

TREASURY MEMORANDUM

TO: The Speaker and Members of the National Assembly

FROM: Finance Secretary, Ministry of Finance

DATE: February 14, 2023.

FILE NO: FS 60/1/1

SUBJECT: Treasury Memorandum Pursuant to Resolution No. 46/2022 dated November 30, 2022, of the National Assembly on the Public Accounts of Guyana for the year 2016

1. INTRODUCTION

- 1.1. This Treasury Memorandum (TM) outlines the Government's comments and the actions it has taken to resolve the issues raised in the report of the Public Accounts Committee (PAC) on the Public Accounts of Guyana for the year 2016, which was adopted by Resolution No 46/2022 dated November 30, 2022.
- 1.2. The TM follows the same structure as the report of the PAC for the year 2016. The comments and actions taken by Government are provided under the following general headings:
 - i. General Challenges Observed Across Budget Agencies; and,
 - ii. Specific issues relating to some Ministries, Departments, and Regions.
- 1.3. To ensure that the finances of Guyana are managed in a transparent and effective manner, the Ministry of Finance (MOF) accords the highest level of importance to all the issues raised in the report of the PAC and is aware of the need for budget agencies to progressively reduce the number of issues raised in the reports of the Auditor General. In light of this, the MOF has and will continue to:
 - i. update and issue circulars, where appropriate, to expound on the requirements of the existing laws and regulations governing Public Financial Management (PFM), particularly the Fiscal Management and Accountability Act 2003 (FMAA 2003), and support compliance with these;
 - ii. monitor the activities within agencies through the conduct of frequent inspections to ensure that the recommendations of the Auditor General and PAC are implemented;
 - iii. conduct training to enhance the capacity of budget agencies to comply with the existing financial laws and regulations while improving their efficiency and effectiveness; and,
 - iv. increase the use of information technology to further enhance the efficiency of PFM processes.

- 1.4. **Update and issue of Circulars:** the MOF issued several Circulars to address breaches that were highlighted in the reports of the Auditor General and Public Accounts Committee. Below is a list of the Circulars issued over the past two years.

2021

Circular No. 4/2021 – Request for Multi-year contract approval
Circular No. 5/2021 – Guidelines for Reconciliation of Bank Account
Circular No. 8/2021 – Authority and Approval to Vary Appropriations – Virements
Circular No. 9/2021 – Capital Expenditure Inclusion
Circular No. 10/2021 – Payment of accounts remaining unpaid at end of the financial year

2022

Circular No. 1/2022 – Procurement Plans
Circular No. 5/2022 – Procurement information and records for capital and current project
Circular No. 6/2022 – Minutes of meetings of Ministerial and Regional Tender Boards

2023

Circular No. 1/2023 – Restructuring of the numbers affixed to Payment Vouchers, Receipt Vouchers, and Journal Vouchers within IFMIS
Circular No. 2/2023 – Overpayments on Construction Contracts
Circular No. 3/2023 – Overpayments on Contracts for Supply of Goods
Circular No. 4/2023 – 2023 Programme Performance Implementation Reviews and Projections of Central Government Agencies
Circular No. 5/2023 – 2023 Performance Reviews and Projections of Public Enterprises
Circular No. 6/2023 – 2023 Performance Reviews and Projections of Statutory Bodies

- 1.5. During 2023, the MoF will continue to issue Circulars to improve compliance with the laws and regulations governing PFM.
- 1.6. **Monitoring activities:** the MOF monitors the activities of the budget agencies through the Project Cycle Management Division (PCMD), Fiscal and Monetary Division (FMD), and Central Internal Audit Unit (CIAU). The CIAU is tasked with the responsibility of conducting audits to ensure full compliance with the recommendations from the Auditor General and Public Accounts Committee (PAC). During the 2023 fiscal year, 40 routine and follow-up audits will be conducted by the CIAU. A dashboard will also be developed to monitor the implementation of the recommendations by the agencies.
- 1.7. **Training and capacity building:** as part of the efforts to build capacity within the public sector, the MOF provides training to various agencies. During 2023, the Ministry will provide training in procurement as well as the FMAA 2003, Fiscal Management and Accountability Act Regulations 2004 (FMAAR 2004). The MOF will also train 200 officers in Monitoring and Evaluation in 2023. It is envisaged that the training will ensure stricter compliance with the existing laws and regulations governing PFM.
- 1.8. **Use of Information Technology:** During 2022 the MOF utilised the Electronic Fund Transfer (EFT) to pay all salaries and pensions directly into the bank accounts of public sector employees and pensioners. In particular, the Real Time Gross Settlement (RTGS) and Central Securities Depository (CSD) Systems were fully integrated with the

Automated Clearing House (ACH) in 2021, and National Payment System in 2022. With the operationalization of the enhanced system in 2022, a total of 579,100 transactions were processed through the system, including all government pensions and salaries, compared with 55,993 in 2021. During 2023, the MOF will utilize the EFT to expand the range of payments.

- 1.9. Based on various initiatives by the MOF, there were significant reductions in breaches reported by the Auditor General in his 2021 Report (see table below). When compared with the five years prior to 2021, the number of overpayments, weak internal controls, Breach of FMAA 2003, Revenue Related Matters, breaches of Stores Regulation, Breaches of circularised instructions, breaches of Procurement Act 2003, overpayment of salaries, outstanding cheque order and missing payment vouchers, non-delivery of items were significantly reduced.
- 1.10. Improvements in accountability and transparency are reflected in the audit opinion expressed by the Auditor General in his 2021 Report. Two statements have been moved from a disclaimer to qualified and there is no longer a disclaimer for any of the statements. Additionally, ten (10) statements were deemed “Unqualified” or clean.

2. GENERAL CHALLENGES OBSERVED ACROSS BUDGET AGENCIES

2.1 The MOF has taken or plans to pursue the following initiatives to address the *general challenges* highlighted by the PAC in its 2016 report.

2.2 Signing off on incomplete and unverified projects

2.2.1 The MOF took note of the decision by Accounting Officers and Engineers to sign-off incomplete and unverified projects.

2.2.1.1 *The MOF, by way of Circular No. 2/2023 dated January 24, 2023, reminded HoBAs of their obligation to ensure that: (i) payments are only approved for measured works and (ii) the approval of such payments is supported by detailed reports that include photographic evidence of works completed.*

2.2.1.2 *Consistent with the PAC’s recommendations, the MOF will explore the practicality of instituting surcharge against delinquent accounting officers and Engineers for signing-off on incomplete and unverified projects.*

2.2.1.3 *The MOF will also encourage accounting officers to approach the Public Service Commission (PSC) and the Public Service Ministry (PSM) to fill vacancies to enhance the capacity of their agencies to monitor and verify the completion of projects.*

2.3 Non-adherence to Stores Regulations 1993, Fiscal Management and Accountability Act 2003, and Procurement Act 2003.

2.3.1 The MOF noted the non-adherence to the Stores Regulations 1993, Procurement Act 2003, and sections 43, 55, and 85 of the FMAA 2003 by various agencies.

2.3.2 *To ensure stricter compliance with section 55 of the Fiscal Management and Accountability Act, the MOF issued Circular No. 4/2021 dated 2021-06-21. The Circular also addressed section 85 of the FMAA 2003.*

2.3.3 *The actions taken by the MOF with respect to breaches of section 43 of the FMAA 2003 are covered in paragraphs 2.4.2 and 2.4.3 below.*

2.3.4 *With respect to non-adherence to the Stores Regulations, the MOF will collaborate with the Auditor General and CIAU to provide appropriate training to the accounting staff, including the accounting officers. Additionally, the MOF has established a sub-committee to review the Stores Regulations 1993 with a view to updating same.*

2.4 Non-refund of monies to the Consolidated Fund at the end of the financial year

2.4.1 *The MOF is cognizant that the failure by accounting officers to refund unspent monies to the Consolidated Fund at the end of the financial year violates section 43 of the FMAA 2003.*

2.4.2 *The non-refund of monies to the Consolidated Fund has attracted significant scrutiny from the MOF. To address this issue the Accountant General has been instructing agencies to pay stale dated cheques over to the Consolidated Fund whenever the HoBAs submit these cheques to be updated.*

2.4.3 *During 2022, the MOF utilized a dashboard to monitor budget execution by all the budget agencies. An improvement in budget execution was observed across the agencies in 2022. Using the dashboard, the MOF will continue to work closely with the agencies to enhance budget execution, which would mitigate this issue by reducing the unspent balances at the end of the fiscal year.*

2.5 Non-submission of Financial Statements by Statutory Agencies within the statutory period to the Auditor General

2.5.1 *The MOF is aware of the failure of Statutory Agencies to submit their financial statements to the Audit Office promptly as required by section 80 of the Fiscal Management and Accountability Act.*

2.5.2 *The MOF issues annual Circulars to remind statutory agencies of their obligations to finalize their outstanding audited financial statements (see for example, paragraph 6 of Circular No. 6/2023: 2023 Annual Performance Reviews and Projections of Statutory Bodies Circular).*

2.5.3 *The MOF has also made it mandatory for statutory agencies to provide up-to-date audited annual accounts before funds are released. At every available opportunity, the MOF will remind the statutory agencies of their obligations to finalize their outstanding financial statements.*

2.6 Maintenance of Log Books

2.6.1 *The MOF has noted the breaches regarding the upkeep of Log Books.*

2.6.2 *Notwithstanding the reduction in this breach over the years, the significance of keeping log books is emphasized at meetings the MOF arranges with HoBAs to discuss the findings in the Auditor General's Report. During these briefings, HoBAs are also reminded of Circular No. 3/2011, dated August 16, 2011, which outlines precise instructions for the upkeep and storage of Log Books with reference to vehicles, equipment, and plant.*

2.7 Un-Cleared Payment Voucher and Cheque Orders

2.7.1 The MOF has noted that the various agencies, especially the Regions, persistently failed to comply with the requirements regarding the clearance of cheque orders within the stipulated timeframe.

2.7.2 *To address the problem related to the usage and clearance of Cheque Orders, the MOF issued Circular No. 2/2019 on January 29, 2019. The Accountant General has also given the Sub-Treasuries in each Region strict instructions to carefully monitor the clearance of Cheque Orders based on the aforementioned circular.*

2.8 Outstanding Police Reports for incidents of malpractice and theft

2.8.1 The MOF compiled a list of outstanding Police Reports from the 2016 Audit Report. The list was submitted to the Commissioner of Police, who responded as follows:

2.8.2 **Ministry of Public Security:** Regarding the investigation of twenty (20) transactions amounting to \$21.129 million that could not be verified at the Ministry of Public Security, two (2) staff members were charged jointly based on advice received from the Director of Public Prosecution (DPP) on May 23, 2018. The matter is ongoing at the Georgetown Magistrate Court No. 5, and the trial is set for continuation on February 17, 2023.

2.8.3 **Guyana Revenue Authority (GRA):** Regarding the motor vehicles recorded as entering Guyana under temporary importation conditions, the investigation revealed that many of the vehicles failed to leave Guyana when they were required to, and some were seized and sent back. There are ongoing collaborative efforts between the Guyana Police Force, Guyana Revenue Authority, and other agencies to monitor the entry and exit of these vehicles.

2.8.4 **Guyana Revenue Authority (GRA):** Regarding the allegation that tax exemptions were granted on three (3) All-Terrain Vehicles (ATVs) in 2016, the police conducted the investigation, after which the file was sent to the Director of Public Prosecution (DPP), who advised that the matter be closed.

2.8.5 **Min. of Public Infrastructure:** Regarding the salaries amounting to \$7.847 million that was stolen by armed bandits in the compound of the Ministry on 19 December 2013, the investigations were conducted, and two (2) persons were charged criminally and placed before the Court. The matter was concluded in the Courts, but the two (2) persons who were charged subsequently died.

2.8.6 **Ministry of Public Telecommunication:** Regarding the one hundred and three (103) stolen laptops, an investigation was conducted, and the report was submitted to the

Director of Public Prosecution (DPP). The DPP recommended that no charges be instituted. Subsequently, on June 9, 2013, the Police searched the home of an individual linked to a security firm, and one of the laptops was found. The individual was charged with receiving a stolen article and fined \$75,000 or with an alternative of six (6) months in prison.

2.8.7 **Region No. 2:** Regarding the shortage of cash amounting to \$3.692M at the Anna Regina Multilateral School in 2004, the investigation was conducted, but the main suspect fled the country during the investigation. The suspect never returned to the jurisdiction, and information was received that she died.

2.8.8 **Region No. 4:** Regarding fuel valued at \$733,076 uplifted by vehicles that were not owned by the Regional Administration, the Police investigation revealed that the vehicle numbers were false and the Guyana Revenue Authority had no records of them. The file was sent to the DPP, and no charges were advised.

2.8.9 The Commissioner indicated that efforts are being made to locate the files on the following matters:

- **Guyana Revenue Authority (GRA):** the dishonoured cheques valued at \$1.474M that were forwarded to the Guyana Police Force.
- **Region No. 5:** one (1) 85hp Yamaha Outboard Engine and one (1) Generator that could not be accounted for by the Regional Administration.
- **Region 6:** the fuel and lubricants valued at \$21.964M that were not accounted for by the Regional Administration.
- **Region No.9:** \$5.002M stolen from the Regional Administration during an alleged robbery.

2.8.10 *The MOF will remain in contact with the Guyana Police Force on the following outstanding matters.*

2.9 Vacancies within Regions

2.9.1 The MOF took note of the vacancies within the Regions due to the non-establishment of the Public Service Commission (PSC).

2.9.2 *The MOF will encourage the Regions to fill the critical vacancies.*

2.10 Overpayment to Contractors by budget agencies

2.10.1 The MOF took note of the numerous occasions where Ministries, Regions, and Agencies overpaid contractors as a result of paying for work without first conducting assessments.

2.10.2 *The MOF issued Circular No. 2/2023 dated January 24, 2023 to address overpayment to contractors. The ministry will also pursue the measure outlined in paragraphs 2.2.1.1 to minimize overpayments.*

2.10.3 *Additionally, the MOF will continue to encourage HOBAs to employ appropriate measures to recover overpayments.*

2.10.4 *As noted earlier, the MOF has observed a significant reduction in overpayments reported by budget agencies during 2021.*

2.11 Full payments for goods, services, and works in breach of the Procurement Act

2.11.1 The MOF notes the breach of the Procurement Act due to the full payment for goods, services, and works.

2.11.2 *The MOF issued Circular No. 2/2023 and Circular No. 3/2023 to remind the HoBAs of their obligations to comply with the Procurement Act 2003.*

2.11.3 *To reduce this breach, the agencies will also be urged to use better contract management techniques going forward.*

2.12 Non-delivery of items after full payments were made by budget agencies

2.12.1 The full payment by various budget agencies for items not delivered was noted by the MOF.

2.12.2 *The MOF issued Circular No. 3/2023 to remind the procuring entities of their obligations to make payments based on the conditions of contract and FMAA 2003. The Circular also highlighted possible sanctions based on section 85 of the FMAA 2003 for this type of breach.*

2.13 Delivery of items a year or two later after full payments were made by budget agencies.

2.13.1 The non-delivery of items a year or two after full payment by various budget agencies was noted by the MOF.

2.13.2 *The MOF requested the HoBAs to provide an action plan outlining the steps they intend to take to recover the undelivered items.*

2.13.3 *Where the overpaid sums cannot be recovered, the MOF will follow the FMAA 2003 and FMAAR 2004 to write off these losses.*

2.14 No reconciliation of the Combined Received and Issued Vouchers (CRIVs) for pharmaceuticals and medical supplies delivered by the Ministry of Health to the Regions.

3.3.1 The MOF has taken note of this issue. The Ministry of Health indicated that it has introduced a new system to ensure periodic reconciliation using the CRIVs and accompanying cost analysis statements.

2.14.1 *The MOF will encourage the Ministry of Health and the Regions to ensure prompt reconciliation of the CRIVs for pharmaceuticals and medical supplies delivered.*

2.15 Non-submission of Financial Statements by Subvention Agencies within the statutory period

2.15.1 The MOF is aware that Subvention Agencies have failed to submit their financial statements to the Audit Office promptly as required by section 80 of the Fiscal Management and Accountability Act (FMAA).

2.15.2 *As noted earlier, the Ministry of Finance has issued Circulars to ensure greater compliance with section 80 of the FMAA by the relevant agencies. Like the Statutory Agencies, the Subvention Agencies are encouraged by the MOF to comply with the Act.*

3. SPECIFIC ISSUES RELATING TO SOME MINISTRIES, DEPARTMENTS, AND REGIONS

3.4 Ministry of Communities

3.5 Mayor and City Council (M&CC)

3.5.1 Concerning the issue of the non-submission of documents to facilitate the forensic audit of the Georgetown Restoration Programme, the HoBA stated that the forensic audit was conducted and that the Ministry urged the M&CC to respond to the audit queries. The HoBA noted that the M&CC has not responded to the audit queries. Consequently, the HoBA sent a follow-up letter to urge M&CC to respond to the queries in the forensic audit report.

3.5.2 With respect to the recommendation by the PAC for a forensic audit to be undertaken to ascertain why payment vouchers were processed without being certified and approved by the City Treasurer, the HoBA stated that the forensic audit was completed.

3.5.3 *The MOF endorses the recommendations by the PAC that the officers who withheld information from the Auditor General be sanctioned in accordance with Section 37 of the Audit Act. Based on Section 38 of the Audit Act 2004, the Auditor General may approach the "Director of Public Prosecution and the Commissioner of Police to take appropriate action and prosecute the offender if necessary".*

3.5.4 *The MOF will collaborate with the Auditor General and Public Procurement Commission (PPC) to provide appropriate training to the M&CC on the Audit Act 2004, Fiscal Management and Accountability Act 2003, and Procurement Act and Regulations.*

3.6 Ministry of Natural Resources

3.6.1 Concerning outstanding financial statements for the National Parks Commission (NPC) and the Protected Areas Commission (PAC), the HoBA reported that the financial statements for some years were completed while efforts will be made to complete the remaining statements during 2023. The table below provides a summary of the status of the outstanding financial statements by the NPC and PAC.

NPC	PAC
2009-2012: The Financial Audits for these years were completed and the agency is awaiting finalization by the Audit Office.	2014: the Financial Statement for this year was prepared and sent to the Audit Office. 2015: The Financial Statement was

<p>2013: The Financial Audit for this year was completed and the Audit Office is expected to submit the Management Letter for responses from the agency.</p>	<p>submitted to the Audit Office and will be finalized by January 31, 2023, based on feedback from the Audit Office.</p>
<p>2014-2019: Draft Financial Statement for this period was submitted to the Audit Office and the audit is expected to commence in 2023.</p>	<p>2016: The Management response was submitted to the Audit Office in January 2023. The report should be finalized by February 2023.</p>
<p>2020: the Financial Statement for this period will be completed by February 28, 2023.</p>	<p>2017: the agency will prepare and submit the Financial Statement for this year by January 31, 2023.</p>
<p>2021: the Financial Statement for this period will be completed by March 31, 2023.</p>	<p>2018: The agency will prepare and submit the Financial Statement by February 28, 2023.</p>
<p>2022: the Financial Statement for this period will be completed by April 28, 2023.</p>	<p>2019: the agency will prepare and submit the Financial Statement for this year by February 28, 2023.</p>
	<p>2020: the agency will prepare and submit the Financial Statement for this year by March 31, 2023.</p>
	<p>2021: the agency will prepare and submit the Financial Statement for this year by April 28, 2023.</p>
	<p>2022: the agency will prepare and submit the Financial Statement for this year by April 28, 2023.</p>

3.6.2 *The MOF will encourage the agencies to finalise and submit the outstanding financial statements to the Auditor General.*

3.6.3 With respect to the unspent balance not returned to the Consolidated Fund at the end of the fiscal year for the design and construction of a building for the Environmental Protection Agency (EPA) compound, HoBA indicated that the funds were not returned to the Consolidated Fund but paid over to two contractors in 2017. The HoBA further explained that the EPA acknowledged the oversight and will ensure that unspent Capital subvention is returned to the Consolidated Fund.

3.6.4 *The MOF will monitor the EPA to ensure compliance with Section 43 of the FMAA 2003.*

3.7 Ministry of Foreign Affairs

3.7.1 With respect to the untimely return of unspent balances for 2015 by the Embassies of Guyana in various countries, the HoBA stated that the following measures were

employed to address this challenge: (i) the Ministry remits funds monthly to the missions for other charges expenditure to be executed promptly; (ii) the Ministry prepares monthly reports on remittances, expenditures, and unspent balances; and (iii) the Ministry undertakes reconciliation of unspent balances during the 4th quarter of the current fiscal year instead of the 1st quarter of the new fiscal year.

3.7.2 *The MOF will monitor the implementation of these measures closely to ensure compliance with the FMAA 2003 regarding unspent balances.*

3.7.3 Concerning the outstanding advances appearing in prior reports of the Auditor General, HoBA indicated that the agency will write the Finance Secretary for approval to have the outstanding advances written-off.

3.7.4 With respect to the recommendation by the PAC for the agency to discuss with the Ministry of Finance arrangements to connect Guyana's Embassies to the Integrated Management and Accounting System (IFMIS), the HoBA indicated that a list of missions will be sent to the Ministry of Finance requesting connectivity of the missions to IFMIS.

3.7.5 *The MOF will explore the feasibility of providing connectivity of IFMIS to the missions.*

3.8 Ministry of Public Infrastructure

3.8.1 Regarding the outstanding rents owed and the amounts paid by Government Officials occupying Government quarters, the HoBA stated that the Ministry sought guidance from the Attorney General's Chambers on how to collect the outstanding rents.

3.8.2 *Consistent with the recommendations of the PAC, the MOF will closely monitor the agency's compliance with the Public Service Rules concerning the rental of Government Quarters to Public Officers. A Circular will be issued mandating the agency to submit an annual report to aid the monitoring of the rental of government quarters.*

3.8.3 Concerning overpayments to the contractors and the extension of contracts without adjustment to the performance bonds, the HoBA reported that the agency adopted the PAC's recommendations. Specifically, the HoBA indicated that the agency: (i) only approves payment for measured works completed to avoid overpayments to contractors; (ii) ensures that Engineers are surcharged for overpayment; (iii) urges contractors to complete work as per contract, failing which the agency will apply liquidated damages; and (iv) ensure bonds are enforced to provide the requisite coverage for the contract period. The HoBA further stated that the Ministry established a Monitoring and Evaluation Unit to monitor projects to ensure timely completion and prevent overpayments.

3.8.4 *The MOF will closely monitor the implementation of the measures recommended by the PAC.*

3.8.5 Concerning the issue of the overpaid sum of \$3.308 million for the construction of pavements in the Hinterland Road Project, the HoBA indicated that the Ministry recovered the overpayment by levying on the bond submitted by the contractor.

3.8.6 With respect to the non-delivery of three (3) motion scales for which the contractor received full payment, the HoBA indicated that Laparkan informed the Ministry that the

scales were destroyed by a fire in January 2022. However, consistent with the PAC's recommendations, the HoBA sought the assistance of the Hon. Attorney General who took legal action against the Supplier, former Minister, Permanent Secretary, and Engineer of the Special Project Unit of the Ministry of Public Infrastructure.

3.8.7 *The MOF will follow up with the HoBA to ensure that this matter is resolved in accordance with the PAC's recommendations.*

3.9 Office of the Prime Minister

3.9.1 With respect to the contracts that were authorized and executed by the National Communication Network (NCN), the HoBA indicated that the recommendations of the PAC were adhered to and the entity is complying fully with the PA 2003 and FMAA 2003.

3.9.2 *The MOF will continue to monitor the agency to ensure that the PAC's recommendation is fully implemented to avoid similar breaches in the future.*

3.10 Ministry of the Presidency

3.10.1 Regarding the non-delivery of the close-circuit television (CCTV) system the HoBA indicated that the agency explored all possible options to recover the overpaid sum, which included legal advice from the Attorney General's Office. According to the HoBA the company filed for bankruptcy and was no longer in operation. Further, the Attorney General's Office advised that it was not possible to pursue legal action against the company after five years. Based on the foregoing, the HoBA wrote the FS seeking approval for a write-off of the overpaid amount of \$19.108 million.

3.10.2 *Based on the advice from the Attorney General, the MOF will follow up with the HoBA to have the sums written off in accordance with Finance Circular No. 2/2018.*

3.11 Ministry of Indigenous Peoples' Affairs

3.11.1 Regarding the non-submission of the Bill of Quantities (BOQ) and a final certificate of compliance for the contract for the resurfacing of the compound at the Head Office of the Ministry of Indigenous Peoples' Affairs, the HoBA explained that in 2016 there were no Engineer or Clerk of Works attached to the Ministry. However, the BOQ was subsequently reconstructed and submitted to the Auditor General on January 24, 2018, for audit scrutiny.

3.11.2 *The MOF will urge the HoBA to ensure that BOQs and final certificates of compliance are prepared and stored for audit examination.*

3.11.3 With respect to the outstanding cheque orders, the HoBA stated that the Ministry is yet to locate 37 cheque orders and was uncertain whether the cheque orders were returned to the Ministry of Finance. The HoBA further stated the Ministry wrote the MOF for assistance in verifying whether the cheque orders were returned.

3.11.4 *The MOF will urge the HoBA to ensure that this matter is resolved as per the recommendations of the PAC.*

3.11.5 Concerning the outstanding advances paid from the Amerindian Purpose Fund (APF), the HoBA stated that the Ministry is still in the process of contracting the individuals to recover the outstanding advances.

3.11.6 *The MOF will urge the HoBA to ensure that this matter is resolved based on the PAC's advice.*

3.12 Ministry of Education

3.12.1 Concerning the non-submission of the contract documents and tender board awards for the security services contracted by the agency, the HoBA stated that the relevant documents were handed over to the Audit Office for examination and verification.

3.12.2 *The MOF issued Circular No. 5/2022 dated October 26, 2022, to remind HoBAs of their responsibility to maintain records of procurement proceedings for audit examination.*

3.12.3 With respect to the poor maintenance of Logbooks for thirty-six (36) vehicles in the Hinterland areas, the HoBA stated that training was provided to drivers and the Head of the Admin Department as recommended by the PAC. The HoBA also indicated that the Deputy Permanent Secretary was given responsibility for ensuring that the Log books are properly maintained.

3.12.4 *The MOF will continue to monitor this agency to ensure compliance with Circular No. 3/2011, dated August 16, 2011, which outlines specific instructions for the upkeep and storage of Log Books with reference to vehicles, equipment, and plant.*

3.12.5 Regarding the non-submission of payment vouchers at the time of examination by the Auditors, the HoBA stated that all payment vouchers were subsequently handed over to the Audit Office for examination and verification.

3.12.6 *Circular No. 5/2022 issued by the MOF also reminded HoBAs of their responsibility to store payment vouchers for audit scrutiny when requested.*

3.13 Ministry of Finance

3.13.1 Concerning the recommendation by the PAC for the Finance Secretary to seek cabinet approval to write-off the overdraft of \$45.55 billion of the Old Consolidated Fund account, the Ministry issued debenture certificates in 2021 to write-off the overdraft on the Old and New Consolidated Fund accounts.

3.13.2 *Going forward, the Ministry will ensure that the New Consolidated Fund account is not overdrawn. The Ministry continue the practice of regular reconciliation of the consolidated account.*

3.14 Guyana Revenue Authority (GRA)

3.14.1 Regarding outstanding overtime payments by Merchants, the HoBA stated that overtime fees for the period 2012 to 2016 have since been paid by the defaulters.

3.14.2 *The MOF commends the agency for resolving this issue.*

3.15 Ministry of Public Health

3.15.1 Regarding the recommendation by the PAC for the Accounting Officer to implement measures to recover outstanding drugs and medical supplies from IDA Foundation (\$13.028 million), PAHO (\$5.738 million), Inter-Continental Pharma Inc. (\$5.174 million) and Scientific Supplies and Technology (\$2.474 million), the HoBA stated the following:

- There has been no agreement to date with IDA and Scientific Supplies and Technology and the Ministry is still pursuing actions to recover the outstanding drugs from these suppliers.
- The outstanding drugs and medical supplies were recovered from PAHO and Inter-Continental Pharma Inc.

3.15.2 *The MOF will follow up with the HoBA to ensure that the Ministry implements appropriate measures to receive the outstanding drugs and medical supplies or recover the funds from IDA and Scientific Supplies and Technology.*

3.15.3 With respect to the recommendation by the PAC for the Accounting Officer to ensure CRIVs are utilised as the basis for the reconciliation of the drugs and medical supplies, the HoBA confirmed that CRIVs and accompanying cost analysis statements are used as the basis of reconciliation.

3.15.4 *The MOF will urge the HoBA to implement the recommendations of the PAC.*

3.15.5 Concerning the recommendation by the PAC to conduct a special audit into the transactions involving the rental of the bond at Sussex Street, the HoBA indicated that the special audit was done by the Auditor General.

3.15.6 *The MOF will collaborate with the Auditor General to ensure that the recommendation(s) of the special audit is/are implemented.*

3.15.7 With respect to the recommendation by the PAC that the Accounting Officer should ensure better supervision and management over the system and employees responsible for inputting budgetary allotments from the Ministry of Finance through the IFMIS, the HoBA reported that the recommendation was implemented.

3.15.8 *The MOF will urge the HoBA to ensure Inter-Departmental Warrants (IDWs) are used for the purposes they were intended for.*

3.16 Ministry of Social Protection

3.16.1 Regarding the recommendations by the PAC for the Accounting Officer to reconcile the Old Age Pension Bank Account to ascertain the Guyana Post Office Corporation's

indebtedness to the Ministry, the HoBA indicated that the reconciliation revealed that GPO had outstanding balances to the Ministry.

3.16.2 With respect to the recommendations by the PAC for the Accounting Officer to close the old account and open a new account to facilitate the payment of the Old Age Pension, the HoBA stated that permission was sought and obtained from the Finance Secretary to close the old account and open a new account. The HoBA also reported that reconciliation with the Guyana Post Office is done monthly.

3.16.3 *The MOF urge the HoBA to reconcile the old account with the view of closing same.*

3.17 Ministry of Legal Affairs

3.17.1 Regarding the recommendation by the PAC that loan agreements are not signed before allocations are made to the Ministry, the HoBA indicated that this mistake was not repeated.

3.17.2 *The MOF commends the agency for resolving this issue.*

3.18 Guyana Defence Force

3.18.1 With respect to the recommendation by the PAC for the Accounting Officer to collaborate with the Finance Secretary and the Auditor General to train staff on the procedures outlined in section 43 of the Fiscal Management and Accountability Act 2003 and the Procurement Act, the HoBA stated that Officers, Ranks, and Civilian Personnel are involved in continuous training exercises conducted internally and also through sessions conducted by the Auditor General's Office.

3.18.2 *The MOF will collaborate with the Auditor General to ensure that the Guyana Defence Force receives appropriate training.*

3.18.3 Concerning the recommendation by the PAC for the Accounting Officer to furnish a certified copy of the contract/purchase agreement between the supplier and the Guyana Defence Force to the Audit Office for examination, the HoBA stated the recommendation was implemented.

3.18.4 *The MOF issued Circular No. 5/2022 to remind Accounting Officers to maintain procurement information and records for capital and current projects to facilitate audit examinations by the Auditor General.*

3.18.5 Regarding the recommendation by the PAC for the Accounting Officer to ensure that the rules regarding payments to contractors/suppliers are in accordance with the Standard Bidding Document, the HoBA stated that every effort will be made to comply with the recommendation.

3.18.6 *The MOF will monitor the implementation of the recommendation by the GDF via follow-up audits.*

3.19 Ministry of Public Security - Guyana Police Force

- 3.19.1 Concerning the PAC's recommendations to the Accounting Officer to address overpayment of salaries to officers who were absent without leave (AWOL), the HoBA said that the Police Force strengthened coordination between the Human Resource Department, Office of the Commissioner, Regional and Branch Commanders to ensure that the Finance Department is informed promptly of officers who should not be paid.
- 3.19.2 *The MOF will monitor the effectiveness of the measure implemented by the Guyana Police Force to prevent overpayment of salaries via follow-up audits. _*

3.20 Ministry of Public Security (excluding Police)

- 3.20.1 Concerning the PAC's recommendation to address overpayment to contractors by the GPF, the HoBA indicated that Projects' Unit was strengthened with the employment of several Engineers to monitor/supervise projects undertaken by the agency.
- 3.20.2 *The MOF issued Circular No. 2/2023 to address overpayments to contractors.*

3.21 Region No. 1 – Barima /Waini

- 3.21.1 With respect to the PAC's recommendation for the HoBA to write the Finance Secretary (FS) for guidance to write-off outstanding debts, the HoBA indicated that the letter was sent to the FS.
- 3.21.2 *The MOF will review the request from the agency with a view to resolving the issue.*
- 3.21.3 With respect to overpayments to contractors, the HoBA explained that there is stricter monitoring and evaluation of projects by the Region's Engineering Department.
- 3.21.4 *Since overpayments to contractors is not limited to the entity but widespread, the MOF issued Circular No. 2/2023 to address this issue.*
- 3.21.5 With respect to the recommendation by the PAC for the HoBA to examine the assigning of staff for works projects, the HoBA stated that the Public Service Ministry (PSM) will be approached to recruit two (2) Engineers for the Sub-Districts.
- 3.21.6 *The MOF will urge the HoBA to follow up this issue with PSM.*

3.22 Region No. 2- Pomeroon / Supenaam

- 3.22.1 With respect to the outstanding advances from officers, the HoBA stated that Regional Administration ceased issuing advances from the Economic Project and Economic Affairs Account. Additionally, the Region has commenced deduction from the salary of officers with outstanding advances.

3.22.2 *In order to ensure compliance with Regulations 8 and 9 of the FMAAR 2004, the MOF will continue to closely monitor the measures implemented by the agency to recover outstanding advances from officers.*

3.23 Region No. 3 – Essequibo Islands/West Demerara

3.23.1 With respect to unpaid rents by officers occupying Government Quarters, the HoBA stated that letters were dispatched to these officers informing them that deductions will be made from their salaries, effective from February 2023.

3.23.2 *The MOF will urge the HoBA to ensure all outstanding rents are collected from the officers occupying Government Quarters.*

3.23.3 Regarding the deficiencies of the minutes of the Regional Tender Board, the HoBA stated the members of the Regional Tender Board and Evaluation Committee were briefed on the Procurement Circular issued by the Finance Secretary. The HOBA indicated that the agency will request Procurement training for all Tender Board members.

3.23.4 *Consistent with the recommendations of the PAC, the MOF issued Circular No. 6/2022 dated 2022-10-26 to guide the preparation of tender board minutes.*

3.23.5 *During 2022, the MOF activated a Technical Co-operation (TC) with IDB to train officers across the public sector on procurement issues.*

3.23.6 *The MOF will engage the Public Procurement Commission (PPC) on procurement training for the agency during 2023.*

3.24 Region No. 4 - Demerara/ Mahaica

3.24.1 With respect to the issue of legal documentation for one hundred and six (106) buildings under the control of the Regional Administration, the HoBA indicated that the administration is currently in consultation with the Ministry of Public Works to resolve the issue of ownership. The HoBA also stated that the administration is also upgrading and identifying entitled occupancy of all government buildings.

3.24.2 *The MOF will urge the HoBA to implement the advice given by the Attorney General and the Ministry of Public Works.*

3.25 Region No. 5 - Mahaica/ Berbice

3.25.1 Concerning the non-attendance of the former HoBA to answer queries at the PAC, the HoBA reported that the PAC undertook to contact the Chief Immigration Officer (CIO) to ascertain whether he was overseas. The former HoBA subsequently attended the PAC's hearing to answer the queries for the 2016 Auditor General report.

3.25.2 *The MOF notes the response by the HoBA.*

3.26 Region No. 6 - East Berbice/ Corentyne

- 3.26.1 With respect to the overpayment of salaries made to eight officers, the HoBA stated the agency will write the Public Service Ministry (PSM), Public Service Commission (PSC), and the Ministry of Finance (MOF) to determine whether these officers are still employed in the public service.
- 3.26.2 *The MOF will urge the HoBA to take appropriate actions to recover the overpayments.*
- 3.26.3 Regarding, the training seminar for Regional Engineers on the Laws and Regulations governing procurement, the HoBA indicated that the Region approached the Finance Secretary and Chief Executive Officer of the National Procurement and Tender Administration Board (NPTAB) requesting procurement training for all procurement staff and tender board members.
- 3.26.4 *The MOF will provide training to the Regions on the Procurement Act and Regulations.*
- 3.26.5 Concerning the investigation surrounding the Payment Vouchers and Supporting Documents for fuel not accounted for, the HoBA stated that Regional Administration wrote the Police Commissioner for an update.
- 3.26.6 *The MOF wrote the Commissioner of Police for an update on this and other outstanding investigations. The response by the Commission of Police of this matter is contained in para [2.8.9].*

3.27 Region No. 7 - Cuyuni/ Mazaruni

- 3.27.1 With respect to the filling of critical vacancies, The HoBA indicated that the Administration continues to engage the Public Service Ministry to fill certain vacancies while, at the same time, it is awaiting the reconstitution of the Public Service Commission.
- 3.27.2 *The MOF will urge the agency to fill the vacancies.*

3.28 Region No. 8 - Potaro/ Siparuni

- 3.28.1 With respect to the non-attendance of the former HoBA to answer queries in the Auditor General's Report, the HoBA stated that the Administration was unable to contact the former Regional Executive Officer to attend the PAC meetings. The HoBA further indicated that efforts will be made to have the relevant officers attend future meetings.
- 3.28.2 *The MOF will urge the HoBA to ensure the recommendations of the PAC are implemented.*

3.29 Region No. 9 – Upper Takatu/ Upper Essequibo

- 3.29.1 With respect to the recruitment of suitably qualified persons to fill vacant positions within the Region, the HoBA indicated that the agency has filled the following positions: Regional Education Officer, Procurement Officer, Filed Auditor and School Welfare Officer.

3.29.2 Concerning the PAC's recommendation for the Accounting Officer to write the contractor to recover the overpaid sum for the upgrading of the Karasabai Health Centre, the HoBA stated that the agency complied with the recommendation. However, to date no response was received from the contractor.

3.29.3 *The MOF will collaborate with the agency and the Attorney General to determine a solution to this issue. If it is found that the overpaid sum cannot be recovered, the MOF will explore writing off the sum in accordance with the FMAA 2003 and FMAAR 2004.*

3.30 Region No.10 - Upper Demerara/Upper Berbice

3.30.1 With respect to overpayments to contractors due to inadequate oversight, the HoBA indicated that the Administration has since put measures in place by having daily on-site inspections of projects by a technical team comprising Engineers, Clerk of Works as well as the Chairman of the Works Committee. According to the HoBA, this measure will reduce overpayments on contracts.

3.30.2 Regarding the issue of variation for works not approved, HoBA stated that prior approval is sought for variations from the Regional Tender Board and NPTAB as appropriate.

3.30.3 *The MOF will urge the HoBA to comply with Circular No. 2/2023 to avoid overpayments.*

4. CONCLUSION

4.1 The Treasury Memorandum is a critical tool for enhancing accountability, transparency, and efficiency in public finance. This Treasury Memorandum outlines the Government's actions or intended actions to address the deficiencies highlighted in the PAC's 2016 report.

4.2 The deficiencies outlined under the heading '*General Challenges Observed Across Budget Agencies*', will be addressed as follows:

No	Issue	Action Government took or intend to undertake
1	Signing off on incomplete and unverified projects	The MOF issued a Circular to remind HoBAs of their obligation to ensure payments are only approved for measured works. Based on the recommendation of the PAC, the MOF will also explore the practicality of instituting surcharge against delinquent officers for signing off on payments for unverified projects.
2	Non-adherence to Stores Regulations, Fiscal Management and Accountability Act 2003, and Procurement Act 2003	The MOF issued a Circular to minimize breaches of section 55 of the FMAA 2003 by HoBAs. To encourage stricter compliance with section 43 of the FMAA 2003, the MOF is utilizing a dashboard to closely monitor budget execution and the Accountant General instructs HoBAs to refund stale dated cheques to the consolidated Fund whenever HoBAs present these cheques to be updated.

		The MOF through its Internal Audit Department continuously monitors compliance with the Stores Regulations.
1	Non-submission of Financial Statements of Statutory Agencies to the Auditor General	The MOF issued several circulars making it mandatory for Statutory Agencies to submit unaudited financial statements. The MOF also encourages these agencies to comply with FMAA 2003 and Circulars.
2	Maintenance of Log Books	Organized meetings with HoBAs where the importance of maintaining Log Books was emphasized.
3	Uncleared Payment Vouchers and Cheque Orders	The MOF issued Circular No. 2/2019 to address this issue. The Accountant General has also instructed the Sub-Treasuries to monitor the usage and clearance of Cheque Orders routinely.
4	Outstanding Police Report for incidents of malpractice and theft	The MOF wrote the Commissioner of Police for an update on the outstanding police reports. The details of the response from the Commissioner of Police are summarised in the Treasury Memorandum.
5	Overpayment to Contractors	The MOF issued Circular 3/2023 to remind HoBAs of how payments should be made on Construction Contracts. Based on the recommendations from the PAC, the MOF will also explore the practicality of surcharging officers who certify transactions that contribute to the overpayment to contractors.
6	Full payment for goods, services and works in breach of the Procurement Act	The MOF issued Circular 2/2023 and Circular No. 3/2023 to remind HoBAs of how payments should be made on Contracts for the Supply of Goods and Construction Contracts. Based on the recommendations from the PAC, the MOF will also explore the practicality of surcharging officers who breach the FMAA 2003 and PA 2003.
7	Non-delivery of items after full payments were made by budget agencies	Circular No. 2/2023 was issued to address a repetition of this breach. The MOF will collaborate with the agencies to explore legal measures to recoup the payments made to suppliers who received payments for items not

		delivered
8.	Non-delivery of items a year or two later after full payments were made by budget agencies	The MOF will collaborate with the agencies to explore legal measures to recoup the payments made to suppliers who received payments for items not delivered. In the event, the payments cannot be recouped, the MOF will consider writing off these outstanding amounts following the FMAA 2003 and Regulations.
9.	Non-submission of Financial Statements by Subvention Agencies	The MOF issued several Circulars making it mandatory for Subvention Agencies to submit unaudited financial statements. The MOF also encourages these agencies to comply with FMAA 2003 and Circulars.

4.3 With respect to the plethora of agency-specific issues identified in the 2016 Report of the PAC the MOF will:

- Monitor, through its CIAU, the effectiveness of corrective measures implemented by each agency to determine whether they are producing the desired results.
- Encourage the agencies to fill vacant positions as recommended by the PAC to ensure that there is adequate separation of duties and improved performance at the agency level.
- Explore the practicality of surcharging officers who certify transactions that result in overpayments to contractors and suppliers.
- Work with the agencies to write-off overpayment of salaries and losses which cannot be recovered based on the procedures outlined in the FMAA 2003 and FMAAR 2004.
- Facilitate training to boost the capacity of the budget agencies to execute spending in accordance with the FMAA 2003.