



National Assembly of Guyana Public Accounts Committee

The Report of the Public Accounts Committee on the Public Accounts of Guyana for the years 2012, 2013 & 2014

Eleventh Parliament (2015-2017)

Report together with the Minutes of Proceedings

Presented to the National Assembly

On July 27, 2017

Background

The Public Accounts Committee (PAC) was established in British Guiana in 1957 by Standing Order No.70 (2) and is now provided for by Standing Order No.82 (1) of the National Assembly. This Standing Committee is established at the commencement of the life of each Parliament and continues for the duration of the National Assembly, unless the National Assembly provides otherwise. Thus, the business before it does not lapse by session, but continues into the life of the next Parliament.

The Chairmanship of this Committee resides in a Member of the Main Opposition in the National Assembly. As it relates to public monies, each Budget Agency is responsible for the accuracy of maintaining detailed records of the transactions and through Statutory Bodies maintain separate accounting and reporting system that are required to provide financial data to the Audit Office.

Introduction

The Auditor General is required to submit his report on the public accounts to the Speaker of the National Assembly no later than nine (9) months after the close of the year in accordance with Section 4 (2) of the Fiscal Management and Accountability Act.

The Public Accounts Committee (PAC) adopted the methodology, as that of previous years, in obtaining testimonies from Public Officers. Prior to appearing before the PAC, the Heads of Budget Agencies were written to requesting them to offer their comments on the relevant sections of the Auditor General's Reports relating to their areas of responsibilities. Their responses would then be circulated to Members and Advisers before deliberations began. A total of thirty seven (37) Head of Budget Agencies, along with their Technical Officers, appeared before the Committee to give evidence and to assist the PAC in its deliberations.

In accordance with Standing Order No. 103 (3) the Minutes of Proceedings are attached hereto (See Appendix 1).

Powers of the PAC

The Public Accounts Committee exercises powers in keeping with the Legislative Bodies (Evidence) Act, Chapter 1:08 which allows for the summoning of witnesses to give evidence and or provide documents to the Committee. The Act also provides for a person who refuses or neglects to attend without sufficient cause to be apprehended and held in custody for a period not exceeding one week.

The Public Accounts Committee's (PAC) – Mandate

The PAC derives its mandate from Article 223 (5-8) of the Constitution of Guyana (2003) and Standing Order No. 82 of the National Assembly of the Parliament of Guyana. The PAC exercises supervisory oversight of the functioning of the Audit Office in accordance with the Rules, Policies and Procedures Manual, the Audit Act and any other Law.

The Committee has the duty to examine the accounts, showing the appropriation of the sums granted by the National Assembly to meet public expenditure and such other accounts laid before the National Assembly as it may refer to the Committee together with the Auditor General's report thereon. In so doing, it ensures that public monies are spent for the purpose authorised by Parliament that extravagance and waste are minimised, and that sound financial practices are encouraged in estimating, contracting and administration, in general. The Public Accounts Committee focuses on the economy and the efficiency of its administration which includes:

1. (a) all central and local government bodies and entities;
(b) all bodies and entities in which the states has a controlling interest; and
(c) all projects funded by way of loans or grants by any foreign state or organisation.

2. The Public Accounts Committee is also responsible for the following:
 - (a) to nominate the members of the Public Procurement Commission for approval by the National Assembly and thereafter, for appointment by the President; and
 - (b) to determine the emoluments and allowance of the Public Procurement Commission in consultation with the Commission.

Current Membership of the Committee

Membership of the Public Accounts Committee is derived in keeping with the seat allocation in the Eleventh Parliament.

Current Members of the Committee (9)

During the Committees' deliberation the Hon. Valarie Patterson, M.P., was promoted Minister within the Ministry of Communities.

Chairman (People's Progressive Party) (1)

Mr. Mohamed Irfaan Ali, M.P.

Members from the A Partnership of National Unity/Alliance for Change (APNU/AFC) (5)

Hon. Volda A. Lawrence, M.P., Minister of Social Protection

Hon. Valarie Patterson, M.P., Minister within the Ministry of Communities

Mr. Jermaine Figueira, M.P.

Mr. Charrandas Persaud, M.P.

Mr. Audwin Rutherford, M.P.

Members from the People's Progressive Party (PPP) (3)

Ms. Pauline Campbell-Sukhai, M.P.

Bishop Juan A. Edghill, M.P.

Mr. Nigel D. Dharamlall, M.P.

Election of Chair

On September 9, 2015, the Committee elected Mr. Mohamed Irfaan Ali, M.P., as its Chairman.

Advisors to the Committee

In keeping with the Financial Regulations the following persons provided technical advice:-

- The Auditor General- (Mr. Deodat Sharma)
- The Finance Secretary- (Dr. Hector Butts)
- The Accountant General (Ag)- (Col. Jawahar Persaud)

Meetings of the Committee

The Public Accounts Committee held twelve (12) meetings during the first Session of the Eleventh Parliament (2015-2016), to examine the public accounts of Guyana for the fiscal years 2012, 2013 and 2014 and the Auditor General's Reports thereon on the following dates:

- 23rd November, 2015
- 24th November, 2015
- 25th November, 2015
- 18th January, 2016
- 25th January, 2016
- 9th May, 2016
- 16th May, 2016
- 30th May, 2016
- 6th June, 2016
- 13th June, 2016
- 20th June, 2016
- 27th June, 2016

Government Response to PAC's Report

Standing Order No.82 (3) states that within ninety (90) days of the presentation of the PAC's report, the Government shall table its Treasury Memorandum, as its response thereto. The Committee, notes with satisfaction that the Government had tabled Treasury Memoranda for those reports submitted.

Summoning of Head of Budget Agencies

The Public Accounts Committee notes that in some instances Head of Budget Agencies who were Accounting Officers responsible for the accounting operations of an Agency during the period of the Auditor General's Report, had been transferred to other Agencies, or were no longer in the system when the Reports on the Public Accounts were being examined. In such instances, the Committee would, however, request those persons to avail themselves to assist the Committee in its enquiry.

General Challenges observed across Budget Agencies

On 23rd November, 2015, the Committee began its deliberation of the 2012, 2013 and 2014 Auditor General's Reports, where a number of issues were highlighted. The main issues are as follows:

- ❖ Across Budget Agencies, Accounting Officers and engineering staff appear to persistently sign off incomplete projects;
- ❖ Accounting Officers were not implementing measures to avoid the recurrence of overpayment in its entirety;
- ❖ Performance Bonds and Insurance were seldom utilised as surety by the Government Agencies against substandard and incomplete work done by contractors;
- ❖ Accounting Officers were continually having staled-dated cheques in their possessions;
- ❖ There exists persistent non – adherence to Stores Regulations;

- ❖ They were instances of monies not refunded to the Consolidated Fund;
- ❖ There exists a failure by some Subvention Agencies to submit financial statements;
- ❖ Logs books were not properly maintained across the Agencies;
- ❖ Some Accounting Officers appearing before PAC were not properly prepared for the deliberations;
- ❖ The issue of outstanding Cheque Orders persist, especially in the Regions;
- ❖ Outstanding Police Reports for incidents reported continues to be a challenge;
- ❖ Missing File Jackets for Court cases cited in the Auditor General's Report continue to be a challenge;
- ❖ Frequent use of sole sourcing as a part of the procurement system;
- ❖ Accounting Officers are not adhering to recommendations by the Committee to address repetitive challenges;
- ❖ Performance Bonds, Mobilisation Bonds and Insurance were not extended for life of projects;
- ❖ The Regions continue to have a number of vacancies yet to be filled; and
- ❖ Expired drugs were donated to the Regions.

Overpayments to Contractors

The Public Accounts Committee notes that, at the time of reporting, there were numerous instances of overpayments to contractors by some Ministries, Regions and Agencies. The overpayments were as a result of payments made for works without prior assessments. However, at the time of the examination of the public accounts, the Heads of some Budget Agencies reported that some of the overpayments were recovered. Some of these Agencies are as follows:

- i. Ministry of Tourism, Industry and Commerce
- ii. Ministry of Home Affairs
- iii. Ministry of Education
- iv. Supreme Court of Judicature
- v. Region No. 3 – Essequibo Islands/West Demerara
- vi. Region No. 10 – Upper Demerara/Upper Berbice

While the Committee wishes to applaud those respective Heads who have recovered, or have made attempt to recover overpayments, it notes that the following Agencies continue to be aberrant in this regard:

- i. Ministry of Agriculture
- ii. Region No. 1- Barima/ Waini
- iii. Region No. 4 – Demerara/ Mahaica
- iv. Region No. 5 Mahaica/ Berbice
- v. Region No. 8– Potaro/Siparuni
- vi. Region No. 9 – Upper Takutu/Upper Essequibo

Recommendation: *The Committee recommends that the Head of Budget Agencies take all necessary steps to recoup overpayments.*

Refund of Salaries and Consequential Deductions

The Committee commends some Ministries and Regions for the efforts made to recover monies from the National Insurance Scheme (N.I.S) and Guyana Revenue Authority (GRA) with respect to deductions that were paid inadvertently.

The Committee also expresses dissatisfaction with regard to those Heads of Budget Agencies who failed in recovering such deductions.

Breach of the Procurement Act 2003 and Regulations

The Committee expresses concern over the continued disregard for the application of the Procurement Act and adherence to the Tender Board Regulations by Head of Budget Agencies of the Regional Administrations.

Outstanding Police Reports – Loss of Public Property and Funds

Investigations into matter reported to the Police by Heads of the Budget Agencies of the Ministry of Public Works, Ministry of Agriculture, Region No. 4 and Region No. 6 remain incomplete, the Committee notes that Region No. 6 matter dates as far back as 2007.

Non- adherence to Stores Regulations

The Committee notes that the following Agencies continue to breach the existing Stores Regulations:

- Office of the President
- Ministry of Legal Affairs
- Ministry of Labour, Human Services and Social Security
- Ministry of Health
- Ministry of Education
- Guyana Elections Commission
- Regions No. 1, 3 and 9

Maintenance of Log Books

The Committee commends Ministries and some Regions for the efforts made to maintain log books. However, the Committee notes that the Supreme Court of Judicature and Region No. 8 continue poor record-keeping as it relates to log books for its fleet of vehicle and equipment.

Un-cleared Payment Voucher and Cheque Orders

The Committee expresses alarm over the continued disregard for the regulations governing the clearing of Payment Vouchers and Cheques Orders by the Heads of Budget Agencies of Ministries/ Departments and Regional Administrations, namely:

- Ministry of Amerindian Affairs
- Regions No. 1,2,3,4,5,6,8,9 and 10

Non- submission of Financial Statements by Subvention Agencies

The following Agencies continue to operate in breach of Section 80 of the Fiscal Management and Accountability Act with regard to the preparation and timely submission of financial statements:

- National Parks Commission
- Georgetown Public Hospital Corporation
- National Sports Commission
- National Trust

Non-refund of monies to the Consolidated Fund

Appropriation Accounts for the following Agencies continue to be overstated due to failure to credit unspent balances to the Consolidated Fund in accordance with Section 43 of the Fiscal Management and Accountability Act 2003:

- Ministry of Foreign Affairs
- Office of the President
- Ministry of Labour, Human Services and Social Security
- Ministry of Health
- Ministry of Culture, Youth and Sports
- Ministry of Local Government
- Region No. 8

Non-establishment of the Public Procurement Commission

On 23rd November, 2015, the Committee agreed on the following method for the selection of nominees to the Public Procurement Commission. It agreed to re-advertise for nominations for the Public Procurement Commission. On 25th January, 2016, the Committee agreed to extend the deadline for submission of the nominations. On the 18th April, 2016, the Committee agreed to form a sub-Committee with the mandate to review all the submissions received and report to the Committee.

SPECIFIC ISSUES RELATING TO SOME MINISTRIES, DEPARTMENTS AND REGIONS

Ministry of Natural Resources and the Environment

The Committee notes the mechanisms put in place for the purchasing of fuel and lubricants from the Guyana Oil Company.¹

Recommendation: *The Head of the Budget Agency should prepare payments by cheque orders which will alleviate the possibility of end of the year liabilities.*

Ministry of Public Works

The Committee expresses grave dissatisfaction that the works undertaken on the Cheddi Jagan International Airport access road have been delayed for the past three years.²

The Committee was informed that the matter of the stolen payroll was still being investigated by the Police; and several reminders were made seeking a conclusion to this matter.

Recommendations: *The Auditor General's Engineering Department should conduct a physical check on the CJIA access road.*

The Head of Budget Agency through his Minister should seek Cabinet's approval to have the amount written off in respect of the stolen payroll.

Office of the President

The Committee congratulates the Head of Budget Agency on the timely submission of all Financial Statements and Audit Reports laid in the National Assembly.

¹Para 282 of 2014

²Para 290 of 2014

The Committee notes that the damaged laptops from the Project of One Lap Per Family were as a result of defective batteries.³

Recommendation: *The Head of Budget Agency should request the obsolete laptops be discarded.*

Supreme Court of Judicature

The Committee notes with great concern several issues highlighted in the Auditor General's Report as it relates to: missing case jackets, non-approvals from Departmental Tender Board, National Procurement and Tender Administration Board and non-compliance with Stores Regulations.

Recommendations: *The Head of the Budget Agency explore the option of electronic storage for the concluded cases as well as those still in the system to eradicate missing jackets.*

Guyana Elections Commission

The Committee expressed concern as it relates to the sixteen (16) water tanks that were stolen and that the Agency should not be made to suffer from the loss.

The Head of Budget Agency explained that the Police's report had found no one culpable of the missing water tanks and seeks guidance on the way forward.

Recommendation: *The Head of Budget Agency seeks reimbursement from the Security Firm for the missing/stolen water tanks.*

³Para 83 of 2013

Ministry of Labour, Human Services and Social Security

The Committee expressed strong concern with respect to a number of issues flagged in the Auditor General's Report relating to the database for Old Age Pension and updates from the General Register Office not done in a timely manner.

Guyana Police Force

The Committee explored the process used to dispose of the deteriorated state assets (uniforms of the Force).

The Head of Budget Agency stated that the uniforms were taken to a secured location and burnt.⁴

Recommendation: *The Auditor General or a representative of the Audit Office should be present to verify state assets are being destroyed.*

Georgetown Public Hospital Corporation (Subvention Agency)

The Committee expressed concern with the breach of the Fiscal Management and Accountability Act where the Agency failed to adhere to the recommendation of not opening a bank account as stipulated by law.

The Head of Budget Agency explained that the Agency wrote to the former Finance Secretary seeking permission to open a bank account, however, that request was denied.

Recommendation: *The Head of Budget Agency engage the Finance Secretary on the way forward on opening of bank accounts.*

Ministry of Health

The Committee expressed concern that the Head of Budget Agency did not return funding due to late delivery by suppliers and/or requests for an extension of the contract periods.

⁴Para 437 of 2014

The Head of Budget Agency explained that debarment and blacklisting in accordance with the Procurement Act would also be used as a deterrent to late delivery by suppliers.⁵

Recommendation: *The Head of Budget Agency work with the Finance Secretary to blacklist/debar suppliers who failed to deliver their supplies in a timely manner based on legal advice from the Attorney General's Office in accordance with the Procurement and FMA Act.*

Ministry of Culture, Youth and Sport

The Committee notes that revenues received from the rental of the Guyana National Stadium and the sale of the Guyana Classic were not deposited into the Consolidated Fund.

Recommendation: *The Head of Budget Agency must deposit all revenues collected into the Consolidated Fund whether it is from the rental of the Stadium or from other sources.*

Ministry of Education

The Committee raised concerns relating to five (5) vehicles outside of the Ministry's fleet receiving fuel and lubricants from GUYOIL.⁶

Recommendation: *The Head of Budget Agency submits a list of vehicles licence numbers and conduct regular reconciliation (monthly) with GUYOIL which would enable the Ministry to track vehicles that are collecting fuel on behalf of the Ministry.*

Ministry of Local Government

The Committee continues to raise concern that the Head of Budget Agency operates in breach of the Municipal and District Council Act and that some personnel within the Town Councils did not follow the procedure for preparation of financial statements.

⁵Para 392 of 2014

⁶Para 314 of 2014

The Committee wishes to highlight the Linden Town Council, for incomplete submissions and the non-submission of financial statements for the years 1985 to 2010 and 2011 to 2013, respectively.

Recommendation: *The Head of Budget Agency ensures that financial statements are submitted within the statutory deadline.*

Region No.1 - Barima/Waini

The Committee expressed concern at the large amount of outstanding cheque orders not being cleared by the Head of Budget Agency.

Recommendation: *The Committee recommends the Agency complies with the regulation governing the clearing of cheque orders as defined by the Fiscal Management and Accountability Act.*

Region No. 2 – Pomeroon /Supenaam

The Committee urged the Head of Budget Agency to collect payments relating to government living quarters, from the occupants.

The Head of Budget Agency stated that delinquent occupants were written to and as of July 1, 2016, all outstanding payments are expected to be collected and defaulters would be asked to vacate the premises.⁷

Recommendation: *The Head of Budget Agency should be guided by documentation from the Finance Secretary, the Public Service or the Minister for a policy decision on the way forward.*

⁷ Para 503 of 2014

Region No. 4 – Demerara/Mahaica

The Committee raised concern that three (3) unauthorised vehicles were collecting fuel at the Guyana Oil Company on behalf of the Region.⁸

Recommendation: *The Head of Budget Agency provides a list of vehicles that are authorised to uplift fuel from GUYOIL.*

Region No. 5 – Mahaica/Berbice

The Committee expressed dissatisfaction at the Head of Budget Agency's failure to recover overpayments from contractors and the clearance of cheque orders.

Recommendations: *The Head of Budget Agency adheres to the sixteen (16) days regulation for the clearing of cheque orders; and*

The Head of Budget Agency presents all documentations for awarding of contracts to the Audit Office for audit examination and the Procurement Act must be fully complied with at all time.

Region No. 6 – East Berbice/Corentyne

The Committee expressed concerns relating to the unaccounted fuel and lubricants since 2007.

Recommendation: *The Head of Budget Agency follow-up with the Police on the issue of unaccounted fuel and lubricants.*

⁸ Para 323 of 2012, 383 of 2013 & 522 of 2014

IMPROVEMENT IN MINISTRIES, DEPARTMENTS AND REGIONS

The Committee expresses satisfaction with those Agencies that have shown improvement in the management of their financial affairs over the years.

General Proposed Recommendations:

- a) New Accounting Officers should acquaint themselves with the various tools for guidance such as the Stores Regulations 1993, the Procurement Act 8/2003, the Audit Act 5/2004 and the Fiscal Management and Accountability Act 20/2003.
- b) The language used in the Auditor General's Report should be consistent throughout the Report.
- c) Dishonest Accounting Officers and Engineering Officers should be removed from the system.
- d) The Finance Secretary should recommend the criteria for the writing off of losses and make it available to all government agencies.
- e) Continuous training for new and current Heads of Budget Agencies should be conducted.
- f) Donation of drugs by donor agencies should have longer shelf life.
- g) All warrants must be cleared by 15th December of the current year.

CONCLUDING REMARKS AND ACKNOWLEDGEMENT

The Public Accounts Committee, through its Chairman, wishes to express sincere gratitude to the other Members of the Committee for their contribution to the work of the Committee and for the non-partisan approach they have adopted throughout the deliberations of the Committee. It was indeed hard work spanning a period of approximately several months.

The Advisors to the Committee: the Auditor General, the Finance Secretary and the Accountant General and their support staff have all assisted the Committee in no small measure. It has certainly been a learning experience in public accountability. Finally, the Committee will be remiss if it did not offer a special word of thanks for the overwhelming administrative support of the Clerk of the National Assembly and the staff of the Parliament Office.

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Mr. Mohamed Irfaan Ali, M.P.,

Chairman

July 10, 2017