

## TREASURY MEMORANDUM

**TO:** The Speaker and Members of the National Assembly

**FROM:** Finance Secretary, Ministry of Finance

**DATE:** June 19, 2013

**FILE NO:** FS 60/1/1

**SUBJECT:** **Treasury Memorandum Pursuant to Resolution No. 48/2012 dated 17<sup>th</sup> December, 2012 of the National Assembly on the Public Accounts of Guyana for the year 2009**

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### 1. INTRODUCTION

- 1.1 This Treasury Memorandum details Government's comments on, and actions that Government has taken or intends to undertake in response to, the report of the Public Accounts Committee on the Public Accounts of Guyana for the year 2009.
- 1.2 Government's commitment to improved Public Financial Management was again reiterated with a call from His Excellency, President Donald Ramotar at a meeting of the Heads of Budget Agencies during the first quarter of 2013, where they were reminded of their responsibility to ensure that the findings contained in the Auditor General's and Public Accounts Committee's Reports, be investigated and corrective actions initiated in a timely manner and so reported in the relevant responses.
- 1.3 The issues will follow the same format in which they were presented in the Report of the Public Accounts Committee for the year 2009, as specified in the same three (3) broad categories:
  - i. General Problems Observed in Government Financial Management;**
  - ii. The Public Accounts Statements;**
  - iii Specific issues relating to Budget Agencies (Ministries, Departments and Regions).**
- 1.4 The Ministry of Finance continues to recognise that many of the issues raised by the Auditor General in his reports, as well as the concerns highlighted in the reports of the Public Accounts Committee of the National Assembly, will continue to be reduced through:
  - i. The use of prudent financial management policies;
  - ii. Improved information technology;
  - iii. Closer monitoring of the activities within the agencies through the conduct of frequent inspections; and

- iv. The conduct of ongoing training programmes.
- 1.5 Government continues to emphasize the need for a modern public finance management system and to this end 2003 saw accelerated impetus with respect to transforming the financial management landscape, by repealing the Financial Administration and Audit Act (FAAA), and enacting the Fiscal Management and Accountability Act (FMAA) 2003, the Procurement Act 2003, the Audit Act 2004 and the respective accompanying regulations, all of which combined contributed to improved management of our scarce resources.
- 1.6 Additionally, in support of this modernization process Government introduced the Integrated Financial Management and Accountability System (IFMAS) which assisted in further transforming the financial management architecture of the Public Sector, but more specifically the Central Government Agencies, as it facilitated the introduction and utilisation of a single bank account for all Central Government transactions, as well as the automation of financial systems.
- 1.7 This modernization process resulted in the automation of:
  - i. The budget implementation and control processes with respect to the release of funds;
  - ii. The payroll processes via an interface (Smart Stream and eFinancials – Free Balance);
  - iii. The preparation and approval of vouchers;
  - iv. The preparation and printing of cheques;
  - v. Cheque signatures;
  - vi. The system security;
  - vii. The production of the Consolidated Financial Statements; and
  - viii. The matching of Bank Statements to General Ledger Accounts within the Integrated Financial Management and Accountability System (IFMAS).

Collectively these improvements have allowed for more timely and improved activities in relation to:

- The decision making processes;
  - The execution of programmes;
  - The processing of transactions;
  - The preparation and submission of the Consolidated Financial Statements;
  - The continued implementation of financial best practices; and
  - Bank reconciliation investigations.
- 1.8 Further, as financial systems become more modernised, the need for improvement in the management and control of these systems becomes vital to the successful operation of such systems. It is in light of this fact that improvement in the area of internal control has gained significant prominence resulting in Government establishing an Internal Audit Division within the Ministry of Finance, which

commenced the revamping and strengthening of services previously provided by the Inspectorate Division.

1.9 Given that the transformation of our financial management system is ongoing, it is imperative that capacity is not only developed but also maintained, as well as the best practices previously and currently being implemented remaining consistent. As such regular training programmes have been designed and are continuously being delivered in an effort to support and enable the efficient and effective functioning of all Budget Agencies (Ministries, Departments and Regions). Training programmes include:

- i. Regulatory Framework for Public Financial Management;
- ii. Budget preparation and implementation;
- iii. Payments and Receipts Processes;
- iv. Public Officers financial roles and responsibilities;
- v. Bank Reconciliation;
- vi. Voucher Examination;
- vii. Risk Management;
- viii. Internal Control;
- ix. Information Technology Governance;
- x. Internal Auditing (Attributes, tool & techniques); and
- xi. Management of Internal Audit Systems

#### 1.10 **Future Initiatives**

Some of the improvements targeted include:

- The expansion and maintenance of connectivity to all Central Government Agencies;
- Continuous reliability of and accessibility to the system by all Budget Agencies
- Full automation of the reconciliation process; and
- Upgrading as appropriate, all automated systems including Integrated Financial Management and Accountability System (IFMAS).

## **2. GENERAL PROBLEMS OBSERVED IN GOVERNMENT FINANCIAL MANAGEMENT**

### **2.1 Overpayment to contractors**

The following steps were taken by a number of Agencies to reduce if not eliminate the occurrence of over payments to contractors:

- 1) Employment of engineers and the establishment of field audit units, which serve to provide the necessary technical capabilities as well as audit oversight;
- 2) Technical staff are required to submit detailed reports before signing off on works;
- 3) Officers have been advised that appropriate action would be taken resulting in persons being surcharged in the event of overpayments to contractors.
- 4) The introduction of a system whereby variations if and when necessary are approved by the appropriate tender board in keeping with statutory rules and regulations.

These steps have resulted in improvement in this area as is recorded by the Public Accounts Committee (PAC) in its 2009 report

### **2.2 Refund of salaries and consequential deductions**

All personnel departments within Budget Agencies are continually being urged to be more proactive in ensuring that all payroll changes/amendments are done in a timely manner. In addition, Agencies have been able to obtain refunds from both the Guyana Revenue Authority (GRA) and the National Insurance Scheme (NIS) upon verification of these payments. Also the Ministry of Finance has implemented a system which allows Agencies to formally request that all deduction cheques issued in respect of the Guyana Revenue Authority and the National Insurance Scheme be cancelled, in instances where overpayments are detected, and new cheques issued to reflect the amended sums due to those agencies.

### **2.3 Capital expenditure being met from current allocation**

The Fiscal Management and Accountability Act (FMAA) is quite specific as to the distinction between current and capital expenditure. As such systems and supervision are being strengthened to ensure proper categorisation of all expenditures.

### **2.4 Breach of Procurement Act 2003 and Regulations**

The National Procurement and Tender Administration Board (NPTAB) continues to educate as well as advise Agencies regarding Tender Board Regulations, with specific attention being given to the issue of contract splitting. In addition the National Procurement and Tender Administration Board (NPTAB) continues to remind Agencies of the consequences/penalties as prescribed under the Act for non-compliance with the provisions of the Procurement Act and its Regulations .In

2011 the National Procurement and Tender Administration Board conducted public procurement education, via the hosting of a procurement symposium which facilitated the introduction to the public the revised standard bidding documents currently in effect. Since this introduction the National Procurement and Tender Administration Board has continued to host annual procurement symposia targeting the private sector and also evaluators' workshops which target government evaluators.

## **2.5 Outstanding Police Reports – Loss of Public Property and Funds**

The matter has been raised with the relevant authorities and the importance of more timely responses to police matters has been emphasised.

## **2.6 Non-adherence to Stores Regulation**

The newly established, staffed and operationalised Internal Audit Division within the Ministry of Finance will assist in further strengthening the current system of internal controls through its monitoring of storekeeping practices. Heads of the Budget Agencies have been urged to ensure that there is compliance in this regard.

GECOM, one of the recalcitrant agencies mentioned in this regard, has initiated the following corrective measures:

- a) A full and comprehensive stock count completed in 2012
- b) A list of unserviceable items compiled in preparation for disposal
- c) Reconciliation between physical stocks and bin cards as an ongoing process
- d) Purchase of a "WASP" inventory software for the computerization of the stores.

Steps taken by the Guyana Defence Force (GDF) and Ministry of Health regarding the maintenance of stores records are as follows:

- a) Bin cards are now in all Guyana Defence Force (GDF) stores;
- b) Electronic bin cards are now being produced by the Ministry of Health, see Agency section for more details.

## **2.7 Maintenance of log books**

Finance Circular No. 3/2011, dated 16<sup>th</sup> August, 2011 has been issued to all Heads of Budget Agencies with respect to the maintenance of log books for motor vehicles and inventory of all vehicles, plant and equipment. Hence log books are being kept by Agencies.

The Guyana Police Force maintains log books for all vehicles and monthly log book inspections are conducted.

## **2.8 Un-cleared Advances**

This process is ongoing and officers have been advised that all advances should be cleared in a timely manner. The Head of Budget Agencies of officers with outstanding advances are written in the first instance which is later followed by reminder calls.

## **2.9 Non-refund of monies to the Consolidated Fund**

Ministry of Finance wrote each Head of the Budget Agency in relation to this matter of the non-refund of monies to the Consolidated Fund and they have since provided written commitments to ensure that timely transfer of these funds are made in accordance with the stipulations of Section 43 of the Fiscal Management And Accountability Act 2003 – “Unexpended balances of public monies”.

Ministry of Foreign Affairs has indicated that the unspent balances for the period ending 31st December, 2009 have since been transferred to the Consolidated Fund.

The Ministry of Housing and Water is still guided by the legal opinion issued by the former Attorney General concerning the retention of unspent balances against funds provided by the Ministry of Finance for the purpose of Housing Development.

Heads of Budget Agencies of Ministries of Home Affairs – Guyana Police Force, Labour Human Service and Social Security and the Georgetown Public Hospital Corporation (GPHC) have indicated that all monies have been refunded to the Consolidated Fund.

## **2.10 Non- establishment of the Public Procurement Commission**

The establishment of the Public Procurement Commission is subject to the submission of and agreement on nominees by the parliamentary political parties

## **2.11 Non-submission of Financial Statements by Subvention Agencies**

With respect to those Agencies which fall under the direct control of a Ministry/Department, it should be noted that all those financial transactions form part of the audit by the Audit Office of Guyana of the Public Accounts of that particular Ministry/Department. These are up to date as evidenced in the fact that the Auditor General has been successful in submitting to Parliament Audit Reports within the stipulated timeline.

Considerable progress has been made in reducing the backlog regarding the submission of financial statements to Parliament for those subvention agencies not under the direct control of a Ministry/Department. With respect to the National Sports Commission audited financial statements for the period 2004-2010 were submitted to the National Assembly on 17<sup>th</sup> December, 2012, while the National

Trust financial statements for the period 2004-2011 are in the final stages of completion of the audit.

It is also important to note that in 2012 the State Planning Secretariat (SPS) was absorbed into the activities of the Ministry of Finance and hence all related expenditures form part of the Ministry of Finance financial statement.

### **3. THE PUBLIC ACCOUNTS STATEMENTS**

#### **3.1 Public Debt**

With respect to the non-transfer of liabilities of Guyana Transport Services Ltd. and the Guyana Telecommunication Corporation to Public Debt, this matter continues to be studied for the purpose of determining the most appropriate course of action to be taken.

#### **3.2 Consolidated Bank Account No.400 and New Consolidated Bank Account No. 407**

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 the old Consolidated Fund Bank Account No. 400 during the period 1982 to 2003.

Despite this 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. It was through this alternative process that a closing balance was established at the end of December 2003, thereby identifying the opening balance for the new Consolidated Fund Bank Account No. 407. The reconciliation of the new Consolidated Account No.407 on a monthly basis, is being facilitated through the use of the Treasury Management Module which is an integral part of the Integrated Financial Management and Accountability System.

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

**4. SPECIFIC ISSUES RELATING TO BUDGET AGENCIES (MINISTRIES, DEPARTMENTS AND REGIONS)**

**Ministry of Finance (Guyana Revenue Authority)**

- 4.1 The Head of the Budget Agency acknowledges the committee's congratulations regarding the collection of taxes.

Refunds of \$21.8 million and \$89.5 million were paid out to individual taxpayers for 2010 and 2011 respectively. However, it should be noted that the timely payment of refunds to individuals is adversely affected by the following:

- 1) The non-submission of the Form II by the employers;
- 2) Variance in information between the 7B slips submitted by the tax payers and the Form II submitted by the employers;
- 3) Verification of any other tax liabilities for the said period

The Guyana Revenue Authority has assured that the refund process is ongoing.

**Guyana Elections Commission**

- 4.2 The Chief Elections Officer indicated that instructions were given for the recoupment of outstanding monies by way of salary deduction from the staff member. As it relates to the other individual, a letter was sent to his new employer requesting that arrangements be made for the recovery of his indebtedness.

**Ministry of Home Affairs (Guyana Police Force)**

- 4.3 The Head of Budget Agency indicated that Cabinet has approved the write-off of losses resulting from monies being stolen from the Police Force. Action is in progress to facilitate replenishment of funds.

**4.4 Misuse of bail monies lodged**

The sum of \$982,000 has been recovered, while efforts are still being made to recover the remaining \$58,500.

The Guyana Police Force has further indicated that they have since re-emphasised the need to adhere to the Police Force's Policy of keeping bail monies at Stations, not exceeding the stipulated ceiling amount of \$25,000.

**Ministry of Local Government & Regional Development**

- 4.5 The Head of Budget Agency indicated that in the years 2010 and 2011, training was done by the Ministry of Local Government and Regional Development in collaboration with the Audit Office of Guyana for the Municipalities on the preparation of financial statements.

Further in the year 2012, the Ministry recruited two (2) additional staff within the Local Government Section to render assistance to the Municipalities during the preparation of the said financial statements. In addition, a template was developed in accordance with the format approved by the Audit Office, and presented to the Municipalities.

**Ministry of Tourism, Industry and Commerce**

- 4.6 The Head of Budget Agency indicated that advertisements for the submission of bids by taxi services will be placed in the newspapers. This has since been observed to be done.

**Ministry of Amerindian Affairs**

- 4.7 The Head of Budget Agency has indicated that a system has been put in place, which requires Village Council representatives to bring with them on each visit to Georgetown for submission to the Ministry of Amerindian Affairs signed certificates of works completed to facilitate timely payments and avoid the retention of cheques at the Ministry.

**Office of the President**

- 4.8 The Administration of the Office of the President indicated that appropriate measures have been put in place to have financial statements submitted to the Auditor General’s Department for examination.

The following table shows the status of the audits of the Agencies.

ENTITY	YEAR OF LAST AUDIT REPORT	REMARKS
National Parks Commission	2007	Efforts are being made to have the 2007 report laid in the National Assembly. The reports for 2008 to 2010 are awaiting finalisation by the Auditor General. Drafts for 2011 and 2012 have been completed and submitted to the Auditor General’s Department.
Guyana Office for Investment	2010	Efforts are being made to have the 2009 and 2010 reports laid in the National Assembly. The report for 2011 was finalised by the Auditor General in February 2013, while the agency is in the process of preparing the 2012 report.

Environmental Protection Agency	2010	Efforts are being made to have the 2009 and 2010 reports laid in the National Assembly. Awaiting the delivery of the 2011 audited report from the Audit Office of Guyana. The 2012 draft is now being completed.
Guyana Energy Agency	2007	Efforts are being made to have the 2007 report laid in the National Assembly. The reports for 2008-2009 were finalised in April 2013 while 2010 was finalised in May 2013 by the Auditor General.
Institute of Applied Science & Technology	2003	Efforts are being made to have the 2003 report laid in the National Assembly. The reports for 2004 to 2011 have been completed and submitted to the Auditor General.
Integrity Commission	2011	The 2011 audited report has already been tabled in the National Assembly. The draft for 2012 report is currently being completed.
Guyana Lands & Survey Commission	2008	Efforts are being made to have the 2007 and 2008 reports laid in the National Assembly. The 2009 was finalised in April 2013 by the Auditor General whereas the draft financial statements for 2010 and 2011 have already been submitted to the Auditor General's Department for audit. The statement for 2012 is now being prepared.
Guyana Information Agency	2006	Efforts are being made to have the 2006 report laid in the National Assembly. The 2007 report was finalised by the Auditor General, while 2008 to 2011 statements have been completed and submitted to the Auditor General's Department for audit. The statement for 2012 is now being prepared.
National Communications Network	2009	Efforts are being made to have the 2008 and 2009 reports laid in the National Assembly. The 2010 and 2011 statements were prepared and submitted to the Auditor General's Department for audit. The financial statement for 2012 is now being prepared.

### **Supreme Court of Judicature – Programme 1**

- 4.9 The Head of Budget Agency has made a commitment to comply with the Procurement Act (2003) and the accompanying Regulations in order to ensure that such violations do not occur in the future.

### **Georgetown Public Hospital Corporation (GPHC)**

- 4.10 The Head of Budget Agency stated that from 29<sup>th</sup> July, 2008 via Cabinet's no objection, medical supplies were procured through the selective tendering process. However, effective from November 2010, there has been a system of public tendering via a pre-qualification process which is being facilitated by the Ministry of Health on behalf of GPHC.
- 4.11 The Head of the Budget Agency has advised that the Corporation has been returning unspent expenditure allocations and paying over revenues due to the Consolidated Fund on a monthly basis commencing January 2011.

### **Ministry of Health**

- 4.12 The Head of Budget Agency explained that during the time of the audit the Materials Management Unit (MMU), the supervisory body of the Central Stores was experiencing human resource difficulties such as staff shortage combined with the absence of training relating to the stores procedures. Corrective action taken was as follows:
- i) An action plan was designed and implemented resulting in the upgrading of the Warehouse Management System in 2012, which accommodated the use of electronic bin cards and accommodated transaction tracking for stores record management
  - ii) Trained Pharmacy Assistants were integrated into the Materials Management Unit.
  - iii) Vacant positions such as a Procurement Officer, Pharmacy Assistant, Warehouse Manager and Chief Supplies Officer were filled. Additionally technical and administrative support is also being provided by the Supply Change Management Systems Unit in the form of a Pharmacist, Office Manager, Pharmaceutical Adviser, Senior Technical Adviser, and Warehouse Attendants.

This upgrade of the human resource capacity resulted in trained managers being integrated into the system and thus the main store is now managed through improved controls which will serve to ensure compliance with Stores Regulations.

### **Ministry of Youth, Culture and Sport**

- 4.13 The Head of Budget Agency stated that the Agency's procurement section was reorganised in 2009 for the purpose of eliminating non-compliance with the Procurement Act 2003. As such the Ministry now has a unit dedicated to the procurement of goods and services.

### **Ministry of Labour, Human Services and Social Security**

- 4.14 The Head of Budget Agency indicated that Cabinet has approved the write-off of losses resulting from the Old Age Pension (OAP) fraud which was unearthed during the period August to October 2002 at the Ministry of Labour, Human Services and

Social Security. Consequently, the Old Age Pension (OAP) Imprest Account was replenished by the sum written off.

### **Ministry of Education**

- 4.15 The Head of Budget Agency has indicated that the Ministry has implemented new systems to prevent the frequency of overpayment on contracts. These include the completion of agreement forms as well as written sign off by the engineer, superintendent of works and the contractor prior to effecting payment.

### **Ministry of Public Works and Communications**

- 4.16 During the period 2005 mobilisation to the tune of \$1,498,599 was paid to three contractors to execute works in Region 3, but whose contracts were later terminated. As a consequence, the regional authority confiscated materials at the project sites as well as withheld payments totaling \$1,249,697 against two contractors. The remaining balance to be recovered is \$248,902 against the third contractor, Madevco, however efforts by the Regional Administration to contact this contractor have proven futile.

The Head of the Budget Agency for Regional Administration Region 3 has since written the Permanent Secretary of the Ministry of Public Works requesting that this overpayment be written off. The Ministry however has advised the Regional Administration to seek the assistance of the Hon. Attorney General and Minister of Legal Affairs and has undertaken to keep the Public Accounts Committee (PAC) apprised of the progress of this matter.

### **Ministry of Agriculture**

- 4.17 The Head of Budget Agency acknowledges the advice posited by the Public Accounts Committee and has endeavored to enhance the provision of information /clarification whenever he is required to make his appearance before the Committee.

### **Guyana Defence Force (GDF)**

- 4.18 The Head of the Budget Agency indicated that as at 30<sup>th</sup> April, 2012 the balance on the salaries account was \$1,928,890.36, with only one (1) unrepresented cheque #790270624 valued at \$760 and dated 18<sup>th</sup> October, 2010. He further stated that this salaries account was closed on 14<sup>th</sup> November, 2012.
- 4.19 With respect to National Insurance Scheme numbers it was indicated that the number of persons without registration numbers has been reduced to seven (7). It was further explained that these are all indigenous persons working as boatmen and guides in the New River Base but who are not even in possession of birth certificates as their dates as well as place of birth in some instances, could not be established. However, the

assistance of the Ministry of Amerindian Affairs has been solicited towards the determination of a solution.

### **Ministry of Housing and Water**

- 4.20 The Head of Budget Agency has indicated that the Financial Statements in respect of the Central Housing & Planning Authority and the Guyana Water Incorporated for the year 2011 were completed and laid in the National Assembly on 12<sup>th</sup> July, 2012 and 3<sup>rd</sup> January 2013 respectively. The 2012 financial statements were submitted to the Auditor General and are currently in the process of completion.

### **Region 1**

- 4.21 The Head of the Budget Agency acknowledges the committee's congratulations regarding the recovery of overpayments from contractors.

The Head of Budget Agency has indicated that a *Site Visit Form* has been designed as a tool for the Public Works Department within the Regional Administration to monitor projects. The form information requirement includes materials on site and works in progress and is expected that such monitoring will be effective in preventing the occurrence of overpayment on contracts.

### **Region 2**

- 4.22 The Head of Budget Agency indicated that most of the overpayments mentioned in the Committee's report pertained to road works. It was further explained that the claims of overpayments resulted from a variation in the methodology relating to the computation of costs by the Regional Administration and the Audit Office. The former derived the Bill of Quantities utilising cost of loose quantities, while the latter in their verification process utilised compacted quantities. However, this matter has since been resolved to the satisfaction of the Auditors as can be verified in the Auditor General's Report for 2010. All other overpayments, not connected to road works, were recovered.

### **Region 3**

- 4.23 Of the 305 cheque orders outstanding in 2009, 209 have been cleared. Both the Regional Administration and the Sub Treasury are engaged in a joint effort to further reduce the amount of cheque orders still outstanding.
- 4.24 The Regional Administration has indicated that all employees are now registered with the National Insurance Scheme.
- 4.25 Of the \$4.569 million overpaid as salaries to employees from 2005 to 2009, the sum of \$1.211 million has so far been recovered. The administration will continue its

effort at recovering the outstanding amount of \$3.358 million despite the setback posed by those persons whom have since migrated.

#### **Region 4**

- 4.26 The Regional Administration has signaled their intention to adopt the recommendation to hold officers accountable for any overpayments made on projects they oversee.
- 4.27 The Administration has also indicated that they are working closely with the sub-treasury in an effort to clear and account for all cheque orders outstanding.

#### **Region 5**

- 4.28 Despite all the efforts of the Administration of Region 5 the rate of recovery of overpayments of salaries as well as deductions to Guyana Revenue Authority (GRA) and the National Insurance Scheme (NIS) continue to be slow. Of the \$4.976 million overpayment in salaries, only \$184,000 has been recovered, while recovery from Guyana Revenue Authority and the National Insurance Scheme amounted to \$108,148 and \$75,547 respectively. The Head of the Budget Agency indicated that the Regional Administration continues to communicate in writing with the Guyana Revenue Authority and the National Insurance Scheme towards resolving this matter.
- 4.29 The Regional Administration has indicated that the overpayment regarding the construction of the No. 8 Secondary School occurred in two phases, that is, \$158,000 during Phase 1 and \$57,000 during Phase 2, totaling \$215, 000 and not \$222,500 as stated in the Public Accounts Committee 2009 Report.

Efforts to recover this sum, even at the end of December 2011, proved futile. The contractor is now deceased and the construction company is no longer in operation. In light of the fact that all avenues explored in an effort to recover the overpayment have been exhausted, the Regional Administration has now resolved to seek the approval of the Ministry of Finance to have the sum written off as a loss. To this effect, a letter dated March 4, 2013 was submitted to the Ministry of Finance requesting that the amount be written off.

#### **Region 6**

- 4.30 The Head of the Budget Agency acknowledges the committee's congratulations regarding the recovery of overpayments from contractors and commitment to ongoing actions towards recovery of outstanding amounts.
- 4.31 The Regional Administration has indicated that log books are now in place and that periodic checks are being conducted by the Internal Audit Department so as to ensure compliance with Finance Circular No. 3/2011, dated 16<sup>th</sup> August, 2011 relating to the maintenance of log books.

- 4.32 With regards to the overpayment of salaries amounting to \$6.651million over the period 2005 to 2007, the Administration has re-submitted schedules of overpayment to both the Guyana Revenue Authority and the National Insurance Scheme with regular checks being made on the status of the refunds. To this end reminder letters dated January 30 and February 4, 2013 were dispatched to the National Insurance Scheme (NIS) and the Guyana Revenue Authority (GRA) respectfully.

#### **Region 7**

- 4.33 The Regional Administration has indicated that it will continue in its effort to recover monies which have been overpaid to the National Insurance Scheme.

#### **Region 8**

- 4.34 The Regional Administration has indicated that it will continue in its effort to recover monies which have been overpaid to the National Insurance Scheme and the Guyana Revenue Authority.

#### **Region 9**

- 4.35 The Regional Administration will continue to make every effort to have the items, recorded as loans to contractors and private individuals in the Central Stores Loan Register, returned or payment made for same.

The Regional Administration has indicated that effective from 2009, the granting of advances from the Special Project Fund Account No. 188-100-7 for purposes other than the intended purpose, was discontinued. Of the \$7.129 million outstanding advances, the sum of \$1,460,417 has been recovered, while an amount totaling \$2,907,960 which relates to persons that are now deceased, awaits a decision regarding being written off. With respect to the remaining amount the Administration will continue its effort at recovery despite the setback posed by persons whom have since migrated.

#### **Region 10**

- 4.36 The Ministry of Finance noted that the Public Accounts Committee recognised that this Agency was successful in recovering monies owing by both the Guyana Revenue Authority and the National Insurance Scheme.

## 5. CONCLUSION

This Treasury Memorandum continues to be an integral part of the Government's systematic drive and on-going efforts to improve Public Financial Management in general and in particular, transparency and accountability in the conduct of Government's business. It provides succinct, but cogent response to the comments, observations and recommendations that were made in the Report on the Public Accounts by the Public Accounts Committee for the year 2009 and which was adopted by the National Assembly of the Ninth Parliament on 17<sup>th</sup> December 2012. 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.

In preparation of the Government's responses, the opportunity was taken to apprise the National Assembly of the significant and substantial improvement to Public Financial Management in the country that has been achieved since the examination of the 2009 Public Accounts.

As mentioned earlier in this Memorandum and on previous occasions, the introduction of IFMAS in 2004 and the expansion of its use over the years as a result of the implementation and utilisation of additional modules as well as timely systems upgrades, combined with the progressive application and use of modern information technology techniques, all supported by the conduct of relevant, critical and applicable training programmes to boost public sector management, are all initiatives implemented to improve overall Government accounting and financial management. These initiatives have had qualitative impact on accounting, record keeping, preparation of accounts and financial statements, budget development and implementation as well as enhanced monitoring as reflected in the significant reduction in the number of queries emanating from the Auditor General's Report.

The level of compliance by the Heads of Budget Agencies, regarding the queries in the report under review, is noteworthy as evidenced by improvements reflected in many areas, however, there still remains room for improvement in some areas. It is anticipated that these issues will continue to be addressed as the benefits of the modernisation process and the employment of best practices continue to accrue within the public financial management system.