

TREASURY MEMORANDUM

TO: The Speaker and Members of the National Assembly

FROM: Finance Secretary, Ministry of Finance

DATE: April 18, 2018

FILE NO: FS 60/1/1

SUBJECT: Treasury Memorandum Pursuant to Resolution No. 68/2018 dated January 19, 2018 of the National Assembly on the Public Accounts of Guyana for the years 2010 and 2011.

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A. INTRODUCTION

- A1.1 This Treasury Memorandum details the Government's related comments on and actions taken or intends to undertake in response to the report of the Public Accounts Committee (PAC) on the Public Accounts of Guyana for the years 2010 and 2011.
- A1.2 The responses will follow the same format in which the issues are presented in the Report of the PAC for the years 2010 and 2011, as specified in the two (2) broad categories:
- A1.21 General Challenges Observed Across Budget Agencies; and
- A1.22 Examination of Agencies.
- A1.3 The Ministry of Finance recognizes and takes seriously many of the issues raised in the reports of the Auditor General as well as the concerns highlighted in the reports of the PAC of the National Assembly, which intend to ensure that public financial management (PFM) is conducted in an efficient, disciplined, and transparent manner. As such, the number of issues raised in this Report could be reduced progressively as the Ministry of Finance improves the efficiency of PFM with action in five broad areas as follows:
- A1.31 the use of prudent financial management policies;
- A1.32 improved information technology;
- A1.33 closer monitoring of the activities within the agencies through the conduct of frequent inspections;
- A1.34 the conduct of ongoing training programmes to enhance ability; and
- A1.35 revision of relevant laws-the Fiscal Management & Accountability Act 2003 (FMAA), the Procurement Act 2003, and the Audit Act 2004 that delineate Regulations, and Circulars governing PFM.

A1.4 Government continues to emphasize the need for a modern PFM system and to this end monitors and enacts regulations, and issues circulars to aid the Fiscal Management and Accountability Act (FMAA) 2003, the Procurement Act 2003, and the Audit Act 2004, respectively.

A1.5 Further, as financial systems become more modernised, the need for improvement in the management and control of these systems becomes vital to their operation. It is considering this fact that improvement in internal control has gained significant prominence resulting in Government setting up an Internal Audit Division within the Ministry of Finance in 2014.

A1.6 Given that the transformation of our financial management system is ongoing, it is imperative that capacity be developed continuously as well as the good practices being implemented must remain consistent. As such, regular training programmes have been designed and delivered to support and enable the efficient and effective functioning of all Budget Agencies (Ministries, Departments and Regions). Training programmes include:

- A1.61 regulatory framework for public financial management;
- A1.62 budget preparation and implementation;
- A1.63 payments and receipts processes;
- A1.64 financial roles and responsibilities of public officers;
- A1.65 bank reconciliation;
- A1.66 voucher examination;
- A1.67 risk management;
- A1.68 internal control;
- A1.69 information technology governance;
- A1.70 internal auditing (attributes, tools & techniques); and
- A1.71 management of internal audit systems

A2 Future Initiatives

A2.1 Several improvements are targeted to include:

- A2.11 the expansion and maintenance of connectivity to all Central Government Agencies;
- A2.12 continuous reliability of and accessibility to the system by all Budget Agencies;
- A2.13 full automation of the reconciliation process;
- A2.14 upgrading as proper, all automated systems including Integrated Financial Management and Accountability System (IFMAS); and
- A2.15 upgrading of Laws, regulations, circulars to improve efficiency and effectiveness of PFM

B GENERAL CHALLENGES OBSERVED ACROSS BUDGET AGENCIES

B1.0 The following reports various observations made by the PAC and some of which, because they affect directly the same activities, are placed under headings reflective of those similarities. Following these observations are the steps that the Ministry of Finance, in collaboration with other stakeholders, will pursue to negate the impact that these deficiencies are having across budget agencies.

B2.0 CONTRACTS

B2.1 The Government remains cognisant of the need to improve the procurement practices with a view to have value for money. It has apprised Heads of Budget Agencies of the Auditor General's concerns and has invited the Auditor General as an advisor to its meeting with Heads of Budget Agencies at which he reiterated his concerns.

B2.2 In addition, Circulars have been issued to instruct Heads to refrain from such practices if they do, and to inform them that not doing so would be in violation of Sections 10, 15 and 85 of the FMAA. Government intends to take continued violation seriously.

B2.3 The following steps have been taken by several Agencies to reduce if not end the occurrence of over payments to contractors:

B2.31 monitoring continuously contracts across agencies as well as the unmitigated resoluteness by the PAC when dealing with agencies that did not set up procedures in the execution of contractual works, have in effect created increased awareness of the systemic weaknesses across agencies;

B2.32 held meetings involving the PAC, the Finance Secretary, Accountant General and the Auditor General with a view to discuss and arrive at decisive strategies aimed at enforcing protection mechanisms as well as the institution of disciplinary action against defaulters;

B2.33 employed engineers and the established field audit units, which serve to give the necessary technical capabilities as well as audit oversight;

B2.34 implemented requirement that technical staffs give detailed reports when signing off on works; reports must include photographic evidence before, during and on completion of projects---this is seen as another deterrent against designated officials signing off against incomplete works;

B2.35 informed officers that appropriate action would be taken resulting in persons being surcharged if overpayments to contractors occur;

B2.36 instituting surcharge against all delinquent officials signing-off on incomplete contracts and reinforcing it with the PAC request that the names of these officials be published in the Annual Reports of the Auditor General;

- B2.37 including mandatory protective clauses and their sustained validity throughout the duration of the contract is an exercise in progress as well as the development and implementation of a policy intended to address the prompt application of the Insurance and Performance Bond;
- B2.38 introduced a system whereby variations when necessary are approved by the right tender board in keeping with statutory rules and regulations;
- B2.39 keeping a concerted effort to involve the Works Committees of the Regional Democratic Councils in certifying works within the various Regions as well as making the Bill of Quantities available to Neighbourhood Democratic Councils to create more awareness and oversight.

B3.0 HEADS OF BUDGET AGENCIES – INEFFICIENCIES

- B3.1 Government recognizes the dire need for streamlining the Public Service based on the concepts of ethics, accountability, transparency, integrity and professionalism these will culminate in a standardize method for measuring performance-based gratuity.
- B3.2 It is common practice to move personnel laterally across departments in the Public Service to enhance human resources development that serves to improve efficiency of service to citizens.

B4.0 STAFFING CHALLENGES ACROSS AGENCIES

- B4.1 Government intends to use the ongoing transformation of our financial management system to develop human resources ability and ensure practices. As such, regular training programmes have been designed and delivered to support and enable the efficient and effective functioning of all Budget Agencies (Ministries, Departments, and Regions).
- B4.2 Engineering challenges across budget agencies, more particularly in the Regions are being addressed.
- B4.3 Government recognises the need for human resources and continues to support the engineering and other related programmes at the University of Guyana and technical institutes to meet and keep the demand for technical skills in Guyana

B5.0 WRITING OFF OF LOSSES

B5.1 This problem is being addressed following Cabinet's approval and the issuance of Circular, No. 2/2018 dated 5th February 2018, to Heads of Budget Agencies outlining the procedures and levels for writing off losses in keeping with the Fiscal Management and Accountability Act, 2003.

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B6.0 PUBLIC SERVICE MINISTRY

B6.1 This observation was not and is not a practice for the Public Service Ministry

B7.0 PUBLIC ACCOUNTS COMMITTEE MEETING

B7.1 Government requires that all Heads of Budget Agencies be present at meetings of PAC as summoned. More importantly, the PAC by its statute has the authority to sanction persons who do not turn up as witnesses when summoned to do so.

B8.0 AUDIT QUERIES

B8.1 The Ministry of Finance has apprised the Heads of Budget Agencies of the Auditor General's concerns about the pace at which they respond to queries. The Auditor General gets the opportunity to express his concerns when he attends meetings with Heads of Budget Agencies at the Ministry of Finance.

B9.0 CLEARANCES OF CHEQUE ORDERS

B9.1 Regarding non-compliance with stipulated time frame for clearance of cheque orders, the Ministry of Finance is in the process of drafting another Circular to address the complexities that have been emanating over the use of the Cheque Order System as a medium of payment, especially as it relates to outlying areas.

B10.0 LOG BOOKS

B10.1 The Ministry of Finance is aware of the problems surrounding the inconsistencies in the maintenance of Log Books and has been using every interactive session arranged to discuss the Auditor General's findings to emphasise the importance of adhering to the contents of Circular No. 3/2011 dated August 16, 2011, which

elaborates on the maintenance of Log Books for motor vehicles, and inventory of all plant and machinery in accordance with the Stores Regulations (Section 29).

B11. PRIOR YEAR MATTERS

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B11.1 The Ministry of Finance is aware of the concerns of unresolved prior year matters and has been endeavouring to remove them through issuance of circulars following decisions of the Cabinet to resolve some of these matters while it continues to give advice in conjunction with the Auditor General's office at interactive session for resolution.

C. EXAMINATION OF AGENCIES (MINISTRIES, DEPARTMENTS AND REGIONS)

C1 Ministry of Agriculture

C1.1 The Head of Budget Agency explained that the highlighted cases of over-and under-payments to GUYOIL for the supply of fuel during the period under review were because of the policies adapted by the Ministry for the purchase and delivery of fuel by GUYOIL. The Ministry purchased fuel on a prepaid-basis whereby an overpayment position was reflected. However, in those instances whereby it found it difficult to predict the fuel and lubricant needs, as in specific cases relating to the NDIA and other emergencies, it was forced to acquire its fuel on a credit-basis. In the latter instance, an under payment position would be reflected. This agency has since implemented a system of monthly reconciliation of the fuel account with GUYOIL and has assured that this process allows for strict monitoring of both the acquisition and utilisation of fuel by the Ministry.

C1.2 Regarding the *lost/misplaced items* the Head of Budget Agency explained that during the reformulation and relocation of the Crops and Livestock Support Services Division, a large quantity of furniture and equipment were despatched to the new locations. On discovery that a quantity of the items could not have been accounted for an investigation was launched which found that most of the items were not usable nor were the equipment functional. This, the Head of Budget Agency explained, gave cause for regular inventory checks and verification of assets as well as the disposal of unserviceable assets by the governing regulations.

C1.3 Regarding the overpayment of salaries, the Head of Budget Agency reported that eighty percent (80%) of the sum outstanding was recovered, while efforts are being made to recover the rest. In addition, the Ministry is placing emphasis on timely communication of pay-change directives to officials at all levels across the Ministry in an effort to prevent the reoccurrence of salary overpayments.

C2. Ministry of Foreign Affairs

C2.1 The Head of Budget Agency acknowledges the PAC's congratulations; and informed that systems have been put in place to ensure earlier refunds of unspent balances. The Expenditure Planning and Management Unit of the Ministry, which focuses mainly on budgets relating to the Missions has been strengthened. The Missions, except for a few, are now staffed with home-based Accountants, and Head Office staff visit from time to time to provide the necessary guidance and assistance where required to ensure functionality in keeping with the systems in place.

C3. Ministry of Education

C3.1 The Head of Budget Agency has taken note of the PAC's recommendations about overpayment of salaries to teachers and public officers, as well as contractors, and has given a commitment to implement same. However, the Ministry, prior to these recommendations, sent letters to all Government Agencies to obtain information about re-employment of the individuals mentioned herein. In addition, public notices were placed in the media asking that the persons employed previously as teachers and public officers visit the Ministry. But, efforts aimed at recovery of the overpaid salaries bore no results.

C3.2 Regarding the overpayment to contractors, the sum of five hundred and four thousand dollars (\$504,000) has since been recovered.

C4. Ministry of Public Works

C4.1 Regarding the matter of retrieving and returning funds via the Attorney General to the Consolidated Fund, the Head of Budget Agency apprised that upon the request of the then Ministry of Public Works, the sum of four million, eight hundred and twenty-three thousand, five hundred and twenty-three dollars (\$4,823,523) was paid over by the Ministry of Legal Affairs to the Consolidated Fund vide Bank Deposit Slip No. 34- 125926 dated 3rd January, 2013.

C5. Ministry of Legal Affairs

C5.1 The Head of Budget Agency apprised that acting in accordance with the Companies Act of 1991, the Commercial Registry has been charging registration fees with effect from 2010, as follows:

C5.11 Local Companies

| | |
|---------|------------|
| Fee: | \$60,000 |
| Notices | \$3,200 |
| Copy: | \$350 each |

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External Companies

Based on amount (#) of shares

| | |
|---|------------|
| Less than one million shares: | \$80,000 |
| More than one million shares but not more than three million shares: | \$150,000 |
| More than three million shares | \$300,000 |
| Copy: | \$350 each |

C6 Ministry of Tourism, and Commerce

C6.1 Regarding the high expenditure associated with the hiring of taxis by the then Ministry of Tourism, Industry and Commerce, the Head of Budget Agency apprises that the interventions made by the Ministry to address same are as follows:

C6.11 the Ministry revisited the arrangements for the use of taxi and put measures in place to ensure effective monitoring and coordination of the use of taxis among the departments;

C6.12 the Ministry procured one (1) vehicle in 2012;

C6.13 the Guyana Revenue Authority distributed two (2) vehicles to the Ministry in 2013; and

C6.14 arrangements were made for technical staff that were qualified for duty free concession to receive same.

C6.2 These actions, as explained by the Head of Budget Agency, resulted in a significant decline in the cost for the use of taxis, from \$8.135 M in 2011 to \$3.257M in 2013 and \$1.7M in 2014.

C7. Ministry of Labour, Human Services, and Social Security

- C7.1 The Head of Budget Agency responded to the recommendations of the Committee in the same sequence as they appear in the Committee's Report.
- C7.2 As far as is practical, Probation and Social Services Officers liaise with members of the Local Board of Guardians to provide information pertaining to new applicants for Public Assistance and Senior Citizens' Pension (SCP) in situations where the Officer has reason to suspect that the SCP Applicant has provided inaccurate information on the application form submitted.
- C7.3 The Ministry is collaborating with the Ministry of Public Telecommunications to develop an application, which can facilitate the integration between the Ministry and other stakeholders.
- C7.4 Monthly e-copies of Death returns are submitted to the Ministry of Social Protection by the General Registrar's Office.
- C7.5 The e-copies of the monthly death returns allow the Ministry to disaggregate the information submitted to satisfy the Ministry's needs.
- C7.6 The Office of the Auditor General checks and reviews the Ministry's system on an annual basis.
- C7.7 The Ministry works closely with funeral parlours and community organizations to provide information on pensioners before removing their names from the database.
- C7.8 The Ministry continues to inform recipients of SCP via public service announcements (radio), posters and television programs that all decommissioned ID cards will NOT be accepted for cashing SCP coupons after February 28, 2018.
- C7.9 The Ministry collaborates with the Ministry of Public Telecommunications to develop an application which can ease the integration between the Ministry and other stakeholders.
- C7.10 By the Old Age Pension Act, the Ministry facilitates payment of SCP benefits in excess of three months, retroactively, after a report is submitted to Hon. Minister detailing the reason/s for the Pensioner not being able to collect their SCP benefits in a timely manner

C8. **Ministry of Health**

- C8.1 The Head of Budget Agency informs that a number of necessary corrective measures have been put in place to minimize systemic breaches in keeping with

the Fiscal Management and Accountability Act 2003. The following presents the sequence of action taken:

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- C8.11 The Ministry of Public Health has implemented a system to ensure that funding is available on time to the Linden Hospital Complex. The system includes the following:
 - C8.111 Timely submission of work plan and cash flow with proper justifications to the Ministry of Finance to enable adequate releases.
 - C8.112 Priority processing of expense vouchers by the Accounts Department of the Ministry.
 - C8.113 Cheques are collected from the Ministry of Finance by accounting staff and delivered to the Chief Accountant of the Linden Hospital Complex.
- C8.12 There is vast improvement, and greater efficiency and accountability with regards to having funds available for the Management and Operation of the Linden Hospital Complex.
- C8.13 The Ministry of Public Health uses the MACS system to inform proper quantification, consumption trends and critical forecasting to arrive at an annual national estimate for all five (5) levels of care across the ten (10) Administrative Regions.
- C8.14 The system has created an opportunity for more cost effectiveness by using new methods of monitoring and evaluation with regards to supply and delivery of drugs and medical supplies from suppliers and donors.
- C8.2 Regarding storage capacity for Medical and Non-Medical Supplies, the Ministry of Health received budgetary allocations in 2018 for the extension of the Central Supplies Unit at Kingston and work began at Material Management Unit.
- C8.3 A Procurement Unit has been set up to ensure compliance and adherence to the Procurement Act 2003. The Unit is mandated to ensure fairness, transparency and good contract management in the procurement of goods, services and consultancy, is upheld at all times with greater scrutiny in contractor/suppliers fulfilling their contractual obligations. No breaches of contract will be tolerated in the year 2018, as a result the Ministry has taken steps to impose liquidated damages against defaulting contractors and to fortify Performance Bond against suppliers for overdue delays in the deliveries of items. Hence, the Ministry is moving in a direction to have Contractors/Suppliers debarred or blacklisted for future awards.
- C8.4 Regarding donations, the Ministry of Public Health has established standard operational procedures regarding donations received, which include a criterion

for longer shelf-life of Medical and Non-Medical Supplies before acceptance is authorized.

C8.5 Additionally, one of the clauses of the contract document states that all Medical and Non-Medical Supplies must have at least six (6) months shelve-life before the items could be accepted by the procuring entity.

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C8.6 The Ministry of Public Health in the year 2013 included in its work plan the seeking of help from the Auditor General and the Finance Secretary, respectively, regarding proper record keeping and system review. The help given from both agencies has led to improved record keeping; also due to guidance given by the Auditor General's staff, at the Ministry, corrective action has been taken.

C8.7 Furthermore, an offsite backup system is in place for retrieval of documentation in an event, to safeguard any other disaster that may occur, be it natural or manmade. Hence, the Government Health Information System forms a main-frame mechanism in place for greater storage capacity of information.

C9. Ministry of Local Government

C9.1 The Head of Budget Agency, in response to the various concerns raised by the Committee, apprises as follows:

C9.11 All overpayments were recovered, and the necessary information was provided to the Audit Office. A perusal of the Auditor General's Report for 2016 would reveal that there is no incidence of overpayment being made on the part of the Ministry.

C9.12 Regards the record keeping, asset marking, and updating of the Ministry's Master Inventory are all being done following the Stores Regulations.

C9.13 Regards the state of financial accounting at the NDC's, the situation is still in an unsatisfactory state. The Ministry of Communities, in collaboration with the Ministry of Finance and Audit Office, is contemplating training sessions, particularly around financial accounting to address the inefficiencies within the NDC's.

C10. Ministry of Amerindian Affairs

C10.1 The Ministry of Finance is investigating with a view to determine the exact amount owing to the Consolidated Fund as figures reported so far cannot be relied upon.

C11. Ministry of Home Affairs

C11.1 The Head of Budget Agency, in response to the paragraphs specified in the Committee's Report, updated as follows:

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C11.11 Regarding paragraph 292, there were no overpayments as reported. The vehicles were delivered in the year 2012 after which the cheques were updated and paid to the supplier.

C11.12 Regarding paragraph 295 the contractor has to date refunded an amount totalling one million, two hundred and fifty dollars (\$1,250,000.00). Other efforts are being made to recover the amount still outstanding which is two million, two hundred and fifty-four dollars (\$2,254,000.00).

C12. Ministry of Finance

C12.1 Regarding the Consolidated Fund Bank Account No. 400, the unavailability of certain key records in the required sequential order posed severe constraints on the ability of the Accountant General's Department to reconcile, in the acceptable conventional manner, the Account during the period 1982 to 2003.

C12.2 Despite above set back, cash books were reconstructed for the sole purpose of reconciling the monthly transactions as they occurred at the bank and the ministerial level. While this method of reconciliation was not in keeping with the conventional method, it was through this alternative method that a closing balance was established at the end of December 2003, thereby identifying the opening balance for the new Consolidated Account No. 407. In contrast, the reconciliation of the new Consolidated Account No. 407 monthly is being facilitated through the use of the Treasury Management Module which is an integral part of the Integrated Financial Management and Information System (IFMIS).

C12.3 The issue about the reconciliation of the old Consolidated Fund Account No. 400 shall continue to engage the attention of the Accountant General.

C12.4 Regarding the Sugar Industrial Labour Welfare Fund (SILWF), the Ministry of Finance will follow the recommendation of the PAC with regards to the SILWF's outstanding Financial Statements and the reasons thereof for the Auditor General not being able to find the accuracy of its deposits held for investment.

C12.5 Regarding the Auditor General's claim of continued abuse of the Contingencies Fund, the Ministry of Finance draws attention to the fact that Section 41 of the FMAA grants the Hon. Minister of Finance "... sole authority for the release of

moneys from the Contingencies Fund ..." which is taken to Parliament for approval in form of Supplementary.

- C12.6 Regarding the non-establishment of the Bid Protest Committee, the Chairman of the National Procurement and Tender Administration Board informed that the Bid Protest Committee functions according to the Procurement Act.

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C13 Guyana Defence Force

- C13.1 Regarding the issues with the Guyana Defence Force, the Ministry of Finance's intervention is necessary in relation to the response posited by the Guyana Defence Force. The prepayment for fuel conflicts with Government's circularised financial instructions, which stipulates cash-based method of procurement. The current prepaid method of procurement is generic across most Agencies of Government and is precipitated by the precautionary action taken by several Agencies to avoid disruption of essential and critical services.

- C13.2 *Precautionary purchase*, meaning the procurement of fuel to last for an extensive period, as is being referred to by the PAC, is an issue engaging the attention of the Ministry of Finance which has taken cognisance of the PAC's recommendation regarding Regulations that can settle the issue of prepayment on fuel, for the benefit of all agencies across the country.

- C13.3 Regarding the overpayment to the contractor for works carried out at Camp Seweyo, the Head of Budget Agency informed that a revisit of the project was undertaken by personnel from the Guyana Defence Force and the Auditor General's Office. The variation works were verified, and the overpayment was reduced from an original figure of \$4.581Mn to \$34,080. The latter amount was refunded vide cheque #05-767906 dated 2016-05025 and acknowledged by the Guyana Defence Force vide receipt #487178 dated 2016-06-01.

C14. Guyana Elections Commission

- C14.1 The Head of Budget Agency apprised that the Chief Elections Officer (Ag) is no longer in the employ of the Commission and that the outstanding advance of five hundred thousand dollars (\$500,000) has been cleared in two tranches. The sum of sixty-five thousand dollars (\$65,000) was refunded on 11th February, 2014 leaving a balance of four hundred and thirty five thousand (\$435,000) which was deducted from his benefits on 17th June, 2014. These sums were used to replenish the Commission's Standing Imprest Account (acknowledgement receipt #3H-568818, dated 17/6/2014, refers).

- 14.2 Regarding the outstanding films the Commission has engaged the services of a lawyer and legal action is in progress against the firm ACME.

C15. Georgetown Public Hospital Corporation (GPHC)

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- C16.1 The Head of Budget Agency has sought to respond to the PAC's recommendations in the same order as presented. The following are the responses:

- C16.11 The GPHC will during 2018 begin and conclude construction of a storage bond within the North Block of its compound with an allocation of fifty million dollar (\$50M).
- C16.12 The Pharmacy and Therapeutic Committee verifies the Corporation's annual projections for pharmaceuticals before it is advertised. The Committee has some challenges because of the absence of historical data.

C17. Guyana Police Force

- C17.1 Regarding the one hundred and ten (110) unrepresented Log Books, the Head of Budget Agency has informed that the books were presented to the Auditors for verification.
- C17.12 Regarding the discrepancies uncovered in relation to the storage of bail money at the Police Stations, the Agency reported that this has since been rectified. A new policy has since been instituted whereby the Police Force has put a ceiling of twenty-five thousand dollars (\$25,000) as the amount of bail money to be kept at a station.
- C17.13 Regarding the recommendations of the PAC for the Guyana Police Force the Head of Budget Agency responded as follows:
- C17.131 Regarding the PAC recommendation that the current management system be reviewed to ensure that vehicles are monitored, and maintained properly, upon review the Guyana Police Force has adjusted its vehicle management procedures to include weekly vehicle inspection, and submission of returns.
- C17.132 Ranks found guilty of non-adherence to the Standing Order applicable to the use of vehicles would be subjected to disciplinary charges.
- C17.133 An Internal Audit and Inspection Department has been setup by the Guyana Police Force as part of its mandate. This is in response to the

Committee's recommendation that a periodic review be conducted to evaluate the progress of the system after it has been revised.

C18 The Supreme Court of Judicature

C18.1 Regarding the stemming of unsystematic removal of case jackets in magisterial districts, the Head of Budget Agency informs as follows:

C18.12 The Supreme Court of the Judicature (SCJ) has instituted *Transfer and maintenance* of these Registers will also address the instances whereby case jackets transferred to other magisterial districts are being returned with new numbers.

C18.13 The SCJ maintains continued effort to find outstanding case jackets so that they can be made available to the Auditors.

C18.2 Regarding the overpayment to a contractor, the Head of Budget Agency informed that the Ministry of Legal Affairs was written several times for the institution of legal action against the contractor. The response from the Ministry of Legal Affairs stated that the matter has been referred to the Solicitor General.

Further, the Head of Budget Agency expressed the view that since the matter dates back as far as 2006, the effluxion of time would have caused the statutory limitation period for filing legal action to elapse. As such any action for the recovery of the money will be statute-barred, leaving the Supreme Court with the last recourse, that is, to ask that the debt be written off.

C18.3 The Ministry of Finance has taken note of the PAC's recommendation to the SCJ, which stated that a review of the standard contract be done with a view to ensure that service providers be held accountable for the quality of service they deliver. Indeed, there is hardly any evidence showing that sanctions can be foisted on consultants for poor quality of service, owing to the omission of a clause to that effect.

C19. Office of the President

C19.1 The Head of Budget Agency informed that the Presidential Guard Service are with the Ministry of Public Security effective January 1, 2017, while Castellani House was transferred to the Ministry of Culture, Youth and Sports effective May 01, 2013.

C20. Guyana Revenue Authority

C20.1 In direct response to the recommendations of the PAC the Commissioner General disclosed as follows:

C20.11 The GRA continues to conduct public education programmes via radio, television, social media and workshops to educate the public on all GRA matters including taxes paid by self-employed persons and any new measures added. These are continuous weekly programmes that include, Lets Gaff, Guyana Today, Revenue Update, Talk Tax, Focus on GRA and information via print and social media.

C20.12 The GRA would have prepared the pertinent information to be affixed on the liquor licences after discussion with Chairman of the Demerara Liquor Licence Board. However, these licences are issued manually and the GRA proposed to affix the proposed conditions on the licences when the liquor licences are automated.

C20.13 The Chairman of the Demerara Licence Board was apprised of this recommendation and instructed the GRA to conduct investigation and provide reports on similar business premises, schools and police stations, when recommending approval of licences for new applicants. The penalties with respect to liquor licences were increased substantially in the 2017 Budget Measures.

C20.14 The fees for application, new and renewal of liquor licences have been increased by 100% in 2016 Budgetary Measures.

C21. Region No. 1 – Barima /Waini

C21.1 Regarding the recommendation that legal steps be taken against the engineer who signed off on the rehabilitation of the Regional Administration Building, the Head of Budget Agency informed that the latter has been written to that effect.

The Ministry of Finance has also taken note of the concerns expressed by the Committee over the nonchalant manner in which this matter was being pursued by the Administration throughout the period commencing 2011 and onwards.

C22. Region No. 4 - Demerara/ Mahaica

C22.1 The Head of Budget Agency has responded to the concerns raised by the PAC in the same order as presented in the PAC Report:

- C22.11 Regarding the fuel fraud a special audit was conducted by the Auditor General and copies of which have been sent to the Guyana Police Force and the Regional Administration.
- C22.12 Regarding the fuel fraud and the insistence that the Regional Administration start its own investigation, this has been done. Checks were also made with the Guyana Revenue Authority (GRA) to find the owners of the unauthorised vehicles that were reported as being recipients of fuel. Unfortunately, the GRA was unable to verify same. Page | 17
- C22.13 Guided by recommendation of the Auditor General the Head of Budget Agency provided the police with the specimen of the signatories of the officials who were authorised to approve of Internal Stores Requisitions (ISR). The latter is the instrument on which the fuel would have been issued.
- C22.14 GUYOIL has been written to also to undertake an investigation into the fraud that occurred.

C23. Region No. 5--Mahaica/ Berbice

- C23.1 The Head of Budget Agency, in direct response to the recommendations made by the PAC, indicated as follows:
- C23.11 All technical officers can attend pertinent training programmes and that the Administration is intent on having training as an ongoing activity.
- C23.12 The Regional Administration makes available copies of Bill of Quantities to all ten (10) Neighbourhood Democratic Councils (NDC) for their engagement and involvement, and as a matter of protocol, contractors would inform the overseers within the NDC's before the commencement of any construction works.
- C23.13 The Technical Department of the Region do take photographic evidence before, during and on completion of projects, as proof.

C24. Region No. 6 - East Berbice/Corentyne

- C24.1 Regarding paragraph 416 of the Auditor General's Report for 2010 on the unaccounted fuel and lubricant, the Head of Budget Agency informs that the Regional Administration has put systems in place to ensure that fuel and lubricants purchased and issued are accounted for in accordance with the Stores Regulations. The system includes the strengthening of internal control

mechanisms, and the provision of adequate resources for the effective monitoring of the system as it relates to receipts and issues of fuel and lubricants. The monitoring is being conducted by a Superintendent of Works, Overseers and Rangers, and supported by increased scrutiny by Field Audit.

C24.2 Regarding the investigation into the matter involving the unaccounted fuel and lubricants, the Auditor General has been written to requesting that the relevant documents be resubmitted, since engagement with the officer-in charge of the Fraud Unit revealed that his Unit was not in receipt of the pertinent documents. The Auditor General, at the 21st Meeting of the PAC, confirmed that the Criminal Investigation Department is working along with his Office on the matter. Further, the Payment Vouchers and other related documents are in the possession of the Audit Office. Page | 18

C24.3 The Regional Administration notes the recommendation of the PAC and expresses its intention to engage the Ministry of Public Security, Finance Secretary and Accountant General with a view to give the relevant training on issues of fraud.

C25. Region No. 7 - Cuyuni/ Mazaruni

C25.1 Regarding the PAC's expressed concerns over the poor state of communication in the Region, the Head of Budget Agency informs that while communication in and out of the Region remains a challenge, there have been significant improvements to the extent that all major service centres have been equipped with radio sets. In addition, there exists satisfactory collaboration with the Guyana Police Force. Particularly, the Administration expresses concerns whereby the increase in service centres in remote communities, followed by increase in personnel have given rise to new challenges, namely the compensation for telephone charges.

C26. Region No. 8 - Potaro/ Siparuni

C26.1 The Head of Budget Agency disclosed that the Administration has since established a data-base of all contractors within the Region. Further, Regional Officials have been made aware that sanctions would be instituted should they sign off on incomplete projects.

C27 Region No.10 - Upper Demerara/Upper Berbice

C27.1 In response to the comments and recommendations made by the Committee the Head of Budget Agency have followed each of those recommendations in an effort

to recover the overpayments made to a number of contractors, including one for the period 2012.

C27.2 The following are the series of actions instituted as recommended:

- C27.21 Letters have been sent to all Regional Executive Officers, highlighting all Delinquent contractors Page | 19
- C27.22 Letters have been sent to the Accountant General informing of the delinquent contractors and requesting the relevant payment voucher to extract information as recommended by the Solicitor General.
- C27.23 Engaging the Attorney General for advice on the matter and the way forward.
- C27.3 The Attorney General has so far responded favourably and has also requested more information relating to those payment vouchers which are in the custody of the Sub Treasury, Region 10.

CONCLUSION

This Treasury Memorandum serves to respond to the queries and recommendations in the PAC Report pursuant to Resolution No. 68/2018 dated January 19, 2018 of the National Assembly on the Public Accounts of Guyana for the years 2010 and 2011. In this regard, it recognizes the references made to waste, abuse and mismanagement of public resources as well as the lack fiscal transparency, accountability, discipline, and full compliance with FMA Act, Audit Act, and the Procurement Act.

Government considers the queries and recommendation as helpful to understand better the performance of existing service delivery, indicating ways to improve them and opportunities to provide new services that improve the citizen well-being. As such, the Treasury Memorandum continues to be an integral part of the Government's systematic drive and on-going efforts to inform the National Assembly of its efforts at improving Public Financial Management in general, and transparency and accountability in the conduct of Government's business. It provides succinct, but cogent responses to the comments, observations and recommendations that are made in the Report.

By the responses, it also outlines specifically actions taken by Government in the provision of advice and guidelines to the Ministries, Departments and Regions regarding responses to issues raised by the Public Accounts Committee and ongoing training to enhance public financial management.

The level of compliance by the Heads of Budget Agencies, about the queries in the report under review, is noteworthy as shown by improvements reflected in many areas, however, there remains room for improvement in some areas. It is expected that these issues will continue to be addressed as the benefits of the modernisation process and the

employment of good practices continue to increase within the public financial management system.