	Amount \$'000
Construction of the Schoonord Nursery School	1,147
Construction of Zeelugt Housing Scheme access road	454
Rehabilitation works of School Street Stewartville	461
Total	2,062

Prior Year Matters

Current Expenditure

Office and Field Supplies

906. The Regional Administration was still unable to resolve the issue of \$4.151M worth of drugs and medical supplies that were purchased in the year 2017 but could not be traced to the Goods Received Book or the Bin Cards. As a result, it could not be determined whether these items were received by the Regional Administration.

907. Nine Payment Vouchers totalling \$10.470M for the purchase of drugs and medical supplies in the year 2017 were still not located and presented for audit verification. As a result, it could not be determined whether value was received for the sums expended.

**Region's Response:** The Head of Budget Agency explained that this issue is still being investigated and an update on the findings will be forwarded to the Audit Office as soon as possible.

**Recommendation:** The Audit Office recommends that the Regional Administration forward the findings of the investigation to the Audit Office and take the necessary corrective action. (2018/421)

Stores and Other Public Property

908. The Regional Administration still did not present any evidence for \$1.536M in dietary items that were purchased on four Payment Vouchers in the year 2017. These items could not be located in the Goods Received Book or the Bin Cards that are maintained by the Stores Clerk at the WDRH stores. As a result, it could not be determined whether these items were received by the Regional Administration.

**Region's Response:** The Head of Budget Agency explained that this issue is still being investigated and an update on the findings will be forwarded to the Audit Office as soon as possible.

**Recommendation:** The Audit Office recommends that the Regional Administration forward the findings of the investigation to the Audit Office and take the necessary corrective action. (2018/422)

Follow-up on the Implementation of Prior Year Audit Recommendations

909. The table below summarises the prior year matters as contained in the Auditor General's 2017 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
2017/300	Circularised instructions			√
2017/301	Circularised instructions			√
2017/302	Other			√
2017/303	IDW Drugs and Medical Supplies			√
2017/304	Breaches of Stores Regulations	√		
2017/305	Breaches of the Stores Regulations	√		
2017/306	Breaches of FMA Act 2003			√
2017/307	Expire Drugs		√	
2017/308	Breaches of the Stores Regulations		√	
2017/309	Breaches of FMA Act 2003	√		
2017/310	Cheque Orders and Missing Vouchers	√		
2017/311	Circularised instructions			√
2017/312	Breaches of FMA Act 2003	√		
2017/313	Breaches of Procurement Act 2003	√		
2017/314	Other	√		
2017/315	Breaches of FMA Act 2003	√		
2017/316	Breaches of Procurement Act 2003		√	
2017/317	Circularise Instructions	√		
2017/318	Breaches of Procurement Act 2003	√		
2017/319	Overpayment of Salaries			√

AGENCY 74  
REGION 4 - DEMERARA/MAHAICA

Current Year Matters

Current Expenditure

Employment Costs

910. According to the National Estimates amounts totalling \$3.211 billion were budgeted for Employment Costs for a staff complement of 2,143. As at 31 December 2018, amounts totalling \$3.210 billion were expended for 2,269 staff as shown below. This represents 126 staff more than was budgeted for and \$1M under the budgeted expenditure. As such, it would appear that Employment Costs were over budgeted.

Line Item	Description	Filled 2018	Actual 2018	Increase/ (Decrease) 2018
6111	Administrative	287	288	1
6112	Senior Technical	1,134	1,193	59
6113	Other Technical and Craft Skilled	412	452	40
6114	Clerical and Office Support	47	69	22
6115	Semi-Skilled Operatives & Unskilled	192	196	4
6116	Contracted Employees	71	71	-
6117	Temporary Employees	0	0	-
Total		2,143	2,269	126

**Region's Response:** The Head of Budget Agency indicated that amounts were received via warrant from the Ministry of Finance to fund the additional employees.

**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 Costs are for staff positions that are filled. (2018/423)

911. An analysis of the employment details revealed that the Regional Administration still had seventy-two vacancies during the period under review as advertised in the Public Service Commission Staff Vacancy Circular No. 1/2019. These vacancies included critical posts, such as, one Assistant Regional Executive Officer, one Regional Education Officer, Senior Health Visitor, four Education Officers, Regional Administrative Officer, 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 explained that the closing date for the submission of applications was 19 July 2019. The Administration is looking forward for the filling of these critical positions at the soonest possible opportunity in order to ensure the smooth function of the Regional Administration.

**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. (2018/424)

#### Office and Field Supplies

912. The sum of \$620M was budgeted for the procurement of Drugs and Medical Supplies under Health Services Programme - Line Item 6221. There was a positive Virement of \$4M bringing the total funds available to \$624M. The Regional Administration expended \$5.999M and issued an Inter-Departmental Warrant for \$618M to the Ministry of Public Health (MOPH) for the Ministry to procure drugs and medical supplies on behalf of the Regional Administration.

913. With respect to the Inter-Departmental Warrant, IDW №. 1/2018 was issued on 13 February 2018 to the MOPH for \$618M and a Financial Return was received indicating that the full sum was expended. However, the Regional Administration continued to receive drugs and medical supplies without the cost being 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 explained that the Region expended the sum of \$5.999M to procure emergency supplies because of the non-availability from the MMU at the point in time. In addition, only prices for some of the items were received. As such, an analysis of Drugs and Medical Supplies procured for 2018 to determine if the full value were received is still pending.

**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 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. (2018/425)

#### Maintenance Works

914. 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 \$618.375M. As at 31 December 2018, amounts totalling \$618.070M were expended under the various Line Items as shown below:



Line Item	Description	Total Funds Available \$'000	Amount Expended \$'000
6242	Maintenance of Buildings	229,050	229,026
6251	Maintenance of Roads	44,000	44,000
6252	Maintenance of Bridges	28,000	28,000
6253	Maintenance of Drainage & Irrigation	166,240	166,240
6255	Maintenance of Other Infrastructure	118,582	118,543
6264	Vehicle Spares & Maintenance	20,900	20,698
6282	Equipment Maintenance	11,603	11,563
Total		618,375	618,070

915. The Regional Tender Board awarded the contract for the repairs to Cinema Street, Diamond, East Bank Demerara in the sum of \$4.957M to the lowest evaluated of eleven bidders against an Engineer's Estimate of \$5.958M. As at 31 December 2018, amounts totalling \$4.858M 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
Provisional Sum Expenditure							
1.01	Provide grade/scarify , cut, fill and level Carriageway	134.5	0	yd2	135	30	4
1.02	Provide a sum to take away all unwanted dirt/debris from work site	1	0	sum	1	0	-
Double Bituminous Surface Treatment (DBST) Finish							
1.03	Provide and place asphalt primecoat (RC 250) at the rate of 0.27 gal/yd to base course	134.5	0	yd2	135	400	54
1.04	Sweep surface and apply RC 250 at the rate of 0.27 gal/yd then spread 1/2" stone immediately at the rate of 40 lb/syd. Spread and compact second layer RC 25- at 0.27 gal/yd for 3/8" stone at the rate of 25 lb/sy	134.5	0	yd2	135	1,400	189
1.05	Supply and apply sand seal using RC 250 at the rate of 0.27 gal/yd and apply white sand at a maximum thickness as directed. Surface must finish with a 2% camber	134.5	0	yd2	135	400	54
Total							301

**Region's Response:** The Head of Budget Agency indicated that the initial expenditure for the provisional sum submitted to the Auditors was inaccurate.

**Recommendation:** The Audit Office recommends that the Regional Administration: (i) make every effort to recover the overpayments; and (ii) ensure that completed works are accurately measured, quantified and documented before payments are made to contractors. (2018/426)

### Stores and Other Public Property

916. 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) Historical Records in relation to two vehicles were not presented for audit examination. In addition, twenty-three of the thirty-three that was presented were not properly maintained/updated.
- b) No Master Inventory was presented for audit examination and verification. 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 historical files not presented and not properly maintained are regretted. The Guyana Revenue Authority will be written to provide certified copies of the registrations so that the historical files can be created. The Regional Administration will make every effort to have the files updated. The Region continues to function without the Stock Verifier, Assistant Field Auditor and Field Auditor and these positions are critical towards the maintenance of Master and Sectional Inventories. These vacancies were recently re-advertised by the Public Service Commission and the Region will follow up on the appointments.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that Historical Records for each vehicle, Master and Sectional Inventories are maintained and updated in accordance with the Stores Regulations. (2018/427)

### Other Matters

917. 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 occupied by various persons of which only eighteen are occupied by authorised personnel. In addition, Officers are only paying rent 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 reported in previous Auditor General's Reports.

**Region's Response:** The Head of Budget Agency indicated that the Regional Administration continued to collaborate with the relevant agencies including the State Asset Recovery Agency with the view of identifying occupants of Government quarters to bring them into compliance.

**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. (2018/428)

918. 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 was still one cheque valued at \$310,493 on hand.

**Region's Response:** The Head of Budget Agency indicated that the Regional Administration has since asked the Accountant General Department to update the cheque to pay over same to the contractor since the work has been completed.

**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. (2018/429)

919. Of a sample of Payment Vouchers selected for audit examination, one valued at \$5.089M (capital) was not presented at the time of reporting. As a result, a determination could not be made as to the propriety of the payment or whether value was received for the money spent.

**Region's Response:** The Head of Budget Agency explained that all Payment Vouchers are stored in the Sub-Treasury Department after payment is made. The Sub Treasury Department is making every effort to locate the Payment Voucher.

**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. (2018/430)

920. A sample of thirty-four contracts were selected for physical inspection however, nine Tender Evaluation Reports were not submitted for the following contracts in respect of the sample chosen. As a result, the propriety and basis of these awards could not be determined.

Item No.	Contract No.	Description of Work	Contract Sum \$'000
1	1823/2018	Ext. of Moblissa Health Post S/dyke	5,265
2	1827/2018	Const. of treatment and observation room at Plaisance H/C	6,650
3	1824/2018	Community Ground enhancement project. Victoria park	6,595
4	1322/2018	Repairs to Factory Road, Paradise	4,940
5	450/2018	Emergency repair to Yarrowkabra H/C	1,480
6	691/2018	Emergency Repairs to Moblissa H/C	2,349
7	745/2018	Emergency repairs to St Cuthberts H/C	4,707
8	1668/2018	Const. driveway, skirting & rehab of eastern sect of fence at Herstelling H/C	3,219
9	690/2018	Emergency repair to trestle & pavement at Moblissa H/C	2,553

**Region's Response:** The Head of Budget Agency indicated that the reports are available and will be submitted except for those awarded as emergency works.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure all Evaluation Reports are properly secured and retained for audit examination. (2018/431)

### Capital Expenditure

#### Buildings

921. The contract for general rehabilitation of Mon-Repos Primary School, East Coast Demerara was awarded in the sum of \$11.745M. As at 31 December 2018, amounts totalling \$11.567M were paid to the contractor. However, no details were seen for the tendering and award of the project. 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
	Driveway and Walkway						
	Surface Treatment						
4.03	Level and compact bottom of excavation to receive blinding	147	44	Sq.yd.	103	25	3
	Concrete and steel Works						
4.05	Provide, cut and install 1" x 8" hardwood form board to side of foundation trench. Allow for all straps and pickets etc	120	103	BM	17	250	4
4.06	Provide and caste 1:3 mix cement/sand blinding to sand fill n/e 2" thick	55	44	Sq.yd.	11	1,200	13
4.08	Provide and place №. 65 BRC fabric with a minimum of 12" side and end laps to concrete slabs	55	44	Sq.yd.	11	800	9
4.09	Provide and caste in situ structural concrete 3000 psi at 28 days, using 3/4 minus and well graded coarse aggregate 4" slab and kerb	10.9	5	Cu.yd	5.9	40,000	236
Total							265

**Region's Response:** The Head of Budget Agency indicated that there is no overpayment to the contractor. Works were actually done at two separate locations in the compound. However, the Regional Engineer mistakenly showed only one location to the Auditors. As such, a revisit is being requested.

**Recommendation:** The Audit Office recommends that the Regional Administration make every effort to recover the overpayment and ensure that completed works are properly supervised and identified for physical verification. (2018/432)

922. The Regional Tender Board awarded the contract for the rehabilitation of Buxton Secondary Science Lab, East Coast Demerara in the sum of \$6.444M to the second lowest substantially responsive of eleven bidders against an Engineer's Estimate of \$8M. As at 31 December 2018, amounts totalling \$5.530M 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
Electrical Works							
4.12	Provide and put in place fire extinguisher (6.4 Kg)	1	0	nr	1	35,000	35
4.13	Supply and install 4' x 8' white board with eraser holder; include for eraser	1	0	Nr.	1	25,000	25
Contingency Expenditure							
G	Provide for ceiling for cupboard room	58	0	sq.ft	58	2,018	117
Total							177

**Region's Response:** The Head of Budget Agency indicated that works were done to the ceiling of the cupboard room and a section of a class room that were not captured by the Regional Engineer. However, the fire extinguisher and the white board have not been installed to date, resulting in an overpayment of \$60,000. A revisit to this project is being requested.

**Recommendation:** The Audit Office recommends that the Regional Administration: (i) make every effort to recover the overpayment; (ii) ensure that completed works are accurately measured and quantified before payments are made to contractors; and (iii) properly supervise and identify works for physical verification. (2018/433)

923. The National Procurement & Tender Administration Board (NPTAB) awarded the contract for the construction of Supply Health Centre, East Bank Demerara in the sum of \$30.116M to the lowest responsive of nineteen bidders against an Engineer's Estimate of \$32M. As at 31 December 2018, an amount of \$4.427M was paid to the contractor. However, it was observed that the contract was terminated and the Regional Administration is currently trying to recover the advance payment. This matter is currently engaging the Courts.

**Region's Response:** The Head of Budget Agency indicated that the contractor has not repaid the advance sum of \$4.427M. Discussion is currently ongoing with the Ministry of Communities with a view of seeking assistance from the Attorney General's Office for further guidance on the way forward.

**Recommendation:** The Audit Office recommends that the Regional Administration make every effort to recover the advance payment made to the contractor. (2018/434)

Capital Purchases

924. Amounts totalling \$67.835M were budgeted for the purchase of capital items for the Regional Administration. As at 31 December 2018, amounts totalling \$67.824M were expended. Audit examination revealed that items to the value of \$3.115M and \$1.747M were not put into use for the years 2018 and 2017 respectively. These items were still kept at the Regional Stores:

Year	Description	Quantity	Amount \$'000
2017	3000W Solar Inverter	3	348
	Solar Panels	16	1,280
	20' Samsung Monitor	1	20
	Dell Complete Mini System with 20' Monitor	1	99
Sub Total			1,747
2018	Incubator	1	606
	20' 4 Burner Gas Stove ( Whirlpool)	1	540
	Hospital Beds	10	1,596
	Avanti 1.7 Cu.Ft Refridgerator	1	33
	Whirlpool Washer/Dryer	1	340
Sub Total			3,115
Grand Total			4,862

**Region's Response:** The Head of Budget Agency indicated that the items for 2018 were purchased for Long Creek Health Centre. However, this project is ongoing and the items will be sent as soon as it is completed, while arrangements are being made to send the items for 2017 to St. Cuthbert's Mission.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure all assets purchased and received are promptly delivered to the required locations and put into use. (2018/435)

Warrants

925. The following contracts were examined and at the time of the physical verification the works were incomplete. However, it was discovered that payment for each of the contract was prepared and processed in full at the end of the fiscal year 2018. This practice of cutting and holding cheques is in breach of the FMA.

Item	Contract	Contractor	Contract Sum \$'000
1	Construction of Saltfish processing Facility and Solar Dryer at Timehri North , E.B.D	C & J Contracting and Consultancy Services	5,470
2	Community Ground Enhancement Project, Victoria Park , Victoria Village, E.C.D	Leon's General Construction & Engineering Consultancy	6,595
3	Repairs to Clonbrook Health Centre, Ann's Grove, E.C.D.	Handel Garnett Construction Firm	4,847

**Region's Response:** The Head of Budget Agency indicated that two of the three projects have since been completed (Construction of Salt Fish Processing Facility and Repairs to Clonbrook Health Centre). The third project (Community Ground Enhancement at Victoria Park) has not been completed and the Regional Administration has informed the Sub Treasury to return the unspent balance 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. (2018/436)

Prior Year Matters

Current Expenditure

926. Amounts totalling \$1.437M remained outstanding as overpaid net salaries to employees with respect to 2015-2017. The related deductions totalling \$118,000 paid over to the various agencies were also not recovered. Shown in the table below are the details of the outstanding amounts:

Year	Net Salary Overpaid \$'000	Net Salary Recovered \$'000	Net Salary Outstanding \$'000	Deductions Outstanding \$'000
2015	817	426	391	26
2016	684	65	619	48
2017	427	0	427	44
Total	1,928	491	1,437	118

**Region's Response:** The Head of Budget Agency indicated that efforts are continuing in this regard to recover the amounts outstanding.

**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. (2018/437)

927. With respect to Cheque Order payments, three Cheque Orders valued at \$45,000 remained outstanding for the year 2016.

**Region's Response:** The Head of Budget Agency indicated that the three Cheque Orders for the year 2016 are still outstanding due to the robbery at the RDC Triumph Main Office in June 2016. The Regional Administration is still awaiting a further investigation by the Guyana Police Force.

**Recommendation:** The Audit Office recommends that the Regional Administration pursue this matter and ensure that the outstanding Cheque Orders are cleared. (2018/438)

928. The Regional Administration had still not recovered overpayments totalling \$3.591M made for the year 2017. Shown below is a table of the outstanding overpayments.

Year	Description	Amount Overpaid \$'000	Amount Refunded \$'000	Balance on Refund \$'000
2017	Soesdyke Medex Quarter's	1,009	0	1,009
"	Emergency repairs LBI School	263	0	263
"	Repairs to RC Culvert Teacher's Quarters Compound, Bladen Hall	1,395	97	1,298
"	Repairs to Strathspey Primary School	543	0	543
"	Emergency Works to Strathavon Primary	778	300	478
	Total	3,988	397	3,591

**Region's Response:** The Head of Budget Agency indicated that the contractor has since executed works in full at Soesdyke Medex Quarter's and the repairs to RC Culvert at the Teacher's Quarter's Compound at Bladen Hall. The Regional Administration is requesting the Audit Office of Guyana to revisit and verify these projects. In relation to the other three projects the Regional Administration has written to the contractors in order to have the overpaid sums refunded.

**Recommendation:** The Audit Office recommends that the Regional Administration make every effort to recover the overpayments and ensure that completed works are accurately measured and quantified before payments are made to contractors. (2018/439)

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

929. The table below summarises the prior year matters as contained in the Auditor General's 2017 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
2017/320	Circularised instructions		√	
2017/321	Overpayment of salaries		√	
2017/322	Staff Vacancies			√
2017/323	IDW Drugs and Medical Supplies		√	
2017/324	Disposal of Expired Drugs	√		
2017/325	Circularised instructions	√		
2017/326	Breaches of Procurement Act of 2003			√
2017/327	Overpayment of construction works			√
2017/328	Overpayment of construction works			√
2017/329	Overpayment of construction works			√
2017/330	Overpayment of construction works			√
2017/331	Overpayment of construction works			√
2017/332	Breach of Stores Regulations		√	
2017/333	Circularised instructions			√



Rec. №.	Category of Findings	Recommendations		
		Fully Implemented	Partially Implemented	Not Implemented
2017/334	Cheque Orders & Missing Vouchers		√	
2017/335	Cheque Orders & Missing Vouchers		√	
2017/336	Breach of Procurement Act		√	
2017/337	Overpayment of construction works	√		
2017/338	Breach of Stores Regulations		√	
2017/339	Others		√	
2017/340	Overpayment of construction works	√		

AGENCY 75  
REGION 5 – MAHAICA/BERBICE

Current Year Matters

Current Expenditure

Employment Costs

930. According to the National Estimates amounts totalling \$1.477 billion were budgeted for Employment Costs for a staff complement of 1,071. As at 31 December 2018, amounts totalling \$1.474 billion were expended for 1,132 staff as shown below. This represents sixty-one staff more than was budgeted for and \$3M under the budgeted expenditure. As such, it would appear that Employment Costs were over budgeted.

Line Item	Description	Filled 2018	Actual 2018	Increase/ (Decrease) 2018
6111	Administrative	148	184	36
6112	Senior Technical	406	421	15
6113	Other Technical and Craft Skilled	248	219	(29)
6114	Clerical and Office Support	49	60	11
6115	Semi Skilled Operatives and Unskilled	173	187	14
6116	Contracted Employees	47	47	0
6117	Temporary Employees	0	14	14
Total		1,071	1,132	61

931. The over budgeting of Employment Costs was further compounded by the fact that amounts of \$5.415M and \$8.4M were transferred via virements from Line Items 6111- Administrative and 6112- Senior Technical respectively. However, the reduced revised amounts for these Line Items were used to pay an increased number of staff of thirty-six and fifteen respectively.

**Region's Response:** The Head of Budget Agency indicated that savings were realised from transfers, resignations and retirements over the year across the various programmes. Additionally, virements were done for the various programmes to fund 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 Costs are for staff positions that are filled. (2018/440)

932. 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 2018 revealed that amounts totalling \$56.789M were paid to forty-seven contracted employees.

**Region's Response:** The Head of Budget Agency indicated that the Public Service Commission was in recess since September 2017 and, as such, appointments could not be done. Additionally, the Public Service Commission is now reconstituted and all contracted employees below the age of forty-five will be transitioned to the Permanent Establishment.

**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. (2018/441)

933. A further analysis of the employment details revealed that the Regional Administration had a total of twenty-two vacancies as advertised in the PSC Staff Vacancy Circular №. 1/2019 dated 27 June 2019. These vacancies included critical posts such as, one Engineer, four Staff Nurses/Midwives, one Superintendent of Works II, two Environment Health Officers and one Pharmacist. 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 the Public Service Commission is expected to short list applicants and conduct interviews shortly. An Accountant and an Assistant Accountant has since been approved for appointment.

**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. (2018/442)

Office and Field Supplies

934. The sum of \$186M was budgeted for the procurement of Drugs and Medical Supplies under the Health Services Programme - Line Item 6221. The Regional Administration expended \$35.203M and issued two Inter-Departmental Warrants for the sum of \$150M to the Ministry of Public Health (MOPH) for the Ministry to procure drugs and medical supplies on behalf of the Regional Administration.

935. With respect to the Inter-Departmental Warrants issued to the MOPH, IDW №. 1/2018 for \$140M was dated 9 March 2018 and IDW №. 2/2018 for \$10M was dated 7 November 2018. Financial Returns were received indicating that the full amount was expended. However, the lists of drugs required and the relevant cost that should accompany the warrants to MOPH were not presented for audit inspection.

**Region's Response:** The Head of Budget Agency indicated that efforts will be made to present the list of drugs for audit examination.

**Recommendation:** The Audit Office recommends that the Regional Administration present the list of drugs that accompany the warrants to MOPH for audit inspection. (2018/443)

936. Further, the Materials Management Unit (MMU) sent a dispatch report of drugs and medical supplies to the Regional Administration for the period January to December 2018. However, the list of drugs required and the dispatch report received was not reconciled.

**Region's Response:** The Head of Budget Agency indicated that efforts will be made to reconcile the drugs and medical supplies received from MMU with that which was requested by the Regional Administration. However, this will result in the employment of more staff.

**Recommendation:** The Audit Office recommends that the Regional Administration prepare and submit a reconciliation report for audit inspection. (2018/444)

937. Further examination of the dispatch report revealed the following:

- a) The total value of items delivered for the period January to December 2018 amounted to \$195.574M, while the warranted amount was \$150M giving \$45.574M worth of drugs received in excess of the sum warranted to MOPH. This was despite the list not having unit price or total cost for 161 items.
- b) The dispatch report 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 against the entries recorded in the Goods Received Books or other records that are maintained by the Region.

**Region's Response:** The Head of Budget Agency indicated that the process of reconciling the drugs supplied to the actual quantities received by the Region 5 Health Department is dependent on the MOPH - MMU supplying certain critical information in a timely manner in order for the reconciliation to be conducted.

**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 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. (2018/445)

938. An examination of Payment Vouchers for the sum of \$35.203M expended by the Regional Democratic Council revealed the following unsatisfactory issues:

- a) Fourteen instances totalling \$1.980M where dates were not stated on the Requisition to Purchase.
- b) Thirty-four instances totalling \$4.559M where the bill date was before the date on the Requisition to Purchase.

**Region's Response:** The Head of Budget Agency indicated that action has since been taken whereby staff of the Regional Administration are asked to be more vigilant in the execution of their duties at all times.

**Recommendation:** The Audit Office recommends that the Regional Administration put systems in place to ensure the procurement process is fully adhered to and preparation of documents for the process is done in the correct sequence. (2018/446)

939. The Regional Administration was in breach of the Stores Regulation. In particular, it was noted that eighty-six instances totalling \$7.624M were found where items were entered in the Goods Received Book but were not brought to account in the Stock Ledgers maintained at the Fort Wellington Hospital Pharmacy.

**Region's Response:** The Head of Budget Agency indicated that systems have been put in place to record all items in the Goods Received Book, in the Stock Ledger.

**Recommendation:** The Audit Office recommends that the Regional Administration put systems in place to ensure all items purchased and received are recorded in the Stock Ledgers in accordance with the Stores Regulations. (2018/447)

Fuel and Lubricants

940. The sum of \$39.784M was budgeted for the procurement of Fuel and Lubricants. Amounts totalling \$7M were transferred to the Line Item via virements, giving a revised sum of \$46.784M of which the amount of \$46.763M was expended. The table below shows a continuous increase in expenditure for fuel and lubricants for the last three years.

Years	Amount \$'000	Years	Amount \$'000	Increase \$'000
2015	21,922	2016	30,402	8,480
2016	30,402	2017	33,898	3,496
2017	33,898	2018	46,763	12,865

**Region's Response:** The Head of Budget Agency indicated that the increased use of fuel was due to the generators being used for power outages.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure there are proper procedures in place for budgeting and monitoring the utilisation of fuel. (2018/448)

941. An examination of Payment Vouchers and other related records for fuel and lubricants revealed the following:

- a) Twenty-two instances totalling \$238,869 where the dates were not stated on bills.
- b) Ninety-nine instances totalling \$3.726M where the vehicle numbers were not stated on bills.
- c) Forty-one instances totalling \$475,713 where purchases of fuel were made for twenty-six vehicles not on the Region's inventory.

**Region's Response:** The Head of Budget Agency indicated that staff of the Regional Administration were asked to be more vigilant in the execution of their duties and that the fuel supplied to twenty-six vehicles is incorrectly stated on the bill by the Gas Station.

**Recommendation:** The Audit Office recommends that the Regional Administration put systems in place to ensure that fuel purchased are only for vehicles owned and operated by the Region and fuel is properly accounted for and utilised in an efficient manner. (2018/449)

Utilities

942. Amounts totalling \$146.194M were allotted for the payment of water, telephone and electricity charges. There was a negative virement in the sum of \$29.951M resulting in a revised allotment of \$116.243M. As at 31 December 2018, amounts totalling \$72.135M were expended giving an unspent balance of \$44.108M. As such, the account area was over-budgeted by \$74.059M or approximately 50%.

**Region's Response:** The Head of Budget Agency indicated that the accounts for GWI and GPL were unreconciled at the end of the year, so the amounts were not paid. In addition, the Region budgeted for the sum that is usually paid for by the Ministry of Finance based on advice received at its budget discussions.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that all amounts budgeted for are in keeping with the Region's requirements and needs. (2018/450)

943. Audit checks revealed that amounts totalling \$34.902M were expended on electricity charges, however, an authorised list of GPL meters was not submitted for audit although the Regional Administration had indicated since 2017 that a comprehensive exercise was being undertaken with respect to identifying all meters in the Region.

**Region's Response:** The Head of Budget Agency indicated that GPL was written to on 7 February 2019 to conduct physical verification of meters on all premises under the Regional Administration.

**Recommendation:** The Audit Office recommends that the Regional Administration urgently follow up with GPL and create a list of meters and present same to the Audit Office for verification. (2018/451)

#### Maintenance Works

944. Amounts totalling \$515.589M were allotted for the repairs and maintenance of buildings and infrastructure within the Region. The sum of \$15.4M was transferred to this Account Area via virements, giving a revised allotment of \$530.989M. As at 31 December 2018, amounts totalling \$530.955M were expended under the various Line Items, of which \$105M was allotted and expended for Drainage and Irrigation Works.

945. Included in the sum of \$105M, was forty contracts totalling \$90.178M or 85.8% which was awarded to one contractor. Thirty of these contracts were awarded by the RTB, however, twenty-four were not publicly advertised but instead a total of thirteen of the forty-eight pre-qualified contractors were invited to bid. Further, only three to seven contractors were invited at a time to bid for each job. No documented justifications as required under the Procurement Act for utilising restrictive tendering were presented for audit examination.

**Region's Response:** The Head of Budget Agency indicated that restrictive tendering was done for these projects since Region 5 is flood prone and all work executed are on an emergency basis. The contractor is the most competitive bidder in this sector and provided available proof of the different type of buckets needed.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure all contracts awarded are in keeping with the Procurement Act. (2018/452)

946. Physical verification revealed eight instances totalling \$20.805M where payments for capital works were made using current budgetary allocations. The table below gives a breakdown of the following:

No.	Contract Number	Head	Line Item	Description of Work	Contract Sum \$'000	Total Payments \$'000
1	995/18	752	6255	Construction of security hut at RDC Farm	799	799
2	670/18	755	6242	Upgrading of washroom at Mon Choisi HC	370	370
3	582/18	753	6242	Renovate/ extend shed at RDC compound	4,663	4,663
4	571/18	753	6255	Rehab of RC walkway at Brady lane, Hopetown	5,146	5,146
5	382/18	754	6255	Construct security hut at Groden Nursery	427	385
6	1284/18	752	6255	Rehab of security hut at RDC farm	757	757
7	1257/18	752	6252	Construction of RC structure at Blairmont	2,154	2,154
8	205/18	755	6255	Upgrade parking lot at Fort Wellington Hospital	6,564	6,531
Total					20,880	20,805

**Region's Response:** The Head of Budget Agency indicated that corrective measures have been put in place to avoid same from recurring.

**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. (2018/453)

#### Other Matters

947. 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, at the time of reporting in September, two cheques totalling \$1.637M were still on hand at the Sub Treasury Department and have since become stale dated. In addition, one cheque valued at \$1.759M for 2017 was still on hand, however, a correspondence was seen dated 13 August 2019 from the Sub-Treasury Department addressed to the Accountant General stating that the cheque cannot be found since 28 June 2019.

**Region's Response:** The Head of Budget Agency indicated that the stale dated cheques will be updated and suppliers contacted to uplift same. Additionally, the cheque for \$1.759M is for a parcel of land acquired to build a nursery school. The Regional Administration is still awaiting the Transport/Title for the land before the final payment is released.

**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. (2018/454)

948. 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 Cheque Order Register revealed that there were seven Cheque Orders valued at \$2.989M which were still outstanding at the time of reporting in August 2019.

**Region's Response:** The Head of Budget Agency indicated that all efforts will be made to have Cheque Orders cleared on time and currently only two Cheque Orders are outstanding.

**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. (2018/455)

949. 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 seventeen are occupied by staff of the Region, however, no approval was seen to validate whether these Officers are entitled to such benefits.

**Region's Response:** The Head of Budget Agency indicated that all such Officers were transferred from other Regions and, as such, are entitled to the terms and condition of employment of rent free Government 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. (2018/456)

950. Audit checks revealed that the Regional Democratic Council transferred funds between programmes with the use of 112 virements totalling \$90.085M. However, it was noted that in fifty-one instances totalling \$43.303M virements were dated after 31 October 2018. This is in breach of Section 22 of the FMA Act.

**Region's Response:** The Head of Budget Agency indicated that all virements were approved by Ministry of Finance given that savings were realised. Also there was a short fall in the payment of wages and salaries.

**Recommendation:** The Audit Office recommends that the Regional Administration take steps to correct this situation and comply with the FMA Act. (2018/457)

951. The Contract Register maintained by the Regional Accounting Unit was not properly and accurately maintained. Audit checks carried out revealed that all contracts awarded during 2018 were not recorded in the register. Also, the contracts were not in numerical sequence. As a result, it was difficult to determine the total number of contracts awarded.

**Region's Response:** The Head of Budget Agency indicated that efforts will be made to have all contracts recorded in the Contract Register. The Register will be accurately and properly maintained, and numbered in sequential order.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure the Contract Register is properly and accurately maintained at all times. (2018/458)



Stores and Other Public Property

952. Amounts totalling \$15.181M were expended on Vehicles Spares and Services for the vehicles, plant and equipment operated and controlled by the Region, however, Historical Records were not maintained for 2018 although the Regional Administration had indicated since 2017 that corrective measures will be put in place 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 there was partial implementation and all efforts will be made to have this record implemented fully.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that this record is implemented in accordance with the Stores Regulations. (2018/459)

953. Examination of Stores in the Region revealed the following breaches of the Stores Regulations:

Fort Wellington and Mahaicony Hospitals

- a) No independent record in the form of a Stores Ledger was maintained by the Accounting Department.
- b) 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 although the Regional Administration had indicated in 2018 that corrective action will be taken.

**Region's Response:** The Head of Budget Agency indicated that the Stores Ledger is being maintained by the Accounting Department and all drugs and medical supplies are being processed through the RDC Main Stores then to the Pharmacy and finally to the Laboratory where records are also maintained.

**Recommendation:** The Audit Office recommends that the Regional Administration comply with the Stores Regulations is (2018/460)

Log Books

954. The Regional Administration failed to present for audit examination thirty-four of the fifty-six Log Books that were required to be maintained. In addition, an examination of the Log Books presented revealed that they were not properly and accurately maintained.

**Region's Response:** Head of Budget Agency indicated that efforts will be made to locate and present all outstanding Log Books for audit scrutiny and ensure drivers are fully trained to prepare and maintain Log Books.

**Recommendation:** The Audit Office recommends that the Regional Administration comply fully with the Stores Regulations with respect to the maintenance of Log Books. (2018/461)

955. An examination of a sample of contracts awarded revealed that the Regional Democratic Council utilised restrictive and selective tendering instead of National Competitive Bidding in nineteen instances. In addition, no reasons or justifications were provided for not following the Procurement Act, which states that National Competitive Bidding is mandatory.

**Region's Response:** The Head of Budget Agency indicated that the Regional Administration has implemented a system where only the most efficient contractors in their respective categories were asked to submit bids based on track records and performance. This will ensure that the Regional Administration gets value for money and that public funds are used in the most cost effective manner.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that the system for awarding contracts is in keeping with the Procurement Act. (2018/462)

### Capital Expenditure

#### Agricultural Development

956. The sum of \$35M was allotted for provision for Crops and Land Utilisation project. The Region's budget submission indicated that this project is expected to foster agricultural development and education within the Region. In addition, its' aim is to promote crop rotation techniques, proper land utilisation, processing of by products, providing agro supplies to schools and hospitals and providing employment for persons in the Region. According to the Estimates, this project is estimated to cost \$150M with a planned duration from 1 January 2018 to 31 December 2020.

957. Although this project was budgeted for and allocations made in 2018, the project started in 2016 with the utilisation of current budgetary allocation. In this regard, sums totalling \$8.341M were expended on the clearing of 20 acres of land for the creation of a farm, and purchase of materials for the construction of a chain linked fence. Likewise, in 2017 amounts totalling \$1.286M were expended from current allocations for the purchase of materials to complete the fence.

958. For the period under review, amounts totalling \$34.980M were expended as follows:

Description	Amount \$'000
Construction of Piggery	13,172
Excavation of drains and fish pond and construct earthen beds	9,456
Construction of Fence	4,442
Enclose lower flat B216	2,358
Materials and fittings	2,422
Water pump and mist blower	931
Construct Security Hut	777
REO Imprest ( plants, fertilisers etc.)	489
Plants, fertilisers etc.	933
<b>Total</b>	<b>34,980</b>

959. With respect to the construction of guard huts on the farm, amounts totalling \$2.333M were expended on the construction of three guard huts, of which \$777,000 was paid from capital allocations and \$1.556M was paid from current allocations.

960. Further, twelve farm hands/labourers were employed in 2018 to work on the farm. Discussions with the Head of the Budget Agency revealed that the farm is operational and functions as an economic venture for the Region whereby cash crops are planted and sold. However, check to verify the revenue received proved futile since no cash collected or records maintained were provided. As such, the Region is in breach of the FMA Act. Part IV of the Regulations to the FMA Act clearly states that every person who collects and or receive public money shall record the information in a register kept for that purpose with: (i) the date of receipt; (ii) the amount received, deposited or withheld; and (iii) all other information required for identification or audit purpose. At the time of reporting in September 2019, it was decided that a special audit on the operations of the farm will be carried out and a separate report issued.

961. With respect to the construction of the piggery at the RDC Farm, a contract was awarded to the second lowest bidder at his corrected bid price of \$13.720M due to the urgency of the project. As at 31 December 2018, amounts totalling \$13.172M were paid to the contractor. A physical inspection on 12 June 2019 revealed that the building is still unutilised and was overgrown with vegetation.

**Region's Response:** The Head of Budget Agency indicated that due to insufficient funding to complete the related infrastructure, it was unutilised. In order to facilitate the operation of the piggery, funds were allocated from 2019 allocation.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure all works budgeted for are executed and completed as budgeted. (2018/463)



Unutilised Pen overgrown with vegetation.

Prior Year Matters

Current Expenditure

962. Net salaries totalling \$152,000 which were overpaid to employees and the related deductions of \$142,000 which were overpaid to the various agencies for the year 2015 were still outstanding.

**Region's Response:** The Head of Budget Agency indicated that letters were written to both employees and agencies to recover the amounts overpaid.

**Recommendation:** The Audit Office recommends that the Regional Administration follow this issue with the view of recovering the amounts overpaid. (2018/464)

Follow-up on the Implementation of Prior Year Audit Recommendations

963. The table below summarises the prior year matters as contained in the Auditor General's 2017 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
2017/341	Circularised Instructions			√
2017/342	Circularised Instructions			√
2017/343	Circularised Instructions		√	
2017/344	IDW Drugs and Medical Supplies			√
2017/345	Circularised Instructions			√
2017/346	Breaches of Procurement Act 2003		√	
2017/347	Breaches of Stores Regulations		√	
2017/348	Breaches of FMA Act 2003	√		
2017/349	Breaches of FMA Act 2003	√		
2017/350	Breaches of FMA Act 2003			√
2017/351	Cheques Orders and Missing Vouchers			√
2017/352	Circularised Instructions			√
2017/353	Breaches of FMA Act 2003	√		
2017/354	Breaches of Procurement Act 2003			√
2017/355	Breaches of Procurement Act 2003			√
2017/356	Overpayment of Salaries			√
2017/357	Breaches of Stores Regulations			√
2017/358	Overpayment of construction works			√

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REGION 6 – EAST BERBICE/CORENTYNE

Current Year Matters

Current Expenditure

Employment Costs

964. According to the National Estimates amounts totalling \$3.136 billion were budgeted for Employment Costs for a staff complement of 2,157. As at 31 December 2018, amounts totalling \$3.135 billion were expended for 2,294 staff as shown below. This represents 137 staff more than was budgeted for and \$1M under the budgeted expenditure. As such, it would appear that Employment Costs were over budgeted.

Line Item	Description	Filled 2018	Actual 2018	Increase/ (Decrease) 2018
6111	Administration	260	292	32
6112	Senior Technical	888	979	91
6113	Other Technical and Craft Skilled	447	426	(21)
6114	Clerical and Office Support	83	90	7
6115	Semi-Skilled Operatives	363	413	50
6116	Contracted Employees	112	94	(18)
6117	Temporary Employees	4	0	(4)
Total		2,157	2,294	137

**Region's Response:** The Head of Budget Agency indicated that the filled positions reflected in the budget were done as at June 2017 for the 2018 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 Costs are for staff positions that are filled. (2018/465)

965. A further analysis of the employment details revealed that Public Service Commission Staff Vacancy Circular 1/2019 dated 27 June 2019, had advertised a total of thirty-eight vacancies. However, at the time of reporting the Regional Administration had managed to fill one of the vacant positions, leaving thirty-seven yet to be filled. The vacancies included critical posts such as one Deputy Regional Executive Officer, one Assistant Regional Executive Officer, one Senior Departmental Sister, one Senior Medical Technologist and one 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 one of these vacancies has 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. (2018/466)

966. During the year 2018, audit examination revealed that three persons were overpaid net salaries amounting to \$170,644, whilst the related deductions totalling \$14,312 were overpaid to the various deduction agencies.

**Region's Response:** The Head of Budget Agency indicated that the former employees and various deductions agencies were written to with a view of recovering 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. (2018/467)

#### Office and Field Supplies

967. Amounts totalling \$1.070 billion were allocated under this accounting area. As at 31 December 2018, amounts totalling \$991.237M were expended. Included in this amount is the sum of \$400M which was budgeted for the procurement of Drugs and Medical Supplies under Health Services Programme - Line Item 6221. The sum of \$5M was transferred via virements giving a revised allotment of \$405M. According to the Appropriation Account the full sum was expended as at 31 December 2018. The Regional Administration expended \$90M 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.

968. Warrants №. 1 and №. 2 of 2018 were issued on 28 February and 4 September for \$275M and \$40M respectively. Financial returns were received from MOPH indicating that the full amounts were expended. However, the lists of drugs required that should accompany the warrants to MOPH were not presented for audit inspection.

969. Further, the Materials Management Unit (MMU) sent a dispatch report for the period January to December 2018 of drugs and medical supplies sent to the Regional Administration. However, a reconciliation report was not submitted by the Regional Administration.

970. Further examination of the dispatch report revealed the following:

- a) The total value of items delivered for the period January to December 2018 amounted to \$317.991M, giving a difference of \$2.991M worth of drugs being received in excess of the sum warranted to MOPH.
- b) The dispatch report 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 against the entries recorded in the Goods Received Books or other records that are maintained by the Region.

**Region's Response:** The Head of Budget Agency indicated that corrective action will be taken to ensure that a list of drugs and medical supplies is attached to the warrant and efforts are being made to reconcile records with MMU. In addition, a request will be made to MOPH and MMU to provide Combine Requisition and Issue Voucher (CRIV) number and date on the dispatch report.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that a list of drugs and medical supplies is attached to the warrant sent to MOPH and put systems in place to reconcile supplies received by the respective health facilities so as to reconcile the value of the drugs and medical supplies received with that of the sum warranted to the MOPH. (2018/468)

971. The \$90M expended by Regional Administration was for the procurement of drugs and medical supplies from local suppliers whenever the requisite items are not available from MMU as detailed in the CRIVs received. The sum of \$24.107M was expended on the procurement of oxygen while the remaining sum of \$65.893M was utilised to procure drugs and medical supplies locally.

972. Further, 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 fifty-two items the Regional Administration paid significantly higher prices when compared with MMU's prices. Furthermore, the Region paid in excess of 300% more than MMU's prices for eleven of the fifty-two drugs and medical supplies purchased. In two instances, the Region paid as much as 1669% and 1465% more than the MMU's price.

Description of Item	Unit	Price Paid by MMU \$	Price Paid by Region \$	Variance %	Quantity of item procured by Region	Savings procured via MMU \$'000
Risperidone 2mg	Each	13	230	1669	8400 Each	1,823
Benzotropine 2mg/2mls Injection (Labdhi)	Amp	457	2,358	416	600 Amp	1,141
Dextrose 5% sodium Chloride 0.9% DNS 500mls	Bottle	100	800	700	800 Bottle	560
Surgical Gloves 7.5	Box of 25 pairs	929	5,200	460	80 Box of 25 pairs	342
Metronidazole 500 mg/100mls Inj	Bottle	74	375	407	760 Bottle	229
Amikacin (Aristo P) 500mg/2mls Inj	Vial	186	2,910	1465	40 Vial	109
Hydrocortisone Cream	Tube	76	420	453	300 Tube	103
Atropine 1mg	Each	54	378	600	300 Each	97
Ciprofloxacin Inj 200MG/100 ML H* 100ML	Each	97	920	848	70 Each	58
Ampicillin Inj. 100mg (1g)	Vial	43	181	321	375 Vial	52
Azithromycin Oral Suspension 200mg/5mls.15mls	Bottle	115	525	357	60 Bottle	25
Total						4,539

**Region's Response:** The Head of Budget Agency indicated that the price paid by the Regional Administration for the purchase of drugs and medical supplies will differ from MMU due to economies of scales.

**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. (2018/469)

Utility Charges

973. Amounts totalling \$255.782M was budgeted for electricity charges. As at 31 December 2018, the sum of \$175.890M was expended. An examination of Payment Vouchers and related documents in respect of electricity charges, revealed 158 instances totalling \$32.905M where the Regional Administration had duplicated payments to Guyana Power and Light (GPL) during 2018. The duplications were as a result of bills that were previously paid for one period, the full amount paid was included on a next bill sent by GPL and was subsequently paid by the Administration. As a result of these duplicated payments, the Regional Administration overpaid the service provider (GPL) the sum of \$32.905M.

**Region's Response:** The Head of Budget Agency indicated that corrective action has been taken to recover overpayment from the service provider via transfers of credits to corresponding accounts owing. To date overpayments totalling \$16.546M were recovered.

**Recommendation:** The Audit Office recommends that the Regional Administration make every effort to recover the overpayments and put systems in place to avoid future occurrences. (2018/470)

Maintenance Works

974. Amounts totalling \$837.910M was allocated for maintenance works. The sum of \$161.054M was transferred via virements giving a revised allotment of \$998.964M. As at 31 December 2018, the sum of \$997.939M was expended as follows.

Line Item	Description	Total Funds Available \$'000	Amount Expended \$'000
6242	Maintenance of Buildings	237,706	237,346
6251	Maintenance of Roads	96,000	95,959
6252	Maintenance of Bridges	57,500	57,162
6253	Maintenance of Drainage & Irrigation	370,975	370,805
6255	Maintenance of Infrastructure	127,600	127,600
6264	Vehicle Spares & Maintenance	56,188	56,122
6282	Equipment Maintenance	52,995	52,945
Total		998,964	997,939



975. The contract for the repairs to Black Bush Polder Main Road Lesbeholden was awarded in the sum of \$8.856M by the Regional Tender Board to the lowest of four bidders against an Engineer's Estimate of \$9.156M. As at 31 December 2018, 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
3.0	Road Way – Lesbeholden						
3.3	Supply, place and compact 8” crusher run – 1 <sup>st</sup> grade mix with semi-cohesive fines not exceeding 4mm loom/laterite 15%	250	133	C.YD	117	22,000	2,574
Total							2,574

**Region's Response:** The Head of Budget Agency indicated that the contractor will be written to with the view of recovering overpayment.

**Recommendation:** The Audit Office recommends that the Regional Administration: (i) take steps to recover the overpayment; and (ii) ensure that completed works are accurately measured and quantified before payments are made to contractors. (2018/471)

976. Amounts totalling \$56.122M were expended on vehicle spares, services and repairs to the Regional Administration fleet of vehicles. For the period under review, eight vehicles incurred an average of \$18.198M in maintenance costs, compared with \$24.109M expended on twelve vehicles in the 2017. It was also noted that three vehicles had excessive maintenance cost in both years mentioned above as detailed below:

Vehicle No.	Description of Vehicle	Amount Expended 2017 \$'000	Amount Expended 2018 \$'000
PVV 1992	David 'G' school Bus (60 seater)	5,843	4,473
PLL 5661	Jeep	0	2,932
PTT 5714	Ambulance	0	2,717
PSS 657	Ambulance	1,907	2,618
PLL 2717	Pick up (Toyota Hilux)	2,305	1,437
TR 20124	Tractor	0	1,422
PVV 1991	David 'G' school Bus (60 seater)	0	1,345
PTT 2058	Ambulance	0	1,254
Total		10,055	18,198

977. Further, analysis revealed that the Regional Administration had also expended excessive maintenance cost in the sum of \$2.362M for the repairs and maintenance of eleven motor cycles. It was noted that the cost of repairs of three of the said motor cycles exceeded the value for which they were procured. The table shown below gives details of the following:

Motor Cycle No.	Year of Acquisition	Acquisition Cost \$'000	Amount expended \$'000
CJ 1164	2017	268	357
CH 9920	2016	215	276
CH 9921	2016	215	231

**Region's Response:** The Head of Budget Agency indicated that the vehicles are required for the provision of essential services by the Regional Administration to all stakeholders and the maintenance of the stated motor cycles will be closely monitored.

**Recommendation:** The Audit Office recommends that the Regional Administration monitor closely the maintenance of its fleet of motor vehicles and determine whether it would be more economical to dispose of vehicles that recorded high maintenance costs. (2018/472)

#### Other Matters

##### Procurement

978. Audit examination revealed two 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. The contracts were awarded by the Regional Tender Board at one sitting. It should be noted that the two contracts were awarded to one contractor.

No.	RTB No.	Contract No.	Description	Engineer's Estimate \$'000	Tender Price \$'000	Amount Paid \$'000
1	5/18	57/18	Rehabilitation of Girls Club Street Canefield	9,480	9,480	9,318
2	5/18	58/18	Rehabilitation of Gibraltar School Street	9,997	9,997	9,951
Total				19,477	19,477	19,269

**Region's Response:** The Head of Budget Agency has acknowledged the audit finding.

**Recommendation:** The Audit Office recommends that the Regional Administration investigate this issue and provide the results of the investigation to the Audit Office. (2018/473)

979. Two contracts, one for repairs to Port Mourant Secondary School Entrance totalling \$6.701M and one for repairs to RC bridge at the Department of Education totalling \$5.088M were paid for under Maintenance of Roads and Maintenance of Bridges respectively. These projects are of a capital nature and, as such, should have been budgeted and paid for under capital expenditure.

**Region's Response:** The Head of Budget Agency indicated that these works were budget and approved under Current Expenditure.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that all projects of a capital nature are budgeted, executed and paid for under the capital allocations of the Region. (2018/474)

#### Economic Project

980. The Regional Administration operated a special account №. C624823 held at New Building Society for its Economic Project (State House). The main objective is to make a profit; since, the operation is based on a cost recovery basis and a profit margin is added to all sales. Audit perusal of bank records revealed that the project had a positive balance of \$21.844M as at 1 January 2018 and a closing balance of \$14.276M as at 31 December 2018. This indicated that the Project incurred a loss of \$7.568M for the year 2018.

**Region's Response:** The Head of Budget Agency indicated that the sum of \$8.758M is outstanding to the Economic Fund Accounts for the period under review resulting in a surplus of \$1.190M. Efforts are being made to recover the outstanding amount owed.

**Recommendation:** The Audit Office recommends that the Regional Administration make every effort to collect all outstanding moneys owed to the Project and bank same promptly. (2018/475)

981. The Bank Book also reflected total deposits in the sum of \$19.704M and total withdrawals in the sum of \$27.223M for the year 2018. Moneys were withdrawn from the bank account to offset expenditures, however, payment records provided for examination amounted to \$25.868M despite the amount withdrawn being reflected as \$27.223M. As such, payment records were not presented to substantiate expenditure of \$1.355M.

**Region's Response:** The Head of Budget Agency indicated that efforts will be made to locate and present the outstanding documentation to substantiate the expenditure.

**Recommendation:** The Audit Office recommends that the Regional Administration make every effort to locate and present all outstanding payment records for audit verification. (2018/476)

#### Capital Expenditure

##### Buildings

982. The contract for the rehabilitation of Johanna Primary School was awarded in the sum of \$8.188M by the Regional Tender Board to the lowest of five bidders against an Engineer's Estimate of \$10.822M. As at 31 December 2018, the entire sum was paid to the contractor. A physical verification revealed poor painting works in some sections of the building while five pieces of 6"x6" Green heart timber columns installed on the first-floor corridor were poorly installed and shaky at the time of the physical verification.

**Region's Response:** The Head of Budget Agency indicated that corrective action will be taken to secure the columns and the contractor will be written to for corrective work to be done with regards to painting.

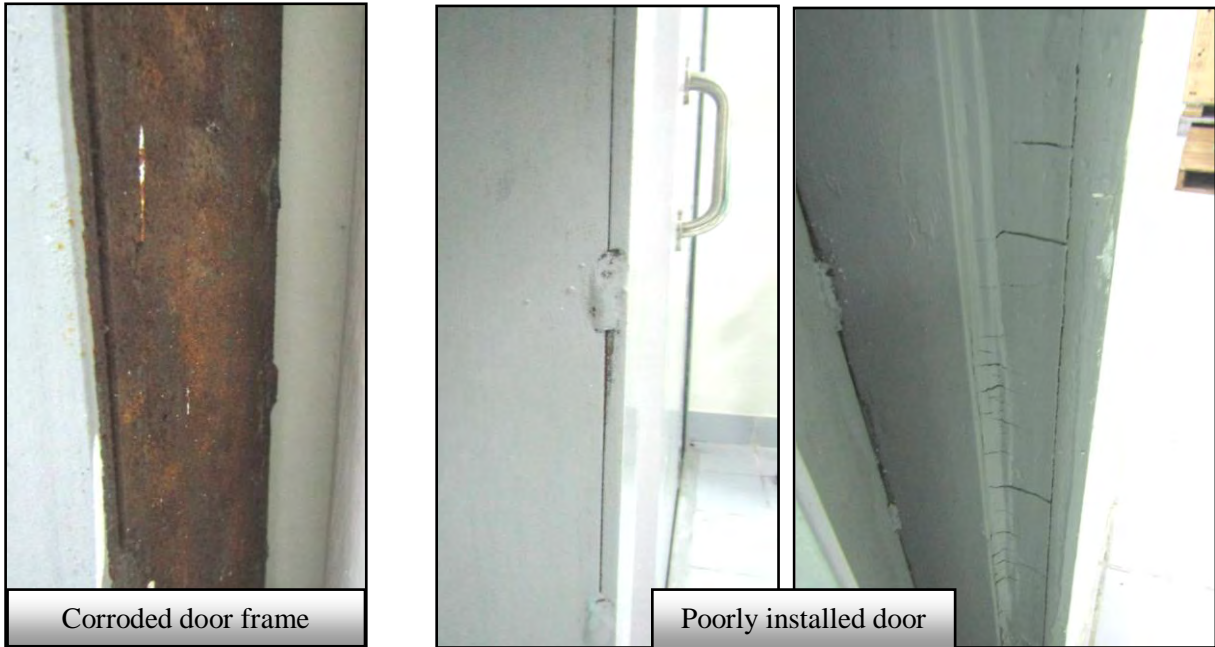
**Recommendation:** The Audit Office recommends that the Regional Administration ensure that the contractor remedy all defective works. (2018/477)



983. The contract for the construction of CT Scan Room at New Amsterdam Hospital Phase 2 was awarded by the Regional Tender Board in the sum of \$7.986M to the lowest of three bidders against an Engineer's Estimate of \$7.999M. A variation in the sum of \$4.309M was approved revising the contract sum to \$12.296M. As at 31 December 2018, the sum of \$11.497M was paid to the contractor. A physical verification revealed that the overall quality of the finished works was very poor with inferior painting works, poor upholstery and carpentry works. In addition, the frames for the Lead resistant doors were corroded and do not have a proper guide in place to close the door smoothly.

**Region's Response:** The Head of Budget Agency indicated that the contractor was written to requesting that remedial works be done urgently.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that the contractor remedy all defective works and that all works executed are properly supervised, accurately measured, and quantified before payments are made. (2018/478)



Capital Purchases

984. The sum of \$63.791M was allocated under this accounting area. As at 31 December 2018, the sum of \$63.769M was expended, this included \$12.363M expended on the procurement of furniture for schools across the Region, as detailed below. However, the items procured were not recorded in any of the records kept at the Stores. In addition, a physical verification of the furniture at the schools was not possible since the furniture were not marked as property of the school and for which year they were received, in breach of the Stores Regulation.

Description	Quantity Procured	Amount \$'000
Teacher's Table	300	3,000
Type B desk and bench	243	2,236
Type C desk and bench	250	2,200
Type A desk and bench	205	1,947
Type D desk and bench	137	1,233
Chalk Boards	62	992
Nursery chairs	100	755
<b>Total</b>		<b>12,363</b>

**Region's Response:** The Head of Budget Agency indicated that corrective action will be taken to ensure that furniture procured is recorded in the Goods Received Book and Stock Ledger and marked upon receipt.

**Recommendation:** The Audit Office recommends that the Regional Administration comply fully with the Stores Regulations at all times. (2018/479)

Prior Year Matters

Current Expenditure

Employment Costs

985. For the years 2015 and 2016 unpaid net salaries totalling \$564,258 were refunded to the Consolidated Fund, while amounts totalling \$271,167 remained outstanding as overpaid net salaries. The related deductions totalling \$113,421 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 \$
2015	354,077	293,091	60,986	51,179
2016	210,181	0	210,181	62,242
Total	564,258	293,091	271,167	113,421

**Region's Response:** The Head of Budget Agency indicated that both the former Employees and deduction Agencies were written to on several occasions to recover the overpayments, which proved futile. The Regional Administration has since written to the Finance Secretary in accordance with circular №. 2/2018 to have the outstanding net salaries and deductions for the respective years written off. A reminder was subsequently dispatched.

**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. (2018/480)

Capital Expenditure

986. The Regional Administration is still to recover overpayments totalling \$3.435M made on four contracts for the years 2016 and 2017 as shown below.

Year	Sub Head	Description	Amount \$'000	Amount recovered \$'000	Amount Outstanding \$'000
2016	11007	Rehabilitation of №. 52 cross Street	1,697	612	1,085
"	12039	Construction of №. 36 Primary School	1,093	0	1,093
"	12040	Construction of an Outpatient Building New Amsterdam	896	0	896
2017	12039	Construction of №. 36 Primary School Phase 2	361	0	361
Total			4,047	612	3,435

**Region's Response:** The Head of Budget Agency indicated that efforts are continuing to recover the amount outstanding.

**Recommendation:** The Audit Office once again recommends that the Regional Administration recover the overpayments and put proper systems in place to avoid future recurrences. (2018/481)

Follow-up on the Implementation of Prior Year Audit Recommendations

987. The table below summarises the prior year matters as contained in the Auditor General's 2017 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
2017/359	Circularised Instructions			√
2017/360	Circularised Instructions		√	
2017/361	IDW Drugs and Medical Supplies			√
2017/362	IDW Drugs and Medical Supplies		√	
2017/363	Breaches of Procurement Act 2003	√		
2017/364	Breaches of Procurement Act 2003	√		
2017/365	Breaches of Procurement Act 2003			√
2017/366	Breaches of Stores Regulations	√		
2017/367	Breaches of Procurement Act 2003		√	
2017/368	Breaches of FMA Act 2003			√
2017/369	Circularised Instructions			√
2017/370	Breaches of Procurement Act 2003			√
2017/371	Overpayment of Construction Works	√		
2017/372	Overpayment of Construction Works			√
2017/373	Breaches of Procurement Act 2003	√		
2017/374	Overpayment of Salaries			√
2017/375	Cheque Orders and Missing Vouchers		√	
2017/376	Overpayment of construction works			√

AGENCY 77  
REGION 7 – CUYUNI/MAZARUNI

Current Year Matters

Current Expenditure

Employment Costs

988. According to the National Estimates amounts totaling \$757.680M was budgeted for Employment Costs for a staff complement of 675. As at 31 December 2018, amounts totalling \$753.713M were expended for 712 staff as shown below. This represents thirty-seven staff more than was budgeted for and \$3.967M under the budgeted expenditure. As such, it would appear that Employment Costs were over budgeted.

Line Item	Description	Filled 2018	Actual 2018	Increase/ (Decrease) 2018
6111	Administrative	35	40	5
6112	Senior Technical	179	175	(4)
6113	Other Technical and Craft Skilled	193	235	42
6114	Clerical and Office Support	26	29	3
6115	Semi-Skilled Operatives and Unskilled	161	158	(3)
6116	Contracted Employees	81	75	(6)
6117	Temporary Employees	0	0	0
Total		675	712	37

**Region's Response:** The Head of Budget Agency indicated that the amount was provided in the budget for the Region and efforts are being made to analyse the Employment Costs further.

**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 Costs are for staff positions that are filled. (2018/482)

989. A further analysis of the employment details revealed that Public Service Commission Staff Vacancy Circular №. 1/2019 had advertised a total of seven vacancies. The vacancies included critical posts such as one Medical Superintendent, one District Development Officer II and two District Development Officers I. 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 applications were received for the Medical Superintendent and are presently being processed at Public Service Commission. However, a doctor is acting in the position so the operation is not affected. The Region is awaiting the Public Service Commission to fill the vacancy for District Development Officer I & II, since it was advertised on the Public Service Commission circular.



**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. (2018/483)

990. Unpaid net salaries totalling \$126,881 were refunded to the Consolidated Fund for two employees, however, the related deductions of \$7,062 and \$681 paid to the Guyana Revenue Authority (GRA) and National Insurance Scheme (NIS) respectively were not recovered. Similarly, for the year 2017 deductions totalling \$39,178 overpaid to the Guyana Revenue Authority (GRA), National Insurance Scheme (NIS) and other agencies were still not recovered.

**Region's Response:** The Head of Budget Agency indicated that the Guyana Revenue Authority and National Insurance Scheme were written to by the Regional Administration on 19 August in relation to the deductions and are awaiting a response.

**Recommendation:** The Audit Office recommends that the Regional Administration follow-up this matter with the view of recovering the overpayments. (2018/484)

#### Office and Field Supplies

991. Amounts totalling \$608M were allocated under this accounting area. As at 31 December 2018, amounts totalling \$605M were expended. Included in this amount is the sum of \$72M which was budgeted for the procurement of Drugs and Medical Supplies under Health Services Programme - Line Item 6221. According to the Appropriation Account the full sum was expended as at 31 December 2018. The Regional Administration expended \$22.792M and issued two Inter-Departmental Warrants (IDW'S) in the sum of \$49.2M to the Ministry of Public Health (MOPH) for the Ministry to procure drugs and medical supplies on behalf of the Regional Administration.

992. With respect to the Inter-Departmental Warrants issued to the MOPH, IDW №. 1/2018 for \$45M was dated 26 April 2018 and IDW №. 2/2018 for \$4.2M was dated 6 September 2018. Financial Returns were received from the MOPH indicating that the full amounts were expended.

993. Further, the Materials Management Unit (MMU) sent a dispatch report for the period January to December 2018 for drugs and medical supplies sent to the Regional Administration. However, reconciliation was not done by the Regional Administration. An examination of the dispatch report revealed the following:

- a) The total value of items delivered for the period January to December 2018 amounted to \$69.137M, while the warranted amount was \$49.2M giving a difference of \$19.937M worth of drugs being received in excess of the sum warranted to MOPH. This was despite the list not having unit price or total cost for 184 items.

- b) The dispatch report 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 against the entries recorded in the Goods Received Books or other records that are maintained by the Region.

**Region's Response:** The Head of Budget Agency indicated that the Hospital Administration made a request for a revised report with all the cost included so that reconciliation can be done. The difference represents the value for reagents supplied to the Region which was not budgeted for by the Regional Administration.

**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. (2018/485)

#### Stores

##### Regional Hardware Stores

994. The building which housed the Regional Hardware Stores and all the stores records was destroyed by fire on 2 April 2019. As a result, there were no records to verify items received and issued for the year under review. A list of the items destroyed in the fire was submitted by the Regional Administration. Included, in the list are a number of capital items in respect of the year under review.

**Region's Response:** The Head of Budget Agency explained that the Regional Administration has since received a fire report from the Guyana Fire Service and a request will be made to the Accountant General Department for those items destroyed to be written off.

**Recommendation:** The Audit Office recommends that the Regional Administration follow up on the approval for write off of the items destroyed. (2018/486)

#### Bartica Hospital

995. A physical stock count of the Ration Stores and the Drugs Bond at Bartica Regional Hospital revealed that they did not adhere fully to the Stores Regulations for the period under review. An audit inspection of the Stock Ledgers and Internal Stores Requisitions (ISRs) revealed that they were not updated, resulting in physical stock not corresponding with the records.

**Region's Response:** The Head of Budget Agency indicated that the records are now updated and the physical stock corresponds with the records.

**Recommendation:** The Audit Office recommends that the Regional Administration comply fully with the Stores Regulations at all times. (2018/487)

996. Of the eighty-eight Log Books which were required to be maintained, only fifty-two were submitted, leaving thirty-six outstanding as detailed below. However, an examination of those submitted revealed that they were not properly maintained, in that, there were no odometer readings, fuel and lubricants received were not recorded nor were there any signature of Officer authorising the journey.

Type of Vehicle/Equipment	Total №. of Serviceable Vehicles/Machinery/ Equipment	Log Books Received	№. of Outstanding Log Books
Motor Cycles	23	15	8
Pumps	5	3	2
Generators	8	7	1
Motor Vehicles	9	8	1
Machine and Equipment	9	4	5
Outboard Engines	34	15	19
Total	88	52	36

**Region's Response:** The Head of Budget Agency indicated that in the cases where the odometer reading were not recorded, it's because the odometer is not functioning and the instances where fuel and lubricants were not recorded and the signature of Officers not seen, have now being corrected and systems put in place to prevent any recurrence. Efforts are being made to have the outstanding Log Books from the outlying areas presented for verification.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that Log Books are maintained for all vehicle and equipment and properly written up in compliance with the Stores Regulations at all times. (2018/488)

Maintenance Works

997. The sum of \$403.026M was allotted for maintenance works. As at 31 December 2018, the sum of \$391.451M was expended as follows.

Line Item	Description	Total Funds Available \$'000	Amount Expended \$'000	Difference \$'000
6242	Maintenance of Buildings	136,762	134,329	2,433
6251	Maintenance of Roads	71,000	70,214	786
6252	Maintenance of Bridges	13,100	13,066	34
6253	Maintenance of Drainage & Irrigation	29,000	28,729	271
6254	Maintenance of Sea & River Defense	8,000	7,435	565
6255	Maintenance of Infrastructure	106,538	105,100	1,438
6264	Vehicle Spares & Maintenance	20,800	20,319	481
6282	Equipment Maintenance	17,826	12,259	5,567
Total		403,026	391,451	11,575

998. The contract for the maintenance to Doctor's accommodation at the Regional Health Office, Bartica was awarded in the sum of \$5.733M. As at 31 December 2018, amounts totalling \$5.721M were paid. No details regarding the tendering process and award of this contract was presented for audit examination. Physical verification of the project revealed overpayments totalling \$324,000 as shown below:

Item	Description	Qty. Paid	Qty. Found	Unit	Diff.	Rate \$	Amount Overpaid \$'000
	Bill №. 2: Measured Works Carpentry and Joinery						
2.6	Internal Wall						
	Provide and fix 1"x6" SE dress GH boards for damage wall section, make allowance for joints and the likes (All members measured)	450	325	BM	125	450	56
	Doors						
2.9.1	Provide and install 36"x86" steel panel door. Door to be purchased with all fixtures transported and install with all locks and framing of approved quality.	1	0	№.	1	80,000	80
	Bill №. 5: Measured Works: Electrical Works						
5.1	Electrical and Light Bulbs Installations						
5.1.4	15A duplex switch	3	0	№.	3	1,500	4
5.1.5	8 way circuit breaker panel complete	1	0	№.	1	39,000	39
5.1.6	2x1.5mm2 cable	1	0	Roll	1	25,000	25
5.1.7	2x2.5mm2 cable	1	0	Roll	1	35,000	35
5.1.8	Surface duplex outlet	5	3	№.	2	2,000	4
5.1.9	One Gang Duplex Switch	5	2	№.	3	2,000	6
	Bill №. 7- Tiling and Finishes						
7.1	Provide and install 6'x6" nonskid tile work to bathroom, and washroom floor area. Rate inclusive of firmly fixing to flooring of area	10	0	Sq.yd	10	7,500	75
Total							324

**Region's Response:** The Head of Budget Agency indicated that the contractor was contacted and he promised to repay 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, and improve on the efficiency of the systems in place to monitor projects in order to avoid such overpayments. (2018/489)

999. The contract for the maintenance of River defense at Agatash, Bartica was awarded in the sum of \$4.782M to the second most competitive bidder. As at 31 December 2018, the full amount was paid to the contractor. Physical verification of the project revealed that the works were completed, however, it was found that the final Payment Voucher did not have a completed measured works valuation certificate attached, as such, the physical verification of this project could not determine whether or not any overpayment had occurred.

1000. Further, it is unclear how the final payment was processed without the detailed/ measured works breakdown attached. Examination of attachments to the final Payment Voucher revealed that the contractor had submitted a Request for Payment for the sum of \$2.5M on 21 November 2018, only two days after signing the contract. No details of the works completed at the time to the value of \$2.5M was attached to the Request for Payment.

1001. Additionally, Valuation №. 1 in the sum of \$2M and Valuation №. 2 in the sum of \$3.689M were also attached. None of these Valuations correspond to the contractor Payment Request. It is unclear how these payments were actually made under the contract.

**Region's Response:** The Head of Budget Agency indicated that the matter will be investigated and corrected and all the relevant documentation submitted to the Audit Office for verification.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that the correct valuations are attached to all Payment Vouchers and the Region comply fully with the Procurement Act. (2018/490)

1002. The contract for the maintenance of Karrau Primary School was awarded in the sum of \$3.068M to the second most competitive bidder. As at 31 December 2018, the full amount was paid to the contractor. Physical verification of the project revealed that the works were completed. However, it was found that the final Payment Voucher did not have a completed measured works valuation certificate attached, as such, the physical verification of this project could not determine whether or not any overpayment had occurred. It is unclear how this final Payment Voucher was processed without the detailed measured works breakdown attached.

**Region's Response:** The Head of Budget Agency indicated that the matter will be investigated and corrected and all the relevant documentation submitted to the Audit Office for verification.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that the correct valuations are attached on all payments vouchers and the Region comply fully with the Procurement Act. (2018/491)

1003. Amounts totalling \$20.319M were expended for vehicles spares and maintenance for the period under review. An analysis of vehicles spares and maintenance revealed that twelve vehicles had exceedingly high maintenance costs that amounted to \$14.864M. The table below gives details of the costs associated with repairs of each vehicle and equipment:

Vehicle №.	Description	Amount expended in 2017 \$'000	Amount expended in 2018 \$'000
PVV 1998	David G №. 6 School Bus	2,225	674
PKK 7077	Pick Up Double Cab	2,021	982
PVV 1876	Frontier Double Cab	1,579	1,689
Sir Gordon	Boat	929	562
PSS 8404	Mini Bus	682	1,450
Sir Akbar	Boat		2,347
Sir Peter	Boat		2,179
River Ambulance	Ambulance		1,478
PNN 7288	Nissan		1,338
PVV1877	Frontier Double Cab		746
Skid Steer			740
Mini Excavator	Excavator		679
Total		7,436	14,864

**Region's Response:** The Head of Budget Agency explained that taking into consideration the age of vehicles and the interior terrain, moneys were spent to ensure vehicles and equipment are properly maintained.

**Recommendation:** The Audit Office recommends that the Regional Administration monitor closely the maintenance of its fleet of motor vehicles and determine whether it would be more economical to dispose of vehicles that recorded high maintenance costs. (2018/492)

#### Other Matters

1004. 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 was one cheque valued at \$725,200, This cheque was for the construction of a boat for Health Services which was not supplied at the time of reporting.

**Region's Response:** The Head of Budget Agency indicated that the boat was received and cheque was updated and paid to the supplier.

**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. (2018/493)

1005. 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 124 are living quarters. Fourteen of these living quarters are vacant while the remaining 110 are occupied by various persons. Audit checks revealed that only nine persons were paying rent while three were entitled to rent free accommodation. However, no documentation was provided to verify whether the remaining ninety-eight Officers are entitled to rent free accommodation.

**Region's Response:** The Head of Budget Agency indicated that reconciliation is presently being done to determine who are the Officers entitled to rent free accommodation, if not entitled, steps will be taken to have these Officers pay rent.

**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. (2018/494)

Economic Fund/Economic Project

1006. The Regional Administration operated one special project account №. 118022718 held at Citizens Bank for economic affairs (Guest House, Amerindian Hostel, Rental of Land space and Pavilion). Examination of the receipt books revealed that the sum of \$9.846M was received as shown in the table below:

Income	Amount \$'000
Guest House	8,471
Amerindian Hostel	925
Rental	450
Pavilion	0
Total	9,846

1007. Further, audit checks of the Cash Book revealed the following:

- a) Receipts and payments for the period January to September 2018 were not recorded in the Cash Book.
- b) One advance for \$81,700 issued to an Officer was not cleared as at 31 December 2018.

**Region's Response:** The Head of Budget Agency indicated that the records are now updated, and the outstanding advance will be recovered by salary date September 2019.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that the Cash Book is updated with all necessary information. (2018/495)

Capital Expenditure

Capital Purchases

1008. The sum of \$60.945M including a Supplementary Allotment for Furniture and Equipment of \$2.001M was voted for the purchase of a number of capital items. As at 31 December 2018, amounts totalling \$60.596M were expended. A physical verification of items valued \$4.856M, as detailed below, could not be conducted due to these items being destroyed in the fire in April 2019.

Program	Description of item	Quantity	Total Value \$'000
771	4 Drawer Metal Filing Cabinet with lock	1	51
771	Imported office chair without arms metal	37	295
771	30" Whirlpool Gas Stove	2	210
773	Full Package Yellow (Filter System)	1	3,000
773	Frigidaire 5ft Fridge	7	420
774	Stretchers (aluminum alloy)	12	162
774	X-ray Illuminator	2	64
774	Portable Stretchers	2	27
774	Cardiac Monitor ECG BLD jus 2 Therapeutic	1	215
774	High Back Chair	2	32
774	JYC Multipurpose manual Surgical Operating Table	1	380
Total			4,856

**Region's Response:** The Head of Budget Agency explained that these items were in the Regional Hardware Stores at the time of the fire on 2 April 2019. A fire report was received from the Guyana Fire Service and a request will be made to the Accountant General Department for the items destroyed to be written off.

**Recommendation:** The Audit Office recommends that the Regional Administration follow up on this issue. (2018/496)

Prior Year Matters

Current Expenditure

Maintenance works

1009. The Regional Administration had still not recovered overpayments totalling \$2.063M made for the year 2017, as shown in the table below:

Year	Description	Amount Overpaid \$'000	Amount Refunded \$'000	Balance Outstanding \$'000
2017	Maintenance of Duplex Living Qrt. Mongrippa Hill	1,541	100	1,441
"	Maintenance of Shed in Beach View Nursery	58	0	58
"	Maintenance of Bartica Secondary School	564	0	564
Total		2,163	100	2,063



**Region's Response:** The Head of Budget Agency indicated that efforts are continuing to recover the amounts overpaid. In this regard an amount of \$100,000 was recovered to date.

**Recommendation:** The Audit Office recommends that the Regional Administration follow-up this matter with the view of recovering the amounts overpaid. (2018/497)

### Capital Expenditure

1010. The Regional Administration had still not recovered the amount of \$1.719M overpaid in 2016 on the contract for the construction of living quarters at Mongrippa Hill, Bartica.

**Region's Response:** The Head of Budget Agency indicated that efforts are continuing to recover the amount overpaid.

**Recommendation:** The Audit Office recommends that the Regional Administration recover of the amount overpaid and improve on the efficiency of the systems in place to avoid such overpayments. (2018/498)

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

1011. The table below summarises the prior year matters as contained in the Auditor General's 2017 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
2017/377	Circularised Instructions			√
2017/378	Circularised Instructions		√	
2017/379	Overpayment of Salaries			√
2017/380	IDW Drugs and Medical Supplies		√	
2017/381	Disposal of Expired Drugs			√
2017/382	Overpayment of Construction Works		√	
2017/383	Overpayment of Construction Works			√
2017/384	Overpayment of Construction Works			√
2017/385	Circularised Instructions			√
2017/386	Breaches of FMA Act 2003			√
2017/387	Circularised Instructions			√
2017/388	Breaches of Stores Regulations			√
2017/389	Overpayment of Construction Works			√

AGENCY 78  
REGION 8 – Potaro/Siparuni

Current Year Matters

Current Expenditure

Employment Costs

1012. According to the National Estimates amounts totalling \$390.643M were budgeted for Employment Costs for a staff complement of 202. As at 31 December 2018, amounts totalling \$384.067M were expended for 339 staff as shown below. This represents 137 staff more than was budgeted for and \$6.576M under the budgeted expenditure. As such, it would appear that Employment Costs were over budgeted.

Line Item	Description	Filled 2018	Actual 2018	Increase/ (Decrease) 2018
6111	Administrative	15	16	1
6112	Senior Technical	41	64	23
6113	Other Technical and Craft Skilled	44	95	51
6114	Clerical and Office Support	8	10	2
6115	Semi-Skilled Operatives and Unskilled	72	116	44
6116	Contracted Employees	22	37	15
6117	Temporary Employees	0	1	1
Total		202	339	137

**Region's Response:** The Head of Budget Agency indicated that the additional employees were teachers, however, they are unable to explain how these were funded.

**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 Costs are for staff positions that are filled. (2018/499)

1013. An analysis of the employment details revealed that the Regional Administration had a total of seven vacancies during the period under review as advertised in the Public Service Commission Staff Vacancy Circular №. 1/2019. These vacancies included critical posts such as an Agricultural Officer, Planning Officer, Overseer, two X-ray Technicians and one Agricultural 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 one of the X-ray technician has since been hired and efforts are being made to have the additional persons employed.

**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. (2018/500)

1014. Audit examination of thirteen leavers for 2018 revealed that three persons were overpaid net salaries amounting to \$236,073, while the related deductions totalling \$55,548 were also overpaid to the various deduction agencies. A similar situation occurred in year 2015 whereby \$390,000 was overpaid as net salaries while the related deductions were \$15,000.

**Region’s Response:** The Head of Budget Agency indicated that efforts will be made to recover the amounts overpaid.

**Recommendation:** The Audit Office recommends that the Regional Administration follow-up this matter with the view of recovering the overpayments. (2018/501)

1015. Audit examination of the payroll for January – December 2018 revealed that amounts totalling \$46.988M were paid to thirty-seven contracted employees, this accounted for 12.23% of total expenditure. The Public Service Commission Circular №. 1/2017 states 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. However, there was no evidence that action was taken to transfer fourteen of the eligible employees to the fixed establishment. Shown in the table below are the salary ranges of the thirty-seven contracted employees according to the December 2018 payroll.

Salary Range \$	№. of Employee	Amount \$’000
Below 100,000	33	2,323
100,000 - 250,000	3	390
250,001 - 400,000	1	259
Total	37	2,972

**Region’s Response:** The Head of Budget Agency indicated that efforts are being made to have all the necessary documentation so that the employees can be transferred to the Permanent Establishment.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that all employment is in keeping with Circularised Instructions with respect to contracted employees. (2018/502)

Office and Field Supplies

1016. The sum of \$32M was allotted for the procurement of Drugs and Medical Supplies under Health Services Programme - Line Item 6221. The Regional Administration issued two Inter-Departmental Warrants for \$26M to the Ministry of Public Health (MOPH) for the Ministry to procure drugs and medical supplies on behalf of the Regional Administration.

1017. With respect to the IDWs issued to the MOPH, Warrant №. 2/2018 for \$12M was dated 23 May 2018 and Warrant №. 3/2018 for \$14M was dated 3 September 2018. Two financial returns were received indicating that the full sums were expended. In addition, 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. Further, no reconciliation of drugs & medical supplies was submitted for audit examination by the Regional Administration.

**Region's Response:** The Head of Budget Agency indicated that a listing of drugs was sent by the MMU, however, this report was incomplete and did not contain the price/cost of all the items.

**Recommendation:** The Audit Office recommends that the Regional Administration present the list of drugs that accompanied the warrants to MOPH and submit a reconciliation report for audit inspection. (2018/503)

1018. An audit examination of the Mahdia District Hospital Drugs Bond on the 9 July 2019 revealed the following:

- a) Physical verification of drugs and medical supplies revealed seventy-six types of expired drugs. Similarly, in 2017 there were sixty-eight instances of expired drugs with no values.
- b) There were twelve instances of shortages and fifteen instances of excesses.

**Region's Response:** The Head of Budget Agency indicated that efforts will be made to disposed of all 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. (2018/504)

1019. The Regional Administration expended amounts totalling \$62.455M on the procurement of fuel and lubricants for the year 2018 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 indicated that this continues to be a challenge for the Region, however, efforts are being made to have the stores personnel account for and record all fuel and lubricant receive and reconcile same.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure controls are in place for the acquisitions and monthly reconciliation of fuel. (2018/505)

1020. In addition, an examination of the fuel register revealed that fourteen drums of fuel were issued to Mahdia Power & Light Company (MPL), however, details of the transaction were not seen and the reason/s for this transaction could not be determined since MPL is a separate legal entity from the Regional Democratic Council.

**Region's Response:** The Head of Budget Agency indicated that the Region had owed the Power Company for electricity supplied and, as such, give them fuel in return.

**Recommendation:** The Audit Office recommends that the Regional Administration put systems in place to ensure that all fuel for the Region is utilised for the Region and properly accounted for. (2018/506)

1021. Amounts totalling \$231.652M were expended on Dietary. Included in this sum are amounts totalling \$219.702M which were expended under Programme 3 - Education Delivery, in respect of payments to nine companies for dietary items supplied to Kato and Paramakatoi Dormitories for 1,093 students, fifty-four teachers and fifty-seven auxiliary staff. Audit examination of thirty-three Payment Vouchers and other pertinent records revealed the following:

- a) Requisitions to Purchase were not attached to any of the Payment Vouchers.
- b) Stores Received Notes and delivery slips were not seen.
- c) Items purchased were not recorded in the Goods Received Book and Stock Ledgers maintained at the Regional Stores.

1022. In addition, the Stock Ledgers maintained at the Dormitories were not presented for audit verification. As a result, it could not be ascertained if the items procured were actually received and if value was received for the amounts expended.

**Region's Response:** The Head of Budget Agency explained that all the items are recorded in the ledgers of the dormitories, however, the Region will make every effort to ensure that the items received are entered in the Stores Ledgers.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure all stores records are maintained and properly written up in compliance with the Stores Regulations. (2018/507)

Maintenance Works

1023. Amounts totalling \$393.368M were allotted for the Maintenance of Buildings and Infrastructure, Vehicle Spares & Services and Equipment Maintenance within the Region. As at 31 December 2018, amounts totalling \$297.678M were expended under the various Line Items as follows:

Line Item	Description	Amount Allocated \$'000	Amount Expended \$'000
6242	Maintenance of Buildings	155,700	134,724
6251	Maintenance of Roads	44,000	38,575
6252	Maintenance of Bridges	31,500	18,069
6253	Maintenance of Drainage & Irrigation	24,000	22,040
6254	Maintenance of Sea & River Defence	7,600	5,281
6255	Maintenance of Other Infrastructure	80,700	61,240
6264	Vehicle Spares & Maintenance	20,300	14,100
6282	Equipment Maintenance	29,568	3,649
Total		393,368	297,678

1024. The contract for the construction of two soakways at Kato Secondary School was awarded in the sum of \$7.987M against an Engineer's Estimate of \$8M. Details regarding the tendering and award of this contract were not presented for audit, as such, we were unable to determine the basis of the award. As at 31 December 2018, the entire amount was paid to the contractor, of which \$1.417M was paid from Current Expenditure and \$6.570M from Capital Expenditure. Physical verification on 14 July 2019 revealed that the works were incomplete, the site was abandoned and the following overpayment was discovered:

Item	Description	Qty. Paid	Qty. Found	Unit	Diff.	Rate \$	Amount Overpaid \$'000
	Concrete Works						
4	Provide sum for the construction of steel cover	50	0	Sq.yd	50	19,730	987
5	Supply and install 4" PVC pressure pipe from septic tanks to soak away	210	180	m	30	3,530	106
Total							1,093

**Region's Response:** The Head of Budget Agency indicated that a cheque for the contractor is still on hand and the contractor will complete the works as required.

**Recommendation:** The Audit Office recommends that the Regional Administration locate the tender documents, recover the overpayments and ensure that completed works are accurately measured and quantified before payments are made to contractors. (2018/508)



1025. The contract for the repairs to trestle and septic tank at Kurukubaru Health Post was awarded in the sum of \$4.574M. Details regarding the tendering and award of this contract were not presented for audit. In addition, the duration and the defects liability period for the works could not be determined from the documents examined. As at 31 December 2018, amounts totalling \$4.482M were paid to the contractor. Physical verification conducted on 16 July 2019 revealed that the works were incomplete, the site was abandoned, and the following overpayment was discovered:

Item	Description	Qty. Paid	Qty. Found	Unit	Diff.	Rate \$	Amount Overpaid \$'000
Foundation							
3	Supply, mix and pour RC 1:2:3 ratio mix, using 3/4" minus stone strip foundation. Provide for fair finish.	2.53	2.37	c yd	0.16	150,000	24
Metal Frame							
	Supply , weld , fabricate & fix into position, apply 3 coats anti corrosive paint to steel frame						
1	Supply and install anchor bolts 1/2" x 5"	48	16	nr	32	7,000	224
2	Supply fabricate and install stage legs 36" high (galvanized 3" pipe)	36	32	ft	4	5,000	20
Decking							
2	Supply and apply 2 coast paint to decking and wall board	96	0	sq.yd	96	4,000	384
Tanks							
1	Supply, connect and install Water tanks, 450 gal , inclusive of all PVC Pipes and fittings for fully functional use , connect to building	6	0	nr	6	150,000	900
Total							1,552

**Region's Response:** The Head of Budget Agency indicated that the final payment and the retention was not processed. However, the contractor was spoken to and will complete the work.

**Recommendation:** The Audit Office recommends that the Regional Administration make every effort to locate the tender documents, recover the overpayments and ensure that completed works are accurately measured and quantified before payments are made to contractors for works completed. (2018/509)



Photograph of the abandoned and incomplete trestle

1026. The Regional Tender Board awarded the contract for the repairs to Kopinang Primary in the sum of \$9.745MM against an Engineer's Estimate of \$10M. However, we were unable to determine the basis of award. As at 31 December 2018, the entire amount was paid to the contractor. Physical verification conducted on 15 July 2019 revealed that the works were incomplete and the site was abandoned. Based on our measurements and calculations of the completed works the following overpayment was discovered:

Item	Description	Qty. Paid	Qty. Found	Unit	Diff.	Rate \$	Amount Overpaid \$'000
	Doors						
1	Supply and install door, inclusive of hinges, m bolts and lock (Yale)	4	2	Nr	2	118,000	236
	Detail of Electrical Works						
1	Supply and install 12 volt lamp	6	0	Nr	6	40,000	240
2	Supply and 1.5mm cable	2	0	Roll	2	80,000	160
3	Supply and install duplex point	6	0	Nr	6	8,000	48
4	Supply and install 250 AH 12V battery	2	0	Nr	2	260,000	520
5	Provide a sum for cleaning panels and reinstall	1	0	job	1	11,960	12
	Other Electrical Works						
1	Supply and install 12 volt lamp	2	0	Nr	2	40,000	80
3	Supply and install duplex point	5	0	Nr	5	8,000	40
4	Supply and install 250 AH 12V battery	1	0	Nr	1	260,000	260
Total							1,596





**Region's Response:** The Head of Budget Agency indicate that efforts will be made to engage the contractor and ensure that the works are completed.

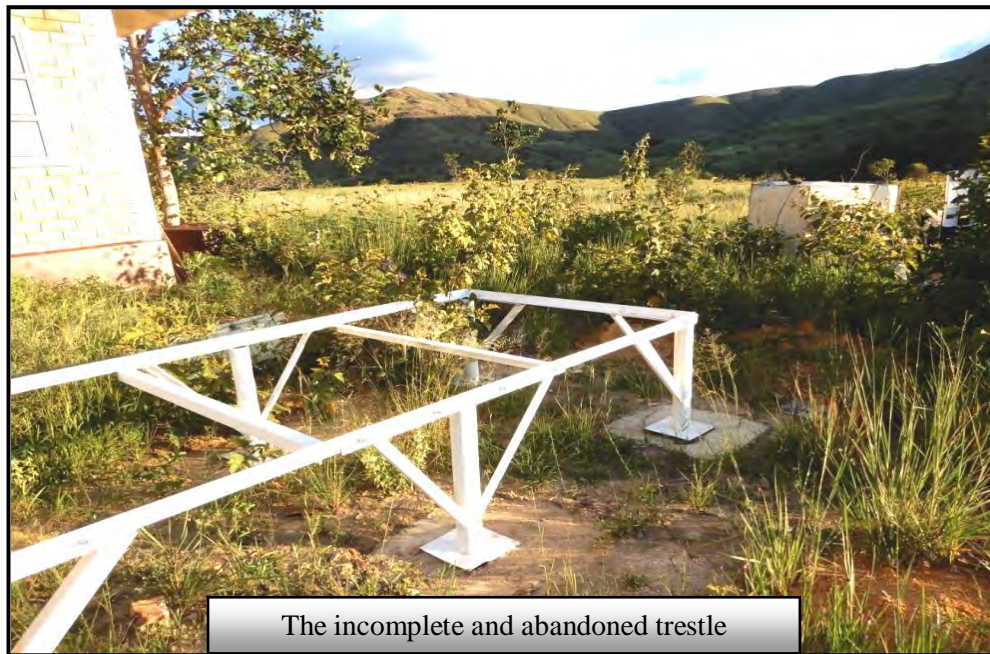
**Recommendation:** The Audit Office recommends that the Regional Administration make every effort to locate the tender documents, recover the overpayments and ensure that completed works are accurately measured and quantified before payments are made to contractors for works completed. (2018/510)

1027. A contract was awarded for the repairs to trestle and septic tank at Kato Teacher's Quarters, building №.5 in the sum of \$1.903M. Details regarding the tendering and award of this Contract were not presented for examination. In addition, the duration and the defects liability period for the works could not be determined from the documents examined. As at 31 December 2018, the entire sum was paid to the contractor. Physical verification conducted on 14 July 2019 revealed that the works were incomplete and the site was abandoned. Based on our measurements and calculations of the completed works the following overpayment was discovered:

Item	Description	Qty. Paid	Qty. Found	Unit	Diff.	Rate \$	Amount Overpaid \$'000
	Metal Frame						
1	Supply and install anchor bolts 1/2" x 5"	24	0	nr	24	7,000	168
2	Supply fabricate and install stage legs 36" high (galvanised 3" pipe)	18	13	ft	5	10,000	50
3	Supply fabricate and install main frame for trestle (angle iron 2" x 2" )	2.05	1.53	lth	0.52	50,000	26
3	Supply fabricate and install straps 36" (1"-1/2" pipe)	2.15	1.74	lth	0.41	30,000	12
	Decking						
1	Supply and install 2" x 5" decking	75	0	fbm	75	1,500	113
2	Dsupply and apply 2 coat paint to decking and wall board	6	0	sq.yd	6	5,000	30
	Total						399

**Region's Response:** The Head of Budget Agency indicated that the contractor will return to complete the works.

**Recommendation:** The Audit Office recommends that the Regional Administration make every effort to locate the tender documents, recover the overpayments and ensure that completed works are accurately measured and quantified before payments are made to Contractors for works completed. (2018/511)



1028. The Regional Tender Board awarded the contract for the Rehabilitation of Roadway – Itabac to Kananpang in the sum of \$3M. This contract was deemed as Community participation and was signed on the 19 March 2018 with duration from 19 March 2018 to 18 May 2018. However, from the documents presented for audit examination the defects liability period could not be determined. As at 31 December 2018, the entire sum was paid to the contractor. A physical verification was conducted on the 16 July 2019 and it was revealed that only six miles of roadworks were completed while payments were made for nine miles resulting in an overpayment of \$900,000

**Region's Response:** The Head of Budget Agency indicated that the sums overpaid will be recovered.

**Recommendation:** The Audit Office recommends that the Regional Administration recover the overpayment and ensure that completed works are accurately measured and quantified before payments are made to contractors. (2018/512)

1029. A contract was awarded for the repairs to septic tank and soak way, Mahdia Dorms in the sum of \$3.110M against an Engineer’s Estimate of \$3.241M. Details regarding the tendering and award of this contract were not presented for examination. In addition, the duration and the defects liability period for the works could not be determined from the documents examined. As at 31 December 2018, amounts totalling \$3.047M were paid to the contractor. Physical verification conducted on 14 July 2019 revealed that the works were incomplete and the site was abandoned. Based on our measurements and calculations of the completed works the following overpayment was discovered:

Item	Description	Qty. Paid	Qty. Found	Unit	Diff.	Rate \$	Amount Overpaid \$'000
Concrete Works							
2	Supply and install 1/2" HT steel Bars , Foundation -c/c both 8 nr bars and 3/4" stirrups	700	0	lbs	700	400	280
3	Supply , mix and pour Concrete , 1:2:3 mix ratio , using 3/4" minus stone , Foundation 10" thick x 1.5' width x 60' length , inclusive of Formworks Wall 6" thick	6.6	0	c yd	6.6	100,000	660
4	Provide as sum for the construction of cover , inclusive of steel and form work	2.08	0	cu.yd	2.08	240,000	499
Total							1,439

**Region’s Response:** The Head of Budget Agency indicted that the works have since been completed.

**Recommendation:** The Audit Office recommends that the Regional Administration make every to locate the tender documents and ensure that completed works are accurately measured and quantified before payments are made to contractors. (2018/513)



1030. A contract for the repairs to trestle and septic tank at Kato Teacher’s Quarter’s, Building №. 3 was awarded in the sum of \$2.117M. Details regarding the tendering and award of this contract were not presented for audit examination. In addition, the defects liability period could not be determined from the documents examined. As at 31 December 2018, the entire sum was paid to the contractor. A physical verification conducted on 14 July 2019 revealed that the works were incomplete and the site was abandoned. Based on our measurements and calculations the following overpayment was discovered:

Item	Description	Qty. Paid	Qty. Found	Unit	Diff.	Rate \$	Amount Overpaid \$'000
	Metal Frame						
	Supply , weld , fabricate & fix into position, apply 3 coats anti corrosive paint to steel frame						
1	Supply and install anchor bolts 1/2" x 5"	24	0	Nr	24	7,000	168
2	Supply fabricate and install stage legs 36" high (galvanised 3" pipe)	18	13	Ft	5	10,000	50
3	Supply fabricate and install main frame for trestle (angle iron 2" x 2" )	2.05	1.53	Lth	0.52	50,000	26
3	Supply fabricate and install straps 36" (1"-1/2" pipe)	2.15	1.74	Lth	0.41	30,000	12
	Decking						
1	Supply and install 2" x 5" decking	75	50	Fbm	25	1,500	38
2	Supply and apply 2 coat paint to decking and wall board	6	0	sq.yd	6	4,000	24
	Total						318

**Region’s Response:** The Head of Budget Agency indicted that the contractor will complete the works.

**Recommendation:** The Audit Office recommends that the Regional Administration locate the tender documents, recover the overpayment and ensure that completed works are accurately measured and quantified before payments are made to contractors. (2018/514)

1031. A contract for the repairs to trestle and septic tank at Kato Teacher’s Quarter’s, Building №. 4 was awarded in the sum of \$2.117M. Details regarding the tendering and award of this contract were not presented for audit examination. In addition, the defects liability period could not be determined from the documents examined. As at 31 December 2018 the entire sum was paid to the contractor. A physical verification conducted on 14 July 2019 revealed that the works were incomplete and the site was abandoned. Based on our measurements and calculations the following overpayment was discovered:

Item	Description	Qty. Paid	Qty. Found	Unit	Diff.	Rate \$	Amount Overpaid \$'000
	Metal Frame						
	Supply , weld , fabricate & fix into position, apply 3 coats anti corrosive paint to steel frame						
1	Supply and install anchor bolts 1/2" x 5"	24	0	nr	24	7,000	168
2	Supply fabricate and install stage legs 36" high (galvanised 3" pipe)	18	13	ft	5	10,000	50
3	Supply fabricate and install main frame for trestle (angle iron 2" x 2" )	2.05	1.53	lth	0.52	50,000	26
3	Supply fabricate and install straps 36" (1"-1/2" pipe)	2.15	1.74	lth	0.41	30,000	12
	Decking						
1	Supply and install 2" x 5" decking	75	50	fbm	25	1,500	38
2	Supply and apply 2 coat paint to decking and wall board	6	0	sq.yd	6	4,000	24
	Total						318

**Region's Response:** The Head of Budget Agency indicated that the contractor will complete the works.

**Recommendation:** The Audit Office recommends that the Regional Administration locate the tender documents, recover the overpayments and ensure that completed works are accurately measured and quantified before payments are made to contractors. (2018/515)

1032. The Regional Tender Board awarded a contract for the repairs to Teacher's Quarters Building №. 3, Kato in the sum of \$9.951M. Details regarding the tendering and award of this contract were not presented for audit examination. In addition, the defects liability period could not be determined from the documents examined. As at 31 December 2018 the entire sum was paid to the contractor. A physical verification conducted on 14 July 2019 revealed that the works were incomplete and the site was abandoned. Based on our measurements and calculations the following overpayment was discovered:

Item	Description	Qty. Paid	Qty. Found	Unit	Diff.	Rate \$	Amount Overpaid \$'000
	Roof						
1	Provide sum for the removal of zinc sheets directed by Regional Executive Officer / Representative	144	134.3	s yd	9.7	500	5
2	Supply and install 28g pre-painted - Roof Sheeting (tropizidial) (secuire with roof sheeting bolt)	144	134.3	s yd	9.7	6,000	58
1	Provide sum for replacing damage wooden materials for column roof etc	1000	526	fbm	474	1,000	474
	Electrical Works						
1	Supply and install 232 watt 12v solar	1	0	nr	1	128,900	129

Item	Description	Qty. Paid	Qty. Found	Unit	Diff.	Rate \$	Amount Overpaid \$'000
2	Supply and install 250 Ah battery	1	0	nr	1	227,300	227
3	Supply and install 20 amp charge controlled	1	0	nr	1	83,700	84
4	Supply and install pv cable AWG №. 6	30	0	nr	30	2,300	69
5	Install 145 watt 12v solar panel	1	0	nr	1	28,200	28
6	Supply and install panel racks	2	0	sets	2	34,600	69
8	Supply and install battery rack	2	0	nr	2	14,000	28
9	Supply and install 150 amp terminal protection	1	0	nr	1	19,400	19
10	Supply and install light sensor day/night	1	0	nr	1	7,500	8
11	Supply and install 25mm conduit	5	0	length	5	1,460	7
12	Supply and install 16 x 16 trucking	5	0	length	5	1,100	6
13	Supply and install 2 feet 9 watt led lamp (complete)	9	0	nr	9	14,000	126
	Details of Provision sum						
1	Provide a sum for the painting of floor	130	49.2	sq.yd.	81	2,000	162
2	Provide sum for replacing damage wooden materials for column roof etc.	740	0	fbm	740	1,000	740
	Total						2,239

**Region's Response:** The Head of Budget Agency indicated the contractor will complete the works.

**Recommendation:** The Audit Office recommends that the Regional Administration locate the tender documents, recover the overpayments and ensure that completed works are accurately measured and quantified before payments are made to contractors. (2018/516)

1033. The Regional Tender Board awarded a contract for the repairs to Teacher's Quarters Building №. 2, Kato in the sum of \$6.960M. Details regarding the tendering and award of this contract were not presented for audit examination. In addition, the defects liability period could not be determined from the documents examined. As at 31 December 2018 the entire sum was paid to the contractor. A physical verification conducted on 14 July 2019 revealed that the works were incomplete and the site was abandoned. Based on our measurements and calculations, there was an overpayment of \$500,000 for electrical works.

**Region's Response:** The Head of Budget Agency indicated that the retention sums will be retained until the contractor completes the outstanding electrical works.

**Recommendation:** The Audit Office recommends that the Regional Administration locate the tender documents, recover the overpayments and ensure that completed works are accurately measured and quantified before payments are made to contractors. (2018/517)

1034. The Regional Tender Board awarded three contracts totalling \$28.113M to three contractors as shown in the table below. Audit examination of the Payment Vouchers revealed additional works were done totalling \$1.902M revising the total payments to \$30.015M for the three contracts. As at 31 December 2018 sums totalling \$30.013M were paid to the contractors. However, approvals for variation were not presented for audit examination.

No.	Date	Contract No.	Description of works	Contract Sum \$'000	Variation \$'000	Revised Contract Sum \$'000	Amount Paid \$'000
1	18/03/2018	5/2018	Construction of GH timber bridge at 3 Miles, Micobie	13,052	945	13,997	13,997
2	10/09/2018	100/2018	Repairs to Doctor's quarter, Mahdia	1,894	157	2,051	2,051
3	11/09/2018	110/2018	Repairs to Mahdia Dorms	13,167	800	13,967	13,965
	Total			28,113	1,902	30,015	30,013

**Region's Response:** The Head of Budget Agency indicated that there was no approved variation.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure all variations are properly documented and approved before works are undertaken and the Region comply with the Procurement Act. (2018/518)

1035. Twenty-seven contracts totalling \$91.482M were awarded to eighteen contractors. However, no evidence was seen to indicate that these projects were awarded by the Regional Tender Board. In addition, Evaluation Reports were not presented for thirty-four projects totalling \$172.878M. As such, the authority and basis of awards could not be ascertained. Similarly, in 2017 Regional Tender Board Minutes for No. 5,6,7,11,14 and 15 were not presented for audit examination. In addition, evaluation reports and advertisements were not presented for audit.

**Region's Response:** The Head of Budget Agency was unable to provide an explanation, however, efforts will be made to locate any documentation available and present same for audit inspection.

**Recommendation:** The Audit Office recommends that the Regional Administration comply fully with the Procurement Act and ensure all tender documents, Evaluation Reports and minutes are submitted for audit examination. (2018/519)

#### Utility Charges

1036. Amounts totalling \$23.460M were allotted for Utility Charges. As at 31 December 2018, amounts totalling \$18.124M were expended. However, despite Utility Registers being presented for audit examination indicating that payments were made for eighty-five electricity meters, no Official Utility listing was presented for audit. As a result, it could not be ascertained if the numbers listed in the registers were assigned to the Regional Administration. In addition, an examination of the Electricity Register and IFMIS revealed differences totalling \$5.378M.

**Region's Response:** The Head of Budget Agency indicated that efforts will be made to have an official listing of all meters.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure an official list of meters registered in the Region's name is kept and presented for audit examination. (2018/520)

Stores and Other Public Property

1037. Section 29 of the Stores Regulations requires Log Books be maintained for all vehicles, plant, machinery and equipment. The Regional Administration owns and controls twenty-six vehicles/machinery/equipment for which Log Books are required to be maintained. An audit examination of the records revealed the following:

- a) Of the twenty-six serviceable vehicles/machinery/equipment, six needed repairs and one was assigned to the Regional Chairman.
- b) Log Books for the remaining nineteen serviceable vehicles/machinery/equipment which were required to be maintained and submitted for audit examination, were not submitted as shown in the table below:

Type of Vehicle /Equipment	Total №. of Serviceable Vehicles/machinery/equipment	Log Books Received	№. of Outstanding Log Books
Motor Vehicles	6	0	6
Machine & Equipment	5	0	5
Generators	2	0	2
All-Terrain Vehicles (ATVs)	6	0	6
Total	19	0	19

**Region's Response:** The Head of Budget Agency explained that the Log Books are with the various departments.

**Recommendation:** The Audit Office recommends that the Regional Administration comply fully with the Stores Regulations at all times. (2018/521)

1038. The Stores Regulations 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) 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 vehicles. It was noted that amounts totalling \$14.100M were expended on vehicles spares and services for the vehicles, plant and machinery operated and controlled by the Regional Administration.



- b) Stores Ledger was not maintained by the Regional Accounting Unit.
- c) The Storekeeper was not preparing a pre-numbered and pre-printed Purchase Requisition in quadruplicate and Goods Received Notes.
- d) Sectional and Master Inventories were not maintained.
- e) Although a gift register was maintained, there was no evidence to indicate that information relating to all gifts received were forwarded to the Accountant General.
- f) Assets purchased were not marked to readily identify them as property of the Regional Administration.
- g) Of a sample of thirty items selected for physical count at the Regional Stores, six resulted in excesses, eight resulted in shortages and six instances where items received were not recorded in any of the stores records.

**Region's Response:** The Head of Budget Agency indicated that efforts will be made to rectify these issues.

**Recommendation:** The Audit Office recommends that the Regional Administration comply fully with the Stores Regulations at all times. (2018/522)

#### Other Matters

1039. 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 forty-five stale dated cheques totalling \$51.733M still on hand. Of these, fifteen 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.

**Region's Response:** The Head of Budget Agency indicated that this matter will be investigated and the necessary action taken to update and paid over these cheques or refund them to the Consolidated Fund as necessary.

**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. (2018/523)

1040. Sixty Cheque Orders totalling \$110.223M were still not cleared for the year under review. While 481 Cheque Orders totalling \$419.822M for the years 2015-2017 remained outstanding 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 explained that some of the cheque order from prior years cannot be located while efforts are being made to clear those for the year under review.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that Cheque Orders are cleared within the stipulated timeframe in keeping with Circularised Instructions. (2018/524)

1041. For the period under review a sample of 220 Payment Vouchers totalling \$483.609M were requested for audit examination. However, two vouchers totalling \$3.822M were not presented for audit. Similarly, for the years 2015 and 2016, a total of 830 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 stated that efforts will be made to work with the Sub-Treasury to ensure the vouchers are located and presented 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. (2018/525)

1042. 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 fifty-one Residential Buildings controlled by the Regional Administration. Officers of the Regional Administration are occupying all of the properties. However, 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 indicated that one person is currently paying rent and the information will be submitted to the Audit Office. Efforts will be made for rent to be collected from the other occupants.

**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. (2018/526)

1043. The Contract Register maintained by the Regional Accounting Unit was not properly and accurately maintained. 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, contract payments were listed in the Contract Register but could not be found in IFMIS and the contract payments were not updated in a timely manner.

**Region's Response:** The Head of Budget Agency indicated that the Contract Register is now being maintained in the correct format.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure the Contract Register is properly and accurately maintained. (2018/527)

### Capital Expenditure

1044. The sum of \$240.665M was allotted in 2018 for the Regional Administration to execute its capital programme. According to the Appropriation Accounts the sum of \$214.248M was expended, leaving an unspent amount of \$26.417M, as shown in the table below:

Programme	Description	Total Funds Available \$'000	Expenditure \$'000	Shortfall \$'000
1	Regional Administration & Finance	2,100	1,584	516
2	Public Works	110,465	99,311	11,154
3	Education Delivery	72,700	67,319	5,381
4	Health Services	54,400	46,034	8,366
5	Agricultural Development	1,000	0	1,000
Total		240,665	214,248	26,417

**Region's Response:** The Head of Budget Agency explained that the shortfall was mainly due to savings realised from projects.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that all capital projects are properly evaluated and costed and included in its budget submissions. (2018/528)

### Buildings

1045. The Regional Tender Board awarded a contract for the construction of kitchen, Kato Dormitory via the sole sourcing method of procurement in the sum of \$7.9M. No justification was presented regarding the sole sourcing of this project. As at 31 December 2018, the entire sum was paid to the contractor. However, the signed contract agreement was not presented also the duration and the defects liability period for the works could not be determined from the documents examined. In addition, physical verification conducted on 14 July 2019 revealed that there was an overpayment of \$276,000 for the supply and installation of a three burner industrial gas cooker.

**Region's Response:** The Head of Budget Agency explained that the Tender Board Minutes were deficient and did not record the other bidders. In addition, the industrial gas cooker is yet to be delivered.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure all Tender Board Minutes are accurately recorded and complete, recover the overpayments and ensure that completed works are accurately measured and quantified before payments are made to contractors. (2018/529)

1046. The National Procurement and Tender Administration Board awarded a contract for the construction of Itabac Primary School in the sum of \$18.978M. As at 31 December 2018, the entire sum was paid to the contractor. However, the Advance Payment or Performance Bond was not presented for audit scrutiny. It was also discovered that the contractor was paid \$100,000 for insurance, however, no Insurances were seen. In addition, the sum of \$50,000 was also paid for testing of material but the test results were not presented. Physical verification conducted on 16 July 2019 revealed that the works were incomplete and the site was abandoned. Further, based on the measurements and calculations of the completed works and overpayment \$258,160 was found for additional plumbing works not done.

**Region's Response:** The Head of Budget Agency indicated that the sum overpaid will be recovered.

**Recommendation:** The Audit Office recommends that the Regional Administration locate the documents for the Performance Bond, insurance and testing of materials, recover the overpayments and ensure that completed works are accurately measured and quantified before payments are made to Contractors for works completed. (2018/530)

1047. A contract was awarded for the construction of Nurses Hostel, Mahdia in the sum of \$11.816M. No details regarding the tendering and award of this contract were presented for audit examination. The contract was signed on 20 June 2018 with duration of six months for completion; however, the defects liability period could not be determined from the documents examined. As at 31 December 2018, the entire sum was paid to the contractor. Physical verification conducted on 17 July 2019 revealed that the works were still in progress and the contractor only had four workers on site. Based on our measurements and calculations of the completed works the following overpayment was discovered:

Item	Description	Qty. Paid	Qty. Found	Unit	Diff.	Rate \$	Amount Overpaid \$'000
	Floor						
8	Apply 2 coats rubberised floor paint to floor	160	0	sq.yd	160	800	128
	Walls						
3	Plaster internal, external walls , columns and beams 1/2" thick mortar mix 1:3 ratio	800	0	sq.yd	800	1,800	1,440
4	Prime, stop and apply 2 coats semi-emulsion paint to external walls	800	0	sq.yd	800	700	560
	Windows and Doors						
2	Supply and install 30" x 48" louvre window (uncased rubber seal type)	28	0	pair	28	20,000	560
3	Supply and install solid painted Panel door single external door / door frame equipped with Yale lock and all other ironmongery. 3' x 7'	3	0	№.	3	60,000	180
4	Supply and install solid painted Panel door single internal door / door frame	10	0	№.	10	40,000	400

Item	Description	Qty. Paid	Qty. Found	Unit	Diff.	Rate \$	Amount Overpaid \$'000
	equipped with Yale lock and all other ironmongery. 30" x 80"						
	Ablution Areas						
1	Supply and install English Made toilets set complete with all pipe works for full functionality and connection water supply and waste pipes to existing septic tank	2	0	No.	2	60,000	120
	Roof						
6	Supply and install 1" x 6" HW sheet lath	420	0	fbm	420	360	151
7	Supply and install 1" x 10" HW sheet lath	120	0	fbm	120	360	43
8	Supply and install 1" x 8" Gh gutter board	140	0	fbm	140	360	50
9	Supply & fix into position 6" "G" gee PVC gutter inclusive of brackets 18" C/C down pipe , back ends , down spout ,etc	50	0	I yd	50	600	30
13	Supply and Install 28 swg. " Aluzinc" corrugated rood sheet to sheet laths and ridge board , 2 flute per laps, euro band each nail heads	242	0	sq.yd	242	5,000	1,210
14	Supply & fix into position 28 gauge ridge cap	40	0	sq.yd	40	300	12
15	Prime, putty and apply 2 coats oil paint to timber roof members	1	0	sum	1	300,000	300
	R.C. Walkway & Step						
1	Provide sum for the construction of two stairs as shown in drawing 5' width, inclusive of galvanise rails	3	0	nr	3	50,000	150
	Contingency sum 10% of contract Price	1	0	sum	1	1,074,221	1,074
	Total						6,409

1048. Further, the contract duration expired since 2018 and the works are still incomplete. Approvals for extension of time or reasons for the delayed completion of works were not presented for audit examination. It was noted that the contractor was paid \$50,000 for insurance, however, no Insurances were presented. In addition, the sum of \$50,000 was paid for the testing of materials but the results were not presented for verification.

**Region's Response:** The Head of Budget Agency indicated that the contractor has since restarted the works and the roof was completed.

**Recommendation:** The Audit Office recommends that the Regional Administration locate the documents for the insurance and testing of materials and ensure that completed works are accurately measured and quantified before payments are made to contractors. (2018/531)



Full payment for incomplete works - Nurses Hostel, Mahdia

Public Works

1049. The Regional Tender Board awarded a contract for the Construction of Roadway to Muruwa to the lowest of five bidders in the sum of \$12.800M. As at 31 December 2018 amounts totalling \$14.615M were paid to the contractor, a difference of \$1.814M between the contract sum and the total payments. However, an examination of the documents presented for audit and IFMIS revealed the sum of \$1.815M was paid twice (PV№. 78A1749-Bridges & PV78A1901-Roads). There was no evidence provided indicating that this amount was refunded. As a result, this was a duplication of payment.

**Region’s Response:** The Head of Budget Agency indicated that the cheque was incorrectly prepared for payment under Bridges, then correctly prepared for payment under Road. Further, the Region is unable to say whether the amount was refunded.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure sums paid are in keeping with the contract, payments are properly monitored and processed to avoid duplication and the amount overpaid is recovered. (2018/532)

Capital Purchases

1050. Amounts totalling \$30.4M were allotted for the purchase of capital items for the Regional Administration. As at 31 December 2018, amounts totalling \$22.234M were expended. Physical verification of the items revealed that items to the value of \$3.744M were not put into use and were still at the Regional Stores/Bond.

Line Item	Item	Quantity	Unit Price \$'000	Total Cost \$'000
1209101	60 x 80 Bed with 8” mattress	1	85	85
2504501	Lasko 18” Stand Fan	13	13	169
“	Single Bunk Bed with 6” Mattress	14	38	532
“	Fire Extinguisher	60	33	1,980
2504701	Executive Chairs	2	30	60
“	Projector	1	148	148
“	Desk Computer & Accessories	2	165	330
2504801	Uninterruptible Power Supply	11	40	440
Total				3,744

**Region's Response:** The Head of Budget Agency stated that efforts will be made to distribute the item to the relevant Departments.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure full compliance with the Stores Regulations at all times. (2018/533)

1051. In addition, an audit examination of Payment Vouchers and other related documents revealed that items totalling \$2.450M were still not received by the Region at the time of audit in July 2019.

Line Item	Item	Quantity	Unit Price \$'000	Total Cost \$'000
2504701	Type (A) Desk & Benches	50	26	1,300
2504701	Type (B) Desk & Benches	25	24	600
2504701	Type (C) Desk & Benches	25	22	550
Total				2,450

**Region's Response:** The Head of Budget Agency explained that the Desk and Benches were made and deliver to the location directly. However, there is no evidence to this effect.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that all items purchased and paid for are received and properly brought to account in the stores records. (2018/534)

Prior Year Matters

Current Expenditure

Maintenance Works

1052. The Regional Administration was still to recover overpayments totalling \$18.302M made on the following contracts during the years 2015, 2016 and 2017.

Year	Description	Amount Overpaid \$'000
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 Phase1&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
2017	Repairs to bridge at Itabac №. 1	5,391
Total		18,302

**Region's Response:** The Head of Budget Agency stated that no further action was taken.

**Recommendation:** The Audit Office recommends that the Regional Administration pursue the recovery of the outstanding amounts. (2018/535)



### Capital Expenditure

1053. The Regional Administration was yet to recover mobilisation advances totalling \$12.620M paid on contracts which were terminated due to failure to complete the works within the contractual period, as shown below:

Description	Contract Sum \$'000	Amount \$'000
<i><u>Public Works</u></i>		
Construction of roadway Phase 2 - Bamboo Creek to Paramakatoi	7,999	3,136
Construction of a heavy duty GH timber bridge at Kawa	24,931	4,737
Construction of heavy duty GH bridge at Yawong	17,800	2,534
<i><u>Buildings</u></i>		
Extension of Chenapau Primary School	7,033	1,407
Upgrade of Mahdia Secondary School Dormitory	4,851	485
Construction of Culverts at 7Miles	3,207	321
<b>Total</b>	<b>65,821</b>	<b>12,620</b>

**Region's Response:** The Head of Budget Agency stated that no further action was taken.

**Recommendation:** The Audit Office recommends that the Regional Administration pursue the recovery of the outstanding amounts. (2018/536)

1054. The Regional Administration was still to recover overpayments totalling \$2.848M made on the following contracts during the years 2016 and 2017:

Year	Description	Amount Overpaid \$'000	Amount Cleared \$'000	Balance \$'000
2016	Construction of Staff Quarters Kato	1,978	700	1,278
"	Construction of Doctors' Quarters Kato	1,940	700	1,240
"	Upgrade of Electrical Sys. Paramakatoi Health Centre	120	0	120
2017	Construction of an incinerator at Mahdia District Hospital	210	0	210
	<b>Total</b>	<b>4,248</b>	<b>1,400</b>	<b>2,848</b>

**Region's Response:** The Head of Budget Agency stated that no further action was taken.

**Recommendation:** The Audit Office recommends that the Regional Administration pursue the recovery of the outstanding amounts. (2018/537)

### Capital Purchases

1055. 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 items purchased totalling \$60.991M were not brought to account in the relevant stores records. Further, physical verification of these items could not be done since the relevant information was not recorded in the relevant registers of the Regional Administration.

**Region's Response:** The Head of Budget Agency stated that no further action was taken.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure all items purchased are properly brought to account in the Stores Records. (2018/538)

1056. 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.

1057. 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 stated that the Ambulance arrived in Madhia on 20 September 2019 with minor electrical issues.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that the ambulance is in working order and can provide services to the Health Sector. (2018/539)

1058. 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.

**Region's Response:** The Head of Budget Agency stated that there was no update on this issue.

**Recommendation:** The Audit Office recommends that the Regional Administration follow-up this issue with a view of recovering the assets of the Region. (2018/540)

1059. No vehicle registrations were presented for audit examination in relation to the two All Terrain Vehicles (ATV) and one Pick Up purchased for the year under review.

**Region's Response:** The Head of Budget Agency stated that there is still no registration for these ATV and pick-up.

**Recommendation:** The Audit Office recommends that the Regional Administration follow up this matter to ensure registration is available for all vehicles utilised by the Region. (2018/541)

Follow-up on the Implementation of Prior Year Audit Recommendations

1060. 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
2017/390	Circularised instructions			√
2017/391	Circularised instructions		√	
2017/392	IDW Drugs and Medical Supplies			√
2017/393	Expired Drugs			√
2017/394	Weak internal controls			√
2017/395	Overpayment of construction works			√
2017/396	Breaches of Stores Regulations			√
2017/397	Breaches of FMA Act 2003			√
2017/398	Cheque Order & Missing Vouchers			√
2017/399	Cheque Order Missing Vouchers			√
2017/400	Circularised instructions			√
2017/401	Weak internal controls			√
2017/402	Breach of Procurement Act			√
2017/403	Overpayment of construction works			√
2017/404	Overpayment of construction works			√
2017/405	Overpayment of construction works			√
2017/406	Overpayment of construction works			√
2017/407	Overpayment of construction works			√
2017/408	Overpayment of salaries			√
2017/409	Overpayment of construction works			√
2017/410	Overpayment of construction works			√
2017/411	Others	√		
2017/412	Others			√

AGENCY 79  
REGION 9 – UPPER TAKUTU/UPPER ESSEQUIBO

Current Year Matters

Current Expenditure

Employment Costs

1061. According to the National Estimates amounts totalling \$916.947M were budgeted for Employment Costs for a staff complement of 670. As at 31 December 2018, amounts totalling \$916.373M were expended for 777 staff as shown below. This represents 107 staff more than was budgeted for and \$574,000 under the budgeted expenditure. As such, it would appear that Employment Costs were over budgeted.

Line Item	Description	Filled 2018	Actual 2018	Increase/ (Decrease) 2018
6111	Administrative	36	35	(1)
6112	Senior Technical	164	188	24
6113	Other Tech and Craft Skill	221	274	53
6114	Clerical and Office Support	29	27	(2)
6115	Semi-Skilled Operatives & Unskilled	183	204	21
6116	Contracted Employees	37	49	12
6117	Temporary Employees	0	0	0
Total		670	777	107

**Region's Response:** The Head of Budget Agency indicated that Employment Costs were indeed over budgeted. Efforts will be made to eliminate this practice in the future.

**Recommendations:** 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 costs are for staff positions that are filled. (2018/542)

1062. Nine instances were observed where employees who resigned, retired or had their services terminated, remained on the payroll beyond the effective dates resulting in overpaid net salaries of \$478,014. In addition, PAYE and NIS paid over to the respective agencies amounted to \$39,281 and \$10,049, respectively. Similarly, for the years 2015 to 2017, amounts totalling \$2.237M remained outstanding as overpaid net salaries to employees while the related deductions totalling \$452,000 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
2015	831	256	575	202
2016	350	101	249	42
2017	1,725	312	1,413	208
Total	2,906	669	2,237	452

**Region's Response:** The Head of Budget Agency explained that it is not always possible to know in time when a person would have resigned or just walk off the job. Many times the Regional Administration would receive those resignation letters months after. Additionally, a person walking off the job is rarely reported. Efforts will have to be made to ensure that staff in the sub-regions are made aware of the importance of reporting these instances in a timely manner.

**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. (2018/543)

1063. An examination of the employment details revealed that the Regional Administration still had twelve vacancies during the period under review as advertised in the Public Service Commission Staff Vacancy Circular №. 1/2019. These Vacancies include critical post such as, one Hospital Administrator, one Agricultural Officer, one Regional Education Officer, one District Development Officer 1 and one School Welfare Officer. As a result, these critical vacancies would have an adverse effect on the operations of the Regional Administration. Similar situations were reported in the year 2017, however, this matter was not resolved.

**Region's Response:** The Head of Budget Agency indicated that presently the position of Deputy Regional Executive Officer is filled via Public Service Ministry (PSM) approval. The officer has exceeded the age to be appointed by the Public Service Commission (PSC), the positions of Regional Health Officer and Regional Education Officer are being addressed by PSC. The other positions, though advertised, did not attract any applicants.

**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. (2018/544)

1064. 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 2018 revealed that the Regional Administration continued to pay cash totalling \$1.879M to thirteen employees stationed at central locations in contravention of the circularised instructions.

**Region's Response:** The Head of Budget Agency indicated that this issue is being addressed for employees close to Lethem.

**Recommendation:** The Audit Office recommends that the Regional Administration adhere to Circular and minimise cash payments. (2018/545)

1065. Examination of the Pay-sheet and National Insurance (NIS) Schedule for the month of December 2018 revealed that there were twenty employees without NIS numbers while eighteen employees had temporary NIS numbers. As a result, this could have an effect on those employees since they may not be able to access their full benefits upon retirement or in the event of any serious illnesses.

**Region's Response:** The Head of Budget Agency indicated that the Regional Administration is pursuing this matter continuously with the NIS office at Lethem.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure all its employees are registered with the National Insurance Scheme. (2018/546)

#### Office and Field Supplies

1066. An amount of \$110M was budgeted for the procurement of drugs and medical supplies under Health Services Programmes - Line Item 6221. According to the Appropriation Account the sum of \$109.997M was expended as at 31 December 2018, while \$3,000 was reflected as unspent.

1067. Included in the amount spent were sums totalling \$90M 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 while the amount of \$19.997M was expended by the Region for the purchase of drugs, and medical supplies on their own.

1068. With respect to the IDWs issued to the MOPH, Warrant №. 1/2018 for \$50M was in March 2018 while Warrant №. 2/2018 for \$40M was in September 2018. Financial returns were received from the MOPH indicating that the full sums were expended as at December 2018.

1069. The Regional Administration received a listing of drugs and medical supplies from the MOPH, however, this list was not reconciled with the register maintained by the hospital to record receipts. In addition, the listing provided indicated that drugs and medical supplies to the value of \$64.247M was dispatched by the Materials Management Unit (MMU) to the Region. However, the sum transferred to MMU via the two warrants was \$90M resulting in \$25.753M being unaccounted for.

**Region's Response:** The Head of Budget Agency indicated that a list of drugs dispatched to the Region was received in December 2018. That list had costs attached to the drugs supplied. It was too late in the year to do any reconciliation. However, this process has started and is ongoing.

**Recommendation:** The Audit Office recommends that the Regional Administration put systems in place to reconcile the value of the drugs and medical supplies received with the sum warranted to the MOPH. (2018/547)

1070. For the year 2018, examination of the records and physical verification of the drugs at the Lethem Regional Hospital revealed forty-one instances where expired drugs were being stored in boxes in the bond in the Hospital's compound. Similarly, for the year 2017, physical verification exercises conducted on drugs and medical supplies at the Lethem Regional Hospital revealed 30 instances of expired drugs.

**Region's Response:** The Head of Budget Agency indicated that expired drugs are required to be written off with the assistance of the Region's Internal Audit and then destroyed by the Regional Environmental Health Officer. Presently the positions of Field Auditor and Assistant Field Auditors are vacant since 2001.

**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. (2018/548)

#### Fuel and Lubricants

1071. Audit checks carried out on a sample of Payment Vouchers and other related records along with the method of receiving and storing fuel revealed that:

- a) Three 350 gallons' plastic tanks (one for gasoline and two for diesel) were used for storage of fuel at the Regional Stores.
- b) Enquiries revealed that fuel was delivered from the gas station to the Regional Stores using 45 gallons drums which are then manually transferred to the bigger 350 gallon's drums using two five gallons' buckets. This method is not only dangerous and time consuming but also results in wastage as a result of spillage.
- c) The Regional Administration did not have a dipstick to measure and give an accurate account of the amount of fuel on hand. Therefore, the fuel ledger balances could not be relied upon.
- d) Fuel was being paid for in excess of the storage capacity available at the Regional Stores. Thus, there is always excess fuel or balances remaining at the gas station to be uplifted at a later date. Further, the Store Keeper nor the Accounting Unit did not maintain any official records that could be used to give an accurate reconciliation of how much fuel was paid for in comparison to how much was delivered and the balances outstanding at any given time so as to ensure that whatever is paid for has been delivered to the Regional Administration.

**Region's Response:** The Head of Budget Agency indicated that repeated budgetary request to purchase an electrical fuel pump has been denied. With the absence of a Field Audit Section there will always be difficulties at reconciliation, however, the Administration will have to seek approval to outsource this function.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure proper records are maintained and controls are in place for the acquisitions and monthly reconciliation of fuel. (2018/549)

Maintenance Works

1072. Amounts totalling \$383.050M were allocated for repairs and maintenance works within the Region. As at 31 December 2018, amounts totalling \$383.013M were expended under the various Line Items, as shown in the table below:

Line Item	Description	Allotted \$'000	Expended \$'000
6242	Maintenance of Buildings	201,000	200,980
6251	Maintenance of Roads	62,000	61,999
6252	Maintenance of Bridges	30,000	29,999
6255	Maintenance of Other Infrastructure	63,000	62,999
6264	Vehicle Spares and Services	19,700	19,692
6282	Equipment Maintenance	7,350	7,344
Total		383,050	383,013

1073. A contract for Repairs to Regional Stores Fence, Central Rupununi, Region 9 was awarded by the Regional Tender Board in the sum of \$8.374M to the lowest of three bidders. The contractors received the full contract sum for works completed as at the time of audit. 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
	Structural works & electricals						
7	Supply and install 2" galvanized pipes as post 9'6" welded metal plate to same as shown in drawing	97	77	no	20	7,000	140
8	Supply and pour strip foundation 8" thk x 14" w	24	20	cy	4	30,000	120
13	Supply and weld 2" galvanized pipe as top and bottom rail details as shown in drawing	1,840	1,364	ft.	476	540	257
14	Supply and install 3/8 Ø bar welded to metal pipe to secure mesh	98	73	no	25	2,000	50
15	Supply and install 5'x12.5 gauge chain link mesh properly tension and secure to fence	897	682	ft.	215	610	131
Total							698



1074. In addition, it was observed that:

- a) The RDC breached the Procurement Act in the tendering and award of this contract. The three quote method of procurement was utilised to award this contract, which is valued at \$8.374M. This is in violation of Regulations made under the Procurement Act. Works to this value and nature should have been subjected to open tendering.
- b) There were no Engineer's Estimates nor evaluations done by the Evaluation Committee for this project.

**Region's Response:** The Head of Budget Agency indicated that the overpayment will be recovered after the current Engineer would have verified the works.

**Recommendations:** The Audit Office recommends that the Regional Administration: (a) recover the overpayment; (b) ensure that all works completed are correctly measured and quantified before payments are made to contractors; (c) adhere to the Procurement Act; and (d) immediately desist from using the three quote method of procurement for awarding contracts valued above the \$1.500M limit. (2018/550)

1075. A contract for Repairs to section of road at St. Ignatius, Central Rupununi was awarded by the Regional Tender Board in the sum of \$8.2M to the fifth lowest responsive of seven bidders. The contractor received the full contract sum for completed works at the time of audit. 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 No. 2- Road Works							
1	Supply, grade straight as possible road line identify in sections by Village Council 4,000 m	4,000	2,250	M	1,750	200	350
2	Supply and scarify fill large holes, fill 6"-8" THK to surface, grade and shape same to a neat cambered surface properly compact same to a neat level surface finish.	6,000	3,450	m <sup>3</sup>	2,550	1,200	3,060
Total							3,410

**Region's Response:** The Head of Budget Agency indicated that the overpayment will be recovered after the current Engineer would have verified the works.

**Recommendations:** The Audit Office recommends that the Regional Administration: (a) recover the overpayment of \$3.410M; and (b) ensure that all works completed are correctly measured and quantified before payments are made to contractors. (2018/551)

1076. A contract for repairs to Farm to Market Road at Parishara Central Rupununi was awarded by the Regional Tender Board in the sum of \$11.6M to the most responsive of six bidders. The contractor received the full contract sum for completed works at the time of audit. Physical verification of the completed works, measurements and calculations revealed the following:

- a) A completely new timber bridge was constructed under this contract for road repair works, resulting in works of capital nature being executed and paid for using recurrent funds. The value of this newly constructed bridge was \$5.7M.
- b) The entire bridge was priced and paid for as one lump sum Item in the Bill of Quantity, while the finished works were substandard, crooked and had poor quality timber member installed.



Poor Quality Timber Works on the bridge

**Region's Response:** The Head of Budget Agency indicated that efforts will be made to have the contractor re-do the works.

**Recommendations:** The Audit Office recommends that the Regional Administration: (a) ensure that all budgetary allocations are expended in the correct manner and under the appropriate Line Items; and (b) completed works are inspected to ensure that proper and suitable materials are used for construction. (2018/552)

1077. A contract for Repairs to Kwatamang Primary School, North Rupununi was awarded by the Regional Tender Board in the sum of \$7.859M to the third most responsive of seven bidders. The contractor received the full contract sum for completed works at the time of audit. 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
2.0	Bill №. 2 - Carpentry Works						
7	Supply and cast in aluminium frame sash window 30"x48" with all accessories and be functional						
	triple window	6	4	№.	2	45,000	90
	double window	8	6	№.	2	35,000	70
Total							160

1078. In addition, it was observed that:

- a) The Evaluation Committee recommended that the contract be awarded to another contractor since he was ranked as the most responsive bidder, with his bid price being \$27,500 below the Engineer's Estimate.
- b) The Regional Tender Board disapproved the recommendation of the Evaluation Committee and instead awarded the contract to a contractor of their choice for the sum of \$7.859M, reason being that the contractor that was recommended by the Evaluation Committee was awarded another contract.
- c) Audit examination of the Tender Evaluation Report revealed that the contractor selected by the Regional Tender Board scored a 'No' in the category of non-financial assessment for past experience, works of similar nature, method statement and work programme. Therefore, it is unclear how a contractor with no experience would have been recommended by Regional Tender Board to execute the works.

**Region's Response:** The Head of Budget Agency indicated that indeed the Regional Tender Board does not always utilise the Evaluation Committee recommendations.

**Recommendations:** The Audit Office recommends that the Regional Administration (a) recover the overpayment of \$160,000; (b) ensure that works completed are correctly measured and quantified before payments are made to contractors; and (c) ensure that the RTB awards are in keeping with the Evaluation Committee's recommendation or provide clear and justified reasons for not doing so. (2018/553)

1079. A contract for Repairs to District Hospital at Aishalton, Deep South Rupununi was awarded by the Regional Tender Board in the sum of \$13.910M to the lower of two bidders. The contractors received the full contract sum for completed works at the time of audit. 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
2.0	Bill №. 2 - Radio Room						
2.1	Provide for the demolishing of defective timber walls, concrete was for toilet and the removal of the toilet and door from radio room.	Sum	0	Sum	Sum	150,000	150
2.2	Provide for the drilling of existing reinforced concrete floor to install ½" dia mild steel bars @8" crs as dowels for HCB wall.	Sum	0	Sum	Sum	120,000	120
2.3	Supply and install 4" thk HCB laid in stretcher bond 1:3 cement/sand mortar for internal wall and to block up door space.	14	0	Sq.yd	14	4,500	63
2.4	Provide for the rendering of walls with ½" thick 1:3 cement/sand mix inclusive of sponge finish or any other finish recommended by the engineer.	28	0	Sq.yd	28	2,000	56
2.5	Supply and install 18"x18" non-skid ceramic tiles to floor of both rooms, rate to cater for levelling of floor, materials to secure same to floor, such as tin set, dark grouting etc. The colour and pattern must be approved by the Engineer before installation.	68	30	Sq.yd	38	6,300	239
	Bill №. 3 - Theatre Works						
3.5	Supply and install ½" thick "MARINE PLYWOOD" to ceiling of theatre. Rate to cater for compound and moulding for corners and joints.	129	118	Sq.yd	11	6,000	66
Total							694

**Region's Response:** The Head of Budget Agency indicated that the contractor will be written to in order to recover the amount overpaid.

**Recommendations:** The Audit Office recommends that the Regional Administration: (a) recover the overpayment of \$694,400; and (b) ensure that all works completed are correctly measured and quantified before payments are made to contractors. (2018/554)

1080. A contract for Repairs to Achawib Primary School, Deep South Rupununi was awarded by the Regional Tender Board in the sum of \$10M to the most responsive of four bidders. The contractor received an advance payment of \$2.940M as at the time of audit. Physical verifications and examinations of records revealed the following:

- a) The contractor collected the advance payment of \$2.940M but never mobilised to the site, as such he was overpaid the sum of \$2.940M.
- b) Examination of the evaluation report revealed that the awarded contractor's bid price was actually \$10.054M, however, the contract was signed for the sum of \$10M, which was the Engineer's Estimate. It is unclear how and why the RDC signed a contract for a sum which does not correspond with the contractor's bid.
- c) There was no evidence that the contractor ever provided a mobilisation bond, however, he still received the payment.
- d) At the time of reporting, there was no evidence that the contract was ever terminated, despite the fact that the contractor failed to pursue the works and the works were subsequently completed by another contractor under a new contract.

**Region's Response:** The Head of Budget Agency indicated that the contractor was written by the previous REO and this matter will be investigated further.

**Recommendations:** The Audit Office recommends that the Regional Administration: (a) recover the advance payment of \$2.940M; (b) ensure that advance payment bonds are furnished by contractors; and (c) ensure that the contract is terminated and all associated costs are recovered from. (2018/555)

1081. A contract for Repairs to Achawib Primary School, Deep South Rupununi was awarded by the Regional Tender Board in the sum of \$7M to the lowest of three bidders. The contractor received the full contract sum for completed works at the time of the audit. Physical verification of the completed works, measurements and calculations revealed the following:

- a) There was a breach of the Procurement Act in the awarding of a contract valued above \$1.500M using three quote method of procurement.

- b) No evaluation of the works was done since the works was deemed as emergency works. However, it was observed that the RDC had enough time to obtain three quotes for the works, while the duration for completion was stated as eight weeks. Further, since May 2018 a contract was signed for the same works and the contractor never mobilised on site, so the RDC would have been fully aware that the repair works were to be effected since May 2018. As such, the RDC's claim of the works being an emergency is invalid since the previous contract should have since been terminated and the works should have been retendered and subjected to National Competitive Bidding (NCB), in keeping with the Procurement Act.
- c) Examination of the Tender Board Minutes revealed that the contractor's bid price was actually \$7.365M, however, the contract was signed for the sum of \$7M, which was actually the Engineer's Estimate. It is unclear how and why the RDC signed a contract for a sum which does not correspond with the contractor's bid.
- d) It was discovered that the RDC reduced the scope of works under the contract to fit the remaining \$7M from the previous contract. The omitted scope of work was for the installation of a Photovoltaic power supply system to the school.
- e) The contractor claimed a first interim payment in the value of \$4.916M on 15 December 2018, the same date on which the contract was signed. It is unclear how the contract could have been signed on the same day and works to the aforementioned value could have also been completed on the very date.

**Region's Response:** The Head of Budget Agency was unable to provide an explanation for these findings.

**Recommendations:** The Audit Office recommends that the RDC adhere to the Procurement Act and all emergency works executed should actually be of an emergency nature. (2018/556)

#### Stores and Other Public Property

1082. 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 203 residential properties of which 163 were occupied, while the remaining forty were unoccupied. Of the 163 occupied residential properties, twenty-nine persons were entitled to rent-free, five persons paid rent and twelve properties were being used for official purposes. No other evidence was presented to determine whether the remaining 117 occupants were entitled to rent free occupancy or the reason/s they were not paying the required rent.

**Region's Response:** The Head of Budget Agency explained that most of these residential quarters are teacher's quarters which are located in the villages. Since there is an acute shortage of trained teachers in the Region, these quarters are built for the teachers to offer an incentive for them to stay in the villages. Failing to do that will result in a mass exodus of the remaining trained teachers, an occurrence that the Region cannot afford. In addition, there are workers in Lethem who hail from other parts of the Region. Again these staff are given quarters to ensure that they remain on the job. Failure to do this will result in us losing them to Brazil while some of them will be lost to the villages. This would be a waste of human resources especially since many of our young people are not reaching the minimum requirements to make them employable. This has been the practice for years now.

**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. (2018/557)

1083. The Stores Regulations 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 2018 revealed that:

- a) The Regional Administration did not maintain a Master Inventory of all assets owned and controlled by the Administration, while the Sectional Inventories were not updated.
- b) According to an official listing presented, the Regional Administration owned and controlled eighty-six serviceable vehicles during 2018. However, it was noted that a list of equipment owned and controlled by the Administration was not presented.
- c) In addition, the list contained two vehicles that are listed as 'whereabouts unknown' and another as 'stolen' for which the required loss report and Police report was not presented for audit.
- d) Historical records were not presented for sixty-nine of the serviceable vehicles while the records that were presented for the remaining seventeen vehicles were only updated for the period June to December 2018.
- e) Log Books were required to be maintained for eighty-two of the serviceable vehicles and all serviceable equipment. However, Log Books were presented for eighteen of these vehicles leaving the remaining sixty-four as unrepresented.
- f) In addition, Log Books were not presented for the equipment owned and controlled by the Administration.

**Region's Response:** The Head of Budget Agency explained that the updating of the Master and Sectional Inventories may have to be outsourced once approval is given and funds are available. Many of the Region's vehicles, which also includes motorcycles and All-Terrain Vehicles (ATV) are based in the Sub-Regions and it is impossible to update these Log Books on a regular basis. However, Program Managers keep tabs on these vehicles through monthly reports from operatives in the fields. The ambulances, however, are checked regularly whenever they bring patients to Lethem Regional Hospital. With the employment of a Transport Officer, a system will be put in place to have the Region's vehicles and their Log Books checked regularly. The REO will have to investigate the unknown whereabouts of the vehicles while an ATV was stolen and reports made to the Lethem Police Station but to date, despite several requests, no reports have been forthcoming.

**Recommendation:** The Audit Office recommends that the Regional Administration comply fully with the Stores Regulations at all times. (2018/558)

#### Other Matters

1084. 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 safe in the Sub-Treasury's and RDC Accounting Unit during the audit in May 2019 revealed that there were ten cheques on hand valuing \$6.495M that were in relation to transactions from the year 2018. In addition, there was a Guyana Bank for Trade and Industry and Commerce Cheque valuing \$850,100 on hand in the safe at Sub-Treasury. Enquiries revealed that this was a Manager's cheque that was lodged by a contractor who uplifted a Bank of Guyana merge cheque that was in relation to a completed project and an incomplete project. In addition, a total of eight cheques valued at \$3.723M for 2017 were still on hand for transactions related to that year at the time of the audit.

**Region's Response:** The Head of Budget Agency explained that the cheques in the Regional Accounting Unit (RAU) were being held for suppliers who had outstanding supplies for the Region. These supplies have since been delivered and the cheques paid. However, the cheque for RK's Security was being held pending the outcome of a legal matter. He has since been paid. The Sub-Treasury will have to answer for the cheques in their possession.

**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. (2018/559)

1085. 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 twenty-seven outstanding Cheque Orders totalling \$8.248M in respect of 2018. Similarly, for 2017, there were nine Cheque Orders totalling \$28,000 outstanding.



**Region's Response:** The Head of Budget Agency explained that the Region will diligently pursue the clearing of 2017 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. (2018/560)

1086. Evaluation Reports were not presented for twelve Projects valued \$52.827M that were undertaken in 2018, as detailed below. Similarly, for 2017 evaluation reports were not presented for six maintenance projects totalling \$28.415M. These reports were still not located and presented for audit examination.

Work Undertaken	Bids Rec'd	Engineer's Estimate \$'000	Highest Bid \$'000	Lowest Bid \$'000	Awarded Contract Sum \$'000
Completion of Achawib Primary Annex (Bashidrum)	4	6,097	8,378	6,168	6,097
Completion of Tabatinga Nursery School	3	5,789	6,690	6,144	5,789
Construction of RC Culvert at Mountain Point	3	Not Seen	7,991	5,843	5,843
Construction of RC Culvert at Shulinab	3	6,000	6,437	6,124	6,000
Repairs to Living Quarters R №. 25	3	7,232	9,573	7,159	7,159
Repairs to Sand Creek Health Post	3	3,850	5,358	4,120	3,850
Repairs to Government Building R №. 31	3	Not Seen	6,551	5,471	5,471
Repairs to Bridge at Parishara	3	4,624	5,775	4,814	4,624
Repairs to Bridge at Karasabai	4	1,824	2,119	2,028	1,824
Repairs to Parishara Nursery Facilities and Electrical	3	Not Seen	1,231	957	957
Repairs to Electrical at Karasabai	4	1,713	2,275	1,941	1,713
Repairs to Annai Health Post Fence	4	3,500	5,807	3,550	3,500

**Region's Response:** The Head of Budget Agency indicated that he was not in the Region in 2017 and, as such, he cannot say why evaluation were not done for the stated projects.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure all Evaluation Committee meetings/recommendations are properly documented and retained for audit scrutiny. (2018/561)

1087. On the 5 March 2019, the Audit Office carried out a check of the safe, REO Voucher Book, Payment Vouchers, Deposit Books, Cheque Books, Daily Cash Composition Book, Contents of Safe Register and cash on hand that were packaged and stored in several brown envelopes and other contents of the safe and supporting documents that were kept at the Regional Accounting Unit. Our examination revealed the following:

- a) A Cash Book was not maintained to reflect all monies received, payments made and balances.
- b) The Daily Cash Composition Book dated 8 February 2019 showed a total of \$1.167M as unpaid REO Region 9 Payment Vouchers while the corresponding cash on hand in relation to those vouchers amounted to \$167,135; resulting in a difference of \$1M. This difference could not have been accounted for at the time of the audit check.
- c) The sum of \$610,060 should have been deposited in respect of Housing funds. However, only the sum of \$272,000 was deposited resulting in a difference of \$338,060. This difference could not have been accounted for at the time of the audit check.

**Region's Response:** The Head of Budget Agency explained that on assuming duties on 7 January, 2019, he was informed of the missing cash. An Assistant was fingered in the disappearance of the moneys. He held an interview with her and she denied any knowledge of the cash disappearance. The matter was reported to the Police at Lethem who informed us that they need a report before any investigation could be launched.

**Recommendation:** The Audit Office recommends that the Regional Administration prepare the necessary report and forward same to the Police for an investigation to be conducted. (2018/562)

1088. Forty Payment Vouchers totaling \$61.151M were not presented for audit examinations.

**Region's Response:** The Head of Budget Agency indicated that efforts will be made to have the Sub-Treasury locate and present these vouchers for verification.

**Recommendation:** The Audit Office recommends that the Regional Administration take all necessary measures to review the controls in relation to the accounting, security and retention of all vouchers for audit examination. (2018/563)

## Capital Expenditure

### Buildings

1089. A contract for the construction of maternity waiting home at Annai, North Rupununi was awarded by the Regional Tender Board in the sum of \$13.983M as emergency works using the three quotation system. The contractors received the full contract sum for completed works at the time of audit. Physical verification of the completed works, measurements and calculations revealed the following:

- a) There was a breach of the procurement act in the awarding of a contract valued above 1.5M using three quote method of procurement.
- b) The RDC awarded the contract as emergency works. However, the RDC had enough time to obtain three quotes for the works, while the duration for completion of the facility was twelve weeks, the actual completion date was 5 December 2018. In addition, at the time of our physical verification in 21 May 2019, it was discovered that the building was never used. As such, the RDC's claim of the works being an emergency is invalid and the works should have been subjected to National Competitive Bidding (NCB), in keeping with the Procurement Act.
- c) The RDC awarded the contract for the sum of \$14.066M, which is above the Regional Tender Board Limit, in breach of the Procurement Act. This contract should have been awarded by the National Procurement and Tender Administration Board. Examinations revealed that while the contract was awarded for \$14.066M the contract sum stated in the Valuation is \$13.983M, which is just below the Regional Tender Board Limit. It is unclear how the contract sum was reduced after awarding the contract.

**Region's Response:** The Head of Budget Agency indicated that he was unable to answer the findings reported.

**Recommendations:** The Audit Office recommends that the Regional Democratic Administration: (a) submit the contractor's original bid and Tender Evaluation Report for audit examination; and (b) adhere to the Procurement Act and ensure that all emergency works executed are actually of an emergency nature. (2018/564)

1090. A contract for the extension of Nappi Primary School, Central Rupununi was awarded by the Regional Tender Board in the sum of \$11.654M to the third most responsive of eight bidders. The contractor received the full contract sum for completed works at the time of audit. 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
Foundation							
8	Cast 8"x8" columns, 1:2:3 mixtures of concrete pour and compact to a firm finish. Inclusive of 6"x6" at corridor.	83	53	Ft <sup>3</sup>	30	1,500	45
9	Cast perimeter 8"x10"x 240', inclusive of 6"x8" at corridor	130	94	Ft <sup>3</sup>	36	1,500	54
Roofing							
13	Supply and install rafters to roof 2"x5"x18'- 60 pcs	886	765	BM	121	440	53
17	Supply and install Trapezoidal 28 gauge pre-painted sheets MUST use ZINC SCREWS	3,122	2,705	Ft <sup>2</sup>	417	260	108
Windows & Doors							
25	Supply and cast R.C. sill and facing to windows to accommodate double vertical sash windows from 4" thick concrete with 2№. ½" bars all round, 2№. 3/8" top bars to 5" top extended 4" into brickwork either side as lintel. Approximately 34"x48" 10 №. 5/8" bars placed horizontally as security bars Single window.	4	0	№.	4	6,000	24
Double Windows		9	8	№.	1	40,000	40
Bill №. 4- Block Works, Walls							
26	Supply and install vertical sash windows with all accessories and be functional (Transparent glass)	22	16	№.	6	24,500	147
Walls							
28	Supply and install hollow concrete blocks walls 4" thick to external walls	1,786	1,485	Ft <sup>2</sup>	301	220	66
Plastering and Painting							
29	Supply and plaster walls ½" thick concrete mixture to both sides of internal and external walls and gabling to a smooth trowel finish	3,572	2,985	Ft <sup>2</sup>	587	155	91
33	Allow for installing parade blocks on wall at identified area	50	0	Ft <sup>2</sup>	50	400	20
34	Supply and install lattice work to seal rooms properly and paint same	44	0	Ft <sup>2</sup>	44	350	16
Total							664

1091. In addition, examination of the Regional Tender Board Minutes dated 10 May 2018 revealed that a total of eight Tenders were received and following evaluation, the Evaluation Committee recommended that the most responsive bidder be awarded the contract. However, the Regional Tender Board disapproved with the Evaluation Committee and instead awarded the contract to another contractor for the corrected sum of \$11.654M on the basis that the contractor chosen by the Evaluation Committee was previously awarded a contract. This statement was, however, in contradiction with the Tender Evaluation Report which stated that the contractor chosen by the Evaluation Committee has no past experiences neither had he conducted any past works of a similar nature.

**Region's Response:** The Head of Budget Agency indicated that the contractor will be written to after the current Engineer investigate this matter and any overpayment found will be recovered.

**Recommendations:** The Audit Office recommends that the Regional Administration: (a) recover the overpayment of \$664,265; and (b) ensure that all works completed are correctly measured and quantified before payments are made to contractors. (2018/565)

Public Infrastructure

1092. A contract for the upgrading to section of road at Culvert City, Central Rupununi was awarded by the Regional Tender Board in the sum of \$13.105M to the most responsive of eight bidders. The contractors received the full contract sum for completed works at the time of audit. 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 No. 2 - Road Works						
1	Supply and identify road line, grade, identify section of road 1,165M-L x 7M-W on Main Road and internal road and 654Mx5M on school road as identified to DBESD	1,819	606	m	1,213	400	485
2	Supply and scarify fill large holes, fill 8" THK on surface, grade and shape same to a neat cambered surface properly soak and compact same to a neat smooth level surface free from dust apply seal coat of tar RC 250 to same sections	11,425	0	m <sup>2</sup>	11,425	470	5,370
3	Supply and apply 5M-W 1,165 M RC 250 solution then spread 1 Coarse of 1/4" minus stone compact same to a neat finish, spread tar apply a layer of river sand.	Sum	0	Sum	Sum	Sum	6,407
Total							12,262

1093. In addition, the following were observed:

- a) The contractor received full payment and the works were incomplete and abandoned with no equipment or personnel on site at the time of the physical verification. Out of a total roadway length of 1,819m which was to be upgraded, works had only commenced on 606m.
- b) The contractual duration for completion of the works expired since 12 April 2018 which in over a year and the works remain incomplete.
- c) The Final Payment Certificate and the Completion Certificates were not signed by the Senior Superintendent of Works nor the Chairman of the Works Committee, certifying that the works were complete. Only the Regional Executive Officer's signature was on the valuation.

**Region's Response:** The Head of Budget Agency indicated that the road works have since been completed.

**Recommendations:** The Audit Office recommends that the Regional Administration: (a) recover the overpayment of \$12.262M; (b) terminate the contract and recover all overpaid sums from the contractor; and (c) immediately desist from making full payments to contractors for incomplete works. (2018/566)

1094. A contract for the construction of RC Culvert at Achawib, Deep South Rupununi was awarded by the Regional Tender Board in the sum of \$6.642M to the third most responsive of nine bidders. The contractor received the full contract sum for completed works at the time of audit. Physical verification of the completed works, measurements and calculations and examination of records revealed the following:

- a) The Regional Tender Board did not award the contract to the contractor which was recommended by the evaluation committee on the basis that the contractor recommended was awarded another contract. No further details to substantiate this claim was provided in the minutes. Further, there is no item in the evaluation criteria what states that a contractor will not be awarded contracts if he was previously awarded another.
- b) Examination of the evaluation report revealed that the contractor who was recommended for the award of the contract by the Evaluation Committee had met all the requirements set out in the evaluation criteria, while the contractor who was awarded the contract by the Regional Tender Board did not meet any of the requirements in the evaluation criteria neither was he the lowest bidder.

**Region's Response:** The Head of Budget Agency indicated that the Regional Tender Board indeed does not always go with the Evaluation Committee's recommendations and efforts will be made to ensure the evaluation criteria are modified to capture this.

**Recommendations:** The Audit Office recommends that the Regional Administration: (a) award contracts based on a proper evaluation criteria and provide proper reasons for not awarding contracts to the lowest evaluated bidder; and (b) the RDC should desist from awarding contracts to contractors who fail to meet any of the requirements in the evaluation criteria. (2018/567)

*Agriculture Development*

1095. A contract to provide transportation and installation and rehabilitation to building for feed mill at St Ignatius, Central Rupununi was awarded in the sum of \$3.460M to a contractor. The contractor received the full contract sum for completed works at the time of audit. Physical verification of the completed works, measurements and calculations and examination of records revealed the following:

- a) The RDC did not submit any information regarding the tendering and award of this contract and as such, the basis of selecting this contractor to execute the work is unknown.
- b) Examination of the Payment Voucher revealed that an undated estimate for repair works to the building, electrical installations, construction and installation of grill door and feed mill ramp was apparently submitted by the contractor. This estimate contained seven items with lump sum prices totalling \$2.5M but did not include the supply of a feed mill.
- c) It was then discovered that a contract to provide transportation, install and rehabilitation done to building for Feed Mill for the sum of \$3.460M, was signed on 15 June 2018. The contract sum was not based on the aforementioned estimate and neither were there any other details/ documents/ breakdown/ schedules/ bills of quantities showing what the contract sum of \$3.460M was for.
- d) It was further revealed that an invoice for payment dated 1 September 2018 for a sum of \$4.960M included the sums of \$1.5M, \$709,500 and \$250,000 for the supply of a small scale feed mill, transportation and installation respectively, along with a lump sum of \$2.5M for building adjustments.
- e) At the time of the physical verification, the feed mill was installed inside the rehabilitated section of the building, however it was not operational due to power supply issues.

**Region's Response:** The Head of Budget Agency stated that this will not happen under his tenure.

**Recommendation:** The Audit Office recommends that the Regional Administration explain the basis of selecting this contractor and awarding the contract and provide clarifications on the differences discovered in the estimate, invoice for payment and the signed contract sum. (2018/568)



The rehabilitated building and feed mill

1096. A contract for the construction of Shade House at Shulinab, South Central Rupununi was awarded in the sum of \$1.997M to a contractor. No details of the tendering process were presented for audit. The contractor received the full contract sum for completed works at the time of audit. Physical verification of the completed works, measurements and calculations and examination of records revealed the following:

- a) It was discovered that the payment for completed works was made based on a poorly prepared Bill of Quantity, which specified timber members of varying lengths.
- b) Physical verification and measurements of the timber members actually used do not match any in the bills of quantity of the valuation for payment. Therefore, it is unclear how the valuation prepared by the RDC does not reflect the actual materials used and works completed, and yet full payment was made to the contractor.
- c) Based on our assessment, the quantity of timber members paid for do not correspond with that which was actually used for the construction of the shade house, resulting in payments for more materials than that which was actually used but because our measurements are entirely different from the measurements stated and priced in the Bill of Quantity, we are unable to quantify the overpayment made on the timber materials used for the construction of the shade house.
- d) It was also discovered that the sums of \$105,000 and \$80,000 for the supply of a 5.5hp water pump and pump accessories respectively was paid to the contractor, however, neither of these items were supplied by the contractor.



**Region's Response:** The Head of Budget indicated that construction of a Shade House is an experimental process and, as such, the actual works changes as construction is carried out.

**Recommendations:** The Audit Office recommends that the Regional Administration: (a) ensure that bills of quantities are properly prepared and payments are made for actual measured works completed; and (b) the contractor should supply the water pump and accessories or refund the total sum of \$185,000 which was already paid. (2018/569)



The completed shade house

### Capital Purchases

1097. The sum of \$86.281M was allotted for the purchase of capital items. According to the Appropriation Accounts the sum of \$86.246M was expended. An examination of these transactions revealed that forty-one capital items, such as, stretchers, double bed with mattresses, printer, dining set, outboard engines, aluminum boat, living room suite, solar batteries and motorcycles totalling \$10.850M were still on hand at the Regional Administration Stores at the time of audit in May 2019. In addition, twenty-eight pieces of items totalling \$4.935M, such as, bed frames, single mattresses, aluminum boat, crash carts and outboard motor engine for the year 2017 were also on hand at the time of audit in May 2019.

1098. Further, items totalling \$2.203M were paid for but were not delivered at the time of audit in May 2019. These items include thirteen solar batteries, seventy-four thermometers and three Laryngoscope.

**Region’s Response:** The Head of Budget Agency explained that Program Managers were instructed to dispatch items to their intended locations. However, the rains, which began in April and still falling as at September has prevented the issuing of most of these items, while he has written the suppliers demanding that they deliver outstanding purchases.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure that all items purchased and paid for are received and properly brought to account in the stores record and all assets are promptly delivered to the correct locations and put into use as required. (2018/570)

Prior Year Matters

Capital Expenditure

1099. The Regional Administration had still not recovered overpayments totalling \$19.639M that were made on the following contracts for the years 2015 to 2017:

Year	Description	Balance \$’000
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
2017	Construction of Livestock (Sheep) Pen at Hiawa Village	120
“	Construction of Sanitary Block at Bina Hill Institute, Annai	879
Total		19,639

**Region’s Response:** The Head of Budget Agency indicated that all the contractors were written to but no response was received. In addition, the non-passage of the debarment legislation is hampering the Region from taking any action to debar these contractors.

**Recommendation:** The Audit Office recommends that the Regional Administration pursue the recovery of the outstanding amounts. (2018/571)

Follow-up on the Implementation of Prior Year Audit Recommendations

1100. The table below summarises the prior year matters as contained in the Auditor General's 2017 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
2017/413	Circularised instructions			√
2017/414	Circularised instructions			√
2017/415	Circularised instructions			√
2017/416	Circularised instructions		√	
2017/417	IDW Drugs and Medical Supplies			√
2017/418	Expired drugs			√
2017/419	Circularised instructions	√		
2017/420	Breaches of the Stores Regulations			√
2017/421	Breaches of the Stores Regulations			√
2017/422	Breaches of the Procurement Act			√
2017/423	Breaches of the Procurement Act			√
2017/424	Circularised instructions			√
2017/425	Breaches of the Stores Regulations			√
2017/426	Breaches of the Stores Regulations			√
2017/427	Breaches of FMA Act 2003			√
2017/428	Outstanding Cheque Orders		√	
2017/429	Circularised instructions		√	
2017/430	Overpayment of construction works			√
2017/431	Overpayment of construction works			√
2017/432	Overpayment of construction works			√
2017/433	Other			√
2017/434	Overpayment of construction works			√

AGENCY 80  
REGION 10 – UPPER DEMERARA/BERBICE

Current Year Matters

Current Expenditure

*Employment Costs*

1101. According to the National Estimates, amounts totalling \$1.655 billion were budgeted for Employment Costs for a staff complement of 1,143. As at 31 December 2018, amounts totalling \$1.654 billion were expended for 1,163 staff, as shown below. This represents twenty staff more than was budgeted for and \$1M under the budgeted expenditure. As such, it would appear that Employment Costs were over budgeted.

Line Item	Description	Filled 2018	Actual 2018	Increased/ Decrease 2017
6111	Administration	417	420	3
6112	Senior Technical	264	280	16
6113	Other Technical and Craft Skilled	181	180	(1)
6114	Clerical and Office Support	56	54	(2)
6115	Semi- Skilled Operatives and Unskilled	170	167	(3)
6116	Contracted Employees	48	44	(4)
6117	Temporary Employees	7	18	11
Total		1143	1163	20

**Region’s Response:** The Head of Budget Agency indicated that the Ministry of Finance would have made the allocation in the budget.

**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 Costs are for staff positions that are filled. (2018/572)

1102. An analysis of the employment details revealed that the Regional Administration had twenty-six vacancies as advertised in the Public Service Commission Staff Vacancy Circular №. 1/2019. These vacancies included critical posts such as one Senior Health Visitor, one Education Officer 11, two Engineers (one civil and one mechanical), one Senior Environmental Officer, two Planning Officers, one Superintendent of Works and three Overseers. 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, to date these vacancies still exist.

**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. (2018/573)

Office and Field Supplies

1103. The sum of \$141.535M was budgeted for the procurement of Drugs and Medical Supplies under Health Services Programme - Line Item 6221. The Regional Administration expended \$11.515M 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 for the twenty-eight Health Centres and Upper Demerara Regional Hospital.

1104. With respect to the Inter-Departmental Warrant, IDW No. 1/2018 was issued on 15 January 2018 to the MOPH for \$130M. A Financial Return was received indicating that the full amount was expended. Further, as was reported in 2017, a similar situation occurred whereby although the Regional Administration received drugs and medical supplies, 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.

1105. Nevertheless, a dispatch 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 cost of items delivered for the period January to December 2018 amounted to \$197.407M, giving a difference of \$67.407M worth of drugs in excess of the sum warranted to MOPH.
- b) The dispatch report 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 that the Regional Administration is still awaiting a reconciled output from the Ministry of Public Health on the Warrant received. In addition, the Region is unable to get reconciled balances for the drugs supplied by MMU.

**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. (2018/574)

Maintenance Works

1106. Amounts totalling \$415.640M were allotted for repairs and maintenance of buildings, infrastructure, vehicle spares and equipment within the Regional Administration. As at 31 December 2018, amounts totalling \$406.316M were expended under the various Line Items, as shown below:

Line Item	Description	Amount Allotted \$'000	Amount Expended \$'000
6242	Maintenance of Buildings	149,000	144,717
6251	Maintenance of Roads	70,000	69,990
6252	Maintenance of Bridges	11,500	10,047
6253	Maintenance of Drainage & Irrigation	40,000	39,817
6255	Maintenance of Other Infrastructure	110,100	106,782
6264	Vehicle Spares & Services	20,400	20,348
6282	Equipment Maintenance	14,640	14,615
Total		415,640	406,316

1107. The contract for repairs and maintenance to Amelia's Ward Primary School was awarded in the sum of \$3.679M to the lowest of twelve bidders by the Regional Tender Board. The Engineer's Estimate was \$4.306M. As at 31 December 2018, amounts totalling \$3.679M were paid to the contractor. Physical verification of the completed works, measurements and calculations revealed that the contractor was overpaid the sum of \$379,000 as shown in the table below.

Item	Description	Qty. Paid	Qty. Found	Unit	Diff.	Rate \$	Amount Overpaid \$'000
3	Internal Installation						
3.2	Provide and install 3 x 3 - 2 gaud surface switch to wall in each class room for lamps	32	0	Items	32	1,000	32
3.3	Supply and install 53" - 3 blade ceiling fans to class room	64	45	Items	19	18,000	342
3.4	Provide and install to all circuit switch socket outlet for all room	96	69	Items	27	200	5
Total							379

**Region's Response:** The Head of Budget Agency indicated that the contractor was written to and has agreed to repay the sum overpaid.

**Recommendation:** The Audit Office recommends that the Regional Administration: (i) take steps to recover the overpayment; and (ii) ensure that completed works are accurately measured and quantified before payments are made to contractors. (2018/575)

1108. The contract for external works to RDC Office Ituni was awarded in the sum of \$2.413M by way of waiver by the Regional Tender Board. The Engineer's Estimate was \$2.560M. As at 31 December 2018, 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 \$661,000 as shown in the table below.

Item	Description	Qty. Paid	Qty. Found	Unit	Diff.	Rate \$	Amount Overpaid \$'000
<b>Metal Works</b>							
	Provide & fix into position 1.5" pvc cap on top of each pipe	55	0	No	55	399	22
	Provide and install 1/4" steel to secure chainlink to metal pipes as directed. Must be welded to metal pipes	347	0	Yds	347	800	278
<b>Metal Gates</b>							
	Provide for servicing of metal gate, replacing damaged or missing parts to make functional as directed (Overall size 7' ht x 44" wdt). Include for finishing with anti-corrosive paint	1	0	No.	1	60,000	60
	Provide for servicing of metal gate, replacing damaged or missing parts to make functional as directed (Overall size 7'-10" ht x 12' wdt). Include for finishing with anti-corrosive paint	2	0	No.	2	20,000	40
	Provide and apply anticorrosive paint to posts, runners and mesh as directed. NB: include for new and old materials	73	0	Sq.Yds	73	1,000	73
	Provide and Apply semi-gloss emulsion paint to all concrete areas - 3 coats as one (1) prime coat and two (2) finish coast as directed.	251	0	Sq.y	251	750	188
	<b>Total</b>						<b>661</b>

**Region's Response:** The Head of Budget Agency indicated that the contractor was written to and awaiting responses.

**Recommendation:** The Audit Office recommends that the Regional Administration: (i) take steps to recover the overpayment; and (ii) ensure that completed works are accurately measured and quantified before payments are made to contractors. (2018/576)

1109. The contract for repairs and maintenance to Boat House Kwakwani was awarded in the sum of \$4.8M by way of waiver by the Regional Tender Board. There was no evidence of Engineer's Estimate. As at 31 December 2018, 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 \$583,000 as shown in the table below.

Item	Description	Qty. Paid	Qty. Found	Unit	Diff.	Rate \$	Amount Overpaid \$'000
3.1	Roof Structure and Covering						
3.1.9	28 gauge prepainted ridging @ 0.79m wdt	125	6.1	m2	118.9	2,600	309
3.5	Electrical						
3.5.1	Cables & Fittings						
3.5.2	8-16 Panel Box	1	0	Nº.	1	20,000	20
3.5.3	3 x 3 Metal Box	1	0	Nº.	1	600	0.6
3.5.4	4 x 4 Metal Box	1	0	Nº.	1	800	0.8
3.5.5	1.5mm single core cable	200	0	m	200	180	36
3.5.6	2.5mm single core cable	200	0	m	200	220	44
3.5.7	10mm single core cable	35	0	m	35	360	13
3.5.8	Combination switch with cover	2	0	Nº.	2	6,000	12
3.5.9	Duplex Points	2	0	Nº.	2	2,500	5
3.5.10	30 amps Double Pole Circuit Breaker	1	0	Nº.	1	4,000	4
3.5.11	Three gang switch with cover	3	0	Nº.	3	2,500	8
3.6	Lights						
3.6.1	600mm long fluorescent lamps (LED Type)	8	0	Nº.	8	4,000	32
3.6.2	1200mm long fluorescent lamps (LED Type)	2	0	Nº.	2	9,000	18
3.6.3	Mercury Vapour Lamp with photocell	2	0	Nº.	2	25,000	50
3.6.4	Bilk head lamp	2	0	Nº.	2	15,000	30
Total							583

1110. In addition, it was noted that the sum of \$500,000 was paid for the construction of a wooden ramp, however, no breakdown or details were seen.

**Region's Response:** The Head of Budget Agency indicated that the contractor has since completed the work and a revisit is being requested.

**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; and (iii) provide the documentation to substantiate the construction of the wooden ramp. (2018/577)



Stores and Other Public Property

1111. Section 29 of the Stores Regulations requires Log Books be maintained for all vehicles, plant, machinery and equipment. The Regional Administration owns and controls eighty-five serviceable vehicles/machinery/equipment. An audit examination of the records revealed the following:

- a) Of the eighty-five serviceable vehicles/machinery/equipment, thirteen were under repairs/not working and in the workshop for the period under review.
- b) Of the remaining seventy-three serviceable vehicles/machinery/equipment for which Log Books were required to be maintained and submitted for audit examination, twelve were submitted, leaving sixty-one 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	18	0	18
Motor Vehicles	17	7	10
Machine & Equipment	3	0	3
Motor Cycles	27	5	22
Generators	6	0	6
All-Terrain Vehicles (ATVs)	2	0	2
Total	73	12	61

**Region’s Response:** The Head of Budget Agency indicated that corrective action has since been taken to maintain all Log Books.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure all Log Books are maintained and properly written up in compliance with the Stores Regulations. (2018/578)

Other Matters

1112. 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 at the end of the financial year. However, an inspection of the Sub-Treasury’s safe revealed that there were thirteen cheques totalling \$7.580M in respect of 2018 payments still on hand. In addition, there were two payments totalling \$1.320M for deliveries of items not yet supplied.

**Region’s Response:** The Head of Budget Agency indicated that the cheques were in safe keeping until contractors works which are ongoing were actually completed, while the supplier for Bitumen was delinquent so payment would have been made until the supply was received.

**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. (2018/579)

### Capital Expenditure

1113. The sum of \$460.8M was budgeted in 2018 for the Regional Administration to execute its capital programme. According to the Appropriation Accounts the sum of \$397.102M was expended, leaving an unspent amount of \$63.698M, as shown in the table below:

Programme	Description	Total Funds Available \$'000	Expenditure \$'000	Shortfall \$'000
1	Regional Administration & Finance	96,100	67,360	28,740
2	Public Works	104,300	99,440	4,860
3	Education Delivery	162,000	153,790	8,210
4	Health Services	98,400	76,512	21,888
Total		460,800	397,102	63,698

1114. The shortfall in the above expenditure of \$63.698M was mainly because the Regional Administration did not continue works on the construction of the Regional Administration Building- McKenzie and Construction of Health Post at Mabura.

**Region’s Response:** The Head of Budget Agency indicated that this was due to set back with works on the Administration building, Education building, as well as completion of Health Post at Mabura,

**Recommendation:** The Audit Office recommends that the Regional Administration ensure all works budgeted for are executed and completed as budgeted. (2018/580)

### Public Works

1115. The contract for the upgrade to drainage system at Dakama Circle was awarded in the sum of \$5.857M to the lowest of eight bidders against an Engineer’s Estimate of \$4.270M. A positive variation valuing \$1.760M and negative variation valuing \$172,000 was approved revising the contract sum to \$5.857M. As at 31 December 2018, 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 \$810,000 as shown in the table below:

Item	Description	Qty. Paid	Qty. Found	Unit	Diff.	Rate \$	Amount Overpaid \$'000
	Concrete Works						
2.d	Provide and place 2" thk cement/sand blinding 1:6 mix to bottom of compacted excavated to line level and grade as indicated or as directed	255	251.4	Sq.yd	3.6	1,600	6
	Add Variation						
2.d	Provide and place 2" thk cement/sand blinding 1:6 mix to bottom of compacted excavated to line level and grade as indicated or as directed	60	0	Sq.yd	60	1,600	96
2.e	Supply & fix 1:2:4 insitu concrete and cast drain walls & foundation base 3" thk to form V profile, level and compact into position	30	14.81	Cu.yd	15.19	30,000	456
	Supply and place 3/8" high tensile steel bars at 18" crs + 2 horizontal bars for inner / roadside wall as additional reinforcement to BRC as directed. (NB: to inner wall / road only)	1874	1647	lbs	227	200	45
	Supply and fix №. 610 BRC fabric to foundation base & drain walls to form V profile drain as directed	350	4.3	Sq.yd	346	600	207
	Total						810

**Region's Response:** The Head of Budget Agency indicated that the contractor was written to and awaiting responses.

**Recommendation:** The Audit Office recommends that the Regional Administration: (i) take steps to recover the overpayment; and (ii) ensure that completed works are accurately measured and quantified before payments are made to contractors. (2018/581)

### Buildings

1116. The contract for Rehabilitation of Regional Executive Officer Residence, Fair's Rust was awarded in the sum of \$8.420M to the fourth lowest of five bidders against an Engineer's Estimate of \$10.056M. A negative variation valuing \$1.394M and positive variation valuing \$1.644M was approved revising the contract sum to \$8.671M. As at 31 December 2018, amounts totalling \$7.804M were paid to the contractor. Physical verification of the completed works, measurements and calculations revealed that the contractor was overpaid the sum of \$270,000 as shown in the table below:

Item	Description	Qty. Paid	Qty. Found	Unit	Diff.	Rate \$	Amount Overpaid \$'000
10	Electrical Installation						
10.2	Provide and install 12000 BTU AC unit to Hall and bedrooms	6	3	No.	3	90,000	270
	Total						270

**Region's Response:** The Head of Budget Agency indicated that the contractor was written to and awaiting responses.

**Recommendation:** The Audit Office recommends that the Regional Administration: (i) take steps to recover the overpayment; and (ii) ensure that completed works are accurately measured and quantified before payments are made to contractors. (2018/582)

1117. The contract for the rehabilitation of Mackenzie High School was awarded in the sum of \$10.697M to the third lowest of five bidders against an Engineer's Estimate of \$11.999M. A negative variation valuing \$837,440 and positive variation valuing \$837,440 was approved revising the contract sum to \$10.697M. As at 31 December 2018, amounts totalling \$9.627M were paid to the contractor. Physical verification of the completed works, measurements and calculations revealed that the contractor was overpaid the sum of \$2.625M as shown in the table below:

Item	Description	Qty. Paid	Qty. Found	Unit	Diff.	Rate \$	Amount Overpaid \$'000
2	Auditorium						
2.14	Remove Steel Diamond Wire Mesh	237	90	sq.yds	147	300	44
2.15	Supply and install steel diamond wire mesh include for welding	237	90	sq.yds	147	3,000	441
	Male Washroom						
2.2	Supply and install 6" PVC gutters inclusive of downpipes , brackets, end caps, etc.,....)	97	85	yds	12	4,000	48
3	L Block						
3.1	Remove existing defective profile sheets	400	384.5	sq.yds	15.5	90	1
3.2	Supply and install 28 gauge pre-painted corrugated profile sheets	400	384.5	sq.yds	15.5	2,800	43
3.3	Remove Defective ceiling	300	286.5	sq.yds	14	125	2
	Supply and install 1/4" thick plywood ceiling	300	286.5	sq.yds	14	650	9
4	Third Form Block						
4.3	Remove existing defective profile sheets	486	17.3	sq.yds	468.7	50	23
4.4	Supply and install 28 gauge pre-painted corrugated profile sheets	486	17.3	sq.yds	468.7	2,800	1,312
4.5	Remove Defective ceiling	486	27.6	sq.yds	458	125	57
4.6	Supply and install 1/4" thick	486	27.6	sq.yds	458	650	298

Item	Description	Qty. Paid	Qty. Found	Unit	Diff.	Rate \$	Amount Overpaid \$'000
	plywood ceiling						
4.7	Remove defective 2" x 2" from roof as directed	520	0	Bm	520	125	65
4.8	Supply and install 2" x 2" to Roof as Directed	520	0	Bm	520	500	260
Sixth Form Block							
5.5	Supply and Install 12" x 12" Porcelain Tiles to Floor slab. Include for tile cement/grout etc Colours to be chosen by Engineer)	53	45.6	sq.yds	7.4	3,000	22
	Total						2,625

**Region's Response:** The Head of Budget Agency indicated that the contractor was written, he has since done some additional work and a revisit is requested. In addition, he indicated that he would repay the amount for the works not carried out.

**Recommendation:** The Audit Office recommends that the Regional Administration: (i) take steps to recover the overpayment; and (ii) ensure that completed works are accurately measured and quantified before payments are made to contractors. (2018/583)

1118. The contract for the Construction of Amelia's Ward Health Centre was awarded in the sum of \$24.575M to the lowest evaluated of fourteen bidders against an Engineer's Estimate of \$29.999M by the National Procurement and Tender Administration Board (NPTAB). A negative variation valuing \$5.178M and positive variation valuing \$10.603M was approved revising the contract sum to \$30M. As at 31 December 2018, amounts totalling \$26.891M were paid to the contractor. Physical verification of the completed works, measurements and calculations revealed that the contractor was overpaid the sum of \$7.245M as shown the table below:

Item	Description	Qty. Paid	Qty. Found	Unit	Diff.	Rate \$	Amount Overpaid \$'000
Bill №. 8 - Plumbing Works							
Sanitary Water System							
8.2	Supply and install approved white vitreous W.C. suit complete with pan trap, seat , cover , trap, cistern , flush pipe, etc.	6	4	nr.	2	65,000	130
8.3	Supply and install quality wjite vitreous wash basin with pedestal complete with waste fittings, flex hose, hole stopper and one pillar Tap, etc.	4	0	nr.	4	25,000	100
Bill №. 10 - Rainwater Installation							
Down Pipe and Fittings							
10.4	Supply and install 3" PVC down pipes, including for straps 4' c-c	216	0	ft.	216	300	65

Item	Description	Qty. Paid	Qty. Found	Unit	Diff.	Rate \$	Amount Overpaid \$'000
10.5	Supply and install 3" PVC elbow	18	0	nr.	18	1,800	32
	Bill No. 12 - Electrical Installation						
	Outlets						
12.5	Supply and install outlets	50	31	nr.	19	2,000	38
	AC Units						
12.7	Supply and install 12000 BTU split type air conditioning unit	10	0	nr.	10	160,000	1,600
12.8	Supply and install 36000 BTU split type air conditioning unit	3	0	nr.	3	280,000	840
	Add Variation						
	Electrical Works						
V.18	Supply and install double 4' LED lamps	45	27	nr.	18	14,000	252
	Fence						
	Excavation and Earth Works						
V.21	Excavate strip foundation trench manually 24w x 8" dp. Inclusive of setting out fence	47	0	cy	47	800	38
V.22	Level and Ram bottom of foundation trench with level pickets	116	0	sy	116	300	35
	Concrete Works						
V.23	2" thk blinding 1:6 mix to same	116	0	sy	116	1,000	116
V.24	Reinforced in situ 3000 psi at 28 days 1/2 aggregate in foundation	26	0	cy	26	33,000	858
V.25	Reinforced in situ 3000 1/2 aggregate in columns	1	0	cy	1	33,000	33
	Formwork						
V.26	formwork to trenching and columns with all necessary supports	130	0	sy	130	1,000	130
	Reinforcement						
V.27	1/2" dia high tensile bars to foundation (matt type reinforcement)	1519	0	lbs	1519	120	182
V.28	3/8 dia high tensile bars	736	0	lbs	736	120	88
	Galvanised pipe, pots runners , chain-link mesh and gate						
V.29	2" dia galvanised pipe post 7' long	53	0	nr.	53	6,500	345
V.30	2" dia galvanised pipe top and bottom welded to pots	1048	0	If	1048	680	713
B.31	10 gauge chain-link mesh fixed to post and runners with 1/4" dia ms threaded	524	0	if	524	1,250	655
V.32	two leaf gate with 2" galvanised frame and 10 gauge chain-link mesh with hinges and locking device on post 10w x 6h	2	0	nr.	2	201,580	403

Item	Description	Qty. Paid	Qty. Found	Unit	Diff.	Rate \$	Amount Overpaid \$'000
	Block work						
V.33	4" x 8" x 16" hollow block embed in 1:3 mix mortar 1/2" thk	58	0	sy	58	2,000	116
V.34	1/2" thk plaster to block 1:3 mix using button	232	0	sy	232	1,000	232
	Painting						
V.35	Supply prime stop and apply 2 coats of anticorrosive paint to gal	349	0	sy	349	700	244
	Total						7,245

1119. It should be noted also the Regional Tender Board (RTB) approved a positive variation of \$10.603M to the contract; however, approval for such Variation should have been sought and granted by NPTAB and not by the RTB. At the time of the physical verification, the contractor was on site and the works were still ongoing. We were unable to determine whether or not the contractual duration had expired since no such information was provided by the RDC at the time of inspection.

**Region's Response:** The Head of Budget Agency indicated that the variations were subsequently sent to the NPTAB for approval after which the approved variations will be sent to the Audit Office for verification and recalculation of the overpayment.

**Recommendations:** The Audit Office recommends that the Regional Administration: (i) take steps to recover the overpayment; and (ii) ensure that completed works are accurately measured and quantified before payments are made to contractors. (2018/584)

1120. The contract for the Construction of Health Post Mabura was awarded in the sum of \$19.152M to the lowest evaluated of nine bidders against an Engineer's Estimate of \$20M by the National Procurement and Tender Administration Board (NPTAB). As at 31 December 2018, amounts totalling \$2.873M were paid to the contractor representing 15 % of the contract sum. Physical verification on 14 June 2019, revealed that the site was abandoned while only clearing and grubbing of the site had commenced, with one load of white sand placed on site and no equipment. It should be noted also a Performance Bank Guarantee (Guarantee No. 9921098) issued from Citizen Bank on 2 August 2018 expired since 2 November 2018 and no Mobilisation Advance Bond was seen, however, the contractor already received the mobilisation advance.

**Region's Response:** The Head of Budget Agency indicated that the contractor was written to, the performance bond was updated, the process was started to terminate the works, however, the contractor has mobilised and commence the works.

**Recommendation:** The Audit Office recommends that the Regional Administration: (i) take steps to recover the mobilisation advance; and (ii) ensure liquidated damages are deducted for failure to complete the works in a timely manner. (2018/585)

1121. The contract for the Rehabilitation of Kwakwani Sub-Office was awarded in the sum of \$9.564M. As at 31 December 2018, amounts totalling \$8.608M were paid to the contractor. Physical verification of the completed works, measurements and calculations revealed that the contractor was overpaid the sum of \$961,000 as shown the table below:

Item	Description	Qty. Paid	Qty. Found	Unit	Diff.	Rate \$	Amount Overpaid \$'000
8	Blocks for Building						
8.3	Rendering Block walls and mortar for laying blocks with cement paste ratio 1:2:4	2	0	Cy	2	40,000	80
9	First Floor						
9.1	Provide and place 2" x 8" GH for floor joice	216	0	Bm	216	500	108
9.2	Provide and Place 1" x 4" groove and tongue for flooring	340	0	Bm	340	500	170
10	Roofing for Building						
10.1	Provide wall plate, common jack (2" x 4")GH Dressed wood	100	0	Bm	100	500	50
10.2	Provide Rafters and ceiling Joice for roof (2" x 6" )GH	435	0	Bm	435	500	218
10.3	Provide Ridge and Valley rafters (2" x 8" ) GH	23	0	Bm	23	500	12
10.4	Provide Facia and verge board (2" x 8" ) GH	44	0	Bm	44	500	22
10.5	Provide 1" x 6" GH board for purlins to secure zinc sheets	72	0	Bm	72	500	36
10.6	Supply Ply board for ceiling	16	0	Shts	16	4,000	64
10.7	Supply pre-painted zinc sheets for covering the roof , 28 gauge 16'	16	0	Shts	16	10,000	160
10.8	Ridge cap for roof	64	0	Sq.ft	64	400	26
10.9	Provide guttering to roof with all necessary connection	4	0	lg	4	4,000	16
	Total						961

**Region's Response:** The Head of Budget Agency indicated that the contractor was written to and awaiting responses.

**Recommendation:** The Audit Office recommends that the Regional Administration: (i) take steps to recover the overpayment; and (ii) ensure that completed works are accurately measured and quantified before payments are made to contractors. (2018/586)



Capital Purchases

1122. The sum of \$64.9M was budgeted for the purchase of capital items for the Regional Administration. As at 31 December 2018, amounts totalling \$64.837M were expended. Physical verification of the items revealed amounts totalling \$1.863M worth of items were not put into use. These items were still at the Regional Stores/Bond.

Line Item	Item	Quantity	Unit Price \$'000	Total Cost \$'000
25054	Refrigerator	5	79	395
"	White Board	1	57	57
"	Projector	1	225	225
"	Complete Computer System	2	106	212
25056	Solar Refrigerator	1	335	335
"	Portable Screens	1	89	89
"	Diagnostic sets	3	45	135
"	Oxygen Gauges	5	11	55
"	Examination Couches	9	40	360
Total				1,863

**Region's Response:** The Head of Budget Agency indicated that most of these items have since been dispatched to the relevant department.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure all assets purchased and received are promptly delivered to the required locations and put into use. (2018/587)

Prior Year Matters

Current Expenditure

Maintenance Works

1123. The Regional Administration had still not recovered amounts totalling \$500,000 overpaid on the following contracts for the year 2017:

Year	Works Undertaken	Amount Overpaid \$'000
2017	Regional Democratic Council office at Ituni	80
"	Ituni Guest House	420
Total		500

**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 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. (2018/588)

## Capital Expenditure

1124. With respect to the rehabilitation of Church Road at Block 22, the Regional Administration has still not recovered the amount overpaid. In addition, there was no explanation for the unsatisfactory features with respect to the contract, the approval for payment and the variation to the works all being signed on the same date nor the final inspection certificate being signed one month before the contract was 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. The contractor was written.

**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, valuation for payment and variation all occurred on the same dates. (2018/589)

1125. The construction of the Regional Administration Building had still not been completed. 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, however, the site was abandoned and no advance payment bond by the contractor was in existence.

**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. A Supervising Consultant was engaged and designs were completed and work has since started.

**Recommendation:** The Audit Office recommends that the Regional Administration ensure proper monitoring of all contracts awarded. (2018/590)

1126. The contract for construction of health Centre & living quarters – Wiruni, Berbice River was awarded by the NPTAB in the sum of \$19.684M. Total payments made to date for works completed were \$9.167M with the contractor receiving an advance payment of \$3.937M representing 20% of the contract sum, followed by three interim payments of \$2.019M, \$1.390M and \$1.822M respectively. However, the works were incomplete and the site was abandoned. The contract was subsequently terminated and it was difficult to ascertain whether or not the advance payment was fully recovered or if 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. The works are currently ongoing.

**Recommendation:** The Audit Office recommends that the Regional Administration (i) ensure proper monitoring of all contracts awarded; (ii) a final account or valuation at termination is prepared; and (iii) any amount overpaid is recovered. (2018/591)

1127. 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 that the works were incomplete and the site was abandoned. The contract was subsequently terminated, however, no valuation at termination was seen.

**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. This was re-advertised and awarded and the works are ongoing

**Recommendation:** The Audit Office recommends that the Regional Administration submit the valuation at termination for audit examination. (2018/592)

1128. The Regional Administration is still to recover overpayments totalling \$2.490M made on seven contracts for 2017 as shown below:

Year	Description	Original O/payment \$'000	Amount Cleared \$'000	Balance \$'000
2017	Installation of HDPE culvert at West Watooka	6,788	6,161	627
"	Rehabilitation of Church Road, Block 22	96	0	96
"	Rehabilitation of Dageraad Avenue Mackenzie	195	0	195
"	Upgrading of Drainage System – Potaro Road, Mackenzie	340	0	340
"	Construction of chain link fence at One Mile Primary School, Wismar	727	0	727
"	General rehabilitation to Christiansburg Secondary School at Wismar	385	0	385
"	Construction of water trough at Kwakwani Secondary School, Region №. 10	120	0	120
	Total	8,651	6,161	2,490

**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 recover the amounts overpaid and improve on the efficiency of the systems in place to monitor projects in order to avoid such overpayments. (2018/593)

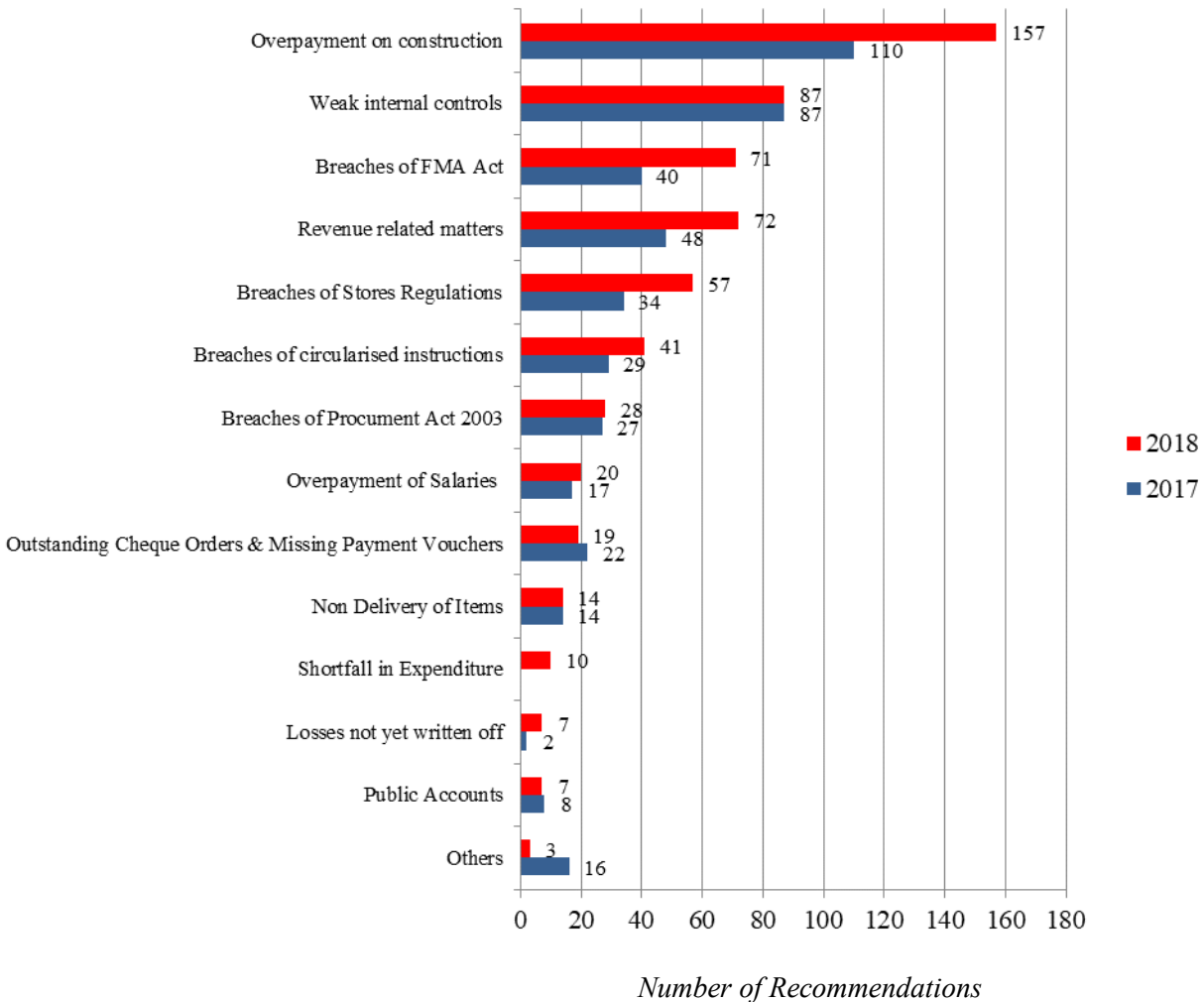
Follow-up on the Implementation of Prior Year Audit Recommendations

1129. The table below summarises the prior year matters as contained in the Auditor General's 2017 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
2017/435	Circularised instructions		√	
2017/436	Circularised instructions			√
2017/437	IDW Drugs and Medical Supplies		√	
2017/438	Overpayment of construction works			√
2017/439	Overpayment of construction works			√
2017/440	Breaches of FMA Act 2003	√		
2017/441	Shortfall in expenditure	√		
2017/442	Overpayment of construction works			√
2017/443	Overpayment of construction works			√
2017/444	Overpayment of construction works			√
2017/445	Overpayment of construction works			√
2017/446	Breaches of Procurement Act of 2003			√
2017/447	Overpayment of construction works			√
2017/448	Overpayment of construction works			√
2017/449	Overpayment of construction works			√
2017/450	Breaches of Procurement Act of 2003			√
2017/451	Breaches of Procurement Act of 2003			√
2017/452	Breaches of Procurement Act of 2003			√
2017/453	Tender Board Meetings	√		
2017/454	Overpayment of construction works			√

## SUMMARY OF RECOMMENDATIONS

1130. The Bar-Graph below illustrates the comparison of my recommendations (2018 - 593 and 2017 - 454) 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 and Lack of or weak Internal Control continued to dominate the findings, and are viewed with grave concern.



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

1131. 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. Four hundred and fifty-four recommendations were made in my 2017 Audit Report. We reviewed each recommendation to determine what action, if any, was taken by the respective Accounting Officers. At the time of reporting in September 2019, 110 or 24% were fully implemented, 116 or 26% were partially implemented, while 228 or 50% were not implemented.

1132. Overall, I am concerned with the lack of action towards the implementation of these recommendations; since, 76% 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.

## OTHER ENTITIES

### SUMMARY OF AUDIT OPINIONS

1133. A total of 136 opinions in relation to audits conducted on other entities were issued during the period 1 September 2018 to 31 August 2019. These include the audits of Public Enterprises, Statutory Bodies, Trade Unions, Foreign Funded Projects, Neighbourhood Democratic Councils and Constitutional Agencies. Of these 136 audits, thirty-four 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 \$65.480M. Outlined below is a summary of the audit opinions issued.

Category	Opinions Issued from 1 September 2018 to 31 August 2019		
	In House	Contracted	Total
Public Enterprises	2	13	15
Statutory Bodies	27	21	48
Trade Unions	1	-	1
Foreign Funded Projects	24	-	24
Neighbourhood Democratic Councils	29	-	29
Constitutional Agencies	19	-	19
Total	102	34	136

### AUDIT OF PUBLIC ENTERPRISES

1134. There are thirty-seven Public Enterprises that are required to be audited under the Public Corporations Act 1988. Of the thirty-seven entities, fifteen audits had been finalised in respect of thirteen entities. A total of thirteen audits were executed under the contracting out arrangement while the other two audits were executed in-house. An analysis of the opinions issued in respect of the thirteen contracted audits revealed that one was disclaimed, two were qualified and ten were unqualified. The two audits executed in-house were unqualified. The following tables provide the details:

Disclaimed Opinion - Contracted Audit

№.	Name of Entity	Year (s) of Audit	Reasons for Disclaimed Opinion
1	Guyana Post Office Corporation	2012	<p>Details were unavailable to support an amount of \$11.159 billion owing to agencies. Independent confirmations were also not received.</p> <p>\$9.769 billion owed by agencies were outstanding from previous year. This was not cleared neither was any reconciliation done. Independent confirmations of balances were requested but were 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 \$122.991M 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 \$60.806M. A reconciliation of the difference was not done. Details of other receivables totalling \$56.546M were not provided.</p> <p>The inventory balances of \$165.059M included credit balances of \$46.594M which represented incorrect postings.</p> <p>Payables and accruals included a suspense account of \$79.119M and a debit balance of \$109.952M. Confirmations sent to suppliers were not returned. Reconciliation of suppliers' statements was not done.</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. Wear and tear schedules were not available for audit verification.</p> <p>The bank balance included unreconciled differences of \$215.932M.</p> <p>The Corporation had overdrafts of \$1.678 billion.</p>



Qualified Opinion - Contracted Audits

No.	Name of Entity	Year (s) of Audit	Reasons for Qualified Opinion
1	National Communications Network Incorporated	2017	Title deeds for property with net book values of \$506.523M were not available and a fixed asset register was not maintained by the Company. Further, the Company only recognised annual depreciation charge on additions to fixed assets.
2	Linden Electricity Company Incorporated	2015	Long term payables comprising of \$151.331M and \$34.064M are owed to the Ministry of Finance and Linmine respectively. These balances have been coming forward since 2003.  No returns were filed with Guyana Revenue Authority for the last eight years.

Unqualified Opinion - Contracted Audits

No.	Name of Entity	Year (s) of Audit	No. of Opinions
1	Guyana Power and Light Incorporated	2018	1
2	Guyana Oil Company Limited	2018	1
3	Guyana Oil Company Limited Consolidated	2018	1
4	GUYOIL Aviation Services Incorporated	2018	1
5	Guyana National Shipping Corporation Limited	2018	1
6	Guyana National Printers Limited	2017	1
7	Cheddi Jagan International Airport Corporation	2016 & 2017	2
8	Lethem Power Company Incorporated	2013 & 2014	2
Total			10

Unqualified Opinion - In-house

No.	Name of Entity	Year (s) of Audit	No. of Opinions
1	Power Producers and Distributors Incorporated	2018	1
2	Atlantic Hotel Incorporated	2015	1
Total			2

## AUDIT OF STATUTORY BODIES

1135. There are fifty-eight Statutory Bodies that are required under relevant Acts of Parliament to be audited. Of the fifty-eight entities, forty-eight audits had been finalised in respect of twenty-seven entities, of which twenty-one were executed under the contracting out arrangement and twenty-seven executed in-house. An analysis of the opinions issued in respect of the twenty-one contracted audits revealed that one was adverse, six were disclaimed, four were qualified and ten were unqualified. Of the opinions issued for the twenty-seven audits executed in-house, three were qualified and twenty-four were unqualified. The details are stated below.

### Adverse Opinion - Contracted Audit

No.	Name of Entity	Year (s) of Audit	Reasons for Adverse Opinion
1	Guyana Rice Development Board	2016	<p>Government and related entities liability balance of \$2.792 billion includes a balance of \$689.481M which could not be verified due to the absence of supporting documentation and confirmation.</p> <p>An amount of \$505.217M represents fertilizers sold by Guyana Rice Development Board to Guyana Sugar Corporation. This amount has not been settled nor was any provision made.</p>

Disclaimed Opinions - Contracted Audit

№.	Name of Entity	Year (s) of Audit	Reasons for Disclaimed Opinion
1	Guyana Civil Aviation Authority	2012-2016	<p>The Authority is unable to bill customers due to lack of billing information.</p> <p>A fixed assets register was not provided to support property, plant and equipment amounts for the years.</p> <p>Bank reconciliation statements and bank statements were not provided.</p> <p>The Authority practiced cash accounting for all contract costs incurred during the years.</p>
2	Guyana Lands and Surveys Commission	2012	<p>Accounts receivable and prepayments of \$439.168M included numerous balances totalling \$183.081M which were coming forward from previous years and were not settled. No impairment review was done.</p> <p>The assets register contained assets not owned by the Commission.</p> <p>No impairment review was done on property, plant and equipment.</p>

Qualified Opinions - Contracted Audit

No.	Name of Entity	Year (s) of Audit	Reasons for Qualified Opinion
1	Central Housing and Planning Authority	2017	The accuracy of the sum of \$164.4M consumed on housing projects could not be determined due to the absence of adequate records and poor controls surrounding the Stores operations.
2	National Agricultural Research & Extension Institute	2016	<p>Prior period error for biological assets(Plants) held by the Institute was not corrected. Supporting documents and explanation were not provided for Grant from foreign sources and revaluation of stock totalling \$52.239M.</p> <p>The Board, a body corporate and the Institute did not maintain separate records of transactions as required by the National Agricultural Research and Extension Institute Act 2010. The National Agricultural Research and Extension Institute Fund has not been established and vested in the Institute as required by Section 24 of the Act.</p>
3	University of Guyana Pension Scheme	2007	Sufficient appropriate audit evidence was not provided for payroll.
4	National Data Management Authority	2015	<p>Accounts receivable included an amount of \$27.25M due from the Ministry of Education from 2010 for which a provision for doubtful debts of \$10.90M was made. No information was provided to determine whether efforts were made to collect the debts and the basis used to determine the amount provided.</p> <p>The financial statements lack key disclosures and therefore are not in compliance with International Financial Reporting Standards (IFRSs).</p>

Unqualified Opinion - Contracted Audits

No.	Name of Entity	Year (s) of Audit	No. of Opinions
1	Guyana Gold Board	2017-2018	2
2	Guyana Energy Agency	2017	1
3	Guyana National Bureau of Standards	2013-2014	2
4	University of Guyana Pension Scheme	2008-2012	5
Total			10

Qualified Opinions - In-house

№.	Name of Entity	Year of Audit	Reasons for Qualified Opinion
1	Integrity Commission	2015	The suspense account was reduced by \$991,664, a movement which has not been justified with any evidence.
2	Guyana Revenue Authority	2014	<p>The Authority retained the sum of \$362.147M from capital and current subventions past the statutory deadline of 31 December 2014 and continued to make payments from these sums in 2015.</p> <p>\$700M was allocated from the 2014 appropriation for payment of refunds to taxpayers, but was received during the year 2015. This was accounted for as income in the year ended 31 December 2014.</p> <p>The sum of \$700M was shown as refund of revenue payments for the year ended 31 December 2014. However, these sums were expended out during 2015 but was observed as recorded in the cash book for the year 2014.</p>
3	Competition and Consumer Affairs Commission	2014	<p>Assets received from donor agencies were being utilised and generating economic benefits, but were not included in the figure of \$9.417M shown as non-current assets.</p> <p>No documentation was presented to ascertain ownership of the building the Commission currently occupies.</p>

Unqualified Opinions – In-house

No.	Name of Entity	Year (s) of Audit	No. of Opinions
1	Bank of Guyana	2018	1
2	Dependants Pension Fund	2018	1
3	Financial Intelligence Unit	2018	1
4	National Trust of Guyana	2018	1
5	Bank of Guyana Pension Scheme	2017 & 2018	2
6	Public Utilities Commission	2017	1
7	Pesticides and Toxic Chemicals Control Board	2017	1
8	Guyana Office for Investment	2017	1
9	Guyana National Broadcasting Authority	2016 & 2017	2
10	National Frequency Management Unit	2010-2017	8
11	Sugar Industry Labour Welfare Fund Committee	2015	1
12	Deeds and Commercial Registries Authority	2014 & 2015	2
13	Institute of Applied Science and Technology	2014	1
14	Protected Areas Commission	2013	1
Total			24

SUMMARY OF RECOMMENDATIONS – QUALIFIED OPINIONS

1136. 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 forty audit recommendations made in respect of the two qualified audit opinions issued for Public Enterprises.

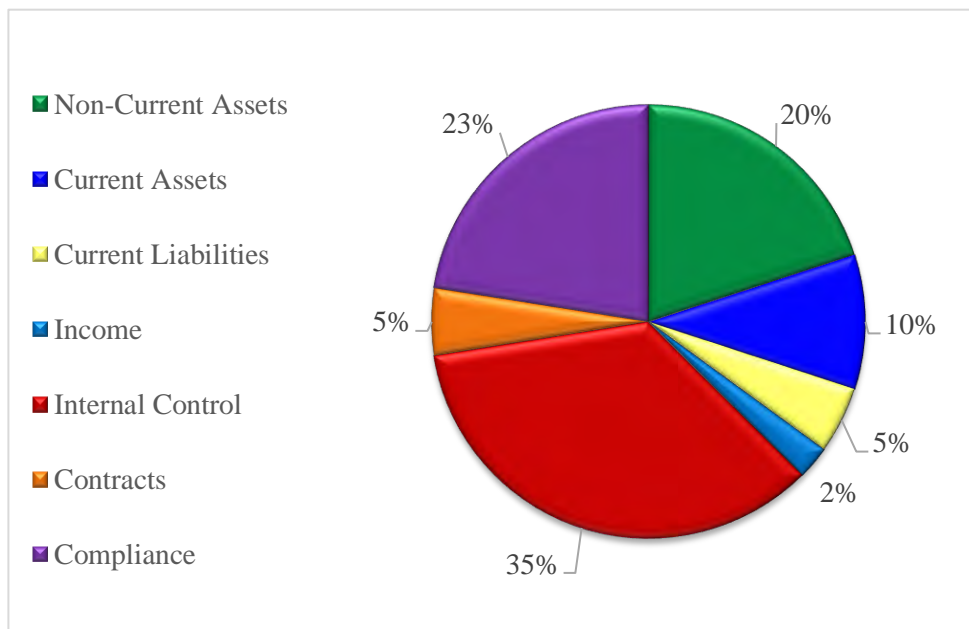


Figure (Source – Audit Reports)

- b. The Chart below gives an analysis of eighty-six audit recommendations made in respect of the seven qualified audit opinions issued for Statutory Bodies.

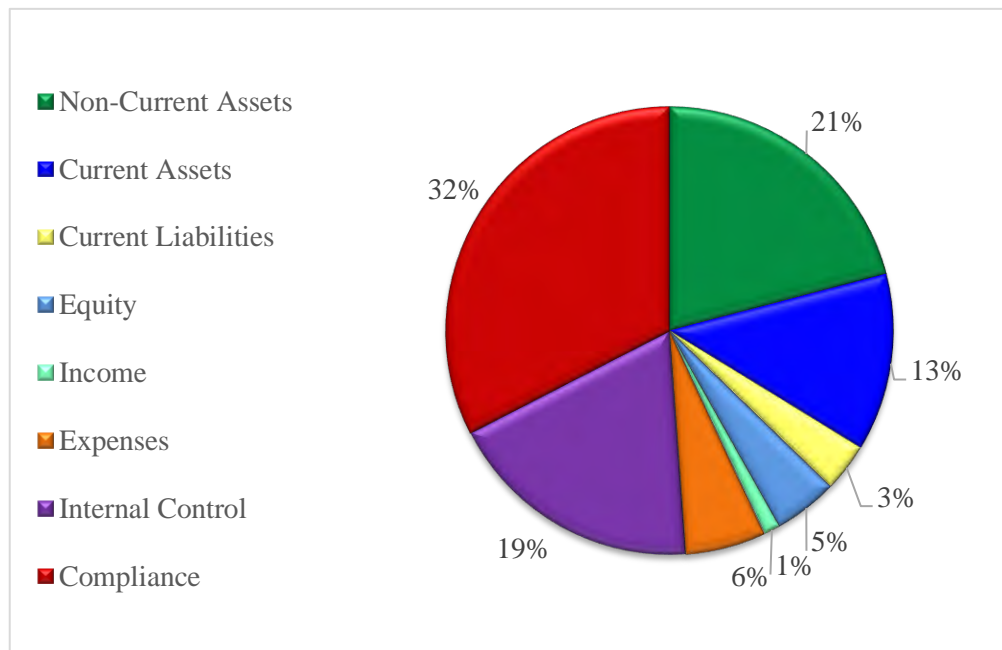


Figure (Source – Audit Reports)

### AUDIT OF TRADE UNIONS

1137. There are twenty-three Trade Unions that are required to be audited by the Audit Office. The Office finalised the audit for the Guyana Agricultural and General Workers Union for the year 2017, which was unqualified. At the time of reporting, the financial statements for sixteen Unions were significantly in arrears with financial statements outstanding for ten or more years.

### AUDIT OF FOREIGN FUNDED PROJECTS

1138. The Audit Office completed twenty-four audits of Foreign Funded Projects as shown below:

Name of Funding Agency	Year(s) of Audit	Type of Opinion	Nº. of Opinions
Inter-American Development Bank	2018	Unqualified	11
International Development Association	2018	Unqualified	5
CARICOM Development Fund	2018	Unqualified	1
United Nations Development Program	2018	Unqualified	3
Caribbean Development Bank	2017 & 2018	Unqualified	3
International Fund for Agricultural Development	2018	Unqualified	1
Total			24

### AUDIT OF NEIGHBOURHOOD DEMOCRATIC COUNCIL

1139. There are seventy Neighbourhood Democratic Council that are required to be audited by the Audit Office. Of the seventy Councils, twenty-nine audits had been finalised in respect of five Councils. An analysis of the opinions issued revealed that all were qualified. The details are stated below.

Nº.	Name of Neighbourhood Democratic Council	Year (s) of Audit	Reasons for Qualified Opinion
1	Canals Polder	2015 - 2017	Documentation to ascertain the value of fixed assets was not provided for audit scrutiny.
2	Aberdeen/Zorg-En-Vlygt	2010 - 2017	
3	Annandale/Riverstown	2010 - 2017	
4	Gibraltar/Fyrish	2011 - 2015	Debtors schedules were not produced for audit examination.
5	Kintyre/Borlam	2011 - 2015	



## AUDIT OF CONSTITUTIONAL AGENCIES

1140. There are sixteen Constitutional Agencies that are required to be audited by the Audit Office. The accounts of eleven of the sixteen 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
1	Judicial Service Commission	2015-2018	Unqualified	4
2	Public Procurement Commission	2017	Unqualified	1
3	Public/Police Service Commission	2017	Unqualified	1
4	Parliament Office	2017	Unqualified	1
5	Office of the Ombudsman	2015-2017	Unqualified	3
6	Public Service Appellate Tribunal	2015-2017	Unqualified	3
7	Teaching Service Commission	2015 & 2016	Unqualified	2
8	Human Rights Commission	2015	Unqualified	1
9	Women & Gender Equality Commission	2015	Unqualified	1
10	Rights of the Child Commission	2015	Unqualified	1
11	Indigenous Peoples Commission	2015	Unqualified	1
Total				19

## PERFORMANCE AUDIT

1141. Having given the mandate to conduct Performance/Value-for-Money Audit by way of Section 24 of the Audit Act 2004, a Performance Audit Division was set up in 2008 to perform such audits. Audit examinations are carried out to ascertain the extent to which public entities are applying their resources and conduct activities economically, efficiently and effectively and with due regards to ensuring effective internal control. In this regard, the Audit Office completed four performance audits, which were presented and laid before the National Assembly.

1142. The Audit Office is currently conducting performance audits on the areas listed below. These audits are expected to be completed and reported on during 2020.

- i. Follow-up on Review of the Old Age Pension Programme in Guyana.
- ii. An Assessment of the Management of Drugs and Medical Supplies at the Ministry of Public Health.
  - i. Management of Medical Waste at Hospitals.
  - ii. Receipt and Distribution of Text Books to Schools.
- iii. Review of Technical and Vocational Education and Training (TVET) - Outcome by Gender.
- iv. Preparedness for Marine Oil Spill Response.

## SPECIAL INVESTIGATIONS

1143. Seven special investigations/audits were finalised during the period October 2018 to September 2019, as listed below:

- i. Ministry of Social Protection – Board of Industrial Training, UCITC.
- ii. Ministry of Social Protection – Old age pension and public assistance, New Amsterdam and Corentyne.
- iii. Regional Democratic Council №. 8 – School Feeding Programme.
- iv. Ministry of Education - Outstanding advances from the Imprest Account.
- v. Ministry of Natural Resources - Missing Cheque Leaves.
- vi. Golden Grove/Diamond Place Neighbourhood Democratic Council – Various allegations.
- vii. Regional Democratic Council №. 6 – Awarding of contracts by Regional Tender Board.

1144. The following four special investigations/audits were at various stages:

- i. Ministry of Public Infrastructure – Durban Park Project.
- ii. Annandale/Riverstown Neighbourhood Democratic Council – Financial Irregularities.
- iii. Mayor and City Council Georgetown – Several irregularities.
- iv. Cheddi Jagan International Airport – Expansion Project.
- v. Demerara Harbour Bridge Corporation – Award of contract for feasibility study, New Demerara Harbour Bridge.

## ACKNOWLEDGEMENTS

1145. 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.

END OF YEAR BUDGET OUTCOME AND RECONCILIATION REPORT - REVENUE  
OF THE GOVERNMENT OF GUYANA  
FOR THE FISCAL YEAR ENDED 31 DECEMBER 2018

Reporting Object Group	Description	Approved Estimates	Actual Receipts Paid into Consolidated Fund	Variance	Actual Receipts Paid into Consolidated Fund
		2018	2018	2018	2017
		\$'000	\$'000	\$'000	\$'000
<b><u>CURRENT REVENUE</u></b>					
500	Customs and Trade Taxes	19,363,881	22,191,266	2,827,385	<b>18,889,985</b>
510	Internal Revenue	80,437,182	88,732,848	8,295,666	<b>76,513,743</b>
520	Stamp Duties	426,063	424,703	(1,360)	<b>386,735</b>
525	Other Tax Revenues	3,305	17	(3,288)	<b>313</b>
530	Fees and Fines	1,507,502	1,408,057	(99,445)	<b>1,368,460</b>
541	Interest	1,002,049	753,297	(248,752)	<b>1,001,934</b>
545	Rents and Royalties	4,632,828	4,311,778	(321,050)	<b>3,879,411</b>
555	Dividends and Transfers	11,200,000	8,532,282	(2,667,718)	<b>14,251,448</b>
560	Miscellaneous Receipts	1,717,241	2,800,240	1,082,999	<b>2,753,856</b>
590	Value Added Taxes	43,044,425	48,035,523	4,991,098	<b>42,422,904</b>
594	Excise Taxes	38,404,684	39,680,443	1,275,759	<b>33,458,566</b>
597	Miscellaneous Receipts	120,764	145,909	25,145	<b>132,958</b>
	<b>SUB TOTAL</b>	<b><u>201,859,924</u></b>	<b><u>217,016,363</u></b>	<b><u>15,156,439</u></b>	<b><u>195,060,313</u></b>
<b><u>CAPITAL REVENUE</u></b>					
570	Miscellaneous Capital Revenue	1,491,668	2,230,757	739,089	<b>759,373</b>
575	External Grants	9,227,095	7,573,261	(1,653,834)	<b>10,366,228</b>
580	External Loans	21,103,343	17,258,028	(3,845,315)	<b>17,286,112</b>
	<b>SUB TOTAL</b>	<b><u>31,822,106</u></b>	<b><u>27,062,046</u></b>	<b><u>(4,760,060)</u></b>	<b><u>28,411,713</u></b>
	<b>GRAND TOTAL</b>	<b><u>233,682,030</u></b>	<b><u>244,078,409</u></b>	<b><u>10,396,379</u></b>	<b><u>223,472,026</u></b>

MS. J. CHAPMAN  
ACCOUNTANT GENERAL

HON. WINSTON D. JORDAN  
MINISTER OF FINANCE

## Explanation of Significant differences between Estimates and out-turn of Revenue due to either

### Current Revenue

The Ministry of Finance explained that Central Government current receipts for 2018 surpassed the budgeted amount by \$15.2 billion. The main contributors were internal revenue, value added taxes, customs and trade taxes and excise taxes that exceeded the budgeted amount by \$8.3 billion, \$5.0 billion, \$2.8 billion and \$1.3 billion respectively.

The increase from the internal revenue category were withholding tax \$4.5 billion and personal income tax \$3.8 billion. The higher collections from withholding tax was on account of more companies making payments on overseas remittances. Personal income tax reported larger receipts on account of substantial arrears payment from self-employed individuals as well as additional initiatives that resulted in an additional 193 employers and 171 self-employed individuals making payments in 2018. Value-added taxes and excise taxes both recorded higher-than anticipated revenues of \$5.0 billion and \$1.3 billion respectively.

The increase was due to higher value of several categories of commodities imported and 208 more importers making VAT payments. Custom and trade taxes categories grew by \$2.8 billion reflecting higher revenue collections of import duties of \$2.3 billion and environmental levy of \$0.2 billion. However, dividends and transfers to consolidated fund declined by \$2.7 billion mainly on account of lower transferred amount by Guyana Geology and Mines Commission.

### Capital Revenue

The Ministry of Finance explained that Capital revenue reflected a negative variance of \$4.760 billion which was as a result of challenges faced in execution ranging from delays in fulfilling conditions precedent to disbursement to poor contractors' performance. Also, the gestation time between initiation of procurement for bilateral funded projects where procurement is done in donor country has proven very challenging in the period under review, for example the procurement of the ocean-going ferry from India

END OF YEAR BUDGET OUTCOME AND RECONCILIATION REPORT - CURRENT EXPENDITURES  
OF THE GOVERNMENT OF GUYANA  
FOR THE FISCAL YEAR ENDED 31 DECEMBER 2018

Agency No.	Description	Notes	Approved Allotment (Allotment 1) 2018	Actual Expenditure 2018	Over (Under) Approved Allotment 2018	Actual Expenditure 2017
			\$'000	\$'000	\$'000	\$'000
02	<b>Office of the Prime Minister</b>					
	1 Prime Minister's Secretariat		694,819	612,104	(82,715)	536,390
03	<b>Ministry of Finance</b>					
	1 Policy and Administration		14,333,246	14,251,418	(81,828)	13,248,269
	2 Public Financial Management		4,870,368	4,718,710	(151,658)	4,207,233
04	<b>Ministry of Foreign Affairs</b>					
	1 Development of Foreign Policy		1,686,251	1,850,984	164,733	2,035,455
	2 Foreign Policy Promotions		3,379,713	3,379,206	(507)	2,966,965
	3 Development of Foreign Trade Policy		23,476	37,388	13,912	19,654
05	<b>Ministry of the Presidency</b>					
	1 Policy Development and Administration		2,200,812	2,028,738	(172,074)	2,102,526
	2 Defence and National Security		298,766	268,456	(30,310)	234,790
	3 Public Service Management		1,256,271	1,516,958	260,687	1,200,486
	5 Citizenship and Immigration Service		574,928	380,824	(194,104)	364,365
	6 Social Cohesion		390,044	372,975	(17,069)	109,790
	7 Environmental Management and Compliance		897,947	894,857	(3,090)	666,572
	8 Cultural Preservation & Conservation		702,088	729,977	27,889	0
	9 Youth		784,248	743,572	(40,676)	0
	05A Sport		519,527	490,498	(29,029)	0
07	<b>Parliament Office</b>					
	1 National Assembly		1,482,100	1,460,949	(21,151)	1,430,316
08	<b>Audit Office of Guyana</b>					
	1 Audit Office of Guyana		766,357	766,357	0	722,068
09	<b>Public and Police Service Commission</b>					
	1 Public and Police Service Commission		92,140	92,012	(128)	85,707
10	<b>Teaching Service Commission</b>					
	1 Teaching Service Commission		114,742	91,076	(23,666)	80,640
11	<b>Elections Commission</b>					
	1 Elections Commission		2,739,910	2,739,452	(458)	1,626,969
17	<b>Ministry of Indigenous Peoples' Affairs</b>					
	1 Policy Development and Administration		1,036,686	951,990	(84,696)	931,831
21	<b>Ministry of Agriculture</b>					
	1 Ministry Administration		11,594,918	17,149,108	5,554,190	13,838,390
	3 Fisheries		146,773	154,864	8,091	142,778
	4 Hydrometeorological Services		514,345	498,689	(15,656)	539,129
25	<b>Ministry of Business</b>					
	1 Policy Development and Administration		256,921	258,947	2,026	237,162
	2 Business Development, Support and Promotion		640,842	576,340	(64,502)	461,009
	3 Consumer Protection		90,923	87,545	(3,378)	67,677
	4 Tourism Development and Promotion		377,348	362,217	(15,131)	318,223
26	<b>Ministry of Natural Resources</b>					
	1 Policy Development and Administration		318,310	294,498	(23,812)	333,896
	2 Natural Resource Management		334,394	318,342	(16,052)	17,512
	4 Petroleum Management		178,226	142,927	(35,299)	139,061
	C/F		53,297,438	58,221,978	4,924,540	48,664,863

Agency No.	Description	Notes	Approved Allotment (Allotment 1) 2018	Actual Expenditure 2018	Over (Under) Approved Allotment 2018	Actual Expenditure 2017
			\$'000	\$'000	\$'000	\$'000
	B/F		53,297,438	58,221,978	4,924,540	48,664,863
32	<b>Ministry of Public Infrastructure</b>					
	1	Policy Development and Administration	4,008,354	4,007,793	(561)	3,781,782
	2	Public Works	3,784,339	3,763,492	(20,847)	3,416,213
	3	Transport	86,361	86,292	(69)	70,885
33	<b>Ministry of Public Telecommunications</b>					
	1	Policy Development and Administration	224,882	210,714	(14,168)	233,012
	2	Public Telecommunications	1,837,568	1,837,568	-	1,668,029
	4	Industry Innovations	69,405	47,917	(21,488)	33,817
40	<b>Ministry of Education</b>					
	1	Policy Development and Administration	1,810,303	1,558,733	(251,570)	1,646,841
	2	Training and Development	1,951,413	1,833,197	(118,216)	1,773,798
	3	Nursery Education	1,999,706	1,871,300	(128,406)	1,519,020
	4	Primary Education	3,387,893	3,078,385	(309,508)	2,912,016
	5	Secondary Education	3,631,532	3,712,471	80,939	3,224,195
	6	Post-Secondary/Tertiary Education	4,335,451	4,097,392	(238,059)	3,918,346
	7	Cultural Preservation and Conservation	0	0	0	457,760
	8	Youth	0	0	0	224,950
	9	Sports	0	0	0	436,110
42	<b>Ministry of Communities</b>					
	1	Sustainable Communities Management	717,059	669,379	(47,680)	528,449
	2	Sustainable Communities Development	1,047,275	1,053,873	6,598	1,442,293
43	<b>Ministry of Public Health</b>					
	1	Policy Development and Administration	1,507,499	1,504,523	(2,976)	1,420,653
	2	Disease Control	1,828,558	1,818,522	(10,036)	1,596,999
	3	Family Health Care Services	1,081,488	1,064,717	(16,771)	992,248
	4	Regional and Clinical Services	14,756,570	14,705,577	(50,993)	13,647,437
	5	Health Sciences Education	618,809	575,355	(43,454)	592,590
	6	Standards and Technical Services	791,733	770,268	(21,465)	754,576
	7	Disability and Rehabilitation Services	362,839	340,104	(22,735)	339,346
49	<b>Ministry of Social Protection</b>					
	1	Policy Development and Administration	294,155	295,151	996	274,207
	2	Social Services	15,133,355	14,367,399	(765,956)	13,181,288
	3	Labour Administration	572,406	556,263	(16,143)	486,540
	4	Child Care and Protection	586,880	586,456	(424)	542,643
52	<b>Ministry of Legal Affairs</b>					
	1	Main Office	295,789	289,730	(6,059)	75,489
	2	Ministry Administration	63,941	64,022	81	59,615
	3	Attorney General's Chambers	493,847	264,927	(228,920)	385,078
	4	State Solicitor	13,519	19,928	6,409	25,813
53	<b>Guyana Defence Force</b>					
	1	Defence and Security Support	11,512,948	11,504,101	(8,847)	11,152,187
54	<b>Ministry of Public Security</b>					
	1	Policy Development and Administration	722,814	701,517	(21,297)	698,371
	2	Police Force	11,491,686	11,132,611	(359,075)	10,557,586
	3	Prison Service	1,837,954	1,874,802	36,848	1,844,974
	4	Police Complaints Authority	22,160	20,264	(1,896)	19,991
	5	Fire Service	1,235,522	1,215,300	(20,222)	1,052,438
	6	Customs Anti Narcotics Unit	226,405	222,024	(4,381)	198,861
55	<b>Supreme Court of Judicature</b>					
	1	Supreme Court of Judicature	1,564,354	1,729,954	165,600	1,547,678
	C/F		149,204,209	151,673,999	2,469,790	137,398,987

Agency No.	Description	Notes	Approved Allotment (Allotment 1) 2018	Actual Expenditure 2018	Over (Under) Approved Allotment 2018	Actual Expenditure 2017
			\$'000	\$'000	\$'000	\$'000
	B/F		149,204,209	151,673,999	2,469,790	137,398,987
56	<b>Public Prosecutions</b>					
	1 Public Prosecutions		160,290	160,244	(46)	153,969
57	<b>Office of the Ombudsman</b>					
	1 Ombudsman		56,144	56,121	(23)	48,311
58	<b>Public Service Appellate Tribunal</b>					
	1 Public Service Appellate Tribunal		46,884	46,884	0	30,016
59	<b>Ethnic Relations Commission</b>					
	1 Ethnic Relations Commission		86,534	115,785	29,251	50,598
60	<b>Judicial Service Commission</b>					
	1 Judicial Service Commission		10,020	9,981	(39)	10,020
61	<b>Rights Commission</b>					
	1 Rights Commission		141,596	131,411	(10,185)	113,397
62	<b>Public Procurement Commission</b>					
	1 Public Procurement Commission		169,786	169,781	(5)	110,373
71	<b>Region 1 - Barima/Waini</b>					
	1 Regional Administration & Finance		186,752	187,297	545	178,365
	2 Public Infrastructure		297,269	291,591	(5,678)	283,958
	3 Education Delivery		1,172,707	1,175,684	2,977	1,144,980
	4 Health Services		640,027	639,105	(922)	627,193
72	<b>Region 2 - Pomeroon/Supenaam</b>					
	1 Regional Administration & Finance		209,096	204,173	(4,923)	200,947
	2 Agriculture		355,991	346,721	(9,270)	325,286
	3 Public Infrastructure		129,190	126,426	(2,764)	145,710
	4 Education Delivery		1,961,523	1,933,183	(28,340)	1,686,746
	5 Health Services		890,510	841,770	(48,740)	795,137
73	<b>Region 3 - Essequibo Islands/West Demerara</b>					
	1 Regional Administration & Finance		205,770	206,995	1,225	200,427
	2 Agriculture		361,246	360,971	(275)	328,731
	3 Public Infrastructure		131,640	127,791	(3,849)	106,017
	4 Education Delivery		2,750,002	2,969,859	219,857	2,618,651
	5 Health Services		1,270,480	1,269,448	(1,032)	1,261,662
74	<b>Region 4 - Demerara/Mahaica</b>					
	1 Regional Administration & Finance		193,645	216,553	22,908	197,115
	2 Agriculture		351,015	353,091	2,076	347,396
	3 Public Infrastructure		138,595	140,517	1,922	132,200
	4 Education Delivery		3,821,824	4,043,152	221,328	3,511,615
	5 Health Services		1,216,175	1,242,553	26,378	1,042,906
75	<b>Region 5 - Mahaica/Berbice</b>					
	1 Regional Administration & Finance		174,081	168,329	(5,752)	144,610
	2 Agriculture		212,193	223,737	11,544	198,263
	3 Public Infrastructure		174,377	178,455	4,078	155,962
	4 Education Delivery		1,600,326	1,547,113	(53,213)	1,462,003
	5 Health Services		688,886	698,910	10,024	625,125
76	<b>Region 6 - East Berbice/Corentyne</b>					
	1 Regional Administration & Finance		146,841	151,458	4,617	150,145
	2 Agriculture		724,076	736,841	12,765	692,410
	3 Public Infrastructure		262,006	269,121	7,115	242,594
	4 Education Delivery		3,129,258	3,197,450	68,192	2,799,159
	5 Health Services		1,656,179	1,682,626	26,447	1,651,569
	C/F		174,927,143	177,895,126	2,967,983	161,172,553

Agency No.	Description	Notes	Approved Allotment (Allotment 1) 2018	Actual Expenditure 2018	Over (Under) Approved Allotment 2018	Actual Expenditure 2017
			\$'000	\$'000	\$'000	\$'000
	B/F		174,927,143	177,895,126	2,967,983	161,172,553
77	<b>Region 7 - Cuyuni/Mazaruni</b>					
	1	Regional Administration & Finance	267,750	274,790	7,040	231,571
	2	Public Infrastructure	168,334	163,127	(5,207)	151,275
	3	Education Delivery	1,294,982	1,266,658	(28,324)	1,162,563
	4	Health Services	557,271	557,345	74	502,201
78	<b>Region 8 - Potaro/Siparuni</b>					
	1	Regional Administration & Finance	134,773	126,793	(7,980)	126,787
	2	Public Infrastructure	177,627	140,744	(36,883)	186,721
	3	Education Delivery	923,549	778,995	(144,554)	738,765
	4	Health Services	316,276	261,054	(55,222)	289,658
	5	Agriculture	22,351	16,626	(5,725)	19,201
79	<b>Region 9 - Upper Takatu/Upper Essequibo</b>					
	1	Regional Administration & Finance	186,252	177,177	(9,075)	168,123
	2	Agriculture	40,520	39,514	(1,006)	37,129
	3	Public Infrastructure	189,779	194,523	4,744	172,332
	4	Education Delivery	1,049,437	1,053,638	4,201	927,063
	5	Health Services	459,043	458,995	(48)	403,866
80	<b>Region 10 - Upper Demerara/Berbice</b>					
	1	Regional Administration & Finance	205,867	211,192	5,325	204,257
	2	Public Infrastructure	218,250	218,114	(136)	192,728
	3	Education Delivery	1,969,031	2,011,399	42,368	1,766,565
	4	Health Services	564,630	571,034	6,404	549,278
	<b>SUB TOTAL</b>		<b>183,672,865</b>	<b>186,416,844</b>	<b>2,743,979</b>	<b>169,002,636</b>
	<b>STATUTORY</b>					
03	Ministry of Finance		4,662,000	4,657,986	(4,014)	4,330,677
05	Ministry of Presidency		24,063	23,650	(413)	23,650
54	Ministry of Public Security		20,592	3,048	(17,544)	16,519
90	Public Debt		19,011,828	17,729,929	(1,281,899)	14,828,323
	<b>SUB TOTAL</b>		<b>23,718,483</b>	<b>22,414,613</b>	<b>(1,303,870)</b>	<b>19,199,169</b>
	<b>TOTAL PAYMENTS</b>		<b>207,391,348</b>	<b>208,831,457</b>	<b>1,440,109</b>	<b>188,201,805</b>

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ACCOUNTANT GENERAL

HON. WINSTON D. JORDAN  
MINISTER OF FINANCE



**End of Year Budget Outcome and Reconciliation Report Expenditure - Expenditure of the Government of Guyana for the Fiscal Year Ended 31 December 2018**

Current Expenditure

Central Government current expenditure was \$1.4 billion above the 2018 budget allocation. This resulted from supplementary provision of \$7.418 billion, of which \$3.9 billion was allocated to Guyana Sugar Corporation (GuySuCo) for the disbursement of severance payment to former workers and \$1.2 billion to the National Drainage and Irrigation Authority for additional works.

Spending within the statutory category was \$1.3 billion below the \$23.7 billion that was budgeted in 2018.

Public debt accounted for 98.3 percent or \$1.28 billion of the unspent balance. The Debt Management Division (DMD) usually makes provisions in the Budget to service the debt of the Non-Paris Club Creditors if a debt settlement agreement is reached. These payments do not usually materialise and therefore enlarged the variances between the budgeted and revised debt service numbers.

END OF YEAR BUDGET OUTCOME AND RECONCILIATION REPORT - CAPITAL EXPENDITURES  
OF THE GOVERNMENT OF GUYANA  
FOR THE FISCAL YEAR ENDED 31 DECEMBER 2018

Agency No.	Description	Notes	Approved Allotment (Allotment 1) 2018	Actual Expenditure 2018	Over (Under) Approved Allotment 2018	Actual Expenditure 2017
			\$'000	\$'000	\$'000	\$'000
02	<b>Office of the Prime Minister</b>					
1	Prime Minister's Secretariat		145,000	144,727	(273)	294,990
03	<b>Ministry of Finance</b>					
1	Policy and Administration		4,297,064	4,271,157	(25,907)	3,420,926
2	Public Financial Management		130,151	130,065	(86)	115,735
04	<b>Ministry of Foreign Affairs</b>					
1	Development of Foreign Policy		212,000	162,011	(49,989)	119,780
2	Foreign Policy Promotions		275,709	266,978	(8,731)	87,922
3	Development of Foreign Trade Policy		0	0	0	960
05	<b>Ministry of the Presidency</b>					
1	Policy Development and Administration		456,417	412,989	(43,428)	498,714
2	Defence and National Security		82,719	40,399	(42,320)	57,243
3	Public Service Management		113,850	131,696	17,846	101,869
5	Citizenship and Immigration Services		67,100	66,857	(243)	180,535
6	Social Cohesion		3,500	3,432	(68)	1,977
7	Environmental Management & Compliance		237,900	108,030	(129,870)	322,294
8	Cultural Preservation & Conservation		250,224	134,810	(115,414)	0
9	Youth		320,000	294,926	(25,074)	0
05A	Sport		304,949	226,043	(78,906)	0
07	<b>Parliament Office</b>					
1	National Assembly		96,000	55,460	(40,540)	75,502
08	<b>Audit Office of Guyana</b>					
1	Audit Office of Guyana		17,519	17,519	0	32,728
09	<b>Public and Police Service Commission</b>					
1	Public and Police Service Commission		3,000	2,995	(5)	4,225
10	<b>Teaching Service Commission</b>					
1	Teaching Service Commission		10,416	9,469	(947)	14,864
11	<b>Elections Commission</b>					
1	Elections Commission		160,090	148,060	(12,030)	120,000
17	<b>Ministry of Indigenous Peoples' Affairs</b>					
1	Policy Development and Administration		1,183,274	1,161,091	(22,183)	1,331,382
21	<b>Ministry of Agriculture</b>					
1	Ministry Administration		2,454,670	2,173,231	(281,439)	2,288,663
2	Crops and Livestock Support Services		2,071,230	1,398,068	(673,162)	1,302,092
3	Fisheries		55,500	55,448	(52)	26,171
4	Hydrometeorological Services		21,217	20,722	(495)	32,591
25	<b>Ministry of Business</b>					
1	Policy Development and Administration		89,550	38,635	(50,915)	30,403
2	Business Development, Support and Promotion		709,328	749,607	40,279	567,320
3	Consumer Protection		0	0	0	1,490
4	Tourism Development & Promotion		500	500	0	10,287
26	<b>Ministry of Natural Resources</b>					
1	Policy Development & Administration		279,100	371,901	92,801	298,760
C/F			<u>14,047,977</u>	<u>12,596,826</u>	<u>(1,451,151)</u>	<u>11,339,423</u>

Agency No.	Description	Notes	Approved Allotment (Allotment 1) 2018	Actual Expenditure 2018	Over (Under) Approved Allotment 2018	Actual Expenditure 2017
			\$'000	\$'000	\$'000	\$'000
	C/F		14,047,977	12,596,826	(1,451,151)	11,339,423
32	<b>Ministry of Public Infrastructure</b>					
	1	Policy Development and Administration	2,702,934	2,558,464	(144,470)	3,061,074
	2	Public Works	14,956,603	15,235,417	278,814	16,430,569
	3	Transport	6,526,569	5,869,009	(657,560)	9,873,179
33	<b>Ministry of Public Telecommunications</b>					
	1	Policy Development and Administration	5,605	5,603	(2)	750
	2	Public Telecommunications	2,557,125	2,447,443	(109,682)	354,214
	4	Industry Innovations	1,476	1,437	(39)	2,955
40	<b>Ministry of Education</b>					
	1	Policy Development and Administration	309,784	155,717	(154,067)	47,755
	2	Training and Development	133,805	118,626	(15,179)	106,437
	3	Nursery Education	107,906	108,609	703	199,773
	4	Primary Education	102,782	66,113	(36,669)	152,581
	5	Secondary Education	1,321,031	871,939	(449,092)	618,732
	6	Post Secondary/Tertiary Education	895,645	326,738	(568,907)	931,776
	7	Cultural Preservation and Conservation	0	0	0	85,735
	8	Youth	0	0	0	239,597
	9	Sports	0	0	0	306,814
42	<b>Ministry of Communities</b>					
	1	Sustainable Communities Management	1,052,320	1,030,052	(22,268)	1,021,981
	2	Sustainable Communities Development	3,699,000	3,238,771	(460,229)	3,308,052
43	<b>Ministry of Public Health</b>					
	1	Policy Development and Administration	281,500	193,640	(87,860)	261,208
	2	Disease Control	355,864	333,780	(22,084)	488,180
	3	Family Health Care Services	233,000	177,176	(55,824)	51,695
	4	Regional & Clinical Services	1,498,366	1,003,904	(494,462)	883,141
	5	Health Sciences Education	42,231	33,443	(8,788)	57,239
	6	Standards & Technical Services	61,500	60,408	(1,092)	4,471
	7	Disability and Rehabilitation Services	36,000	27,847	(8,153)	10,351
49	<b>Ministry of Social Protection</b>					
	1	Policy Development and Administration	174,561	127,111	(47,450)	136,960
	2	Social Services	57,196	132,701	75,505	63,552
	3	Labour Administration	4,000	3,636	(364)	19,397
	4	Child Care and Protection	165,500	159,334	(6,166)	83,480
52	<b>Ministry of Legal Affairs</b>					
	1	Main Office	195,000	143,570	(51,430)	69,605
	2	Ministry Administration	719	718	(1)	14,995
	3	Attorney General's Chambers	4,000	3,997	(3)	0
	4	State Solicitor	494	494	0	1,424
53	<b>Guyana Defence Force</b>					
	1	Defence & Security Support	539,910	1,023,863	483,953	844,786
54	<b>Ministry of Public Security</b>					
	1	Policy and Development and Administration	452,500	545,641	93,141	659,892
	2	Police Force	688,216	593,693	(94,523)	880,161
	3	Prison Service	1,686,000	1,209,796	(476,204)	1,498,845
	4	Police Complaints Authority	690	683	(7)	4,679
	5	Fire Service	318,981	346,922	27,941	314,803
	6	Customs Anti Narcotics Unit	10,000	9,997	(3)	119,662
55	<b>Supreme Court of Judicature</b>					
	1	Supreme Court of Judicature	310,376	310,376	0	248,800
	C/F		55,537,166	51,073,494	(4,463,672)	54,798,723

Agency No.	Description	Notes	Approved Allotment (Allotment 1) 2018	Actual Expenditure 2018	Over (Under) Approved Allotment 2018	Actual Expenditure 2017
			\$'000	\$'000	\$'000	\$'000
	B/F		55,537,166	51,073,494	(4,463,672)	54,798,723
56	<b>Public Prosecutions</b>					
1	Public Prosecutions		14,000	11,811	(2,189)	3,166
57	<b>Office of the Ombudsman</b>					
1	Ombudsman		1,669	1,669	0	0
58	<b>Public Service Appellate Tribunal</b>					
1	Public Service Appellate Tribunal		5,000	2,915	(2,085)	4,546
59	<b>Ethnic Relations Commission</b>					
1	Ethnic Relations Commission		0	0	0	1,474
61	<b>Rights Commission of Guyana</b>					
1	Rights Commission of Guyana		1,030	1,012	(18)	5,447
62	<b>Public Procurement Commission</b>					
1	Public Procurement Commission		7,880	7,880	0	27,946
71	<b>Region 1 - Barima/Waini</b>					
1	Regional Administration & Finance		14,500	12,177	(2,323)	25,931
2	Public Infrastructure		107,000	94,088	(12,912)	49,891
3	Education Delivery		118,200	103,814	(14,386)	123,507
4	Health Services		110,300	98,947	(11,353)	121,336
72	<b>Region 2 - Pomeroon/Supenaam</b>					
1	Regional Administration & Finance		46,270	45,968	(302)	15,651
2	Agriculture		40,000	39,649	(351)	45,882
3	Public Infrastructure		68,230	68,214	(16)	67,573
4	Education Delivery		193,800	116,219	(77,581)	157,887
5	Health Services		112,700	112,619	(81)	143,914
73	<b>Region 3 - Essequibo Islands/West Demerara</b>					
1	Regional Administration & Finance		11,499	11,496	(3)	17,085
2	Agriculture		109,000	108,958	(42)	48,692
3	Public Infrastructure		119,129	118,929	(200)	64,983
4	Education Delivery		149,871	149,870	(1)	179,050
5	Health Services		74,500	74,471	(29)	109,451
74	<b>Region 4 - Demerara/Mahaica</b>					
1	Regional Administration & Finance		17,635	17,634	(1)	27,560
2	Agriculture		45,800	45,800	0	44,100
3	Public Infrastructure		90,000	90,000	0	79,530
4	Education Delivery		259,408	259,407	(1)	262,764
5	Health Services		99,065	99,056	(9)	88,292
75	<b>Region 5 - Mahaica/Berbice</b>					
1	Regional Administration & Finance		2,200	2,197	(3)	13,246
2	Agriculture		59,800	59,570	(230)	76,925
3	Public Infrastructure		155,450	155,172	(278)	107,081
4	Education Delivery		144,950	144,941	(9)	94,900
5	Health Services		52,600	52,424	(176)	104,248
76	<b>Region 6 - East Berbice/Corentyne</b>					
1	Regional Administration & Finance		13,580	13,560	(20)	11,197
2	Agriculture		117,209	117,149	(60)	106,880
3	Public Infrastructure		141,400	141,400	0	149,999
4	Education Delivery		109,511	109,509	(2)	96,800
5	Health Services		162,500	162,500	0	148,000
C/F			58,312,852	53,724,519	(4,588,333)	57,423,657

Agency No.	Description	Notes	Approved Allotment (Allotment 1) 2018	Actual Expenditure 2018	Over (Under) Approved Allotment 2018	Actual Expenditure 2017
			\$'000	\$'000	\$'000	\$'000
	C/F		58,312,852	53,724,519	(4,588,333)	57,423,657
77	<b>Region 7 - Cuyuni/Mazaruni</b>					
1	Regional Administration & Finance		16,744	14,474	(2,270)	1,748
2	Public Infrastructure		54,000	52,516	(1,484)	30,565
3	Education Delivery		120,700	114,266	(6,434)	111,290
4	Health Services		63,788	57,736	(6,052)	80,217
78	<b>Region 8 - Potaro/Siparuni</b>					
1	Regional Administration & Finance		2,100	1,584	(516)	10,107
2	Public Infrastructure		110,465	99,311	(11,154)	45,561
3	Education Delivery		58,300	67,318	9,018	64,166
4	Health Services		54,400	46,034	(8,366)	92,154
5	Agriculture		1,000	0	(1,000)	3,600
79	<b>Region 9 - Upper Takatu/Upper Essequibo</b>					
1	Regional Administration & Finance		48,015	48,012	(3)	41,396
2	Agriculture		43,350	43,039	(311)	20,598
3	Public Infrastructure		139,708	139,437	(271)	145,099
4	Education Delivery		111,549	109,436	(2,113)	105,845
5	Health Services		104,652	104,625	(27)	74,203
80	<b>Region 10 - Upper Demerara/Berbice</b>					
1	Regional Administration & Finance		96,100	67,360	(28,740)	58,075
2	Public Infrastructure		104,300	99,441	(4,859)	170,428
3	Education Delivery		162,000	153,790	(8,210)	79,665
4	Health Services		98,400	76,512	(21,888)	59,881
<b>TOTAL PAYMENTS</b>			<b>59,702,423</b>	<b>55,019,410</b>	<b>(4,683,013)</b>	<b>58,618,255</b>

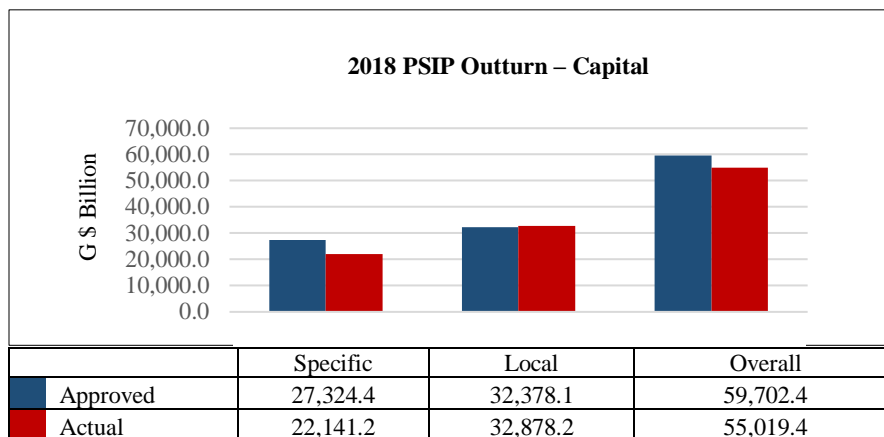
MS. JENNIFER CHAPMAN  
ACCOUNTANT GENERAL

HON. WINSTON D. JORDAN  
MINISTER OF FINANCE

**END OF YEAR BUDGET OUTCOME AND RECONCILIATION REPORT  
CAPITAL EXPENDITURE  
FOR THE FISCAL YEAR ENDED DECEMBER 31 2018**

Figures are in G\$ '000

Details	Approved	Actual	Variance	Actual / Approved Allotment %
Specific	27,324.350	22,141.211	(5,183.139)	81
Loans	21,103.343	17,249.432	(3,853.911)	81.7
Grants	6,221.007	4,891.780	(1,329.227)	78.6
Local	32,378.073	32,878.196	500.123	101.5
Total	59,702.423	55,019.407	(4,683.016)	92.2



Central government capital expenditure for 2018 recorded an overall implementation rate of 92.2% of the approved allotment of \$59.7 billion, slightly below the recorded outturn of \$58.6 billion recorded in 2017. The 2018 performance was driven by continued strong performance on the domestically financed PSIP due fundamentally to better monitoring of projects and programmes throughout the procurement cycle, as well as reprioritisation of critical investment after initial projected under-expenditure for some projects and programmes.

Further on our donor supported portfolio of projects, an overall execution rate of 81.1% was recorded of the allotted \$27.3 billion, a reduction from the full implementation during the 2017 review. It is noteworthy that in 2017, keys foreign funded projects were close to the end of project life cycle, hence a peak in execution compared to 2018 where newer projects are commencing implementation and hurdles of securing project financing continued to plague implementation, particularly with reference to our bilateral partners.

The 2018's outturn was closely correlated with the use of a project specific monitoring tool - the PSIP Monitoring Report, the use of procurement plans to guide the setting of targets and projections, and the Cabinet Ministerial Conferences aimed at resolving bottlenecks affecting the performance of the Public Sector Investment Programme.

Also, this performance was aided by approved supplementary provisions in the areas including public infrastructure, drainage and irrigation, water, education and national security and defense. These supplementary allocations did not affect the overall fiscal stance projected in budget 2018 but reprioritized potential under-expenditure to key areas based on emergency and critical expenditure needs of the sectors.

Noteworthy, while the overall performance is as outlined above there were some areas where performance surpassed and others that fell below planned targets as detailed below:

**On the Donor-Financed PSIP:**

Line Item	Description	Agency	Projects	Approved	Actual	Variance	Reasons
				G\$ Million			
<b>LOAN</b>							
5811	CDB	40-MoE	Skills Development and Employ ability Project	300	0	(300)	Delays in site identification for hospitality institute. Upgrading of PIC/PIDs - bid price exceeded engineers estimates resulted in reprioritisation of interventions.
5813	IDA	40-MoE	Secondary Education Improvement Project	700	330	(370)	Delays in award of contracts for construction of 2 secondary schools after lengthy design review process.
		21-MoA	Flood Risk Management Project	800	470	(330)	Shortfall due to exchange rate loss in SDR to US\$.
5814	IDB	32-MoPI	Road Network & Expansion Project	2,500	1,492	(1,008)	Slow progress on Sheriff street and delays in startup of reprogrammed housing component
		21 - MoA	Sustainable Agriculture Development Project	600	136	(464)	Delays in agriculture census.
5818	INDIA	32-MoPI	Ferry Vessel	1,133	-	(1,133)	Delays in award of contract for the construction an ocean going ferry.
<b>GRANT</b>							
5763	CDB	32-MoPI	Linden-Mabura Road & Kurupukari Bridge	224	-	(224)	Delays in award of contract for consultancy.

STATEMENT OF RECEIPTS AND PAYMENTS  
OF THE CONSOLIDATED FUND (CURRENT) FOR THE GOVERNMENT OF GUYANA  
FOR THE FISCAL YEAR ENDED 31 DECEMBER 2018

RECEIPTS

Reporting Object Group	Description	Approved	Actual Receipts Paid into Consolidated	Variance	Actual Receipts Paid into Consolidated
		Estimates 2018	Fund 2018	2018	Fund 2017
		\$'000	\$'000	\$'000	\$'000
500	Customs and Trade Taxes	19,363,881	22,191,266	2,827,385	18,889,985
510	Internal Revenue	80,437,182	88,732,848	8,295,666	76,513,743
520	Stamp Duties	426,063	424,703	(1,360)	386,735
525	Other Tax Revenues	3,305	17	(3,288)	313
530	Fees and Fines	1,507,502	1,408,057	(99,445)	1,368,460
541	Interest	1,002,049	753,297	(248,752)	1,001,934
545	Rents and Royalties	4,632,828	4,311,778	(321,050)	3,879,411
555	Dividends and Transfers	11,200,000	8,532,282	(2,667,718)	14,251,448
560	Miscellaneous Receipts	1,717,241	2,800,240	1,082,999	2,753,856
590	Value Added Taxes	43,044,425	48,035,523	4,991,098	42,422,904
594	Excise Tax	38,404,684	39,680,443	1,275,759	33,458,566
597	Miscellaneous	120,764	145,909	25,145	132,958
<b>SUB TOTAL</b>		<b>201,859,924</b>	<b>217,016,363</b>	<b>15,156,439</b>	<b>195,060,313</b>
<b>OTHER RECEIPTS</b>					
Treasury Bills			<u>80,647,746</u>		<u>99,593,080</u>
<b>TOTAL RECEIPTS</b>			<b><u>297,664,109</u></b>		<b><u>294,653,393</u></b>

PAYMENTS

Agency No.	Description	Revised	Outstanding	Total Funds	Drawing Rights	Actual	Actual
		Allotment 2018	Fund Advances 2018	Available 2018	(Allotment 2) 2018	Expenditure 2018	Expenditure 2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>CURRENT</b>							
02	<b>Office of the Prime Minister</b>						
1	Prime Minister's Secretariat	694,819	0	694,819	693,509	612,104	536,390
03	<b>Ministry of Finance</b>						
1	Policy and Administration	14,327,746	0	14,327,746	14,327,418	14,251,418	13,248,269
2	Public Financial Management	4,875,868	0	4,875,868	4,875,858	4,718,710	4,207,233
04	<b>Ministry of Foreign Affairs</b>						
1	Development of Foreign Policy	2,456,559	0	2,456,559	2,456,559	1,850,984	2,035,455
2	Foreign Policy Promotion	3,379,713	0	3,379,713	3,379,713	3,379,206	2,966,965
3	Development of Foreign Trade Policy	41,217	0	41,217	41,217	37,388	19,654
05	<b>Ministry of the Presidency</b>						
1	Policy Development and Administration	2,140,812	0	2,140,812	2,036,660	2,028,738	2,102,526
2	Defence and National Security	317,976	0	317,976	317,976	268,456	234,790
3	Public Service Management	1,520,985	0	1,520,985	1,520,985	1,516,958	1,200,486
5	Citizenship and Immigration Services	465,928	0	465,928	399,092	380,824	364,365
6	Social Cohesion	374,630	0	374,630	374,630	372,975	109,790
7	Environmental Management & Compliance	897,947	0	897,947	897,947	894,857	666,572
8	Cultural Preservation & Conservation	741,043	0	741,043	741,043	729,977	0
9	Youth	783,517	0	783,517	783,517	743,572	0
05A	Sport	496,717	0	496,717	496,717	490,498	0
C/F		<u>33,515,477</u>	<u>0</u>	<u>33,515,477</u>	<u>33,342,841</u>	<u>32,276,665</u>	<u>27,692,495</u>



**PAYMENTS**

Agency No.	Description	Revised Allotment 2018	Outstanding Contingency Fund Advances 2018	Total Funds Available 2018	Drawing Rights (Allotment 2) 2018	Actual Expenditure 2018	Actual Expenditure 2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	C/F	33,515,477	0	33,515,477	33,342,841	32,276,665	27,692,495
07	<b>Parliament Office</b>						
	1 National Assembly	1,482,100	0	1,482,100	1,482,100	1,460,949	1,430,316
08	<b>Audit Office of Guyana</b>						
	1 Audit Office of Guyana	766,357	0	766,357	766,357	766,357	722,068
09	<b>Public Police Service Commission</b>						
	1 Public Police Service Commission	92,140	0	92,140	92,140	92,012	85,707
10	<b>Teaching Service Commission</b>						
	1 Teaching Service Commission	114,742	0	114,742	114,742	91,076	80,640
11	<b>Elections Commission</b>						
	1 Elections Commission	2,739,910	0	2,739,910	2,739,910	2,739,452	1,626,969
17	<b>Ministry of Indigenous Peoples' Affairs</b>						
	1 Policy Development and Administration	1,036,686	0	1,036,686	1,036,686	951,990	931,831
21	<b>Ministry of Agriculture</b>						
	1 Ministry Administration	17,161,358	0	17,161,358	17,161,358	17,149,108	13,838,390
	3 Fisheries Division	162,333	0	162,333	162,333	154,864	142,778
	4 Hydrometeorological Services	514,345	0	514,345	514,345	498,689	539,129
25	<b>Ministry of Business</b>						
	1 Policy Development and Administration	264,429	0	264,429	262,939	258,947	237,162
	2 Business Development, Support & Promotion	633,334	0	633,334	630,652	576,340	461,009
	3 Consumer Protection	90,923	0	90,923	89,794	87,545	67,677
	4 Tourism Development & Promotion	377,348	0	377,348	377,348	362,217	318,223
26	<b>Ministry of Natural Resources</b>						
	1 Policy Development and Administration	322,947	0	322,947	312,621	294,498	333,896
	2 Natural Resource Management	329,757	0	329,757	329,757	318,342	17,512
	4 Petroleum Management	178,226	0	178,226	178,226	142,927	139,061
32	<b>Ministry of Public Infrastructure</b>						
	1 Policy Development and Administration	4,008,354	0	4,008,354	4,008,354	4,007,793	3,781,782
	2 Public Works	3,784,339	0	3,784,339	3,784,339	3,763,492	3,416,213
	3 Transport	86,361	0	86,361	86,361	86,292	70,885
33	<b>Ministry of Public Telecommunications</b>						
	1 Policy Development and Administration	224,882	0	224,882	224,598	210,714	233,012
	2 Public Telecommunications	1,837,568	0	1,837,568	1,837,568	1,837,568	1,668,029
	4 Industry Innovations	69,405	0	69,405	69,404	47,917	33,817
40	<b>Ministry of Education</b>						
	1 Policy Development and Administration	1,675,098	0	1,675,098	1,675,098	1,558,733	1,646,841
	2 Training and Development	1,974,172	0	1,974,172	1,974,172	1,833,197	1,773,798
	3 Nursery Education	2,039,483	0	2,039,483	2,039,483	1,871,300	1,519,020
	4 Primary Education	3,403,578	0	3,403,578	3,403,578	3,078,385	2,912,016
	5 Secondary Education	3,768,844	0	3,768,844	3,768,844	3,712,471	3,224,195
	6 Post Secondary/Tertiary Education	4,255,123	0	4,255,123	4,255,123	4,097,392	3,918,346
	7 Cultural Preservation and Conservation	0	0	0	0	0	457,760
	8 Youth	0	0	0	0	0	224,950
	9 Sports	0	0	0	0	0	436,110
42	<b>Ministry of Communities</b>						
	1 Sustainable Communities Management	706,204	0	706,204	706,204	669,379	528,449
	2 Sustainable Communities Development	1,058,130	0	1,058,130	1,058,021	1,053,873	1,442,293
	C/F	88,673,953	0	88,673,953	88,485,296	86,050,484	75,952,379

**PAYMENTS**

Agency No.	Description	Revised Allotment 2018	Outstanding Contingency Fund Advances 2018	Total Funds Available 2018	Drawing Rights (Allotment 2) 2018	Actual Expenditure 2018	Actual Expenditure 2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	B/F	88,673,953	0	88,673,953	88,485,296	86,050,484	75,952,379
<b>43</b>	<b>Ministry of Public Health</b>						
	1 Policy Development and Administration	1,519,482	0	1,519,482	1,519,482	1,504,523	1,420,653
	2 Disease Control	1,835,055	0	1,835,055	1,835,055	1,818,522	1,596,999
	3 Family Health Care Services	1,079,244	0	1,079,244	1,079,244	1,064,717	992,248
	4 Regional & Clinical Services	14,756,090	0	14,756,090	14,756,090	14,705,577	13,647,437
	5 Health Science Education	616,053	0	616,053	616,053	575,355	592,590
	6 Standards and Technical Services	786,733	0	786,733	786,733	770,268	754,576
	7 Disability and Rehabilitation Services	354,839	0	354,839	354,839	340,104	339,346
<b>49</b>	<b>Ministry Of Social Protection</b>						
	1 Policy Development and Administration	296,051	0	296,051	296,051	295,151	274,207
	2 Social Services	15,134,063	0	15,134,063	15,134,063	14,367,399	13,181,288
	3 Labour Administration	566,814	0	566,814	566,814	556,263	486,540
	4 Child Care Protection	589,868	0	589,868	589,868	586,456	542,643
<b>52</b>	<b>Ministry of Legal Affairs</b>						
	1 Main Office	289,877	0	289,877	289,877	289,730	75,489
	2 Ministry Administration	64,332	0	64,332	64,332	64,022	59,615
	3 Attorney General's Chambers	492,952	0	492,952	492,952	264,927	385,078
	4 State Solicitor	19,934	0	19,934	19,932	19,928	25,813
<b>53</b>	<b>Guyana Defense Force</b>						
	1 Defence and Security Support	11,512,948	0	11,512,948	11,512,948	11,504,101	11,152,187
<b>54</b>	<b>Ministry of Public Security</b>						
	1 Policy Development and Administration	722,814	0	722,814	721,772	701,517	698,371
	2 Police Force	11,406,686	0	11,406,686	11,406,686	11,132,611	10,557,586
	3 Prison Service	1,922,954	0	1,922,954	1,922,745	1,874,802	1,844,974
	4 Police Complaints Authority	22,160	0	22,160	21,074	20,264	19,991
	5 Fire Service	1,235,522	0	1,235,522	1,234,586	1,215,300	1,052,438
	6 Customs Anti Narcotics Unit	226,405	0	226,405	226,405	222,024	198,861
<b>55</b>	<b>Supreme Court of Judicature</b>						
	1 Supreme Courts of Judicature	1,729,954	0	1,729,954	1,729,954	1,729,954	1,547,678
<b>56</b>	<b>Public Prosecutions</b>						
	1 Public Prosecutions	160,290	0	160,290	160,290	160,244	153,969
<b>57</b>	<b>Office of the Ombudsman</b>						
	1 Ombudsman	56,144	0	56,144	56,144	56,121	48,311
<b>58</b>	<b>Public Service Appellate Tribunal</b>						
	1 Public Service Appellate Tribunal	46,884	0	46,884	46,884	46,884	30,016
<b>59</b>	<b>Ethnic Relations Commission</b>						
	1 Ethnic Relations Commission	115,785	0	115,785	115,785	115,785	50,598
<b>60</b>	<b>Judicial Service Commission</b>						
	1 Judicial Service Commission	10,020	0	10,020	10,020	9,981	10,020
<b>61</b>	<b>Rights Commission of Guyana</b>						
	1 Rights Commission of Guyana	141,596	0	141,596	141,596	131,411	113,397
<b>62</b>	<b>Public Procurement Commission</b>						
	1 Public Procurement Commission	169,786	0	169,786	169,786	169,781	110,373
<b>71</b>	<b>Region 1 - Barima/Waini</b>						
	1 Regional Administration & Finance	187,677	0	187,677	187,677	187,297	178,365
	2 Public Infrastructure	291,744	0	291,744	291,744	291,591	283,958
	3 Education Delivery	1,177,307	0	1,177,307	1,177,307	1,175,684	1,144,980
	4 Health Services	640,027	0	640,027	640,027	639,105	627,193
C/F		158,852,043	0	158,852,043	158,660,111	154,657,883	140,150,167

**PAYMENTS**

Agency No.	Description	Revised Allotment 2018	Outstanding Contingency Fund Advances 2018	Total Funds Available 2018	Drawing Rights (Allotment 2) 2018	Actual Expenditure 2018	Actual Expenditure 2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	B/F	158,852,043	0	158,852,043	158,660,111	154,657,883	140,150,167
72	<b>Region 2 - Pomeroon/Supenaam</b>						
	1 Regional Administration & Finance	209,550	0	209,550	209,550	204,173	200,947
	2 Agriculture	356,815	0	356,815	356,815	346,721	325,286
	3 Public Infrastructure	129,724	0	129,724	129,724	126,426	145,710
	4 Education Delivery	1,959,752	0	1,959,752	1,959,752	1,933,183	1,686,746
	5 Health Services	890,469	0	890,469	890,469	841,770	795,137
73	<b>Region 3 - Essequibo Islands/West Demerara</b>						
	1 Regional Administration & Finance	207,294	0	207,294	207,294	206,995	200,427
	2 Agriculture	361,246	0	361,246	361,246	360,971	328,731
	3 Public Infrastructure	131,208	0	131,208	131,208	127,791	106,017
	4 Education Delivery	2,977,024	0	2,977,024	2,977,024	2,969,859	2,618,651
	5 Health Services	1,276,663	0	1,276,663	1,276,663	1,269,448	1,261,662
74	<b>Region 4 - Demerara/Mahaica</b>						
	1 Regional Administration & Finance	217,019	0	217,019	217,019	216,553	197,115
	2 Agriculture	353,356	0	353,356	353,356	353,091	347,396
	3 Public Infrastructure	140,977	0	140,977	140,977	140,517	132,200
	4 Education Delivery	4,045,764	0	4,045,764	4,045,764	4,043,152	3,511,615
	5 Health Services	1,244,263	0	1,244,263	1,244,263	1,242,553	1,042,906
75	<b>Region 5 - Mahaica/Berbice</b>						
	1 Regional Administration & Finance	169,791	0	169,791	169,791	168,329	144,610
	2 Agriculture	224,193	0	224,193	224,193	223,737	198,263
	3 Public Infrastructure	178,798	0	178,798	178,798	178,455	155,962
	4 Education Delivery	1,577,966	0	1,577,966	1,577,966	1,547,113	1,462,003
	5 Health Services	721,702	0	721,702	721,702	698,910	625,125
76	<b>Region 6 - East Berbice/Corentyne</b>						
	1 Regional Administration & Finance	151,755	0	151,755	151,755	151,458	150,145
	2 Agriculture	737,149	0	737,149	737,149	736,841	692,410
	3 Public Infrastructure	270,075	0	270,075	270,075	269,121	242,594
	4 Education Delivery	3,200,011	0	3,200,011	3,200,011	3,197,450	2,799,159
	5 Health Services	1,683,658	0	1,683,658	1,683,658	1,682,626	1,651,569
77	<b>Region 7 - Cuyuni/Mazaruni</b>						
	1 Regional Administration & Finance	276,750	0	276,750	276,750	274,790	231,571
	2 Public Infrastructure	168,334	0	168,334	168,238	163,127	151,275
	3 Education Delivery	1,277,982	0	1,277,982	1,277,982	1,266,658	1,162,563
	4 Health Services	565,271	0	565,271	565,271	557,345	502,201
78	<b>Region 8 - Potaro/Siparuni</b>						
	1 Regional Administration & Finance	134,558	0	134,558	134,442	126,793	126,787
	2 Public Infrastructure	177,842	0	177,842	171,446	140,744	186,721
	3 Education Delivery	923,549	0	923,549	923,549	778,995	738,765
	4 Health Services	316,276	0	316,276	316,276	261,054	289,658
	5 Agriculture	22,351	0	22,351	22,351	16,626	19,201
	C/F	186,131,178	0	186,131,178	185,932,638	181,481,258	164,581,295

**PAYMENTS**

Agency No. Description	Revised Allotment 2018	Outstanding Contingency Fund Advances 2018	Total Funds Available 2018	Drawing Rights (Allotment 2) 2018	Actual Expenditure 2018	Actual Expenditure 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
B/F	186,131,178	0	186,131,178	185,932,638	181,481,258	164,581,295
<b>79 Region 9 - Upper Takatu/Upper Essequibo</b>						
1 Regional Administration & Finance	182,707	0	182,707	182,707	177,177	168,123
2 Agriculture	39,786	0	39,786	39,521	39,514	37,129
3 Public Infrastructure	194,792	0	194,792	194,792	194,523	172,332
4 Education Delivery	1,054,462	0	1,054,462	1,054,462	1,053,638	927,063
5 Health Services	460,993	0	460,993	460,993	458,995	403,866
<b>80 Region 10 - Upper Demerara/Berbice</b>						
1 Regional Administration & Finance	212,985	0	212,985	212,985	211,192	204,257
2 Public Infrastructure	221,497	0	221,497	221,497	218,114	192,728
3 Education Delivery	2,015,852	0	2,015,852	2,015,852	2,011,399	1,766,565
4 Health Services	577,010	0	577,010	577,010	571,034	549,278
<b>SUB TOTAL</b>	<b>191,091,262</b>	<b>0</b>	<b>191,091,262</b>	<b>190,892,457</b>	<b>186,416,844</b>	<b>169,002,636</b>
 <b>STATUTORY</b>						
03 Ministry of Finance	4,662,000	0	4,662,000	4,662,000	4,657,986	4,330,677
05 Ministry of Presidency	24,063	0	24,063	23,650	23,650	23,650
54 Ministry of Public Security	20,592	0	20,592	3,048	3,048	16,519
90 Public Debt	19,011,828	0	19,011,828	19,011,827	17,729,929	14,828,323
<b>SUB TOTAL</b>	<b>23,718,483</b>	<b>0</b>	<b>23,718,483</b>	<b>23,700,525</b>	<b>22,414,613</b>	<b>19,199,169</b>
 <b>OTHER EXPENDITURE</b>						
Treasury Bills					88,353,458	100,512,629
<b>TOTAL PAYMENTS</b>					<b>297,184,915</b>	<b>288,714,434</b>
<b>SURPLUS (DEFICIT)</b>					<b>479,194</b>	<b>5,938,959</b>

MS. JENNIFER CHAPMAN  
ACCOUNTANT GENERAL

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 2018

RECEIPTS

Reporting Object Group	Description	Approved Estimates 2018	Actual Receipts Paid into Consolidated Fund 2018	Variance 2018	Actual Receipts Paid into Consolidated Fund 2017
		\$'000	\$'000	\$'000	\$'000
570	Miscellaneous Capital Revenue	1,491,668	2,230,757	739,089	759,373
575	External Grants	9,227,095	7,573,261	(1,653,834)	10,366,228
580	External Loans	21,103,343	17,258,028	(3,845,315)	17,286,112
	<b>TOTAL RECEIPTS</b>	<b>31,822,106</b>	<b>27,062,046</b>	<b>(4,760,060)</b>	<b>28,411,713</b>

PAYMENTS

Agency No.	Description	Revised Allotment 2018	Outstanding Contingency Fund Advances 2018	Total Funds Available 2018	Drawing Rights (Allotment 2) 2018	Actual Expenditure 2018	Actual Expenditure 2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
02	<b>Office of the Prime Minister</b>						
1	Prime Minister's Secretariat	145,000	0	145,000	145,000	144,727	294,990
03	<b>Ministry of Finance</b>						
1	Policy and Administration	4,834,873	0	4,834,873	4,304,628	4,271,157	3,420,926
2	Public Financial Management	130,151	0	130,151	130,151	130,065	115,735
04	<b>Ministry of Foreign Affairs</b>						
1	Development of Foreign Policy	212,000	0	212,000	167,698	162,011	119,780
2	Foreign Policy Promotions	275,709	0	275,709	267,093	266,978	87,922
3	Development of Foreign Trade Policy	0	0	0	0	0	960
05	<b>Ministry of the Presidency</b>						
1	Policy Development and Administration	456,417	0	456,417	413,001	412,989	498,714
2	Defence and National Security	82,719	0	82,719	41,119	40,399	57,243
3	Public Service Management	133,351	0	133,351	133,338	131,696	101,869
5	Citizenship and Immigration Services	67,100	0	67,100	67,100	66,857	180,535
6	Social Cohesion	3,500	0	3,500	3,500	3,432	1,977
7	Enviro Management & Compliance	237,900	0	237,900	108,030	108,030	322,294
8	Cultural Preservation & Conservation	250,224	0	250,224	141,357	134,810	0
9	Youth	320,000	0	320,000	297,074	294,926	0
05A	Sport	304,949	0	304,949	249,428	226,043	0
07	<b>Parliament Office</b>						
1	National Assembly	96,000	0	96,000	96,000	55,460	75,502
08	<b>Audit office of Guyana</b>						
1	Audit Office of Guyana	17,519	0	17,519	17,519	17,519	32,728
09	<b>Public and Police Service Commission</b>						
1	Public and Police Service Commission	3,000	0	3,000	3,000	2,995	4,225
10	<b>Teaching Service Commission</b>						
1	Teaching Service Commission	10,416	0	10,416	9,711	9,469	14,864
11	<b>Elections Commission</b>						
1	Elections Commission	160,090	0	160,090	160,090	148,060	120,000
C/F		7,740,918	0	7,740,918	6,754,837	6,627,623	5,450,264

Agency No.	Description	Revised Allotment 2018	Outstanding Contingency Fund Advances 2018	Total Funds Available 2018	Drawing Rights (Allotment 2) 2018	Actual Expenditure 2018	Actual Expenditure 2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	C/F	7,740,918	0	7,740,918	6,754,837	6,627,623	5,450,264
17	<b>Ministry of Indigenous People's Affairs</b>						
	1 Policy Development and Administration	1,183,274	0	1,183,274	1,183,274	1,161,091	1,331,382
21	<b>Ministry of Agriculture</b>						
	1 Ministry Administration	2,751,569	0	2,751,569	2,243,970	2,173,231	2,288,663
	2 Crops and Livestock Support Services	2,071,230	0	2,071,230	1,403,328	1,398,068	1,302,092
	3 Fisheries	55,500	0	55,500	55,448	55,448	26,171
	4 Hydrometeorological Services	21,217	0	21,217	21,098	20,722	32,591
25	<b>Ministry of Business</b>						
	1 Policy Development and Administration	89,550	0	89,550	39,280	38,635	30,403
	2 Business Development, Support and Promotion	902,277	0	902,277	767,577	749,607	567,320
	3 Consumer Protection	0	0	0	0	0	1,490
	4 Tourism Development & Promotion	500	0	500	500	500	10,287
26	<b>Ministry of Natural Resources</b>						
	1 Policy Development & Administration	412,100	0	412,100	412,100	371,901	298,760
32	<b>Ministry of Public Infrastructure</b>						
	1 Policy Development and Administration	2,777,722	0	2,777,722	2,572,652	2,558,464	3,061,074
	2 Public Works	16,916,505	0	16,916,505	15,356,700	15,235,417	16,430,569
	3 Transport	7,153,121	0	7,153,121	5,893,832	5,869,009	9,873,179
33	<b>Ministry of Public Telecommunications</b>						
	1 Policy Development & Administration	5,605	0	5,605	5,605	5,603	750
	2 Public Telecommunications	2,557,125	0	2,557,125	2,461,196	2,447,443	354,214
	4 Industry Innovations	1,476	0	1,476	1,476	1,437	2,955
40	<b>Ministry of Education</b>						
	1 Policy Development and Administration	309,784	0	309,784	160,376	155,717	47,755
	2 Training and Development	133,805	0	133,805	122,651	118,626	106,437
	3 Nursery Education	112,789	0	112,789	108,760	108,609	199,773
	4 Primary Education	102,782	0	102,782	74,824	66,113	152,581
	5 Secondary Education	1,321,031	0	1,321,031	881,129	871,939	618,732
	6 Post-Secondary/Tertiary Education	895,645	0	895,645	334,971	326,738	931,776
	7 Cultural Preservation and Conservation	0	0	0	0	0	85,735
	8 Youth	0	0	0	0	0	239,597
	9 Sports	0	0	0	0	0	306,814
42	<b>Ministry of Communities</b>						
	1 Sustainable Communities Management	1,062,412	0	1,062,412	1,062,412	1,030,052	1,021,981
	2 Sustainable Communities Development	3,751,000	0	3,751,000	3,284,459	3,238,771	3,308,052
43	<b>Ministry of Public Health</b>						
	1 Policy Development and Administration	281,500	0	281,500	203,138	193,640	261,208
	2 Disease Control	355,864	0	355,864	355,742	333,780	488,180
	3 Family Health Care Services	233,000	0	233,000	185,699	177,176	51,695
	4 Regional & Clinical Services	1,498,366	0	1,498,366	1,061,260	1,003,904	883,141
	5 Health Sciences Education	42,231	0	42,231	42,231	33,443	57,239
	6 Standards and Technical Services	61,500	0	61,500	61,500	60,408	4,471
	7 Disability and Rehabilitation Services	36,000	0	36,000	36,000	27,847	10,351
49	<b>Ministry of Social Protection</b>						
	1 Policy Development and Administration	174,561	0	174,561	159,561	127,111	136,960
	2 Social Services	138,810	0	138,810	136,589	132,701	63,552
	3 Labour Administration	4,000	0	4,000	4,000	3,636	19,397
	4 Child Care and Protection	165,500	0	165,500	161,671	159,334	83,480
	C/F	55,320,269	0	55,320,269	47,609,846	46,883,744	50,141,071

Agency No.	Description	Revised Allotment 2018	Outstanding Contingency Fund Advances 2018	Total Funds Available 2018	Drawing Rights (Allotment 2) 2018	Actual Expenditure 2018	Actual Expenditure 2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	B/F	55,320,269	0	55,320,269	47,609,846	46,883,744	50,141,071
52	<b>Ministry of Legal Affairs</b>						
	1 Main Office	195,000	0	195,000	143,571	143,570	69,605
	2 Ministry Administration	719	0	719	718	718	14,995
	3 Attorney General's Chambers	4,000	0	4,000	4,000	3,997	0
	4 State Solicitor	494	0	494	494	494	1,424
53	<b>Guyana Defence Force</b>						
	1 Defence and Security Support	1,024,149	0	1,024,149	1,024,061	1,023,863	844,786
54	<b>Ministry of Public security</b>						
	1 Policy Development and Administration	555,969	0	555,969	545,641	545,641	659,892
	2 Police Force	688,216	0	688,216	599,109	593,693	880,161
	3 Prison Service	1,686,000	0	1,686,000	1,240,305	1,209,796	1,498,845
	4 Police Complaints Authority	690	0	690	690	683	4,679
	5 Fire Service	348,324	0	348,324	348,324	346,922	314,803
	6 Custom Anti Narcotics Unit	10,000	0	10,000	10,000	9,997	119,662
55	<b>Supreme Court</b>						
	1 Supreme Court of Judicature	310,376	0	310,376	310,376	310,376	248,800
56	<b>Public Prosecutions</b>						
	1 Public Prosecutions	14,000	0	14,000	12,979	11,811	3,166
57	<b>Office of the Ombudsman</b>						
	1 Ombudsman	1,669	0	1,669	1,669	1,669	0
58	<b>Public Service Appellate Tribunal</b>						
	1 Public Service Appellate Tribunal	5,000	0	5,000	5,000	2,915	4,546
59	<b>Ethnic Relations Commission</b>						
	1 Ethnic Relations Commission	0	0	0	0	0	1,474
61	<b>Rights Commission of Guyana</b>						
	1 Rights Commission of Guyana	1,030	0	1,030	1,012	1,012	5,447
62	<b>Public Procurement Commission</b>						
	1 Public Procurement Commission	7,880	0	7,880	7,880	7,880	27,946
71	<b>Region 1 Barima/Waini</b>						
	1 Regional Administration & Finance	14,500	0	14,500	12,402	12,177	25,931
	2 Public Infrastructure	107,000	0	107,000	94,554	94,088	49,891
	3 Education Delivery	118,200	0	118,200	104,157	103,814	123,507
	4 Health Services	110,300	0	110,300	99,550	98,947	121,336
72	<b>Region 2 - Pomeroon/Supenaam</b>						
	1 Regional Administration & Finance	46,270	0	46,270	46,270	45,968	15,651
	2 Agriculture	40,000	0	40,000	40,000	39,649	45,882
	3 Public Infrastructure	68,230	0	68,230	68,230	68,214	67,573
	4 Education Delivery	193,800	0	193,800	129,839	116,219	157,887
	5 Health Services	112,700	0	112,700	112,700	112,619	143,914
73	<b>Region 3 - Essequibo Islands/West Demerara</b>						
	1 Regional Administration & Finance	11,499	0	11,499	11,499	11,496	17,085
	2 Agriculture	109,000	0	109,000	108,994	108,958	48,692
	3 Public Infrastructure	119,129	0	119,129	119,087	118,929	64,983
	4 Education Delivery	149,871	0	149,871	149,871	149,870	179,050
	5 Health Services	74,500	0	74,500	74,476	74,471	109,451
	C/F	61,448,784	0	61,448,784	53,037,304	52,254,200	56,012,135

Agency No.	Description	Revised Allotment 2018	Outstanding Contingency Fund Advances 2018	Total Funds Available 2018	Drawing Rights (Allotment 2) 2018	Actual Expenditure 2018	Actual Expenditure 2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	B/F	61,448,784	0	61,448,784	53,037,304	52,254,200	56,012,135
74	<b>Region 4 - Demerara/Mahaica</b>						
	1 Regional Administration & Finance	17,635	0	17,635	17,635	17,634	27,560
	2 Agriculture	45,800	0	45,800	45,800	45,800	44,100
	3 Public Infrastructure	90,000	0	90,000	90,000	90,000	79,530
	4 Education Delivery	259,408	0	259,408	259,407	259,407	262,764
	5 Health Services	99,065	0	99,065	99,061	99,056	88,292
75	<b>Region 5 - Mahaica/Berbice</b>						
	1 Regional Administration & Finance	2,200	0	2,200	2,200	2,197	13,246
	2 Agriculture	59,800	0	59,800	59,788	59,570	76,925
	3 Public Infrastructure	155,450	0	155,450	155,432	155,172	107,081
	4 Education Delivery	144,950	0	144,950	144,943	144,941	94,900
	5 Health Services	52,600	0	52,600	52,510	52,424	104,248
76	<b>Region 6 - East Berbice/Corentyne</b>						
	1 Regional Administration & Finance	13,580	0	13,580	13,580	13,560	11,197
	2 Agriculture	117,209	0	117,209	117,189	117,149	106,880
	3 Public Infrastructure	141,400	0	141,400	141,400	141,400	149,999
	4 Education Delivery	109,511	0	109,511	109,511	109,509	96,800
	5 Health Services	162,500	0	162,500	162,500	162,500	148,000
77	<b>Region 7 - Cuyuni/Mazaruni</b>						
	1 Regional Administration & Finance	16,744	0	16,744	14,494	14,474	1,748
	2 Public Infrastructure	54,000	0	54,000	52,996	52,516	30,565
	3 Education Delivery	120,700	0	120,700	114,270	114,266	111,290
	4 Health Services	65,789	0	65,789	58,037	57,736	80,217
78	<b>Region 8 - Potaro/Siparuni</b>						
	1 Regional Administration & Finance	2,100	0	2,100	1,832	1,584	10,107
	2 Public Infrastructure	110,465	0	110,465	102,818	99,311	45,561
	3 Education Delivery	72,700	0	72,700	69,797	67,318	64,166
	4 Health Services	54,400	0	54,400	50,664	46,034	92,154
	5 Agriculture	1,000	0	1,000	850	0	3,600
79	<b>Region 9 - Upper Takatu/Upper Essequibo</b>						
	1 Regional Administration & Finance	48,015	0	48,015	48,012	48,012	41,396
	2 Agriculture	43,350	0	43,350	43,350	43,039	20,598
	3 Public Infrastructure	139,708	0	139,708	139,582	139,437	145,099
	4 Education Delivery	111,549	0	111,549	111,541	109,436	105,845
	5 Health Services	104,652	0	104,652	104,628	104,625	74,203
80	<b>Region 10 - Upper Demerara/Berbice</b>						
	1 Regional Administration & Finance	96,100	0	96,100	67,792	67,360	58,075
	2 Public Infrastructure	104,300	0	104,300	99,623	99,441	170,428
	3 Education Delivery	162,000	0	162,000	153,791	153,790	79,665
	4 Health Services	98,400	0	98,400	76,900	76,512	59,881
	<b>SUB TOTAL</b>	<b>64,325,864</b>	<b>0</b>	<b>64,325,864</b>	<b>55,819,237</b>	<b>55,019,410</b>	<b>58,618,255</b>
	<b>SURPLUS (DEFICIT)</b>					<b>(27,957,364)</b>	<b>(30,206,542)</b>

MS. JENNIFER CHAPMAN  
ACCOUNTANT GENERAL

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 2018

Agency No.	Description	Approved Allotment (Allotment 1) 2018	Revised Allotment 2018	Total Funds Available 2018	Actual Expenditure 2018	Under Total Funds Available 2018	Actual Expenditure 2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
02	<b>Office of the Prime Minister</b>						
1	Prime Minister's Secretariat	694,819	694,819	694,819	612,104	(82,715)	536,390
03	<b>Ministry of Finance</b>						
1	Policy and Administration	14,333,246	14,327,746	14,327,746	14,251,418	(76,328)	13,248,269
2	Public Financial Management	4,870,368	4,875,868	4,875,868	4,718,710	(157,158)	4,207,233
04	<b>Ministry of Foreign Affairs</b>						
1	Development of Foreign Policy	1,686,251	2,456,559	2,456,559	1,850,984	(605,575)	2,035,455
2	Foreign Policy Promotions	3,379,713	3,379,713	3,379,713	3,379,206	(507)	2,966,965
3	Development of Foreign Trade Policy	23,476	41,217	41,217	37,388	(3,829)	19,654
05	<b>Ministry of the Presidency</b>						
1	Policy Development and Administration	2,200,812	2,140,812	2,140,812	2,028,738	(112,074)	2,102,526
2	Defence and National Security	298,766	317,976	317,976	268,456	(49,520)	234,790
3	Public Service Management	1,256,271	1,520,985	1,520,985	1,516,958	(4,027)	1,200,486
5	Citizenship & Immigration Service	574,928	465,928	465,928	380,824	(85,104)	364,365
6	Social Cohesion	390,044	374,630	374,630	372,975	(1,655)	109,790
7	Environmental Management & Compliance	897,947	897,947	897,947	894,857	(3,090)	666,572
8	Cultural Preservation & Conservation	702,088	741,043	741,043	729,977	(11,066)	0
9	Youth	784,248	783,517	783,517	743,572	(39,945)	0
05A	Sport	519,527	496,717	496,717	490,498	(6,219)	0
07	<b>Parliament Office</b>						
1	National Assembly	1,482,100	1,482,100	1,482,100	1,460,949	(21,151)	1,430,316
08	<b>Audit Office of Guyana</b>						
1	Audit office of Guyana	766,357	766,357	766,357	766,357	0	722,068
09	<b>Public and Police Service Commission</b>						
1	Public and Police Service Commission	92,140	92,140	92,140	92,012	(128)	85,707
10	<b>Teaching Service Commission</b>						
1	Teaching Service Commission	114,742	114,742	114,742	91,076	(23,666)	80,640
11	<b>Elections Commission</b>						
1	Elections Commission	2,739,910	2,739,910	2,739,910	2,739,452	(458)	1,626,969
17	<b>Ministry of Indigenous People's Affairs</b>						
1	Policy Development and Administration	1,036,686	1,036,686	1,036,686	951,990	(84,696)	931,831
21	<b>Ministry of Agriculture</b>						
1	Ministry Administration	11,594,918	17,161,358	17,161,358	17,149,108	(12,250)	13,838,390
3	Fisheries	146,773	162,333	162,333	154,864	(7,469)	142,778
4	Hydrometeorological Services	514,345	514,345	514,345	498,689	(15,656)	539,129
25	<b>Ministry of Business</b>						
1	Policy Development and Administration	256,921	264,429	264,429	258,947	(5,482)	237,162
2	Business Development, Support and Promotion	640,842	633,334	633,334	576,340	(56,994)	461,009
3	Consumer Protection	90,923	90,923	90,923	87,545	(3,378)	67,677
4	Tourism Development & Promotion	377,348	377,348	377,348	362,217	(15,131)	318,223
26	<b>Ministry of Natural Resources</b>						
1	Policy Development and Administration	318,310	322,947	322,947	294,498	(28,449)	333,896
2	Natural Resource Management	334,394	329,757	329,757	318,342	(11,415)	17,512
4	Petroleum Management	178,226	178,226	178,226	142,927	(35,299)	139,061
C/F		53,297,439	59,782,412	59,782,412	58,221,978	(1,560,434)	48,664,863

Agency No.	Description	Approved	Revised	Total Funds	Actual	Under Total	Actual
		Allotment (Allotment 1) 2018	Allotment 2018	Available 2018	Expenditure 2018	Funds Available 2018	Expenditure 2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	C/F	53,297,439	59,782,412	59,782,412	58,221,978	(1,560,434)	48,664,863
32	<b>Ministry of Public Infrastructure</b>						
	1 Policy Development and Administration	4,008,354	4,008,354	4,008,354	4,007,793	(561)	3,781,782
	2 Public Works	3,784,339	3,784,339	3,784,339	3,763,492	(20,847)	3,416,213
	3 Transport	86,361	86,361	86,361	86,292	(69)	70,885
33	<b>Ministry of Public Telecommunications</b>						
	1 Policy Development and Administration	224,882	224,882	224,882	210,714	(14,168)	233,012
	2 Public Telecommunications	1,837,568	1,837,568	1,837,568	1,837,568	0	1,668,029
	4 Industry Innovations	69,405	69,405	69,405	47,917	(21,488)	33,817
40	<b>Ministry of Education</b>						
	1 Policy Development and Administration	1,810,303	1,675,098	1,675,098	1,558,733	(116,365)	1,646,841
	2 Training and Development	1,951,413	1,974,172	1,974,172	1,833,197	(140,975)	1,773,798
	3 Nursery Education	1,999,706	2,039,483	2,039,483	1,871,300	(168,183)	1,519,020
	4 Primary Education	3,387,893	3,403,578	3,403,578	3,078,385	(325,193)	2,912,016
	5 Secondary Education	3,631,532	3,768,844	3,768,844	3,712,471	(56,373)	3,224,195
	6 Post- Secondary/ Tertiary Education	4,335,451	4,255,123	4,255,123	4,097,392	(157,731)	3,918,346
	7 Cultural Preservation and Conservation	0	0	0	0	0	457,760
	8 Youth	0	0	0	0	0	224,950
	9 Sports	0	0	0	0	0	436,110
42	<b>Ministry of Communities</b>						
	1 Sustainable Communities Management	717,059	706,204	706,204	669,379	(36,825)	528,449
	2 Sustainable Communities Development	1,047,275	1,058,130	1,058,130	1,053,873	(4,257)	1,442,293
43	<b>Ministry of Public Health</b>						
	1 Policy Development and Administration	1,507,499	1,519,482	1,519,482	1,504,523	(14,959)	1,420,653
	2 Disease Control	1,828,558	1,835,055	1,835,055	1,818,522	(16,533)	1,596,999
	3 Family Health Care Services	1,081,488	1,079,244	1,079,244	1,064,717	(14,527)	992,248
	4 Regional & Clinical Services	14,756,570	14,756,090	14,756,090	14,705,577	(50,513)	13,647,437
	5 Health Sciences Education	618,809	616,053	616,053	575,355	(40,698)	592,590
	6 Standards and Technical Services	791,733	786,733	786,733	770,268	(16,465)	754,576
	7 Disability & Rehabilitation Services	362,839	354,839	354,839	340,104	(14,735)	339,346
49	<b>Ministry of Social Protection</b>						
	1 Policy Development and Administration	294,155	296,051	296,051	295,151	(900)	274,207
	2 Social Services	15,133,355	15,134,063	15,134,063	14,367,399	(766,664)	13,181,288
	3 Labour Administration	572,406	566,814	566,814	556,263	(10,551)	486,540
	4 Child Care and Protection	586,880	589,868	589,868	586,456	(3,412)	542,643
52	<b>Ministry of Legal Affairs</b>						
	1 Main Office	295,789	289,877	289,877	289,730	(147)	75,489
	2 Ministry Administration	63,941	64,332	64,332	64,022	(310)	59,615
	3 Attorney General's Chambers	493,847	492,952	492,952	264,927	(228,025)	385,078
	4 State Solicitor	13,519	19,934	19,934	19,928	(6)	25,813
53	<b>Guyana Defence Force</b>						
	1 Defence and Security Support	11,512,948	11,512,948	11,512,948	11,504,101	(8,847)	11,152,187
54	<b>Ministry of Public Security</b>						
	1 Policy Development and Administration	722,814	722,814	722,814	701,517	(21,297)	698,371
	2 Police Force	11,491,686	11,406,686	11,406,686	11,132,611	(274,075)	10,557,586
	3 Prison Service	1,837,954	1,922,954	1,922,954	1,874,802	(48,152)	1,844,974
	4 Police Complaint Authority	22,160	22,160	22,160	20,264	(1,896)	19,991
	5 Fire Service	1,235,522	1,235,522	1,235,522	1,215,300	(20,222)	1,052,438
	6 Customs Anti Narcotics Unit	226,405	226,405	226,405	222,024	(4,381)	198,861
55	<b>Supreme Court of Judicature</b>						
	1 Supreme Court of Judicature	1,564,354	1,729,954	1,729,954	1,729,954	0	1,547,678
56	<b>Public Prosecutions</b>						
	1 Public Prosecutions	160,290	160,290	160,290	160,244	(46)	153,969
	C/F	149,364,501	156,015,073	156,015,073	151,834,243	(4,180,830)	137,552,956

Agency No.	Description	Approved Allotment (Allotment 1) 2018	Revised Allotment 2018	Total Funds Available 2018	Actual Expenditure 2018	Under Total Funds Available 2018	Actual Expenditure 2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	B/F	149,364,501	156,015,073	156,015,073	151,834,243	(4,180,830)	137,552,956
57	<b>Office of the Ombudsman</b>						
	1 Ombudsman	56,144	56,144	56,144	56,121	(23)	48,311
58	<b>Public Service Appellate Tribunal</b>						
	1 Public Service Appellate Tribunal	46,884	46,884	46,884	46,884	0	30,016
59	<b>Ethnic Relations Commission</b>						
	1 Ethnic Relations Commission	86,534	115,785	115,785	115,785	0	50,598
60	<b>Judicial Service Commission</b>						
	1 Judicial Service Commission	10,020	10,020	10,020	9,981	(39)	10,020
61	<b>Rights Commission of Guyana</b>						
	1 Rights Commission of Guyana	141,596	141,596	141,596	131,411	(10,185)	113,397
62	<b>Public Procurement Commission</b>						
	1 Public Procurement Commission	169,786	169,786	169,786	169,781	(5)	110,373
71	<b>Region 1 - Barima/Waini</b>						
	1 Regional Administration & Finance	186,752	187,677	187,677	187,297	(380)	178,365
	2 Public Infrastructure	297,269	291,744	291,744	291,591	(153)	283,958
	3 Education Delivery	1,172,707	1,177,307	1,177,307	1,175,684	(1,623)	1,144,980
	4 Health Services	640,027	640,027	640,027	639,105	(922)	627,193
72	<b>Region 2 - Pomeroon/Supenaam</b>						
	1 Regional Administration & Finance	209,096	209,550	209,550	204,173	(5,377)	200,947
	2 Agriculture	355,991	356,815	356,815	346,721	(10,094)	325,286
	3 Public Infrastructure	129,190	129,724	129,724	126,426	(3,298)	145,710
	4 Education Delivery	1,961,523	1,959,752	1,959,752	1,933,183	(26,569)	1,686,746
	5 Health Services	890,510	890,469	890,469	841,770	(48,699)	795,137
73	<b>Region 3 - Essequibo Islands/West Demerara</b>						
	1 Regional Administration & Finance	205,770	207,294	207,294	206,995	(299)	200,427
	2 Agriculture	361,246	361,246	361,246	360,971	(275)	328,731
	3 Public Infrastructure	131,640	131,208	131,208	127,791	(3,417)	106,017
	4 Education Delivery	2,750,002	2,977,024	2,977,024	2,969,859	(7,165)	2,618,651
	5 Health Services	1,270,480	1,276,663	1,276,663	1,269,448	(7,215)	1,261,662
74	<b>Region 4 - Demerara/Mahaica</b>						
	1 Regional Administration & Finance	193,645	217,019	217,019	216,553	(466)	197,115
	2 Agriculture	351,015	353,356	353,356	353,091	(265)	347,396
	3 Public Infrastructure	138,595	140,977	140,977	140,517	(460)	132,200
	4 Education Delivery	3,821,824	4,045,764	4,045,764	4,043,152	(2,612)	3,511,615
	5 Health Services	1,216,175	1,244,263	1,244,263	1,242,553	(1,710)	1,042,906
75	<b>Region 5 - Mahaica/Berbice</b>						
	1 Regional Administration & Finance	174,081	169,791	169,791	168,329	(1,462)	144,610
	2 Agriculture	212,193	224,193	224,193	223,737	(456)	198,263
	3 Public Infrastructure	174,377	178,798	178,798	178,455	(343)	155,962
	4 Education Delivery	1,600,326	1,577,966	1,577,966	1,547,113	(30,853)	1,462,003
	5 Health Services	688,886	721,702	721,702	698,910	(22,792)	625,125
76	<b>Region 6 - East Berbice/Corentyne</b>						
	1 Regional Administration & Finance	146,841	151,755	151,755	151,458	(297)	150,145
	2 Agriculture	724,076	737,149	737,149	736,841	(308)	692,410
	3 Public Infrastructure	262,006	270,075	270,075	269,121	(954)	242,594
	4 Education Delivery	3,129,258	3,200,011	3,200,011	3,197,450	(2,561)	2,799,159
	5 Health Services	1,656,179	1,683,658	1,683,658	1,682,626	(1,032)	1,651,569
77	<b>Region 7 - Cuyuni/Mazaruni</b>						
	1 Regional Administration & Finance	267,750	276,750	276,750	274,790	(1,960)	231,571
	2 Public Infrastructure	168,334	168,334	168,334	163,127	(5,207)	151,275
	3 Education Delivery	1,294,982	1,277,982	1,277,982	1,266,658	(11,324)	1,162,563
	4 Health Services	557,271	565,271	565,271	557,345	(7,926)	502,201
	C/F	177,215,482	184,556,602	184,556,602	180,157,046	(4,399,556)	163,220,163

Agency No.	Description	Approved Allotment (Allotment 1) 2018	Revised Allotment 2018	Total Funds Available 2018	Actual Expenditure 2018	Under Total Funds Available 2018	Actual Expenditure 2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	B/F	177,215,482	184,556,602	184,556,602	180,157,046	(4,399,556)	163,220,163
78	<b>Region 8 - Potaro/Siparuni</b>						
	1 Regional Administration & Finance	134,773	134,558	134,558	126,793	(7,765)	126,787
	2 Public Infrastructure	177,627	177,842	177,842	140,744	(37,098)	186,721
	3 Education Delivery	923,549	923,549	923,549	778,995	(144,554)	738,765
	4 Health Services	316,276	316,276	316,276	261,054	(55,222)	289,658
	5 Agriculture	22,351	22,351	22,351	16,626	(5,725)	19,201
79	<b>Region 9 - Upper Takatu/Upper Essequibo</b>						
	1 Regional Administration & Finance	186,252	182,707	182,707	177,177	(5,530)	168,123
	2 Agriculture	40,520	39,786	39,786	39,514	(272)	37,129
	3 Public Infrastructure	189,779	194,792	194,792	194,523	(269)	172,332
	4 Education Delivery	1,049,437	1,054,462	1,054,462	1,053,638	(824)	927,063
	5 Health Services	459,043	460,993	460,993	458,995	(1,998)	403,866
80	<b>Region 10 - Upper Demerara/Berbice</b>						
	1 Regional Administration & Finance	205,867	212,985	212,985	211,192	(1,793)	204,257
	2 Public Infrastructure	218,250	221,497	221,497	218,114	(3,383)	192,728
	3 Education Delivery	1,969,031	2,015,852	2,015,852	2,011,399	(4,453)	1,766,565
	4 Health Services	564,630	577,010	577,010	571,034	(5,976)	549,278
	<b>SUB TOTAL</b>	<b>183,672,867</b>	<b>191,091,262</b>	<b>191,091,262</b>	<b>186,416,844</b>	<b>(4,674,418)</b>	<b>169,002,636</b>
	<b>STATUTORY</b>						
03	Ministry of Finance	4,662,000	4,662,000	4,662,000	4,657,986	(4,014)	4,330,677
05	Ministry of Presidency	24,063	24,063	24,063	23,650	(413)	23,650
54	Ministry of Public Security	20,592	20,592	20,592	3,049	(17,543)	16,519
90	Public Debt	19,011,828	19,011,828	19,011,828	17,729,930	(1,281,898)	14,828,323
	<b>SUB TOTAL</b>	<b>23,718,483</b>	<b>23,718,483</b>	<b>23,718,483</b>	<b>22,414,615</b>	<b>(1,303,868)</b>	<b>19,199,169</b>
	<b>TOTAL PAYMENTS</b>	<b>207,391,350</b>	<b>214,809,745</b>	<b>214,809,745</b>	<b>208,831,459</b>	<b>(5,978,286)</b>	<b>188,201,805</b>

MS. JENNIFER CHAPMAN  
ACCOUNTANT GENERAL

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 2018

Agency No.	Description	Approved Allotment (Allotment 1) 2018	Revised Allotment 2018	Total Funds Available 2018	Actual Expenditure 2018	Under Total Funds Available 2018	Actual Expenditure 2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
02	<b>Office of the Prime Minister</b>						
	1 Prime Minister's Secretariat	145,000	145,000	145,000	144,727	(273)	294,990
03	<b>Ministry of Finance</b>						
	1 Policy and Administration	4,297,064	4,834,873	4,834,873	4,271,157	(563,716)	3,420,926
	2 Public Financial Management	130,151	130,151	130,151	130,065	(86)	115,735
04	<b>Ministry of Foreign Affairs</b>						
	1 Development of Foreign Policy	212,000	212,000	212,000	162,011	(49,989)	119,780
	2 Foreign Policy Promotions	275,709	275,709	275,709	266,978	(8,731)	87,922
	3 Development of Foreign Trade Policy	0	0	0	0	0	960
05	<b>Ministry of the Presidency</b>						
	1 Policy Development and Administration	456,417	456,417	456,417	412,989	(43,428)	498,714
	2 Defence and National Security	82,719	82,719	82,719	40,399	(42,320)	57,243
	3 Public Service Management	113,850	133,351	133,351	131,696	(1,655)	101,869
	5 Citizenship & Immigration Service	67,100	67,100	67,100	66,857	(243)	180,535
	6 Social Cohesion	3,500	3,500	3,500	3,432	(68)	1,977
	7 Enviro Management & Compliance	237,900	237,900	237,900	108,030	(129,870)	322,294
	8 Cultural Preservation & Conservation	250,224	250,224	250,224	134,810	(115,414)	0
	9 Youth	320,000	320,000	320,000	294,926	(25,074)	0
05A	Sport	304,949	304,949	304,949	226,043	(78,906)	0
07	<b>Parliament Office</b>						
	1 National Assembly	96,000	96,000	96,000	55,460	(40,540)	75,502
08	<b>Audit Office of Guyana</b>						
	1 Audit office of Guyana	17,519	17,519	17,519	17,519	0	32,728
09	<b>Public and Police Service Commission</b>						
	1 Public and Police Service Commission	3,000	3,000	3,000	2,995	(5)	4,225
10	<b>Teaching Service Commission</b>						
	1 Teaching Service Commission	10,416	10,416	10,416	9,469	(947)	14,864
11	<b>Elections Commission</b>						
	1 Elections Commission	160,090	160,090	160,090	148,060	(12,030)	120,000
17	<b>Ministry of Indigenous Peoples' Affairs</b>						
	1 Policy Development and Administration	1,183,274	1,183,274	1,183,274	1,161,091	(22,183)	1,331,382
21	<b>Ministry of Agriculture</b>						
	1 Ministry Administration	2,454,670	2,751,569	2,751,569	2,173,231	(578,338)	2,288,663
	2 Crops and Livestock Support Services	2,071,230	2,071,230	2,071,230	1,398,068	(673,162)	1,302,092
	3 Fisheries	55,500	55,500	55,500	55,448	(52)	26,171
	4 Hydrometeorological Services	21,217	21,217	21,217	20,722	(495)	32,591
25	<b>Ministry of Business</b>						
	1 Policy Development and Administration	89,550	89,550	89,550	38,635	(50,915)	30,403
	2 Business Development, Support and Promotion	709,328	902,277	902,277	749,607	(152,670)	567,320
	3 Consumer Protection	0	0	0	0	0	1,490
	4 Tourism Development & Promotion	500	500	500	500	0	10,287
26	<b>Ministry of Natural Resources</b>						
	1 Policy Development & Administration	279,100	412,100	412,100	371,901	(40,199)	298,760
	C/F	14,047,977	15,228,135	15,228,135	12,596,826	(2,631,309)	11,339,423

Agency No.	Description	Approved Allotment (Allotment 1) 2018	Revised Allotment 2018	Total Funds Available 2018	Actual Expenditure 2018	Under Total Funds Available 2018	Actual Expenditure 2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	B/F	14,047,977	15,228,135	15,228,135	12,596,826	(2,631,309)	11,339,423
32	<b>Ministry of Public Infrastructure</b>						
	1 Policy Development and Administration	2,702,934	2,777,722	2,777,722	2,558,464	(219,258)	3,061,074
	2 Public Works	14,956,603	16,916,505	16,916,505	15,235,417	(1,681,088)	16,430,569
	3 Transport	6,526,569	7,153,121	7,153,121	5,869,009	(1,284,112)	9,873,179
33	<b>Ministry of Public Telecommunications</b>						
	1 Policy Development and Administration	5,605	5,605	5,605	5,603	(2)	750
	2 Public Telecommunications	2,557,125	2,557,125	2,557,125	2,447,443	(109,682)	354,214
	4 Industry Innovations	1,476	1,476	1,476	1,437	(39)	2,955
40	<b>Ministry of Education</b>						
	1 Policy Development and Administration	309,784	309,784	309,784	155,717	(154,067)	47,755
	2 Training and Development	133,805	133,805	133,805	118,626	(15,179)	106,437
	3 Nursery Education	107,906	112,789	112,789	108,609	(4,180)	199,773
	4 Primary Education	102,782	102,782	102,782	66,113	(36,669)	152,581
	5 Secondary Education	1,321,031	1,321,031	1,321,031	871,939	(449,092)	618,732
	6 Post- Secondary/ Tertiary Education	895,645	895,645	895,645	326,738	(568,907)	931,776
	7 Cultural Preservation and Conservation	0	0	0	0	0	85,735
	8 Youth	0	0	0	0	0	239,597
	9 Sports	0	0	0	0	0	306,814
42	<b>Ministry of Communities</b>						
	1 Sustainable Communities Management	1,052,320	1,062,412	1,062,412	1,030,052	(32,360)	1,021,981
	2 Sustainable Communities Development	3,699,000	3,751,000	3,751,000	3,238,771	(512,229)	3,308,052
43	<b>Ministry of Public Health</b>						
	1 Policy Development and Administration	281,500	281,500	281,500	193,640	(87,860)	261,208
	2 Disease Control	355,864	355,864	355,864	333,780	(22,084)	488,180
	3 Family Health Care Services	233,000	233,000	233,000	177,176	(55,824)	51,695
	4 Regional & Clinical Services	1,498,366	1,498,366	1,498,366	1,003,904	(494,462)	883,141
	5 Health Sciences Education	42,231	42,231	42,231	33,443	(8,788)	57,239
	6 Standards and Technical Services	61,500	61,500	61,500	60,408	(1,092)	4,471
	7 Disability & Rehabilitation Services	36,000	36,000	36,000	27,847	(8,153)	10,351
49	<b>Ministry of Social Protection</b>						
	1 Policy Development and Administration	174,561	174,561	174,561	127,111	(47,450)	136,960
	2 Social Services	57,196	138,810	138,810	132,701	(6,109)	63,552
	3 Labour Administration	4,000	4,000	4,000	3,636	(364)	19,397
	4 Child Care and Protection	165,500	165,500	165,500	159,334	(6,166)	83,480
52	<b>Ministry of Legal Affairs</b>						
	1 Main Office	195,000	195,000	195,000	143,570	(51,430)	69,605
	2 Ministry Administration	719	719	719	718	(1)	14,995
	3 Attorney General's Chambers	4,000	4,000	4,000	3,997	(3)	0
	4 State Solicitor	494	494	494	494	0	1,424
53	<b>Guyana Defence Force</b>						
	1 Defence and Security Support	539,910	1,024,149	1,024,149	1,023,863	(286)	844,786
54	<b>Ministry of Public Security</b>						
	1 Policy Development and Administration	452,500	555,969	555,969	545,641	(10,328)	659,892
	2 Police Force	688,216	688,216	688,216	593,693	(94,523)	880,161
	3 Prison Service	1,686,000	1,686,000	1,686,000	1,209,796	(476,204)	1,498,845
	4 Police Complaint Authority	690	690	690	683	(7)	4,679
	5 Fire Service	318,981	348,324	348,324	346,922	(1,402)	314,803
	6 Customs Anti Narcotics Unit	10,000	10,000	10,000	9,997	(3)	119,662
55	<b>Supreme Court of Judicature</b>						
	1 Supreme Courts of Judicature	310,376	310,376	310,376	310,376	0	248,800
56	<b>Public Prosecutions</b>						
	1 Public Prosecutions	14,000	14,000	14,000	11,811	(2,189)	3,166
	C/F	55,551,166	60,158,206	60,158,206	51,085,305	(9,072,901)	54,801,889

Agency No.	Description	Approved Allotment (Allotment 1) 2018	Revised Allotment 2018	Total Funds Available 2018	Actual Expenditure 2018	Under Total Funds Available 2018	Actual Expenditure 2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	B/F	55,551,166	60,158,206	60,158,206	51,085,305	(9,072,901)	54,801,889
57	<b>Office of the Ombudsman</b>						
	1 Ombudsman	1,669	1,669	1,669	1,669	-	0
58	<b>Public Service Appellate Tribunal</b>						
	1 Public Service Appellate Tribunal	5,000	5,000	5,000	2,915	(2,085)	4,546
59	<b>Ethnic Relations Commission</b>						
	1 Ethnic Relations Commission	0	0	0	0	0	1,474
60	<b>Judicial Service Commission</b>	0	0	0	0	0	0
61	<b>Rights Commission of Guyana</b>						
	1 Rights Commission of Guyana	1,030	1,030	1,030	1,012	(18)	5,447
62	<b>Public Procurement Commission</b>						
	1 Public Procurement Commission	7,880	7,880	7,880	7,880	0	27,946
71	<b>Region 1 - Barima/Waini</b>						
	1 Regional Administration & Finance	14,500	14,500	14,500	12,177	(2,323)	25,931
	2 Public Works	107,000	107,000	107,000	94,088	(12,912)	49,891
	3 Education Delivery	118,200	118,200	118,200	103,814	(14,386)	123,507
	4 Health Services	110,300	110,300	110,300	98,947	(11,353)	121,336
72	<b>Region 2 - Pomeroon/Supenaam</b>						
	1 Regional Administration & Finance	46,270	46,270	46,270	45,968	(302)	15,651
	2 Agriculture	40,000	40,000	40,000	39,649	(351)	45,882
	3 Public Works	68,230	68,230	68,230	68,214	(16)	67,573
	4 Education Delivery	193,800	193,800	193,800	116,219	(77,581)	157,887
	5 Health Services	112,700	112,700	112,700	112,619	(81)	143,914
73	<b>Region 3 - Essequibo Islands/West Demerara</b>						
	1 Regional Administration & Finance	11,499	11,499	11,499	11,496	(3)	17,085
	2 Agriculture	109,000	109,000	109,000	108,958	(42)	48,692
	3 Public Works	119,129	119,129	119,129	118,929	(200)	64,983
	4 Education Delivery	149,871	149,871	149,871	149,870	(1)	179,050
	5 Health Services	74,500	74,500	74,500	74,471	(29)	109,451
74	<b>Region 4 - Demerara/Mahaica</b>						
	1 Regional Administration & Finance	17,635	17,635	17,635	17,634	(1)	27,560
	2 Agriculture	45,800	45,800	45,800	45,800	0	44,100
	3 Public Works	90,000	90,000	90,000	90,000	0	79,530
	4 Education Delivery	259,408	259,408	259,408	259,407	(1)	262,764
	5 Health Services	99,065	99,065	99,065	99,056	(9)	88,292
75	<b>Region 5 - Mahaica/Berbice</b>						
	1 Regional Administration & Finance	2,200	2,200	2,200	2,197	(3)	13,246
	2 Agriculture	59,800	59,800	59,800	59,570	(230)	76,925
	3 Public Works	155,450	155,450	155,450	155,172	(278)	107,081
	4 Education Delivery	144,950	144,950	144,950	144,941	(9)	94,900
	5 Health Services	52,600	52,600	52,600	52,424	(176)	104,248
76	<b>Region 6 - East Berbice/Corentyne</b>						
	1 Regional Administration & Finance	13,580	13,580	13,580	13,560	(20)	11,197
	2 Agriculture	117,209	117,209	117,209	117,149	(60)	106,880
	3 Public Works	141,400	141,400	141,400	141,400	0	149,999
	4 Education Delivery	109,511	109,511	109,511	109,509	(2)	96,800
	5 Health Services	162,500	162,500	162,500	162,500	0	148,000
77	<b>Region 7 - Cuyuni/Mazaruni</b>						
	1 Regional Administration & Finance	16,744	16,744	16,744	14,474	(2,270)	1,748
	2 Public Works	54,000	54,000	54,000	52,516	(1,484)	30,565
	3 Education Delivery	120,700	120,700	120,700	114,266	(6,434)	111,290
	4 Health Services	63,788	65,789	65,789	57,736	(8,053)	80,217
	C/F	58,568,084	63,177,125	63,177,125	53,963,511	(9,213,614)	57,647,477

Agency No.	Description	Approved Allotment (Allotment 1) 2018	Revised Allotment 2018	Total Funds Available 2018	Actual Expenditure 2018	Under Total Funds Available 2018	Actual Expenditure 2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	B/F	58,568,084	63,177,125	63,177,125	53,963,511	(9,213,614)	57,647,477
78	<b>Region 8 - Potaro/Siparuni</b>						
	1 Regional Administration & Finance	2,100	2,100	2,100	1,584	(516)	10,107
	2 Public Works	110,465	110,465	110,465	99,311	(11,154)	45,561
	3 Education Delivery	58,300	72,700	72,700	67,318	(5,382)	64,166
	4 Health Services	54,400	54,400	54,400	46,034	(8,366)	92,154
		1,000	1,000	1,000	0	(1,000)	3,600
79	<b>Region 9 - Upper Takatu/Upper Essequibo</b>						
	1 Regional Administration & Finance	48,015	48,015	48,015	48,012	(3)	41,396
	2 Agriculture	43,350	43,350	43,350	43,039	(311)	20,598
	3 Public Works	139,708	139,708	139,708	139,437	(271)	145,099
	4 Education Delivery	111,549	111,549	111,549	109,436	(2,113)	105,845
	5 Health Services	104,652	104,652	104,652	104,625	(27)	74,203
80	<b>Region 10 - Upper Demerara/Berbice</b>						
	1 Regional Administration & Finance	96,100	96,100	96,100	67,360	(28,740)	58,075
	2 Public Works	104,300	104,300	104,300	99,441	(4,859)	170,428
	3 Education Delivery	162,000	162,000	162,000	153,790	(8,210)	79,665
	4 Health Services	98,400	98,400	98,400	76,512	(21,888)	59,881
	<b>SUB TOTAL</b>	<b>59,702,423</b>	<b>64,325,864</b>	<b>64,325,864</b>	<b>55,019,410</b>	<b>(9,306,454)</b>	<b>58,618,255</b>

MS. JENNIFER CHAPMAN  
ACCOUNTANT GENERAL

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 2018

Agency No.	Description	Wages and Salaries	Employment Overhead Expenses	Total Expenditure	Total Expenditure
		2018	2018	2018	2017
		\$'000	\$'000	\$'000	\$'000
05	Ministry of Presidency	20,550	3,100	23,650	<b>23,650</b>
54	Ministry of Public Security	2,266	782	3,048	<b>16,519</b>
	Sub-total	<u>22,816</u>	<u>3,882</u>	<u>26,698</u>	<u><b>40,169</b></u>
03	Ministry of Finance				
	Pension and Gratuities	4,475,987	0	4,475,987	<b>4,212,373</b>
	Payments to Dependent's Pension Fund	181,999	0	181,999	<b>118,304</b>
	Sub-total	<u>4,657,986</u>	<u>0</u>	<u>4,657,986</u>	<u><b>4,330,677</b></u>
90	Public Debt				
	Internal Principal	279,944	0	279,944	<b>279,601</b>
	Internal Interest	1,332,587	0	1,332,587	<b>1,970,321</b>
	External Principal	11,556,215	0	11,556,215	<b>8,377,234</b>
	External Interest	4,561,182	0	4,561,182	<b>4,201,168</b>
	Sub-total	<u>17,729,928</u>	<u>0</u>	<u>17,729,928</u>	<u><b>14,828,324</b></u>
	GRAND TOTAL			<u>22,414,612</u>	<u><b>19,199,170</b></u>

MS. J. CHAPMAN  
ACCOUNTANT GENERAL

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 2018

Notes

4

2018

\$'000

R E C E I P T S (Replenishment)

NIL

Total Receipts

P A Y M E N T S (Drawing Rights)

Warrant #	Date of Warrant	Ministry/Department/Region	Amount
			\$'000
		NIL	

Summary

2018  
\$000

Uncleared advances for 2017

0

Add: Payments(Drawing Rights) Authorised in 2018

0

Less: Replishments Authorised in 2017

0

Less: Replenishments

0

Balance Outstanding as at 31/12/2018

0

MS. JENNIFER CHAPMAN  
ACCOUNTANT GENERAL

HON. WINSTON D. JORDAN  
MINISTER OF FINANCE

FINANCIAL REPORT OF THE DEPOSIT FUND  
FOR THE FISCAL YEAR ENDING 31 DECEMBER 2018

Type of Deposit	Amount 2018	Amount 2017
	\$'000	\$'000
Dependents Pension Fund	1,575,177	<b>1,230,560</b>
Sugar Industry Welfare Committee	50,691	<b>50,691</b>
Sugar Industry Welfare Labour Fund	848,287	<b>970,684</b>
Sugar Industry Rehabilitation Fund	76,709	<b>72,432</b>
Sugar Industry Price Stabilization Fund	14,924	<b>14,033</b>
Miscellaneous	1,639,422	<b>3,804,721</b>
<b>Total</b>	<b>4,205,210</b>	<b>6,143,121</b>

Type of Advances	Amount 2018	Amount 2017
	\$'000	\$'000
Personal	22,488	<b>19,266</b>
Gratuity	1,243,004	<b>1,281,183</b>
Auto Advance	109,345	<b>113,531</b>
Guyana Gold Board	8,650,148	<b>8,650,148</b>
Imprest & Cash on Hand	1,530,278	<b>1,523,418</b>
Deposit Fund Advance Warrants	208,410	<b>208,410</b>
Crown Agents	409,040	<b>409,040</b>
Statutory and Other Bodies	1,554,456	<b>1,554,456</b>
<b>Total</b>	<b>13,727,169</b>	<b>13,759,452</b>

MS. JENNIFER CHAPMAN  
ACCOUNTANT GENERAL

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 2018

DESCRIPTION	AMOUNT OF LOAN	AMOUNT OUTSTANDING AS AT 01/01/2018	LOAN MADE DURING 2018	TOTAL (2) + (3) = (4)	PRINCIPAL REPAID DURING 2018	INTEREST REPAID DURING 2018	AMOUNT WRITTEN OFF DURING 2018	TOTAL (5) + (6) + (7) = (8)	BALANCE OUTSTANDING (4) - (5) - (7) = (9) 31.12.2018
	1	2	3	4	5	6	7	8	9
PUBLIC CORPORATIONS AND BONDS	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
1 Guyana National Printers	100,000	100,000	0	100,000	0	1,239	0	1,239	100,000
2 Ogle Airport Inc.	402,251	366,308	0	366,308	33,301	0	0	33,301	333,007
Total	502,251	466,308	0	466,308	33,301	1,239	0	34,540	433,007

MS.JENNIFER CHAPMAN  
ACCOUNTANT GENERAL

HON WINSTON D. JORDAN  
MINISTER OF FINANCE

STATEMENT OF CURRENT ASSETS AND LIABILITIES OF THE GOVERNMENT OF GUYANA  
AS AT 31 DECEMBER 2018

	Notes	2018 <u>\$'000</u>	2018 <u>\$'000</u>	2017 <u>\$'000</u>	2017 <u>\$'000</u>
<b>CURRENT ASSETS</b>					
<u>Central Government Bank Balances</u>					
<u>Consolidated Fund</u>					
New 407 Account		(80,033,813)		(109,019,284)	
Old 400 Account		(46,776,183)	(126,809,996)	(46,776,183)	(155,795,466)
LIS 11 Bank Account			0		0
WSG Bank A/c -Loan			0		36,198
WSG Bank A/c - TC841			0		0
WSG Bank A/c -TC 842			0		0
SMDR ATN/OC-1409-GY			0		0
2000 Series	3		17,594,412		11,365,083
Deposits Fund			0		0
General Account			0		0
Non-sub Accounting Ministries/Departments ( <i>Account # 3001</i> )			0		7,209
Other Ministries/Departments			21,517,927		27,726,640
Monetary Sterilisation Account	1.7		21,558,128		77,537,035
Redemption of T-Bills ( <i>Account # 404</i> )			(3)		(3)
Total Current Assets			<u>(66,139,531)</u>		<u>(39,123,304)</u>
 <b>CURRENT LIABILITIES</b>					
Treasury Bills					
91 Days & K Series		993,480		993,480	
180 & 360 Days		21,875,782		77,960,574	
G Series	1.7.1	42,408,285			
F Series	1.7.1	5,970,795	71,248,342		78,954,054
Interest (Outstanding)					
 Other Liabilities					
Dependents Pension Fund		1,575,177		1,230,560	
Sugar Industry Welfare Committee		50,691		50,691	
Sugar Industry Welfare Labour Fund		848,287		970,684	
Sugar Industry Rehabilitation Fund		76,709		72,432	
Sugar Industry Price Stabilization Fund		14,924		14,033	
Miscellaneous		1,639,422	4,205,209	3,804,721	6,143,121
Total Current Liabilities			<u>75,453,551</u>		<u>85,097,175</u>
 <b>NET CURRENT LIABILITIES</b>					
			<u>141,593,082</u>		<u>124,220,478</u>

MS. JENNIFER CHAPMAN  
ACCOUNTANT GENERAL

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 2018 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.

### **1.7.1 Treasury Bills - G and F Series**

The Government of Guyana issued new Treasury Bills Series G (364 days) and F (182 days) with effect May and July 2018 respectively.

## **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> 2018 by Mr. Winston D. 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.

**Note 3 Monetary Sterilization Account**

The Monetary Sterilization account difference of \$1.070B is the outstanding liability of \$22.628B and cash held for purpose of retiring the liability \$21.558B. The difference of \$1.070B relates to unpaid discounts to the Bank of Guyana by the Government of Guyana.

The repayment of outstanding interest on treasury bills for the year 2018 is \$317.7M

**Note 4 Statement of Receipts and Payments of the Contingencies Fund**

Contingency Fund Advance Warrants were not issued during the period January to December 2018.



## 2000 Series Bank Accounts

ACCT #	Description	2018	2017	Net Change
200810	Personal Investment Account	2,548,237	2,548,237	0
200830	Government of Guyana Project Account	0	0	0
200840	EEC Food Aid	0	0	0
200850	EEC Special Account	0	0	0
200860	Structural Adjustment	0	0	0
200870	Debenture Sinking Fund	0	0	0
200890	Chinese Commodity	0	0	0
200900	Accountant General RMBY Loan	0	0	0
200920	AG-GEC/WARTSILA Agreement	0	0	0
200940	Deposits - Guy Cooperative Agri. Dev. Bank	0	0	0
200950	Agricultural Sector Loan	0	0	0
200960	DIA	254,411,181	254,507,181	(96,000)
200990	Long Creek Settlement CIDA Project	0	0	0
201000	UK Programme Aid: GEA	0	0	0
201010	UK Programme Aid:Rice	0	0	0
201040	CDB/Gov't of Guy ERP Grant	0	0	0
201050	Ministry of Agriculture Rehabilitation Project	0	0	0
201080	Main Road Rehab Sub-Account 980	0	0	0
201090	SIMAP Pahse 2 Sub-Account	0	0	0
201100	Remedial Maintenance Project-Geo Sewerage	0	0	0
201110	Infrastructural Dev Fund Account	0	0	0
201130	Ministry of Finance/Financial Sector reform Programme	0	0	0
201160	Ministry of Finance-Agri Sector Prog 965-SF/GY	0	0	0
201180	Japanese-Non Project Grant Aid Deposit	0	0	0
201230	Japanese Agricultural Grant	0	0	0
201280	Guyana/USA Economy Support Grant	0	0	0
201300	030 Stale Dated Cheques	7,253,622	7,257,850	(4,228)
201340	CARICOM Headquarters Buildings Project	0	0	0
<b>TOTAL INACTIVE TO BE TRANSFERRED TO 407</b>		<b>264,213,040</b>	<b>264,313,268</b>	<b>(100,228)</b>
<b>OLD ACCOUNTS</b>				
200880	Accountant General	3,793,961,923	2,485,731,995	1,308,229,928
200970	HIA	3,098,089	3,098,089	0
200980	IDB - Technical Coop Small Projects Swiss Fund	4,448,444	3,519,545	928,899
<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...	120,703,463	40,314,687	80,388,776
201410	GOG/IBRD Global Fund-National Initiative to Accelerat Access...	0	0	0
201420	GOG/IBRD Global Fund for Tuberculosis	0	0	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	1,042,500,000	1,032,500,000	10,000,000
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	0	0
201520	Official Global Fund/MOH Mal/Reg 9	85,045,640	115,853,471	(30,807,831)
<b>New Accounts for 2010</b>				
201590	Off Global Fund / MOH TB	28,883,449	31,555,151	(2,671,702)
<b>New Accounts for 2012</b>				
201600	LCDS Institutional Strengthen	0	1,995	(1,995)
201610	Off-GFC LCDS Proj US Acct	0	0	0
<b>New Accounts for 2013</b>				
201620	Off-SBB LCDS US	325,260	322,140	3,120
<b>New Accounts for 2014</b>				
201630	Off-UAWARP MOA GUYLO#0001	0	0	0
201640	Off-SMDR ATM/OC-14039-GY	0	40,887,620	(40,887,620)
201650	CARICOM MULTILATERAL CLEARING FACILITY WRITE OFF	0	2,227,002,541	(2,227,002,541)
201660	Off- SEPG-GRT/FM-13897-GY	93,518,849	26,460,266	67,058,583
201680	OFF- IDB/GOG IMPL. SEC. STRAT	0	2	(2)

ACCT #	Description	2018	2017	Net Change
<b>New Accounts for 2015</b>				
201681	OFF-GUY FOR TNC UNEP USS	1,148,668	17,552,500	(16,403,832)
201682	OFF-GUY LCDS OUTREACH USS	0	0	0
201684	OFF-AOG PEU 14809	0	0	0
201685	OFF- PPM FMS ATN/OC 14815-GY	25,952,206	11,630,080	14,322,126
201686	OFF-EARLY CHILDHOOD EDUCATION	0	39,203,199	(39,203,199)
201970	JAPANESE NON-PROJECT GRANT AID YEAR 2013	0	0	178,511,189
<b>New Accounts for 2016</b>				
201390	BUDGETARY SUPPORT	9,118,340,552	1,900,208,870	7,218,131,682
201683	OFF IDB/GOG CIT. SEC. STRENGTHEN	329,091,129	513,300,767	(184,209,638)
201687	OFF - NAC GUYANA	0	0	0
201688	OFF - STRENGTHENING OF CTVET	0	0	0
201689	OFFICIAL CCRPMOAG AC#132408	68,619,794	107,877,091	(39,257,297)
201690	OFFICIAL USD HINTERLAND PROG	21	21	0
<b>New Accounts for 2017</b>				
201670	JAPANESE NON-PROJECT GRANT AID YEAR 2013	178,511,189	147,118,405	31,392,784
201691	OFFICIAL GUY NUR UNEP-USS	1,042,500	2,065,000	(1,022,500)
201692	OFFICIAL ATN/OC-15448-GY ESCG	34,638,522	12,784,415	21,854,107
201693	OFFICIAL ATN/OC-15448-GY -FFMP USD	22,167,268	24,581,347	(2,414,079)
<b>New Accounts for 2018</b>				
201694	OFFICIAL ATN/OC-15978-GY -SNAMPGP	41,700,000	0	41,700,000
201696	GUY CDB/OCC GRSNT-USS	767,530	0	767,530
201698	OFFICIAL PSMOSP-INST. STRENGTH TO GUY SSFETY NET USD	18,533,982	0	18,533,982
<b>TOTAL ACTIVE</b>		<b>17,330,199,180</b>	<b>11,100,769,899</b>	<b>6,349,353,037</b>
<b>TOTAL (ACTIVE &amp; INACTIVE)</b>		<b>17,594,412,220</b>	<b>11,365,083,167</b>	<b>6,229,329,053</b>

STATEMENT OF GOVERNMENT GUARANTEES  
AS AT 31 DECEMBER 2018

NAME OF GOVERNMENT AGENCY	LENDING AGENCY	OUTSTANDING LIABILITY AT 31/12/2018
		G\$'000
Guyana Transport Services Ltd	Bank of India	0
Guyana Telecommunications Corporation	ITT World comm.Inc	0
Total		<u><u>0</u></u>

MS. JENNIFER CHAPMAN  
ACCOUNTANT GENERAL

HON. WINSTON D. JORDAN  
MINISTER OF FINANCE

**STATEMENT OF PUBLIC DEBT  
AS AT 31 DECEMBER 2018**

**SUMMARY SHEET**

<b>DESCRIPTION</b>	<b>EXTERNAL</b>	<b>INTERNAL</b>	<b>TOTAL</b>
	<b>GS'000</b>	<b>GS'000</b>	<b>GS'000</b>
UNFUNDED	272,091,211	43,137,680	315,228,891
FUNDED	0	3,898,537	3,898,537
<b>SUB TOTAL</b>	<u>272,091,211</u>	<u>47,036,217</u>	<u>319,127,428</u>
SHORT-TERM Treasury Bills (91 days & K Series)	0	997,300	997,300
MEDIUM -TERM Treasury Bills (182 & 365 days)	0	71,007,450	71,007,450
<b>GRAND TOTAL</b>	<u><u>272,091,211</u></u>	<u><u>119,040,967</u></u>	<u><u>391,132,178</u></u>

MS. JENNIFER CHAPMAN  
ACCOUNTANT GENERAL

HON. WINSTON. D. JORDAN  
MINISTER OF FINANCE

NAME OF CREDITOR/ LOAN IDENTIFICATION/ DESCRIPTION OF LOAN	NOTES	LOAN CURR- ENCY	REVISED/ ORIGINAL AMOUNT	OPENING BALANCE AS AT	REVISED/ BALANCE AS AT	AMOUNT DIS- BURSED IN 2018	DEBT SERVICE COST DUE & PAYABLE IN 2018		ACTUAL DEBT SERVICE COST PAID IN 2018			DEBT RELIEF (DEBT CANCELL- ATION/ WRITE- OFF)	CLOSING BALANCE AS AT	GUYANA DOLLAR EQ- UIVALENT	TERMS AND CONDITIONS OF LOAN
							PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	TOTAL PAYMENT				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
			'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000
<b>INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA)</b>															
Secondary Schools Reform Project Credit No. 2879-0 GUA		SDR	2,081	1,541	1,540	0	83	11	83	11	95	0	1,457	422,507	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	1,338	1,338	0	84	9	84	9	92	0	1,255	363,781	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	2,179	2,177	0	48	15	48	15	64	0	2,129	617,237	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	2,785	0	0	21	0	21	21	0	2,785	807,512	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	6,199	6,200	0	0	46	0	46	46	0	6,200	1,797,664	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	1,327	1,327	2,774	0	47	0	47	47	0	4,100	1,188,817	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	6,086	6,087	1,613	0	138	0	138	138	0	7,700	2,232,549	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	2,700	2,700	0	0	53	0	53	53	1	2,699	782,683	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	449	0	8	0	8	8	0	449	130,224	Repayment commencing on June 1, 2022 to 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	817	817	260	0	18	0	18	18	0	1,077	312,289	Repayment commencing on June 1, 2022 to 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.
First Programmatic Financial and Fiscal Stability Development Policy Credit 6286-GY		SDR	24,400	0	0	24,400	0	0	0	0	0	0	24,400	7,074,677	This loan shall be paid on each February and August commencing August 15th 2028 to and including February 15th 2038 at 1% and commencing August 15th 2038 to and including February 15 2058 at 2%
C/F														15,729,939	

NAME OF CREDITOR/ LOAN IDENTIFICATION/ DESCRIPTION OF LOAN	NOTES	LOAN CURR- ENCY	REVISED/ ORIGINAL AMOUNT	OPENING BALANCE AS AT	REVISED/ BALANCE AS AT	AMOUNT DIS- BURSED	DEBT SERVICE COST DUE & PAYABLE IN 2018		ACTUAL DEBT SERVICE COST PAID IN 2018			DEBT RELIEF (DEBT CANCELL- ATION/ WRITE- OFF)	CLOSING BALANCE AS AT	GUYANA DOLLAR EQ- UIVALENT	TERMS AND CONDITIONS OF LOAN
							PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	TOTAL PAYMENT				
1		2	3	4	5	6	7	8	9	10	11	12			
			'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	
B/F							a	b	a	b	9=8a+8b	11=(5+6+7b-8a-8b)-10			
					* /3										
Guyana Oil and Gas Capacity Building Project V2160		USD	1,600	0	0	672	0	0	0	0	0	0	672	140,112	In no event shall the first payment date be set earlier than 60 days following the date of such notice. The Recipient shall pay a service charge on the aggregate balance at the rate of 3/4 of 1% per annum payable in arrears in each payment date.
<b>Caribbean Development Bank (CDB)</b>															
Caribbean Court of Justice 01/SFR-OR-GUY (OCR)		USD	4,400	2,585	2,585	0	220	99	220	99	319	0	2,365	493,103	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	2,585	2,585	0	220	50	220	50	270	0	2,365	493,103	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	4,221	4,219	0	511	160	511	160	671	0	3,707	772,961	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	8,000	8,000	0	500	156	500	156	656	0	7,500	1,563,750	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	7,178	7,179	0	845	272	845	272	1,117	0	6,335	1,320,814	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	11,145	11,146	0	697	218	697	218	914	0	10,449	2,178,663	This loan shall be repaid in 80 equal quarterly repayments beginning 1 January, 2014, ending 1 October 2033.
Reconstruction of Sea Defences (2nd Loan) 4/SFR-OR-GUY (OCR)		USD	3,684	1,949	1,950	0	217	74	217	74	291	0	1,734	361,468	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	2,763	2,762	0	162	54	162	54	216	0	2,599	541,993	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	2,209	2,211	0	211	85	211	85	295	0	2,001	417,123	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	8,862	8,862	0	473	174	473	174	646	0	8,390	1,749,231	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	3,455	3,454	0	227	134	227	134	361	0	3,227	672,763	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	12,270	0	0	245	0	245	245	0	12,270	2,558,372	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	111	112	0	22	1	22	1	23	0	90	21,441	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	8,603	8,603	481	390	341	390	341	732	0	8,694	1,812,660	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	22,629	22,628	1,209	0	403	0	403	403	0	23,838	4,970,161	This loan shall be repaid in 80 equal quarterly repayments beginning 1 April, 2023.
C/F														35,797,657	

NAME OF CREDITOR/ LOAN IDENTIFICATION/ DESCRIPTION OF LOAN	NOTES	LOAN CURR- ENCY	REVISED/ ORIGINAL AMOUNT	OPENING BALANCE AS AT	REVISED/ BALANCE AS AT	AMOUNT DIS- BURSED IN 2018	DEBT SERVICE COST DUE & PAYABLE IN 2018		ACTUAL DEBT SERVICE COST PAID IN 2018			DEBT RELIEF (DEBT CANCELL- ATION/ WRITE- OFF)	CLOSING BALANCE AS AT	GUYANA DOLLAR EQ- UIVALENT	TERMS AND CONDITIONS OF LOAN
							PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	TOTAL PAYMENT				
1		2	3	4	5	6	a	b	a	b	9	10	11=(5+6+7b-8a-8b)-10	12	
B/F			'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	
Economic Recovery Programme 7/SFR-GUY		USD	42,000	17,850	17,850	0	1,400	347	1,400	347	1,747	0	16,450	3,429,825	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	4,094	4,094	0	241	80	241	80	321	0	3,854	803,470	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	161	162	582	0	37	0	37	37	0	743	154,979	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	*_/1	USD	22,100	1,965	1,965	4,398	0	46	0	46	46	0	6,363	1,326,758	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	4,144	4,147	0	168	82	168	82	249	0	3,979	829,670	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	7,044	7,046	0	357	138	357	138	495	0	6,689	1,394,662	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	5,650	5,648	0	293	111	293	111	404	0	5,354	1,116,386	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	3,570	3,570	0	255	69	255	69	324	0	3,315	691,178	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	237	235	0	29	4	29	4	34	0	206	42,926	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	7,423	0	0	148	0	148	148	0	7,423	1,547,778	This loan shall be repaid in 80 equal quarterly repayments beginning 1 July, 2020, ending 1 April 2040.
Skills Development and Employability Project 19/SFR-GUY		USD	11,700	0	0	29	0	0	0	0	0	0	29	6,076	This loan shall be repaid in eighty (80) equal or approximately equal and consecutive 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.
Water Sector Enhancement Project		USD	1,265	0	0	0	0	0	0	0	0	0	0	0	The loan shall be repaid in thirty six (36) equal installments on each due date commencing on the first due date after the expiry of three years following the date of this agreement on the first due date after the expiry of three years following the date of this agreement or on such later due date as the bank may specify in writing.
C/F														47,141,364	

NAME OF CREDITOR/ LOAN IDENTIFICATION/ DESCRIPTION OF LOAN	NOTES	LOAN CURR- ENCY	REVISED/ ORIGINAL AMOUNT	OPENING BALANCE AS AT	REVISED/ BALANCE AS AT	AMOUNT DIS- BURSED IN 2018	DEBT SERVICE COST DUE & PAYABLE IN 2018		ACTUAL DEBT SERVICE COST PAID IN 2018			DEBT RELIEF (DEBT CANCELL- ATION/ WRITE- OFF)	CLOSING BALANCE AS AT	GUYANA DOLLAR EQ- UIVALENT	TERMS AND CONDITIONS OF LOAN	
							PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	TOTAL PAYMENT					
																a
1		2	3	4	5	6	7	8	9	10	11	12				
			'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000			
B/F							a	b	a	b	9=8a+8b	11=(5+6+7b-8a-8b)-10				
Transport Sector Enhancement Project		USD	4,367	0	0	0	0	0	0	0	0	0	0	0	47,141,364	The loan shall be repaid in thirty two (32) equal installments on each due date commencing on the first due date after the expiry of two years following the date of this agreement or on such later due date as the bank may specify in writing.
<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	5,638	5,637	0	442	205	442	205	646	0	5,195	1,083,146	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 Regions 4 and 5 Loan No.GUYL0002		USD	6,625	2,319	2,319	3,644	0	125	0	125	125	0	5,963	1,243,181	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	41	42	0	42	1	42	1	43	0	0	0	0	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	135	133	0	53	2	53	2	56	0	80	16,680	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		USD	41,000	8,771	8,771	0	428	173	428	173	601	0	8,343	1,739,468	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		USD	20,000	5,076	5,076	0	236	100	236	100	336	0	4,840	1,009,161	Loan to be repaid in 60 equal semi-annual installments beginning 13 September 2009 and ending 13 September 2039.	
C/F															52,233,000	
B/F															52,233,000	



NAME OF CREDITOR/ LOAN IDENTIFICATION/ DESCRIPTION OF LOAN	NOTES	LOAN CURR- ENCY	REVISED/ ORIGINAL AMOUNT	OPENING BALANCE AS AT	REVISED/ BALANCE AS AT	AMOUNT DIS- BURSED IN 2018	DEBT SERVICE COST DUE & PAYABLE IN 2018		ACTUAL DEBT SERVICE COST PAID IN 2018			DEBT RELIEF (DEBT CANCELL- ATION/ WRITE- OFF)	CLOSING BALANCE AS AT	GUYANA DOLLAR EQ- UIVALENT	TERMS AND CONDITIONS OF LOAN
							PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	TOTAL PAYMENT				
1		2	3	4	5	6	7	8	9	10	11	12			
			'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	
Transportation - Loan No. 1042- 1/SF-GY		USD	20,200	8,769	8,769	0	390	174	390	174	563	0	8,380	1,747,171	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.
Transportation - Loan No. 1042- 2 /SF-GY		USD	9,800	1,391	1,391	0	62	28	62	28	89	0	1,330	277,227	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		USD	27,000	7,305	7,305	0	325	144	325	144	469	0	6,981	1,455,464	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		USD	27,000	9,816	9,819	0	436	194	436	194	631	0	9,382	1,956,191	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	283	281	0	12	6	12	6	18	0	268	55,919	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	11,075	11,074	0	452	219	452	219	671	0	10,622	2,214,787	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- Rosignol Road Rehabilitation Project Loan No.1094		USD	40,000	9,602	9,599	0	392	190	392	190	582	0	9,207	1,919,694	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 a part cancellation in 2008.
Unserved Areas Electrification Prog Loan No.1103		USD	34,400	15,894	15,895	0	636	315	636	315	950	0	15,260	3,181,643	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		USD	33,500	20,703	20,705	0	828	410	828	410	1,238	0	19,876	4,144,226	This loan shall be completely repaid in 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	3,709	3,708	0	145	73	145	73	219	0	3,562	742,758	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	2,444	2,443	0	92	48	92	48	141	0	2,351	490,241	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	21,083	21,083	0	767	418	767	418	1,184	0	20,317	4,236,025	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.
C/F															74,654,346
B/F															74,654,346

NAME OF CREDITOR/ LOAN IDENTIFICATION/ DESCRIPTION OF LOAN	NOTES	LOAN CURR- ENCY	REVISED/ ORIGINAL AMOUNT OF LOAN	OPENING BALANCE AS AT 01.01.2018	REVISED/ BALANCE AS AT 01.01.2018 * /3	AMOUNT DIS- BURSED IN 2018	DEBT SERVICE COST DUE & PAYABLE IN 2018		ACTUAL DEBT SERVICE COST PAID IN 2018			DEBT RELIEF (DEBT CANCELL- ATION/ WRITE- OFF)	CLOSING BALANCE AS AT 31.12.18	GUYANA DOLLAR EQ- UIVALENT 31.12.18	TERMS AND CONDITIONS OF LOAN	
							PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	TOTAL PAYMENT 9=8a+8b					
																a
Fiscal & Financial Management Prog Loan No. 1550/SF-GY		USD	'000 15,000	'000 4,604	'000 4,603	'000 0	'000 170	'000 91	'000 170	'000 91	'000 262	'000 0	'000 4,432	'000 924,100	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		USD	13,000	10,699	10,700	0	396	212	396	212	608	0	10,304	2,148,367	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		USD	37,300	34,066	34,066	0	1,239	675	1,239	675	1,914	0	32,827	6,844,467	Loan shall be repaid semiannual, consecutive equal installments. The first installment on 6 Dec. 2015 and last installment 6 June 2045.	
Agriculture Support Services Prog Loan No. 1558/SF-GY		USD	22,500	15,219	15,220	0	564	301	564	301	865	0	14,656	3,055,837	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	2,765	2,766	0	101	55	101	55	155	0	2,665	555,663	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	14,935	14,934	0	506	296	506	296	802	0	14,428	3,008,243	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	0	1	0	1	1	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	14,750	14,750	0	500	292	500	292	792	0	14,250	2,971,125	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	9,827	9,827	0	333	195	333	195	528	0	9,494	1,979,569	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	17,700	17,700	0	600	351	600	351	951	0	17,100	3,565,350	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.	
C/F															99,707,067	
B/F															99,707,067	

NAME OF CREDITOR/ LOAN IDENTIFICATION/ DESCRIPTION OF LOAN	NOTES	LOAN CURR- ENCY	REVISED/ ORIGINAL AMOUNT	OPENING BALANCE AS AT	REVISED/ BALANCE AS AT	AMOUNT DIS- BURSED	DEBT SERVICE COST DUE & PAYABLE IN 2018		ACTUAL DEBT SERVICE COST PAID IN 2018			DEBT RELIEF (DEBT CANCELL- ATION/ WRITE- OFF)	CLOSING BALANCE AS AT	GUYANA DOLLAR EQ- UIVALENT	TERMS AND CONDITIONS OF LOAN
							PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	TOTAL PAYMENT				
1		2	3	4	5	6	7	8	9	10	11	12			
			'000	'000	'000	'000	a	b	a	b	9=8a+8b	11=(5+6+7b-8a-8b)-10	'000		
Support For Competitiveness Loan No. 1751/SF- GY		USD	8,650	7,320	7,320	0	248	145	248	145	393	0	7,072	1,474,474	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	19,469	19,470	0	660	386	660	386	1,046	0	18,810	3,921,875	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	24,180	0	806	480	806	480	1,286	0	23,374	4,873,520	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	10,448	0	0	26	0	26	26	0	10,448	2,178,444	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	8,764	8,766	0	428	409	428	409	837	0	8,338	1,738,502	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	6,000	0	0	15	0	15	15	0	6,000	1,251,000	This loan shall be repaid in a 1 shot payment on 6 April 2048 and Int. is 0.25% per annum.
Power Sector Support Programme Loan No 1938/ BL - GY (OCR)		USD	6,000	5,020	5,020	0	245	216	245	216	461	0	4,776	995,694	This loan shall be repaid in semi-annual consecutive and equal installments. The 1st installment beginning 6 April 2014 ending 6 April 2038.
Financial Sector Reform Prog. 2091/ BL - GY Fixed (OCR)		USD	2,500	2,143	2,143	0	102	114	102	114	216	0	2,041	425,510	This loan shall be repaid in semi-annual consecutive and equal installments. First installment 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	2,500	0	0	6	0	6	6	0	2,500	521,250	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 (FSO)		USD	13,950	12,214	12,215	0	568	359	568	359	927	0	11,646	2,428,272	This loan shall be repaid in a 1 shot payment on 17 April 2048 and Int. is 0.25% per annum.
Urban Development of Housing Prog. 2102 / BL - GY (OCR)		USD	13,950	13,918	13,918	0	0	35	0	35	35	0	13,918	2,901,993	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	11,600	11,602	-236	516	366	516	366	881	0	10,850	2,262,152	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	12,399	12,400	-49	0	30	0	30	30	0	12,351	2,575,142	This loan shall be repaid in semi-annual consecutive and equal installments. First installment beginning 21 March 2016 and ending 21 March 2040.
C/F														127,254,896	
B/F														127,254,896	

NAME OF CREDITOR/ LOAN IDENTIFICATION/ DESCRIPTION OF LOAN	NOTES	LOAN CURR- ENCY	REVISED/ ORIGINAL AMOUNT OF LOAN	OPENING BALANCE AS AT 01.01.2018	REVISED/ BALANCE AS AT 01.01.2018 * /3	AMOUNT DIS- BURSED IN 2018	DEBT SERVICE COST DUE & PAYABLE IN 2018		ACTUAL DEBT SERVICE COST PAID IN 2018			DEBT RELIEF (DEBT CANCELL- ATION/ WRITE- OFF)	CLOSING BALANCE AS AT 31.12.18	GUYANA DOLLAR EQ- UIVALENT 31.12.18	TERMS AND CONDITIONS OF LOAN
							PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	TOTAL PAYMENT 9=8a+8b				
1	2	3	4	5	6	7	8	9	10	11	12				
Capital Markets Prog. 2235 / BL - GY (OCR)		USD	2,500	2,245	2,245	0	102	99	102	99	201	0	2,143	446,786	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	2,500	0	0	6	0	6	6	0	2,500	521,250	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	1,502	1,502	629	74	47	74	47	121	0	2,058	429,057	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	1,587	1,587	629	0	4	0	4	4	0	2,217	462,166	This loan shall be repaid in semi-annual consecutive and equal installments. First installment beginning 23 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	939	939	0	41	31	41	31	72	0	898	187,224	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	1,000	0	0	3	0	3	3	0	1,000	208,500	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	4,406	4,407	0	192	187	192	187	379	0	4,215	878,832	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	4,695	4,695	0	0	12	0	12	12	0	4,695	978,937	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	2,347	2,347	0	102	120	102	120	222	0	2,245	468,061	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	2,500	2,500	0	0	6	0	6	6	0	2,500	521,250	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.
Transportation Rehab. Proj. 2454 / BL- GY (FSO)		USD	10,000	9,393	9,393	-4	408	362	408	362	770	0	8,981	1,872,448	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	10,000	10,000	-4	0	25	0	25	25	0	9,996	2,084,104	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	6,000	0	0	15	0	15	15	0	6,000	1,251,000	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	5,878	5,878	0	245	226	245	226	471	0	5,633	1,174,408	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															
C/F														138,738,920	
B/F														138,738,920	

NAME OF CREDITOR/ LOAN IDENTIFICATION/ DESCRIPTION OF LOAN	NOTES	LOAN CURR- ENCY	REVISED/ ORIGINAL AMOUNT OF LOAN	OPENING BALANCE AS AT 01.01.2018	REVISED/ BALANCE AS AT 01.01.2018 * /3	AMOUNT DIS- BURSED IN 2018	DEBT SERVICE COST DUE & PAYABLE IN 2018		ACTUAL DEBT SERVICE COST PAID IN 2018			DEBT RELIEF (DEBT CANCELL- ATION/ WRITE- OFF)	CLOSING BALANCE AS AT 31.12.18	GUYANA DOLLAR EQ- UIVALENT 31.12.18	TERMS AND CONDITIONS OF LOAN	
							PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	TOTAL PAYMENT 9=8a+8b					
																a
1	2	3	4	5	6	7	8	9	10	11	12					
2567 BL-GY (FSO)		USD	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	493,846	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	2,500	2,500	0	0	6	0	6	6	0	2,500	521,250	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	1,705	1,705	4,084	0	9,177	0	9,177	9,177	0	5,789	1,206,908	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	1,705	1,705	4,084	0	258	0	258	258	0	5,789	1,206,908	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	8,460	0	0	21	0	21	21	0	8,460	1,763,910	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	8,460	0	0	398	0	398	398	0	8,460	1,763,910	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	6,899	6,899	9,716	0	341	0	341	341	0	16,615	3,464,194	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	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	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	5,675	5,675	1,825	0	202	0	202	202	0	7,500	1,563,750	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	1,319	0	23	0	23	23	0	1,319	275,029	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	1,319	0	0	0	0	0	0	1,319	275,029	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	2,310	2,310	1,709	0	82	0	82	82	0	4,019	838,020	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.	
Citizen Security Strengthening Prog - 3369/BL GY-(FSO)		USD	7,500	2,310	2,310	1,709	0	5	0	5	5	0	4,019	838,020	This portion of loan shall be repaid in one single installment 40 years from the date of signature of this contract.	
C/F														152,949,693		
B/F														152,949,693		

NAME OF CREDITOR/ LOAN IDENTIFICATION/ DESCRIPTION OF LOAN	NOTES	LOAN CURR- ENCY	REVISED/ ORIGINAL AMOUNT	OPENING BALANCE AS AT	REVISED/ BALANCE AS AT	AMOUNT DIS- BURSED IN 2018	DEBT SERVICE COST DUE & PAYABLE IN 2018		ACTUAL DEBT SERVICE COST PAID IN 2018			DEBT RELIEF (DEBT CANCELL- ATION/ WRITE- OFF)	CLOSING BALANCE AS AT	GUYANA DOLLAR EQ- UIVALENT	TERMS AND CONDITIONS OF LOAN
							PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	TOTAL PAYMENT				
1		2	3	4	5	6	7	8	9	10	11	12			
			'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000		
Environment and Natural Disaster 3422-BL/GY (OCR)		USD	8,580	8,580	8,580	0	0	21	0	21	21	0	8,580	1,788,930	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	8,580	0	0	294	0	294	294	0	8,580	1,788,930	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	129	129	454	0	1	0	1	1	0	584	121,726	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	129	129	454	0	27	0	27	27	0	584	121,726	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	501	501	427	0	1	0	1	1	0	928	193,428	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	501	501	427	0	46	0	46	46	0	928	193,428	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	150	150	558	0	26	0	26	26	0	708	147,700	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	150	150	558	0	0	0	0	0	0	708	147,700	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	223	223	356	0	1	0	1	1	0	579	120,763	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	223	223	356	0	25	0	25	25	0	579	120,763	This portion of loan shall be repaid in one single installment 40 years from the date of signature of this contract.
Strengthening the Energy Sector No. 4698/BL-GY (Regular OC)		USD	5,820	0	0	2,910	0	0	0	0	0	0	2,910	606,735	This loan shall be repaid by the borrower in semi annual equal installment, the first installment shall be due from the borrower on the expiration date of 66 months period following the effective date of this contract and the last installment shall be paid no later than the final amortization date.
Strengthening the Energy Sector No. 4698/BL-GY (Concession OC)		USD	5,820	0	0	2,910	0	0	0	0	0	0	2,910	606,735	This loan shall be repaid in one single installment at the latest 40 years from the date of the signature of this contract.
C/F														158,908,256	
B/F														158,908,256	

NAME OF CREDITOR/ LOAN IDENTIFICATION/ DESCRIPTION OF LOAN	NOTES	LOAN CURR- ENCY	REVISED/ ORIGINAL AMOUNT	OPENING BALANCE AS AT	REVISED/ BALANCE AS AT	AMOUNT DIS- BURSED IN 2018	DEBT SERVICE COST DUE & PAYABLE IN 2018		ACTUAL DEBT SERVICE COST PAID IN 2018			DEBT RELIEF (DEBT CANCELL- ATION/ WRITE- OFF)	CLOSING BALANCE AS AT	GUYANA DOLLAR EQ- UIVALENT	TERMS AND CONDITIONS OF LOAN
							PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	TOTAL PAYMENT				
1		2	3	4	5	6	a	b	a	b	9	10	11=(5+6+7b-8a-8b)-10	12	
			'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	
<b>INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT</b>															
CAD/Guyana Poor Rural Communities Support Services Project 436 - GY		SDR	7,300	4,197	4,198	0	221	31	221	31	252	0	3,977	1,153,023	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	4,875	4,875	0	375	48	375	48	423	0	4,500	938,250	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	21	0	0	0	0	0	0	0	21	5,576	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	578	578	0	48	14	48	14	63	0	529	110,394	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	5,479	5,480	0	415	54	415	54	468	0	5,065	1,207,215	Principal repayment in 51 semi-annual installments beginning 1 March 2005, ending 1 March 2030.
Financing Project (READ) IFAD742-GY		SDR	1,850	1,850	1,850	0	62	14	62	14	75	0	1,788	518,434	This loan shall be repaid in 60 semi-annual payments beginning June 15, 2018, ending December 15, 2047.
OPEC Fund for International Development 716pg		USD	15,188	7,896	7,898	0	608	77	608	77	685	0	7,290	1,520,036	Principal repayment shall be made semi-annually commencing 2006/02/16, ending 2030/08/16.
Rescheduling of Guyana Debt/ Trinidad & Tobago.		USD	55,979	12,107	12,107	0	7,798	331	7,798	331	8,128	0	4,309	898,388	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	800	0	8	0	8	8	0	800	166,800	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	1,358	1,357	0	0	24	0	0	0	0	1,381	287,886	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	29,045	29,046	0	0	870	0	0	0	0	29,916	1,698,101	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	15,220	15,219	0	0	339	0	0	0	0	15,557	3,243,736	Repayable 1996 to 1998 at 7.5%.
Kuwait	*_/3	KWD	3,000	23,415	23,415	0	0	832	0	0	0	0	24,247	16,646,590	Repayable 1982 to 1993 at 7.5% to 10.8%.
Libya		USD	10,000	43,511	43,512	0	0	516	0	0	0	0	44,028	9,179,805	Repayable 1981 to 1993 at varying interest rates.
C/F														196,482,490	
B/F														196,482,490	

NAME OF CREDITOR/ LOAN IDENTIFICATION/ DESCRIPTION OF LOAN	NOTES	LOAN CURR- ENCY	REVISED/ ORIGINAL AMOUNT	OPENING BALANCE AS AT	REVISED/ BALANCE AS AT	AMOUNT DIS- BURSED	DEBT SERVICE COST DUE & PAYABLE IN 2018		ACTUAL DEBT SERVICE COST PAID IN 2018			DEBT RELIEF (DEBT CANCELL- ATION/ WRITE- OFF)	CLOSING BALANCE AS AT	GUYANA DOLLAR EQ- UIVALENT	TERMS AND CONDITIONS OF LOAN	
							PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	TOTAL PAYMENT					
																a
1		2	3	4	5	6										
			'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000		
<b>Italy</b>																
Procurement of Equipment for the rehab. maint. and construct. of drainage and irrigation facilities in Mahaica.		XEU	3,305	2,619	2,620	0	175	26	175	26	200	0	2,445	582,842	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	129,191	129,193	0	17,226	2,500	17,226	2,500	19,726	0	111,968	3,400,270	31 equal semi-annual installments commencing 21 March 2010, ending on 21 March 2025.	
Guyana Power and Light Infrastructure Development Project		YUAN	270,000	207,939	207,939	0	15,995	4,137	15,995	4,137	20,133	0	191,944	5,829,008	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	200,304	200,304	0	13,814	3,939	13,814	3,939	17,753	0	186,490	5,663,400	31 equal semi-annual installments commencing 21 March 2017, ending on 21 September 2032.	
CJIA Loan Extension Project		YUAN	825,000	655,230	655,230	169,461	44,581	13,722	44,581	13,722	58,303	0	780,110	23,690,655	31 equal semi-annual installments commencing 21 March 2018, ending on 17 December 2032.	
East Coast Demerara Road Improvement Project		YUAN	313,839	44,409	44,409	72,204	0	1,808	0	1,808	1,808	0	116,614	3,541,364	31 equal semi-annual installments principal, 5 years grace period and Fixed interest rate at 2% per annum.	
Guyana National Broadband Project		YUAN	249,044	0	0	74,713	0	623	0	623	623	0	74,713	2,268,913	The rate of interest applicable to the loan shall be 2% per annum. The maturity period for the facility shall be 240 months, among which the grace period shall be	
<b>Exim Bank of India</b>																
Construction of Cricket Stadium		USD	19,000	8,879	8,877	0	1,265	153	1,265	153	1,418	0	7,611	1,586,977	30 equal semi-annual installments commencing 14.01.2010 & ending 14.07.2024. Interest rate 1.75 %.	
Construction of Traffic Lights		USD	2,100	1,260	1,261	0	140	22	140	22	162	0	1,121	233,724	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	2,335	2,335	0	195	41	195	41	235	0	2,141	446,372	30 equal semi-annual installments commencing 14 January 2015, ending on 14 July 2029.	
Multi Speciality Hospital Project		USD	4,285	4,285	4,285	0	286	75	286	75	361	0	4,000	833,947	30 equal semi-annual installments commencing 14 January 2018, ending July 14 2032.	
Procurement of an Ocean Ferry		USD	10,000	0	0	0	0	0	0	0	0	0	0	0	The principal amount shall be repaid in semi-annual substantially equal installments commencing on the 14th January, 2022 and ending on the 14th July, 2036.	
East Bank East Coast Road Linkage Project		USD	50,000	0	0	727	0	3	0	3	3	0	727	151,486	The principal amount shall be repaid in semi-annual equal substantially equal installments commencing on the 14th January, 2021 and ending on the 14th January, 2036.	
C/F														244,711,447		
B/F														244,711,447		



NAME OF CREDITOR/ LOAN IDENTIFICATION/ DESCRIPTION OF LOAN	NOTES	LOAN CURR- ENCY	REVISED/ ORIGINAL AMOUNT	OPENING BALANCE AS AT	REVISED/ BALANCE AS AT	AMOUNT DIS- BURSED	DEBT SERVICE COST DUE & PAYABLE IN 2018		ACTUAL DEBT SERVICE COST PAID IN 2018			DEBT RELIEF (DEBT CANCELL- ATION/ WRITE- OFF)	CLOSING BALANCE AS AT	GUYANA DOLLAR EQ- UIVALENT	TERMS AND CONDITIONS OF LOAN
							PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	TOTAL PAYMENT				
1		2	3	4	5	6	7	8	9	10	11	12			
			'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	11=(5+6+7b-8a-8b)-10	'000	
High Capacity Fixed and Mobile Drainage Pumps and Associated Structures		USD	4,000	0	0	0	0	0	0	0	0	0	0	0	40 equal semi-annual installments commencing July 19th 2022, ending on July 19th, 2032. Fixed Interest Rate at 1.75%
Hospital Upgrade		USD	17,500	0	0	0	0	0	0	0	0	0	0	0	40 equal semi-annual installments commencing July 19th 2022, ending on July 19th, 2032. Fixed Interest Rate at 1.75%
Atlantic Hotel Inc.		USD	17,307	17,307	17,307	0	722	1,079	722	1,079	1,801	0	16,585	3,457,887	Fixed at issue at a spread of 450 basis points above current US Treasury Five (5) years (current effective 6.28% per annum). Interest payable semi-annually in areas calculated on an annual 365 days basis, commencing 6 months after issue date. Principal and interest installments to be paid via 30 semi-annual payments.
<b>Bulgaria</b>		USD	323	0	0	0	0	0	0	0	0	0	0	0	Accumulated loan amount was reduced by 90 %. Repayment for remaining balance shall be done semi-annually with equal installments. Loan to be fully repaid in 3 years, first payment due September 30th 2014.
<b>Islamic Development Bank</b>		USD	20,000	0	0	0	0	0	0	0	0	0	0	0	The interest rate shall be repaid in 10 years USD mid-swap. The first repayment date will commence 6 months after the end of gestation period and the maturity period ending September 19, 2038
Power Utility Upgrade Program		USD	20,000	0	0	0	0	0	0	0	0	0	0	0	
VENEZUELA															
PetroCaribe Agreement-7th shipment 2014	*_/2	USD	3,199	2,217	2,218	0	91	22	91	22	113	0	2,127	443,506	Repayment of 23 installments to be paid once each year commencing 2017-02-13 & ending 2039-02-13.
PetroCaribe Agreement-8th shipment 2014		USD	2,479	2,431	2,430	0	99	24	99	24	124	0	2,331	485,959	Repayment of 23 installments to be paid once each year commencing 2017-02-26 & ending 2039-02-26.
PetroCaribe Agreement-9th shipment 2014		USD	2,337	2,291	2,291	0	94	23	94	23	117	0	2,198	458,220	Repayment of 23 installments to be paid once each year commencing 2017-03-09 & ending 2039-03-09.
PetroCaribe Agreement-10th shipment 2014		USD	2,311	2,265	2,265	0	93	23	93	23	115	0	2,173	453,040	Repayment of 23 installments to be paid once each year commencing 2017-03-11 & ending 2039-03-11.
PetroCaribe Agreement-11th shipment 2014		USD	2,118	2,077	2,077	0	85	21	85	21	106	0	1,992	415,294	Repayment of 23 installments to be paid once each year commencing 2017-03-15 & ending 2039-03-15.
PetroCaribe Agreement-12th shipment 2014		USD	2,494	2,445	2,446	0	100	24	100	24	124	0	2,346	489,070	Repayment of 23 installments to be paid once each year commencing 2017-03-23 & ending 2039-03-23.
PetroCaribe Agreement-13th shipment 2014		USD	2,077	2,037	2,037	0	83	20	83	20	104	0	1,954	407,311	Repayment of 23 installments to be paid once each year commencing 2017-03-24 & ending 2039-03-24.
PetroCaribe Agreement-14th shipment 2014		USD	2,743	2,689	2,689	0	110	27	110	27	137	0	2,579	537,747	Repayment of 23 installments to be paid once each year commencing 2017-04-04 & ending 2039-04-04.
PetroCaribe Agreement-15th shipment 2014		USD	2,527	2,478	2,477	0	101	25	101	25	126	0	2,376	495,395	Repayment of 23 installments to be paid once each year commencing 2017-04-10 & ending 2039-04-10.
C/F														252,354,876	
B/F														252,354,876	

NAME OF CREDITOR/ LOAN IDENTIFICATION/ DESCRIPTION OF LOAN	NOTES	LOAN CURR- ENCY	REVISED/ ORIGINAL AMOUNT	OPENING BALANCE AS AT	REVISED/ BALANCE AS AT	AMOUNT DIS- BURSED IN 2018	DEBT SERVICE COST DUE & PAYABLE IN 2018		ACTUAL DEBT SERVICE COST PAID IN 2018			DEBT RELIEF (DEBT CANCELL- ATION/ WRITE- OFF)	CLOSING BALANCE AS AT	GUYANA DOLLAR EQ- UIVALENT	TERMS AND CONDITIONS OF LOAN
							PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	TOTAL PAYMENT				
1		2	3	4	5	6	7	8	9	10	11	12			
			'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	
PetroCaribe Agreement-16th shipment 2014		USD	3,238	3,175	3,175	0	130	32	130	32	161	0	3,045	634,947	Repayment of 23 installments to be paid once each year commencing 2017-04-13 & ending 2039-04-13.
PetroCaribe Agreement-17th shipment 2014		USD	2,452	2,404	2,404	0	98	24	98	24	122	0	2,306	480,741	Repayment of 23 installments to be paid once each year commencing 2017-04-30 & ending 2039-04-30.
PetroCaribe Agreement-18th shipment 2014		USD	2,461	2,412	2,413	0	99	24	99	24	123	0	2,315	482,610	Repayment of 23 installments to be paid once each year commencing 2017-05-02 & ending 2039-05-02.
PetroCaribe Agreement-19th shipment 2014		USD	1,837	1,801	1,801	0	74	18	74	18	92	0	1,727	360,162	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	2,100	2,100	0	86	21	86	21	107	0	2,014	420,017	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	2,485	2,485	0	102	25	102	25	126	0	2,384	497,015	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	2,189	2,189	0	89	22	89	22	111	0	2,099	437,723	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	2,253	2,253	0	92	23	92	23	115	0	2,161	450,553	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	2,871	2,870	0	117	29	117	29	146	0	2,753	574,038	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	2,174	2,173	0	89	22	89	22	111	0	2,084	434,590	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	1,751	1,751	0	72	18	72	18	89	0	1,679	350,141	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	2,702	2,702	0	110	27	110	27	137	0	2,592	540,432	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	2,164	2,164	0	88	22	88	22	110	0	2,076	432,823	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	2,488	2,488	0	102	25	102	25	127	0	2,387	497,623	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	2,249	2,249	0	92	22	92	22	114	0	2,158	449,846	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	2,318	2,318	0	95	23	95	23	118	0	2,223	463,513	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	2,275	2,275	0	93	23	93	23	116	0	2,182	454,899	Repayment of 23 installments to be paid once each year commencing 2017-08-14 & ending 2039-08-14.
C/F														260,316,549	
B/F														260,316,549	

NAME OF CREDITOR/ LOAN IDENTIFICATION/ DESCRIPTION OF LOAN	NOTES	LOAN CURR- ENCY	REVISED/ ORIGINAL AMOUNT OF LOAN	OPENING BALANCE AS AT 01.01.2018	REVISED/ BALANCE AS AT 01.01.2018 * /3	AMOUNT DIS- BURSED IN 2018	DEBT SERVICE COST DUE & PAYABLE IN 2018		ACTUAL DEBT SERVICE COST PAID IN 2018			DEBT RELIEF (DEBT CANCELL- ATION/ WRITE- OFF)	CLOSING BALANCE AS AT 31.12.18	GUYANA DOLLAR EQ- UIVALENT 31.12.18	TERMS AND CONDITIONS OF LOAN
							PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	TOTAL PAYMENT 9=8a+8b				
1		2	3	4	5	6	7	8	8	9	10	11=(5+6+7b-8a-8b)-10	12		
PetroCaribe Agreement-33rd shipment 2014		USD	'000 2,101	'000 2,060	'000 2,060	'000 0	'000 84	'000 21	'000 84	'000 21	'000 105	'000 0	'000 1,976	412,008	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	2,918	2,917	0	119	29	119	29	148	0	2,798	583,414	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	2,464	2,464	0	101	25	101	25	125	0	2,363	492,675	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	1,885	1,884	0	77	19	77	19	96	0	1,807	376,819	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	2,132	2,132	0	87	21	87	21	108	0	2,045	426,340	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	1,965	0	154	39	154	39	192	0	1,812	377,718	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	2,273	0	178	45	178	45	222	0	2,095	436,875	Repayment of 23 installments to be paid once each year commencing 2017-09-27 & ending 2039-09-27.
PetroCaribe Agreement-40th shipment 2014		USD	1,322	1,349	1,349	0	105	26	105	26	132	0	1,243	259,187	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	1,957	0	153	38	153	38	191	0	1,804	376,055	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	950	0	74	19	74	19	93	0	876	182,684	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	1,456	0	114	29	114	29	142	0	1,342	279,891	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	2,466	0	193	48	193	48	241	0	2,274	474,063	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	1,120	0	88	22	88	22	109	0	1,032	215,196	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	1,416	0	111	28	111	28	138	0	1,305	272,176	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	1,276	0	100	25	100	25	125	0	1,176	245,293	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	1,213	0	95	24	95	24	119	0	1,118	233,116	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	1,033	0	81	20	81	20	101	0	952	198,466	Repayment of 23 installments to be paid once each year commencing 2017-11-25 & ending 2039-11-25.
C/F														266,158,525	
B/F														266,158,525	

NAME OF CREDITOR/ LOAN IDENTIFICATION/ DESCRIPTION OF LOAN	NOTES	LOAN CURR- ENCY	REVISED/ ORIGINAL AMOUNT	OPENING BALANCE AS AT	REVISED/ BALANCE AS AT	AMOUNT DIS- BURSED	DEBT SERVICE COST DUE & PAYABLE IN 2018		ACTUAL DEBT SERVICE COST PAID IN 2018			DEBT RELIEF (DEBT CANCELL- ATION/ WRITE- OFF)	CLOSING BALANCE AS AT	GUYANA DOLLAR EQ- UIVALENT	TERMS AND CONDITIONS OF LOAN
							PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	TOTAL				
1		2	3	4	5	6	7	8	9	10	11=(5+6+7b-8a-8b)-10	12	12		
			'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	
PetroCaribe Agreement-50th shipment 2014		USD	826	843	843	0	66	17	66	17	82	0	777	161,985	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	947	0	74	19	74	19	93	0	873	182,010	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	884	0	69	17	69	17	86	0	815	169,830	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	931	0	73	18	73	18	91	0	858	178,932	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	727	727	0	29	7	29	7	36	0	699	145,697	Repayment of 1% interest per annum until January 12 2040 commencing on January 12 2018.
PetroCaribe Agreement-2nd shipment 2015	*_/2	USD	832	849	850	0	33	9	33	9	42	0	816	170,173	Repayment of 1% interest per annum until January 17 2040 commencing on January 17 2018.
PetroCaribe Agreement-3rd shipment 2015	*_/2	USD	638	651	652	0	27	7	27	7	34	0	625	130,273	Repayment of 1% interest per annum until January 19 2040 commencing on January 19 2018.
PetroCaribe Agreement-4th shipment 2015	*_/2	USD	675	689	689	0	27	7	27	7	34	0	662	138,013	Repayment of 1% interest per annum until January 24 2040 commencing on January 24 2018.
PetroCaribe Agreement-5th shipment 2015	*_/2	USD	844	861	861	0	33	9	33	9	42	0	828	172,579	Repayment of 1% interest per annum until January 30 2040 commencing on January 30 2018.
PetroCaribe Agreement-6th shipment 2015	*_/2	USD	1,035	1,055	1,056	0	41	11	41	11	52	0	1,015	211,527	Repayment of 1% interest per annum until February 8 2040 commencing on February 8 2018.
PetroCaribe Agreement-7th shipment 2015	*_/2	USD	472	482	482	0	19	5	19	5	24	0	463	96,506	Repayment of 1% interest per annum until February 13 2040 commencing on February 13 2018.
PetroCaribe Agreement-8th shipment 2015	*_/2	USD	1,130	1,152	1,153	0	45	12	45	12	56	0	1,108	230,970	Repayment of 1% interest per annum until February 20 2040 commencing on February 20 2018.
PetroCaribe Agreement-9th shipment 2015	*_/2	USD	1,076	1,098	1,097	0	43	11	43	11	54	0	1,055	219,926	Repayment of 1% interest per annum until February 26 2040 commencing on February 26 2018.
PetroCaribe Agreement-10th shipment 2015	*_/2	USD	574	586	586	0	23	6	23	6	29	0	563	117,404	Repayment of 1% interest per annum until March 12 2040 commencing on March 12 2018.
PetroCaribe Agreement-11th shipment 2015	*_/2	USD	902	920	920	0	36	9	36	9	45	0	884	184,316	Repayment of 1% interest per annum until March 14 2040 commencing on March 14 2018.
PetroCaribe Agreement-12th shipment 2015	*_/2	USD	912	930	930	0	36	9	36	9	45	0	894	186,457	Repayment of 1% interest per annum until March 24 2040 commencing on March 24 2018.
C/F														268,855,125	
B/F														268,855,125	

NAME OF CREDITOR/ LOAN IDENTIFICATION/ DESCRIPTION OF LOAN	NOTES	LOAN CURR- ENCY	REVISED/ ORIGINAL AMOUNT	OPENING BALANCE AS AT	REVISED/ BALANCE AS AT	AMOUNT DIS- BURSED	DEBT SERVICE COST DUE & PAYABLE IN 2018		ACTUAL DEBT SERVICE COST PAID IN 2018			DEBT RELIEF (DEBT CANCELL- ATION/ WRITE- OFF)	CLOSING BALANCE AS AT	GUYANA DOLLAR EQ- UIVALENT	TERMS AND CONDITIONS OF LOAN
							PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	TOTAL				
1	2	3	4	5	6	a	b	a	b	9=8a+8b	10	11=(5+6+7b-8a-8b)-10	12		
			'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	
PetroCaribe Agreement-13th shipment 2015	*_/2	USD	323	329	330	0	13	3	13	3	16	0	317	66,055	Repayment of 1% interest per annum until March 26 2040 commencing on March 26 2018.
PetroCaribe Agreement-14th shipment 2015	*_/2	USD	963	983	983	0	38	10	38	10	48	0	945	196,947	Repayment of 1% interest per annum until April 11 2040 commencing on April 11 2018.
PetroCaribe Agreement-15th shipment 2015	*_/2	USD	929	947	947	0	37	9	37	9	46	0	911	189,843	Repayment of 1% interest per annum until April 21 2040 commencing on April 21 2018.
PetroCaribe Agreement-16th shipment 2015	*_/2	USD	1,328	1,354	1,355	0	53	14	53	14	66	0	1,302	271,552	Repayment of 1% interest per annum until April 23 2040 commencing on April 23 2018.
PetroCaribe Agreement-17th shipment 2015	*_/2	USD	1,347	1,374	1,374	0	53	14	53	14	67	0	1,321	275,373	Repayment of 1% interest per annum until April 26 2040 commencing on April 26 2018.
PetroCaribe Agreement-18th shipment 2015	*_/2	USD	1,320	1,346	1,347	0	52	13	52	13	66	0	1,294	269,867	Repayment of 1% interest per annum until May 15 2040 commencing on May 15 2018.
PetroCaribe Agreement-19th shipment 2015	*_/2	USD	903	921	921	0	36	9	36	9	45	0	885	184,539	Repayment of 1% interest per annum until May 15 2040 commencing on May 15 2018.
PetroCaribe Agreement-20th shipment 2015	*_/2	USD	1,307	1,333	1,333	0	52	13	52	13	65	0	1,282	267,199	Repayment of 1% interest per annum until May 19 2040 commencing on May 19 2018.
PetroCaribe Agreement-21st shipment 2015	*_/2	USD	1,248	1,273	1,273	0	50	13	50	13	62	0	1,224	255,133	Repayment of 1% interest per annum until May 27 2040 commencing on May 27 2018.
PetroCaribe Agreement-22nd shipment 2015	*_/2	USD	1,211	1,235	1,235	0	48	12	48	12	60	0	1,187	247,498	Repayment of 1% interest per annum until June 2 2040 commencing on June 2 2018.
PetroCaribe Agreement-23rd shipment 2015	*_/2	USD	578	590	590	0	23	6	23	6	29	0	567	118,190	Repayment of 1% interest per annum until June 6 2040 commencing on June 6 2018.
PetroCaribe Agreement-24th shipment 2015	*_/2	USD	1,548	1,579	1,579	0	61	16	61	16	77	0	1,517	316,380	Repayment of 1% interest per annum until June 17 2040 commencing on June 17 2018.
PetroCaribe Agreement-25th shipment 2015	*_/2	USD	578	590	590	0	23	6	23	6	29	0	567	118,231	Repayment of 1% interest per annum until June 21 2040 commencing on June 21 2018.
PetroCaribe Agreement-26th shipment 2015	*_/2	USD	1,396	1,424	1,424	0	55	14	55	14	70	0	1,368	285,281	Repayment of 1% interest per annum until June 25 2040 commencing on June 25 2018.
PetroCaribe Agreement-27th shipment 2015	*_/2	USD	851	869	868	0	34	9	34	9	42	0	835	173,997	Repayment of 1% interest per annum until July 4 2040 commencing on July 4 2018.
<b>GRAND TOTAL</b>														<b>272,091,211</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 Sea & River Defence Resilience Project -CDB 8/SFR-OR-GUY(SFR) include 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	Paid from Loan Resources	Total Payments
			(		
\$'000					
CDB	Fourth Road Project W.C.D. Road Improvement - 7/SFR-OR-GUY (OCR)	USD	8	334	341
CDB	Fourth Road Project W.C.D. Road Improvement - 7/SFR-OR-GUY (SFR)	USD	1	402	403
CDB	Sea & River Defence Resilience Project - 8/SFR OR GUY OCR	USD	28	9	37
CDB	Sea & River Defence Resilience Project - 8/SFR OR GUY SFR	USD	3	43	46

\* \_/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 balances for 2018 were revised to reflect Creditor Confirmation of Loan balances and entries are now made with decimal points to reflect full payments and balances.

**ANALYSIS OF PUBLIC DEBT  
BY CURRENCIES AS AT 31 DECEMBER 2018**

NO.	DESCRIPTION	RATE AT 31-12-18	NO. OF UNITS OF CURRENCY OUTSTANDING \$ 000	GS '000
				EQUIVALENT
1	UNITED STATES DOLLARS (US\$)	208.5000	911,916	190,134,440
2	POUND STERLING (GBP)	265.53744	21	5,576
3	SPECIAL DRAWING RIGHTS (SDR)	289.94577	60,016	17,401,396
4	EUROPEAN CURRENCY UNITS (XEU)	238.34019	7,600	1,811,498
5	YUAN RENMINBIS (CNY)	30.36835	1,461,838	44,393,610
6	UAE DIRHAMS (AED)	56.76250	29,916	1,698,101
7	KUWAITI DINARS (KWD)	686.53276	24,247	16,646,590
	<b>GRAND TOTAL</b>			<b>272,091,211</b>

**STATEMENT OF PUBLIC DEBT  
EQUATED ANNUITY DEBENTURES 2018**

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 31-12-17 6	LOAN MADE IN 2018 7	AMOUNT OF LOAN 31-12-18 (8)=(6)+(7)	AMOUNT RE-PAID AT 31-12-17 9	AMOUNT RE-PAID IN 2018 10	AMOUNT RE-PAID AS AT 31-12-18 (11)=(9)+(10)	AMOUNT OUT- STANDING AT 31-12-17 (12)=(6)-(9)	AMOUNT OUT- STANDING AT 31-12-18 (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	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
					3,485	0	3,485	1,405	0	1,405	2,080	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 2018**

DESCRIPTION (1)	AMOUNT OF LOAN (2)	LOAN MADE IN 2018 (3)	AMOUNT OF LOAN AT 31 - 12 - 18 (4)=(2)+(3)	AMOUNT REPAID AT 31-12-17 (5)	AMOUNT REPAID IN 2018 (6)	AMOUNT REPAID AT 31-12-18 (7)=(5)+(6)	AMOUNT OUT- STANDING 31-12-17 (8)=(2)-(5)	AMOUNT OUT- STANDING 31-12-18 (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) Non Interest Bearing Debenture	169,519	0	169,519	0	0	0	169,519	169,519
ID 31/12/18 (111th Issue) Non Interest Bearing Debenture	0	14,671	14,671	0	0	0	0	14,671
<b>TOTAL</b>	<b>38,478,302</b>	<b>14,671</b>	<b>38,492,973</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>38,478,302</b>	<b>38,492,973</b>

**STATEMENT OF PUBLIC DEBT  
VARIABLE INTEREST RATES DEBENTURES 2018**

DESCRIPTION 1	AUTH- ORITY 2	DATE OF FIRST INSTALL- MENT 3	AMOUNT OF LOAN 4	LOAN MADE IN 2018 5	AMOUNT OF LOAN 31-12-18 (6)=(4)+(5)	AMOUNT REPAID AT 31-12-17 7	AMOUNT REPAID IN 2018 8	AMOUNT REPAID AS AT 31-12-18 (9)=(7)+(8)	AMOUNT OUT- STANDING AT 31-12-17 (10)=(4)-(7)	AMOUNT OUT- STANDING AT 31-12-18 (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 2018- UNFUNDED**

DESCRIPTION 1	CUR - RENCY LOAN 2	DATE OF FINAL INSTAL- MENT 3	ORIGINAL AMOUNT OF LOAN 4	AMOUNT OF LOAN 12/31/2017 5	LOAN MADE IN 2018 6	AMOUNT OF LOAN 31.12.2018 7=(5)+(6)	AMOUNT RE-PAID AT 31.12.2017 8	AMOUNT REPAID IN 2018 9	AMOUNT OF LOAN REPAID AS AT 31-12-18 10=(8)+(9)	AMOUNT OUT- STANDING AT 31-12-17 11=(5)-(8)	AMOUNT OUT- STANDING AT 31-12-18 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	2,638	170	2,809	1,362	1,191	248,426
<b>TOTAL</b>			<b>4,000</b>	<b>4,000</b>	<b>0</b>	<b>4,000</b>	<b>2,638</b>	<b>170</b>	<b>2,809</b>	<b>1,362</b>	<b>1,191</b>	<b>248,426</b>

**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 12/31/2017 5	BOND MADE IN 2018 6	AMOUNT OF BOND 31.12.2018 7=(5)+(6)	AMOUNT RE-PAID AT 31.12.2017 8	AMOUNT REPAID IN 2018 9	AMOUNT OF BOND REPAID AS AT 31-12-18 10=(8)+(9)	AMOUNT OUT- STANDING AT 31-12-17 11=(5)-(8)	AMOUNT OUT- STANDING AT 31-12-18 12=(7)-(10)	GUYANA EQUIVALENT DOLLAR 13
			\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
NIS Debentures 01/2018	GUY	12/1/2036	4,882,446	4,882,446	0	4,882,446	244,122	244,122	488,245	4,638,324	4,394,202	4,394,202
<b>TOTAL</b>			<b>4,882,446</b>	<b>0</b>	<b>0</b>	<b>4,882,446</b>	<b>244,122</b>	<b>244,122</b>	<b>488,245</b>	<b>4,638,324</b>	<b>4,394,202</b>	<b>4,394,202</b>
<b>TOTAL INTERNAL UNFUNDED PRINCIPAL</b>												<b>4,642,627</b>

**STATEMENT OF PUBLIC DEBT  
TREASURY BILLS OUTSTANDING FOR 2018**

DATE OF ISSUE	ISSUE NO.	DESCRIPTION	SUBSCRIBED AMOUNT	FACE VALUE
		<b><u>91 DAYS</u></b>	<b>GS'000</b>	<b>GS'000</b>
		Nil	-	-
		<b>Sub Total</b>	-	-
		<b><u>K. Series</u></b>		
09.11.2018	K170	Treasury Bills issued in 2018	549,338	551,450
14.12.2018	K171	Treasury Bills issued in 2018	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>				
23.11.2018	A273	Treasury Bill# A273	350,818	352,500
		<b>Sub-Total</b>	<b>350,818</b>	<b>352,500</b>
20.07.2018	F1	Treasury Bill # F1	1,989,860	2,000,000
14.09.2018	F2	Treasury Bill # F2	3,980,935	4,000,000
			<b>5,970,795</b>	<b>6,000,000</b>
26.01.2018	B473	Treasury Bill # B 473	6,922,306	7,000,000
02.02.2018	B474	Treasury Bill # B 474	1,147,124	1,160,000
22.02.2018	B475	Treasury Bill # B 475	6,924,876	7,000,000
09.03.2018	B476	Treasury Bill # B 476	4,946,500	5,000,000
06.04.2018	B477	Treasury Bill # B 477	990,098	1,000,000
13.04.2018	B478	Treasury Bill # B 478	594,060	600,000
<b>C/F</b>			<b>21,524,964</b>	<b>21,760,000</b>

DATE OF ISSUE	ISSUE NO.	DESCRIPTION	SUBSCRIBED AMOUNT	FACE VALUE
			<b>GS'000</b>	<b>GS'000</b>
<b>B/F</b>				
11.05.2018	G1	Treasury Bill # G1	21,524,964	21,760,000
01.06.2018	G2	Treasury Bill # G2	1,287,139	1,300,000
06.07.2018	G3	Treasury Bill # G3	465,347	470,000
27.07.2018	G4	Treasury Bill # G4	2,472,875	2,500,000
03.08.2018	G5	Treasury Bill # G5	4,112,862	4,157,850
10.08.2018	G6	Treasury Bill # G6	4,944,637	5,000,000
07.09.2018	G7	Treasury Bill # G7	3,461,561	3,500,000
19.10.2018	G8	Treasury Bill # G8	6,920,678	7,000,000
16.11.2018	G9	Treasury Bill # G9	4,943,082	5,000,000
07.12.2018	G10	Treasury Bill # G10	6,424,417	6,500,000
			7,375,687	7,467,100
		<b>Sub-Total</b>	----- <b>63,933,249</b>	----- <b>64,654,950</b>
		<b>Total (182 &amp; 365 days)</b>	----- <b>70,254,862</b> =====	----- <b>71,007,450</b> =====
		<b>Grand Total</b>	<b>71,248,342</b> =====	<b>72,004,750</b> =====