



TCI NATIONAL AUDIT OFFICE

Audit Report

on

Financial Statements

of the

Turks and Caicos Islands Government

for year ended

31 March, 2015

NOVEMBER 20, 2015

NATIONAL AUDIT OFFICE

Tony Clarke's Building, Waterloo Road, Grand Turks, Turks and Caicos Islands

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Summary

Expenditure

Operating Cost

A sample of 532 transactions totalling \$23,466,038.60 for expenditure was tested. Exceptions were noted for 469 (88%) transactions totalling \$10,917,108.72 (46%). The exceptions noted are as follows:

Table 6 - Summary of findings

No.	Issue	No. of Transactions	Amount \$	Risk Level	Potential Impact
1	SmartStream Invoices were not approved	92	250,635.71	High	The risk of unauthorized and fictitious payments
2	Vendor invoices not approved for payment	152	4,153,256.86	Low	The risk of unauthorized payments.
3	Payments not certified	96	4,057,105.75	Moderate	TCIG may be paying for goods and services that may not have been received.
4	Non-Compliance with TCIG Travel Policies	4	23,464.21	Low	The risk of unauthorized Travel or unnecessary travel
5	Transaction posted to incorrect expenditure account	1	5,700.00	Low	Incorrect classification. Immaterial and does not affect the Ministry total.
6	No contracts/lease agreements	88	977,309.91	Moderate	Terms of contracts/lease are not defined resulting in disputes which may lead to litigation
7	Payments made without obtaining the requisite quotes	6	222,914.63	Moderate	Prevents the procurement of goods and services at optimal cost. Undermines open and fair competition.

8	Payments made without CFO approval	18	473,922.54	Moderate	Unauthorized payments and or unwanted obligations.
9	Purchase orders were not used to request goods and services	6	64,729.07	Moderate	All commitment may not be recorded.
10	Non-Compliance with PPO 2012 - Breach of Tender Procedures	4	417,757.84	Moderate	Prevents the procurement of goods and services at optimal cost. Undermines open and fair competition.
11	Insufficient supporting documents	1	200,000.00	Moderate	The risk of fictitious payments.
12	Payment approved at both Level 1 and Level 2	1	70,312.20	Low	There are two levels of review of payments to ensure checks and balances. Undermines the review process.
	Total	469	10,917,108.71		

Control weaknesses and non-compliance with laws and regulations were noted during the review of operating costs and payroll for 2014-2015. While there were some repeated findings there were also some improvements. Some of the findings were high risk control issues but did not have a material impact on the amounts, classification, presentation and disclosures of the financial statements. Good internal controls are essential to reduce the possibility of fraud.

For 11 Ministries we could not ascertain whether all goods or services were received because of the following:

- Two Ministries did not prepare purchase orders to request goods and services and did not perform the receipting and matching process in SmartStream and/or
- The Ministries did not have goods received notes and/or
- There were no indications on the invoices that the goods or services were received (invoices were not certified) for 94 transactions totalling \$4,036,078.25.

Payroll

Listings were requested from the Royal Turks and Caicos Islands Police Force, Human Resource Directorate and Treasury Payroll Department of all persons hired and terminated for financial year ending 31 March, 2015. Additionally, the payroll system and payroll files were reviewed, the results of both review are as follows:

1. Poor maintenance of payroll information, employee files did not contain the required information.
2. Incomplete listings were provided by both Human Resource Directorate and the Ministries of employees joining and leaving the service.

Development Fund

- Four projects had overspent warrants totalling \$190,947.02.
- There were 19 projects approved in the Appropriation Ordinance 2014 that had no expenditure totalling \$2,106,417.
- Over estimation of grant funding for 18 projects.
- Lack of progress reports for 31 projects totalling \$2,545,768.37.
- Business cases not provided for 6 projects with budgets totalling \$511,830.
- Lack of support documents to verify donor funding received totalling \$43,658.59.

Revenue

Recurrent Revenue

Stop Cheque listing did not include all businesses that had dishonoured cheques and outstanding fees.

The dishonoured cheques listing contained 73 businesses, 45 of those businesses were not on the Stop Cheque listing as required.

Lack of management oversight in the Gaming Inspectorate for gaming tax.

A sample of 23 Drop Sheets were tested, all were not reviewed and signed off by the Director or a Supervisor. There were also 14 Drop Sheets that were not signed off by the Inspector and the client as required on the document.

Limited oversight of Lottery Operator for the period.

Oversight for Lottery Operator was the responsibility of the Lottery Board who has not operated since 31 March 2011. Subsequently, that oversight responsibility was given to the Gaming Inspectorate Department but the relevant information was not being provided to the Department in order to manage this responsibility.

Statement of Concessions

Inaccurate disclosures and non-disclosure of different forms of concessions approved.

A Concession relating to land sales under Development order for remission of stamp duty totalling \$325,000 was not disclosed in the financial statements. This was subsequently changed after being identified.

Inadequate management of concessions granted.

Review of a sample of 67 Customs Entries revealed that:

Description	No.
No approval letters or support documents attached	4

Value and description of items exempted not on Approval letter	67
Correct Import rates charged	11

Statement of Revenue Arrears

Arrears of revenue not accurately stated due to inaccurate disclosures.

The following omissions and understatements were noted:

- Contributions to Scholarship Fund was overstated by \$108,000.
- Revenue arrears were understated by \$12,958.17
- Dishonoured cheques understated by \$3,698.
- Ministry of Finance returns overstated by \$173,619.
- Omission of Post office returns of \$10,738.

Significant increase in arrears of revenue when compared to the previous financial year.

Revenue arrears increased by 14% at year ended 31 March 2015. The ministries where the increases were noted are the Attorney General's Chambers, Ministry of Government Support Services and Ministry of Finance.

Lack of information to support the disclosures made in the statement of Revenue arrears.

The Revenue Arrears statement for 2014/2015 totalled \$17.433 million. Supporting documents were not provided for disclosures by three (3) Ministries totalling \$3.703 million or 21%.

Implications for the financial statements:

The above findings and observations have implications for the financial statements in that there is a risk for misstatement, error and/ or fraud.

Expenditure

Audit Objectives

The objectives of the audit were to verify whether:

- Transactions and events have been recorded appropriately.
- Transactions have been recorded in the proper accounts.
- Financial information have been appropriately presented and disclosures are clearly expressed.
- All transactions that should have been recorded have been recorded.
- All required disclosures have been included in the financial statements.
- Transactions have been effected in compliance with relevant laws, legislation, regulations, policies and procedures.
- Transactions have been recorded in the correct accounting period.
- Transactions that have been recorded and disclosed have occurred and pertain to the entity.
- Transaction relating to acquisition of goods and services represent the economical acquisition as well as efficient and effective use of resources.

Scope

- Operational Expenditure for financial year ended 31 March, 2015 (1st April, 2014 to March 31, 2015).
- Expenditure accounts 32301 to 39999.

Audit Approach

- Reviewed expenditure documentation and SmartStream transactions for each Ministry.
- Reviewed and assessed management's approach to the risk associated with processing expenditure.
- Interviewed key individuals within the Ministries responsible for processing expenditure.
- Conducted visits to Ministries to review documents requested.
- Reviewed expenditure transactions for compliance with:
 - Public Financial Management Ordinance (PFMO) 2012
 - Public Procurement Ordinance (PPO) 2012.
 - Public Financial Management Regulation (PFMR) 2012.
 - TCIG Travel Policies.
 - Value for Money (VFM) Principles.
- Assess whether expenditure was recognized, presented and disclosed in compliance with International Public Sector Accounting Standards (IPSAS).
- Discussed and agreed findings with managements.
- Report findings to Public Accounts Committee via the House of Assembly.

Sample

Expenditure was grouped as follows:

- \$5,000 to \$75,000.
- Over \$75,000.
- Vendor aggregate \$75,000 and over

The population for each group was as follows:

Table 1

Description	Records	\$	Sample
\$5,000 and less than \$75,000	2,055	27,820,751.33	400
\$75,000 and over	189	83,176,616.13	40
Total	2,244	110,997,367.46	440

The samples for each Ministry per group are as follows:

Table 2 - Transactions \$5k and less than \$75k

Min	Records	Amount	20%
1	67	612,916.49	13
3	247	2,947,543.28	49
4	181	3,316,561.38	36
5	144	1,745,668.40	29
7	55	996,897.35	11
14	54	933,815.48	0
16	60	817,126.22	12
51	92	1,124,697.58	18
52	474	6,593,982.96	95
54	203	2,889,008.05	41
55	156	1,816,159.79	31
56	23	389,786.01	5
57	284	3,477,746.82	57
58	15	158,841.52	3
Total	2055	27,820,751.33	400

Table 3 - Transactions \$75k and over

Min	Records	Account	Sample 20%
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1	3	1,165,377.00	1
3	29	5,708,122.62	6
4	7	707,670.57	1
7	12	3,450,671.00	2
14	21	17,306,428.09	4
16	2	162,120.00	1
52	7	1,087,430.59	1
54	33	4,432,376.44	7
55	57	46,825,434.68	11
56	1	130,000.00	1
57	16	2,077,889.14	3
58	1	123,096.00	1
	189	83,176,616.13	40

Random samples for each Ministry were chosen using IDEA data analysis software.

Ministry #	Population #	Population \$	Sample #	Sample \$
1	70	1,778,293.49	13	118,530.93
3	276	8,655,665.90	61	3,948,978.41
4	188	4,024,231.95	36	712,268.90
5	144	1,745,668.40	29	366,987.80
7	67	4,447,568.35	14	268,157.38
14	75	18,240,243.57	4	684,705.51
16	62	979,246.22	14	251,207.33
51	92	1,124,697.58	18	168,397.82
52	481	7,681,413.55	96	1,437,824.47
54	236	7,321,384.49	48	2,277,719.22
55	213	48,641,594.47	42	11,813,144.05
56	24	519,786.01	6	210,520.42
57	300	5,555,635.96	62	1,185,498.94
58	16	281,937.52	3	22,097.42
Total	2,244	110,997,367.46	446	23,466,038.60
			20%	21%
		SS Approvals	92	250,635.71
			532	23,716,674.31

Materiality.

Materiality for expenditure was \$5,000.

Variances for 2014-2015

Table 3 – Variances by Ministry for 2014-2015

Min	Min	Estimate	Supplementary	Revised Estimates	Actual	Variance \$	Variance %
1	Office of the Governor	3,587,906.71	17,900.00	3,605,806.71	3,377,692.81	228,113.90	6
3	Police	20,731,168.19		20,731,168.19	20,485,363.78	245,804.41	1
4	Attorney General's Chambers	7,184,023.37	269,370.00	7,453,393.37	6,190,209.68	1,263,183.69	17
5	Judiciary	7,902,852.01		7,902,852.01	3,925,738.12	3,977,113.89	50
7	Office of the Premier	4,404,942.17	1,108,534.00	5,513,476.17	5,186,660.52	326,815.65	6
14	Statutory Charges	18,098,500.04	(868,233.57)	17,230,266.47	15,029,344.34	2,200,922.13	13
16	Min. of Border Control	5,882,734.46	60,000.00	5,942,734.46	5,161,479.69	781,254.77	13
51	Min. of Environment	8,316,170.44	377,741.58	8,693,912.02	7,462,726.93	1,231,185.09	14
52	Min. of Government Support Services	14,915,165.44	990,754.95	15,905,920.39	15,043,985.10	861,935.29	5
54	Min. of Finance	13,414,393.41	488,289.00	13,902,682.41	12,729,779.12	1,172,903.29	8
55	Min. of Health & Human Services	55,940,554.68	576,693.86	56,517,248.54	54,503,742.97	2,013,505.57	4

56	Office of the Deputy Governor	4,152,129.28	366,663.00	4,518,792.28	4,179,976.01	338,816.27	7
57	Min. of Education, Youth & Sports	21,590,899.20	602,935.00	22,193,834.20	20,715,496.72	1,478,337.48	7
58	Office of the Director of Public Prosecutions	1,502,876.80		1,502,876.80	1,428,788.85	74,087.95	5
SS Total		187,624,316.20	3,990,647.82	191,614,964.02	175,420,984.64	16,193,979.38	8

Key

SS - SmartStream

Table 4 – Variance by Ministry including Expenditure Arrears for 2014-2015

Min	Min	Estimate	Supplementar y	Revised Estimates	Actual	Expenditur e Arrears	Actual + Expenditure Arrears	Variance \$	Varianc e %
1	Office of the Governor	3,587,906.71	17,900.00	3,605,806.71	3,377,692.81	10,693.76	3,388,386.57	217,420.14	6
3	Police	20,731,168.19		20,731,168.19	20,485,363.78	121,692.89	20,607,056.67	124,111.52	1
4	Attorney General's Chambers	7,184,023.37	269,370.00	7,453,393.37	6,190,209.68	7,390.81	6,197,600.49	1,255,792.88	17
5	Judiciary	7,902,852.01		7,902,852.01	3,925,738.12	0	3,925,738.12	3,977,113.89	50
7	Office of the Premier	4,404,942.17	1,108,534.00	5,513,476.17	5,186,660.52	35,473.51	5,222,134.03	291,342.14	5
14	Statutory Charges	18,098,500.04	-868,233.57	17,230,266.47	15,029,344.34		15,029,344.34	2,200,922.13	13
16	Min. of Border Control	5,882,734.46	60,000.00	5,942,734.46	5,161,479.69	33,869.38	5,195,349.07	747,385.39	13
51	Min. of Environment	8,316,170.44	377,741.58	8,693,912.02	7,462,726.93	519,499.88	7,982,226.81	711,685.21	8
52	Min. of Government Support Services	14,915,165.44	990,754.95	15,905,920.39	15,043,985.10	426,380.34	15,470,365.44	435,554.95	3
54	Min. of Finance	13,414,393.41	488,289.00	13,902,682.41	12,729,779.12	109,297.40	12,729,779.12	1,172,903.29	8

55	Min. of Health & Human Services	55,940,554.68	576,693.86	56,517,248.54	54,503,742.97	60,736.87	54,564,479.84	1,952,768.70	3
56	Office of the Deputy Governor	4,152,129.28	366,663.00	4,518,792.28	4,179,976.01	691.48	4,180,667.49	338,124.79	7
57	Min. of Education, Youth & Sports	21,590,899.20	602,935.00	22,193,834.20	20,715,496.72	57,775.58	20,773,272.30	1,420,561.90	6
58	Office of the Director of Public Prosecutions	1,502,876.80		1,502,876.80	1,428,788.85	1,683.00	1,430,471.85	72,404.95	5
		187,624,316.20	3,990,647.82	191,614,964.02	175,420,984.64	1,275,887.50	176,696,872.14	14,918,091.88	8

Table 5 – Three Years Comparison of Actual Expenditure by Ministry

Min	Min	2012	2013	Diff \$	Diff. %	2014	Diff \$	Diff. %
1	Office of the Governor	1,593,099	2,846,159	(1,253,059)	(79)	3,377,692.81	(531,534)	(19)
3	Police	15,583,518	20,409,537	(4,826,019)	(31)	20,485,363.78	(75,826)	(0)
4	Attorney General's Chambers	17,320,145	10,763,696	6,556,449	38	6,190,209.68	4,573,486	42
5	Judiciary	2,844,091	3,649,244	(805,153)	(28)	3,925,738.12	(276,494)	(8)
6	Audit	404,420	(311)	404,731	100		(311)	100
7	Office of the Premier		2,779,627	(2,779,627)		5,186,660.52	(2,407,033)	(87)
14	Statutory Charges	21,475,398	21,494,810	(19,412)	(0)	22,929,643.87	(1,434,834)	(7)
16	Min. of Border Control	4,860,935	5,546,110	(685,174)	(14)	5,161,479.69	384,630	7
51	Min. of Environment	11,454,698	7,470,061	3,984,637	35	7,462,726.93	7,334	0
52	Min. of Government Support Services	14,547,466	13,870,202	677,264	5	15,043,985.10	(1,173,783)	(8)
54	Min. of Finance	9,687,800	10,699,799	(1,011,999)	(10)	12,729,779.12	(2,029,980)	(19)
55	Min. of Health & Human Services	67,166,574	55,654,711	11,511,863	17	54,503,742.97	1,150,968	2
56	Office of the Deputy Governor	1,849,874	3,916,555	(2,066,681)	(112)	4,179,976.01	(263,421)	(7)
57	Min. of Education, Youth & Sports		21,319,028	(21,319,028)		20,715,496.72	603,531	3
58	Office of the Director of Public Prosecutions		1,186,791	(1,186,791)		1,428,788.85	(241,998)	(20)
		168,788,019	181,606,020	(12,818,001)	(8)	183,321,284.17	(1,715,264)	(1)

Detailed Findings

Expenditure - Operating Cost

SmartStream Approval

ISSUE #1 – SMARTSTREAM INVOICES WERE NOT APPROVED

RANK: CONTROL DEFICIENCY RISK: HIGH

Criteria

PFMR 72. (1) All disbursements of public moneys shall be properly vouched on payment vouchers or electronic documentation approved by the Accountant General.

(2) An Accounting Officer may designate in writing and by name, specific persons who have the authority to approve payment vouchers or approved electronic documentation on his or her behalf, and prescribe the financial limits and other conditions within which the authority may be exercised.

(3) The Accountant General and the Auditor General shall be—

(a) advised of the names of the public officers so designated and the financial limits within which they may exercise their authority,

(b) provided with the specimen signatures of those public officers; and

(c) advised when the authority of any public officer to sign payment vouchers or an electronic documentation is withdrawn.

(4) A public officer who approves a payment voucher or electronic documentation shall ensure that:-

(a) the services specified in the payment voucher or electronic documentation have been duly and competently performed;

(b) the prices charged are either according to contracts or approved scales or are fair and reasonable according to local rates;

(c) authority has been obtained as quoted;

(d) the calculations and castings have been verified and are arithmetically correct;

(e) the classification of the expenditure and any deduction are correct;

(f) there are sufficient funds uncommitted in the relevant expenditure sub-head to meet the expenditure;

(g) the persons named in the voucher are those entitled to receive payment; and

(h) any supplies purchased have been taken on charge or issued for immediate use.

(5) Where a deduction is due from the amount payable in a contract in respect of any tax, withholding moneys, penalties or fines, only the net sum shall be paid.

(6) A public officer who signed an incorrect certificate in consequence of an unauthorised or irregular payment shall be required to explain the circumstances, and if found to have been negligent may be subject to disciplinary action in accordance with Part VIII of the Ordinance.

SmartStream requires TCIG to have adequate segregation of duty to ensure sufficient review is carried out of transactions and to prevent any one person from having total control over transactions. Having segregation of duty controls in any process creates a system of check and balances.

Condition

IDEA Data Analysis software was used to retrieve all the transaction from the SmartStream Payment Request file. From the report produced by IDEA all the transactions with blank or * as approval status were subsequently pulled and sorted by financial year. The transactions for financial year 2014-2015 were reviewed to ascertain whether they were approved for payment in SmartStream.

The results of the review are as follows:

1. Transaction were not approved in SmartStream

Transactions under \$5,000

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014-2015	83	34,858.37	83	34,858.37

Transactions \$5,000 and under \$75,000.

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014-2015	9	215,777.34	9	215,777.34

2. Payments were not certified

Transactions under \$5,000

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014-2015	83	34,858.37	83	34,858.37

Transactions \$5,000 and under \$75,000.

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014-2015	9	215,777.34	1	17,071.82

3. Vendor invoices were not approved for payments.

Transactions under \$5,000

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014-2015	83	34,858.37	83	34,858.37

Transactions \$5,000 and under \$75,000.

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014-2015	9	215,777.34	1	17,071.82

4. No CFO Approval attached to SmartStream invoice

Transaction \$10,000 and over

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014-2015	9	215,777.34	6	139,549.82

5. No specimen signatures were supplied to the NAO for the ministries where the transactions were not approved in SmartStream as required by PFMR 72 (3) (b).

See Appendix 1 for details.

Cause

- Non-compliance with PFMR 72.
- Circumvention of approval controls
- Circumventing of the segregation of duty controls.
- Lack of check and balances.
- Management override for the approval controls.
- Misinterpretation of Ordinances, Regulation, policies and procedures.

Effect or potential effect:

Weak authorization and approval controls may lead to:

- Unauthorized payments
- Duplicate payments,
- Excess expenditure due to overpayments of vendors,
- Related party transactions
- The potential misuse or abuse of funds.
- Employee fraud
- Unwanted financial obligations.
- Financial reporting misstatements.
- Fund diversion
- Personal purchases
- Cash utilization may not be optimized.
- Misappropriation.
- Reputational risk

Recommendation

Accounting Officers and other authorized personnel should adhere to section 72 of the Public Finance Management Regulation (PFMR). Furthermore, Accounting Officers should ensure that adequate controls are in place within the approval process to ensure invoices are certified and approved for payment and SmartStream invoices are approved. Having Responsible Officers in positions to approve SmartStream invoices is a weak control if the approver only sees the suppliers' invoices. Other controls

should be in place to ensure that the approver could ascertain whether the goods or services were received and whether the prices were in keeping with what was agreed. Best practice requires approvers to have site of the suppliers' invoice, authorizing PO and the receiving documents. The invoice should have the account number to be charged and signature of the person receiving the goods or services. This approach gives the approver complete information to assist with their review and approval.

Data entry control should also be in place to prevent unauthorized payments from being entered into the payables system.

Certification – Certification of suppliers' invoices is an indication that a responsible officer received the goods and services, the quantity and prices were in keeping with what was agreed and the goods and services were in keeping with the agreements. It is also an indication that items of non-current assets have been brought to account and entered into the registers.

Approval – Approval of a supplier's invoice is an indication to the Data Entry Officer that the payment should be entered into the Payable system and the account where the payment should be entered against. This control prevents unauthorized payments from being entered into the system.

Action Plan

Person Responsible: PS, Finance
Accounting General
Accounting Officer

Estimated Completion Date:

Management Response

It appears that payments actually went through during last financial year that were not approved in Smart Stream. The revised approval lists/workflow for the groups specified were not set up properly and the software did not indicate any errors or exception after the set up. With the assistance of the Smart Stream consultant the appropriate new work groups and approval lists were created for each department for the new year. This exhaustive process conducted at the beginning of the new financial year has removed the possibility of payments being processed in Smart Stream without approval.

ISSUE # 1 – VENDOR INVOICE NOT APPROVED FOR PAYMENT

RANK: CONTROL DEFICIENCY RISK: LOW

Criteria

PFMR 72. (1) All disbursements of public moneys shall be properly vouched on payment vouchers or electronic documentation approved by the Accountant General.

(2) An Accounting Officer may designate in writing and by name, specific persons who have the authority to approve payment vouchers or approved electronic documentation on his or her behalf, and prescribe the financial limits and other conditions within which the authority may be exercised.

(3) The Accountant General and the Auditor General shall be—

(a) advised of the names of the public officers so designated and the financial limits within which they may exercise their authority,

(b) provided with the specimen signatures of those public officers; and

(c) advised when the authority of any public officer to sign payment vouchers or an electronic documentation is withdrawn.

(4) A public officer who approves a payment voucher or electronic documentation shall ensure that:-

(a) the services specified in the payment voucher or electronic documentation have been duly and competently performed;

(b) the prices charged are either according to contracts or approved scales or are fair and reasonable according to local rates;

(c) authority has been obtained as quoted;

(d) the calculations and castings have been verified and are arithmetically correct;

(e) the classification of the expenditure and any deduction are correct;

(f) there are sufficient funds uncommitted in the relevant expenditure sub-head to meet the expenditure;

(g) the persons named in the voucher are those entitled to receive payment; and

(h) any supplies purchased have been taken on charge or issued for immediate use.

(5) Where a deduction is due from the amount payable in a contract in respect of any tax, withholding moneys, penalties or fines, only the net sum shall be paid.

(6) A public officer who signed an incorrect certificate in consequence of an unauthorized or irregular payment shall be required to explain the circumstances, and if found to have been negligent may be subject to disciplinary action in accordance with Part VIII of the Ordinance.

Condition

Several transactions were reviewed to ascertain whether:

- Vendor invoices were approved for payments.
- Persons who approved vendor invoices were authorized to approve payments.

The results of the review are as follows:

Transaction \$5,000 up to under \$75,000

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014-2015	5	80,520.42	2	38,544.80

Transactions \$75,000 and over:

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014-2015	1	130,000	1	130,000

Cause

- Non-compliance with PFMR 72.
- Lack of in-house training for staff members with a concentration in the approval process
- Lack of check and balances.
- Lack of review of invoices by SmartStream approvers
- Lack of supervision.
- Misinterpretation of Ordinances, Regulation, policies and procedures.

Effect or potential effect:

Weak authorization and approval controls may lead to:

- Duplicate payments,

- Excess expenditure due to overpayments of vendors,
- Related party transactions
- The possibility of persons approving payments beyond their limits.
- The potential misuse or abuse of funds.
- Employee fraud.

Recommendation

Accounting Officers and other authorized personnel should adhere to section 72(2) of the Public Finance Management Regulation (PFMR). Furthermore, Accounting Officers should ensure that adequate controls are in place within the approval process.

Action Plan

Person Responsible: Accounting Officer

Estimated Completion Date:

Management Response

Since FY 13/14 the Office of the Deputy Governor has made vast improvements in the processing of invoices, PO's and requisitions to ensure we are compliant with all provisions of the PFM. For example, additional staff have been trained in smart stream so that there are redundancies at each level of processing. Furthermore, persons responsible for data entry ensure that all invoices are certified true and correct by the responsible officer prior to the invoice being scanned and entered into smart stream. Moreover, assigned Finance Officers/Managers do a final check of all payments to ensure all criteria are satisfied before payment is released.

With respect to the transactions between \$5,000 and \$75,000, three (3) of the five (5) invoices listed in appendix 2 (page 13) are related to power cost for the House of Assembly located within the NJS Francis Building. The NJS Francis building also houses the Office of the Premier and Ministry of Finance. Typically, the utility provider supplies one invoice and the amount is divided equally among the three departments. Additionally, to ensure the invoice was processed the Ministry of Finance would journal the outstanding balance against the relevant accounts within the two other departments (HOA and Premier's Office). However, it was brought to their attention that this method was not allowing the relevant responsible officer/accounting officer to review the invoice and certify true and correct. Subsequently, each department is provided with a separate invoice for processing.

With respect to the transaction over \$75,000, this was related to a contract between TCIG and a vendor for the procurement of goods. In processing this payment, the signed page of the contract was

scanned into smart stream along with the CFO approval form for commitment over \$10,000 and the detailed page from the contract with the provision of this payment and future payments. Due to this, it was thought that sufficient information was provided to process this payment. However, if it was necessary to further certify the signed contract page, this will be done going forward.

ISSUE #2 – PAYMENTS WERE NOT CERTIFIED

RANK: CONTROL DEFICIENCY RISK: MODERATE

Criteria

PFMO 29. (1) No payment shall be made for goods supplied, services rendered or work done, whether under a contract or not, in connection with any part of the public service, unless in addition to any other voucher or certificate that is required, the accounting officer or any other officer authorized by him or her certifies—

(a) that the goods have been supplied, the service rendered or the work performed, as the case may be, and that the price charged by the contract, is reasonable; or

(b) where payment is to be made before the delivery of the goods, rendering of the service or completion of the work, as the case may be, that the payment is in accordance with the contract.

This is evidenced by authorized officers writing on invoices ‘true and correct’ and signing.

Condition

Transaction were reviewed to ascertain whether they were certified and the results of the review are as follows:

Transaction \$75,000 and over:

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014-2015	1	130,000	1	130,000

Cause

- Non-compliance with PFMO 29 (1).
- A lack of training of responsible officers in the payment procedures, specifically in respect of certifying vendor invoices true and correct.
- Lack of check and balances to ensure that goods or services were obtained before payment is made.
- No review of SmartStream invoices before they are approved.
- Lack of supervision.
- Misinterpretation of Ordinances, Regulation, policies and procedures.

Effect or potential effect:

- TCIG may have paid for goods and services that were not supplied;

- TCIG may not have gotten value for money for the goods and services supplied;
- Lack of review of invoices may result in duplicate payments.
- Payments may have been made to the wrong vendor.
- Incorrect calculation on invoices may not have been captured resulting in overpayment.
- Quoted prices may be different from prices on invoices.

Recommendation

Accounting Officers must ensure that invoices are certified and signed by responsible officers. Accounting Officers must also ensure that review is carried out of all payments before they are approved.

Action Plan

Person Responsible: Accounting Officer

Estimated Completion Date:

Management Response

Since FY 13/14 the Office of the Deputy Governor has made vast improvements in the processing of invoices, PO's and requisitions to ensure we are compliant with all provisions of the PFM. For example, additional staff have been trained in smart stream so that there are redundancies at each level of processing. Furthermore, persons responsible for data entry ensure that all invoices are certified true and correct by the responsible officer prior to the invoice being scanned and entered into smart stream. Moreover, assigned Finance Officers/Managers do a final check of all payments to ensure all criteria are satisfied before payment is released.

With respect to the transaction for \$130,000, this was related to a contract between TCIG and a vendor for the procurement of goods. In processing this payment, the signed page of the contract was scanned into smart stream along with the CFO approval form for commitment over \$10,000 and the detailed page from the contract with the provision of this payment and future payments. Due to this, it was thought that sufficient information was provided to process this payment. However, if it was necessary to further certify the signed contract page, this will be done going forward.

Appendices

Appendix 1 – Document List

No	Document Name	Year	Ordinance	Date Requested	Provided/Not Provided
1	Three Quotes for Expenditure Transactions over \$1,500 to under \$75,000	2014/2015	PPO 32 (3)	03/06/2015	Provided
2	Contracts	2014/2015	PPO	03/06/2015	Provided
3	CFO Commitment Approvals	2014/2015	PFMR Schedule B	03/06/2015	Provided
4	Procurement Strategy	2014/2015	PPO 17 (b)	03/06/2015	Not Provided
5	Accounting Officers Procurement Risk Assessment	2014/2015	PPO 20	03/06/2015	Not Applicable
6	Approved List or Approved List of Suppliers	2014/2015	PPO 52 (1)	03/06/2015	Not Applicable
7	Framework Agreements	2014/2015	PPO 53 (1)	03/06/2015	Not Applicable
8	Consultants Performance Reviews	2014/2015	PPO 54 (1)	03/06/2015	Not Applicable
9	Contract Performance Reviews	2014/2015	PPO 55 (1)	03/06/2015	Not Applicable
10	Incident Reports - Compliance by Contractors	2014/2015	PPO 55 (2)	03/06/2015	Not Applicable
11	Responsible Officers reports to Director of Contracts on Contractors' Performance	2014/2015	PPO 55 (3)	03/06/2015	Not Applicable
12	Director of Contracts and PS, Finance Approvals for Contract Extensions	2014/2015	PPO 56 (2)	03/06/2015	Not Applicable
13	PS, Finance Contract Over Spend Approval	2014/2015	PPO 57 (1)	03/06/2015	Not Applicable
14	Contract Over Spend Reports	2014/2015	PPO 57 (1)	03/06/2015	Not Applicable

15	List of Claims arising from Contracts	2014/2015	PPO 58 (1)	03/06/2015	Not Applicable
16	Director of Contracts Contract Termination Approvals	2014/2015	PPO 59 (2)	03/06/2015	Not Applicable
17	PS, Finance Contract Termination Approvals	2014/2015	PPO 59 (2)	03/06/2015	Not Applicable
18	List of All Obsolete or Surplus Capital Assets that were disposed /Auctioned/Tendered	2014/2015	PPO 60 (2)	03/06/2015	Not Applicable
19	Accountant General's Notification of loss, stolen, abandon or destroyed capital asset	2014/2015	PPO 60 (4)	03/06/2015	Not Applicable
20	Police Notification of theft or suspected unlawful intentional destruction of Capital Assets	2014/2015	PPO 60 (5)	03/06/2015	Not Applicable
21	List of Government property purchased by offices	2014/2015	PPO 60 (6)	03/06/2015	Not Applicable
22	List of complaints and disputes in respect of procurement	2014/2015	PPO 61	03/06/2015	Not Applicable
23	List of offences and penalties levied	2014/2015	PPO 62	03/06/2015	Not Applicable
24	Procurement Waivers	2014/2015	PPO	03/06/2015	Not Applicable
25	Waiver of Public Procurement Ordinance 2012 List	2014/2015	PPO 21	03/06/2015	Not Applicable
26	Travel Advance Registers	2014/2015	Travel Policy	03/06/2015	Not Provided
27	Travel Advance Reconciliation	2014/2015	Travel Policy	03/06/2015	Not Provided
28	Fixed (Non-Current) Asset Registers	2014/2015	Fixed Asset Policy	03/06/2015	Provided
29	Supplementary Appropriation Request Documentation	2014/2015	PFMO	03/06/2015	Provided
30	Travel Approval	2014/2015	Travel Policy	03/06/2015	Not Provided
31	Travel Claims	2014/2015		03/06/2015	Provided
32	Ministry Travel Registers	2014/2015		03/06/2015	Not Provided
33	Annual Travel Report for Senior Management	2014/2015		03/06/2015	Not Applicable

34	Quote Assessments	2014/2015	PPO	03/06/2015	Some Provided
35	SmartStream Approvers Listing	2014/2015	PFMR	03/06/2015	Provided
36	Manual POs	2014/2015	PPO	03/06/2015	Not Applicable
37	Virement Request Documents	2014/2015	PFMR	03/06/2015	Provided
38	Payment Authorization listing	2014/2015		03/06/2015	Not Applicable
39	Expenditure Arrears listing	2014/2015		03/06/2015	Provided
40	Expenditure Arrears Invoices	2014/2015		03/06/2015	Not Provided
41	Assets Registers	2014/2015		03/06/2015	Provided
42	Loss Registers	2014/2015		03/06/2015	Not Provided
43	Statement of Losses of Public Money and Stores	2014/2015		03/06/2015	Provided
44	Asset Disposal Request	2014/2015		03/06/2015	Provided
45	Asset Disposal Approval	2014/2015		03/06/2015	Provided

Appendix 2 – Transaction \$5,000 to under \$75,000

No.	Date	M	P	A/C	PD		Description		Amount	Invoice Approved for Payment
5	10/09/2014	56	2	32601	6	PR	TCUTL00001 04668 Office Electricity Bill Payment	D	5,913.83	5,913.83
1	02/03/2015	56	92	32601	12	PR	TCUTL00001 01869 ELECTRICITY BILL	D	32,630.97	32,630.97
3	10/05/2014	56	92	32601	2	PR	TCUTL00001 01869 UTILITY BILL OVERDUE 09/05/2014	D	12,814.94	
4	08/10/2014	56	92	32601	7	PR	TCUTL00001 01869 ELECTRICITY BILL	D	21,160.68	
2	28/02/2015	56	92	33001	11	GL	HOA-VIREMENT-2014/002	D	8,000.00	
									80,520.42	38,544.80

Appendix 3 – Transaction over \$75,000

Date	M	Prog	Acc	PD	Description	Amount	Comments	Tender Required	Evidence of goods/Services Recd (Certified True & Correct)	Invoice Approved for Payment
27/03/2015	56	92	32399	12	BUTTE00003 270315	130,000.00	Down payment for lease vehicles for Ministers	Yes		
									130,000	130,000

No.	Audit procedure	Yes/NO/NA	Comments
1	Confirm that the prescribed tender procedures were adequately followed. (Compliance)	No	No evidence in the minutes that PPB discussed bids and whether bid were evaluated.

2	Identify whether bids specifications was approved by the delegated officials. (occurrence)	Yes	PPB Approved
3	Trace the Names of officials involved in the bid process to the declaration of interest documents and ensure there is no conflict of interest. (occurrence)	No	No Declaration of Interest documents provided by Treasury to date.
4	Inspect documentation to confirm that the performance of the contractor was evaluated and the performance evaluation checklist was completed. (VFM)	N/A	Contract awarded by PPB end of March, 2015
5	Confirm that poor performing contractors were removed from the list of potential suppliers. (VFM)	N/A	Contract awarded end of March, 2015

ISSUE # 1 – PAYMENTS WERE NOT CERTIFIED

RANK: CONTROL DEFICIENCY RISK: MODERATE

Criteria

PFMO 29. (1) No payment shall be made for goods supplied, services rendered or work done, whether under a contract or not, in connection with any part of the public service, unless in addition to any other voucher or certificate that is required, the accounting officer or any other officer authorized by him or her certifies—

(a) That the goods have been supplied, the service rendered or the work performed, as the case may be, and that the price charged by the contract, is reasonable; or

(b) Where payment is to be made before the delivery of the goods, rendering of the service or completion of the work, as the case may be, that the payment is in accordance with the contract.

This is evidenced by authorized officers writing on invoices ‘true and correct’ and signing.

Condition

Transaction were reviewed to ascertain whether they were certified and the results of the review are as follows:

Transaction \$5,000 up to under \$75,000:

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014-02015	31	414,077.51	4	31,404.39

Cause

- Non-compliance with PFMO 29 (1).
- A lack of training of responsible officers in the payment procedures, specifically in respect of certifying vendor invoices true and correct.
- Lack of check and balances to ensure that goods or services were obtained before payment is made.
- No review of SmartStream invoices before they are approved.
- Lack of supervision.
- Misinterpretation of Ordinances, Regulation, policies and procedures.

Effect or potential effect:

- TCIG may have paid for goods and services that were not supplied;
- TCIG may not have gotten value for money for the goods and services supplied;
- Lack of review of invoices may result in duplicate payments.
- Payments may have been made to the wrong vendor.
- Incorrect calculation on invoices may not have been captured resulting in overpayment.
- Quoted prices may be different from prices on invoices.

Recommendation

Accounting Officers must ensure that invoices are certified and signed by responsible officers. Accounting Officers must also ensure that review is carried out of all payments before they are approved.

Action Plan

Person Responsible: Accounting Officer

Estimated Completion Date:

Management Response

The Ministry of Health has reviewed the samples identified.

- Four (4) of the six (6) samples were stamped certified and approved and signed. When scanned into the system, the stamps appeared faded. Copies of these samples will be provided
- One of the samples (Fortis Invoice) was put on the system during the period when the Treasury made the utility payments and so this invoice did not come to the Ministry to be certified or approved for payment.
- We accept that in the case of Cargo Express payment, the invoice was signed and dated by the responsible officer without the words "Certified True and Correct" written on it.

The Ministry of Health has purchased new stamps and have advised their various departments to do so as well. The Ministry has also put procedures in place to ensure that invoices are stamped (ensuring the correct wording) then signed.

ISSUE # 2 – VENDOR INVOICE NOT APPROVED FOR PAYMENT

RANK: CONTROL DEFICIENCY RISK: LOW

Criteria

PFMR 72. (1) All disbursements of public moneys shall be properly vouched on payment vouchers or electronic documentation approved by the Accountant General.

(2) An Accounting Officer may designate in writing and by name, specific persons who have the authority to approve payment vouchers or approved electronic documentation on his or her behalf, and prescribe the financial limits and other conditions within which the authority may be exercised.

(3) The Accountant General and the Auditor General shall be—

(a) Advised of the names of the public officers so designated and the financial limits within which they may exercise their authority,

(b) Provided with the specimen signatures of those public officers; and

(c) Advised when the authority of any public officer to sign payment vouchers or an electronic documentation is withdrawn.

(4) A public officer who approves a payment voucher or electronic documentation shall ensure that:-

(a) The services specified in the payment voucher or electronic documentation have been duly and competently performed;

(b) The prices charged are either according to contracts or approved scales or are fair and reasonable according to local rates;

(c) Authority has been obtained as quoted;

(d) The calculations and castings have been verified and are arithmetically correct;

(e) The classification of the expenditure and any deduction are correct;

(f) There are sufficient funds uncommitted in the relevant expenditure sub-head to meet the expenditure;

(g) The persons named in the voucher are those entitled to receive payment; and

(h) Any supplies purchased have been taken on charge or issued for immediate use.

(5) Where a deduction is due from the amount payable in a contract in respect of any tax, withholding moneys, penalties or fines, only the net sum shall be paid.

(6) A public officer who signed an incorrect certificate in consequence of an unauthorized or irregular payment shall be required to explain the circumstances, and if found to have been negligent may be subject to disciplinary action in accordance with Part VIII of the Ordinance.

Condition

Transaction were reviewed to ascertain whether:

- Vendor invoices were approved for payments.
- Persons who approved vendor invoices were authorized to approve payments.

The results of the review are as follows:

Transaction \$5,000 up to under \$75,000:

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014-2015	31	414,077.51	9	87,935.02

Transactions \$75,000 and over

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014-2015	11	11,399,066.54	2	244,109.45

Cause

- Non-compliance with PFMR 72.
- Lack of in-house training for staff members with a concentration in the approval process
- Lack of check and balances.
- Lack of review of invoices by SmartStream approvers
- Lack of supervision.
- Misinterpretation of Ordinances, Regulation, policies and procedures.

Effect or potential effect:

Weak authorization and approval controls may lead to:

- Duplicate payments,
- Excess expenditure due to overpayments of vendors,
- Related party transactions

- The possibility of persons approving payments beyond their limits.
- The potential misuse or abuse of funds.
- Employee fraud.

Recommendation

Accounting Officers and other authorized personnel should adhere to section 72(2) of the Public Finance Management Regulation (PFMR). Furthermore, Accounting Officers should ensure that adequate controls are in place within the approval process.

Action Plan

Person Responsible: Accounting Officer

Estimated Completion Date:

Management Response

The Ministry of Health submitted to the Accountant General its signed list of approvers and the applicable levels for each as its authority to approve payments at various levels. Please see hard copy of the financial year's approver's list.

The Ministry has adhered to PFMR 72 by ensuring that there are duly authorized personnel using the SmartStream system with the proper controls in place for the approval process.

Appendices

Appendix 1 – Document List

No	Document Name	Year	Ordinance	Date Requested	Provided/Not Provided
1	Three Quotes for Expenditure Transactions over \$1,500 to under \$75,000	2014/2015	PPO 32 (3)	03/06/2015	Provided
2	Contracts	2014/2015	PPO	03/06/2015	Some Provided
3	CFO Commitment Approvals	2014/2015	PFMR Schedule B	03/06/2015	Provided
4	Procurement Strategy	2014/2015	PPO 17 (b)	03/06/2015	Provided
5	Accounting Officers Procurement Risk Assessment	2014/2015	PPO 20	03/06/2015	Not Provided
6	Approved List or Approved List of Suppliers	2014/2015	PPO 52 (1)	03/06/2015	Not applicable
7	Framework Agreements	2014/2015	PPO 53 (1)	03/06/2015	Not applicable
8	Consultants Performance Reviews	2014/2015	PPO 54 (1)	03/06/2015	Not Provided
9	Contract Performance Reviews	2014/2015	PPO 55 (1)	03/06/2015	Not Provided
10	Incident Reports - Compliance by Contractors	2014/2015	PPO 55 (2)	03/06/2015	Not applicable
11	Responsible Officers reports to Director of Contracts on Contractors' Performance	2014/2015	PPO 55 (3)	03/06/2015	Not Provided
12	Director of Contracts and PS, Finance Approvals for Contract Extensions	2014/2015	PPO 56 (2)	03/06/2015	Not applicable
13	PS, Finance Contract Over Spend Approval	2014/2015	PPO 57 (1)	03/06/2015	Not Provided
14	Contract Over Spend Reports	2014/2015	PPO 57 (1)	03/06/2015	Not Provided
15	List of Claims arising from Contracts	2014/2015	PPO 58 (1)	03/06/2015	Not Provided
16	Director of Contracts Contract Termination Approvals	2014/2015	PPO 59 (2)	03/06/2015	Not Provided

17	PS, Finance Contract Termination Approvals	2014/2015	PPO 59 (2)	03/06/2015	Not Provided
18	List of All Obsolete or Surplus Capital Assets that were disposed /Auctioned/Tendered	2014/2015	PPO 60 (2)	03/06/2015	Not applicable
19	Accountant General's Notification of loss, stolen, abandon or destroyed capital asset	2014/2015	PPO 60 (4)	03/06/2015	Not Provided
20	Police Notification of theft or suspected unlawful intentional destruction of Capital Assets	2014/2015	PPO 60 (5)	03/06/2015	Some Provided
21	List of Government property purchased by offices	2014/2015	PPO 60 (6)	03/06/2015	Some Provided
22	List of complaints and disputes in respect of procurement	2014/2015	PPO 61	03/06/2015	Not applicable
23	List of offences and penalties levied	2014/2015	PPO 62	03/06/2015	Not applicable
24	Procurement Waivers	2014/2015	PPO	03/06/2015	Not Provided
25	Waiver of Public Procurement Ordinance 2012 List	2014/2015	PPO 21	03/06/2015	Provided
26	Travel Advance Registers	2014/2015	Travel Policy	03/06/2015	Provided
27	Travel Advance Reconciliation	2014/2015	Travel Policy	03/06/2015	Provided
28	Fixed (Non-Current) Asset Registers	2014/2015	Fixed Asset Policy	03/06/2015	Some Provided
29	Supplementary Appropriation Request Documentation	2014/2015	PFMO	03/06/2015	Provided
30	Travel Approval	2014/2015	Travel Policy	03/06/2015	Some Provided
31	Travel Claims	2014/2015		03/06/2015	Provided
32	Ministry Travel Registers	2014/2015		03/06/2015	Provided
33	Annual Travel Report for Senior Management	2014/2015		03/06/2015	Provided
34	Quote Assessments	2014/2015	PPO	03/06/2015	Provided
35	SmartStream Approvers Listing	2014/2015	PFMR	03/06/2015	Provided

36	Manual POs	2014/2015	PPO	03/06/2015	Not Provided
37	Virement Request Documents	2014/2015	PFMR	03/06/2015	Provided
38	Payment Authorization listing	2014/2015		03/06/2015	Not Provided
39	Expenditure Arrears listing	2014/2015		03/06/2015	Provided
40	Expenditure Arrears Invoices	2014/2015		03/06/2015	Provided
41	Assets Registers	2014/2015		03/06/2015	Provided
42	Loss Registers	2014/2015		03/06/2015	Provided
43	Statement of Losses of Public Money and Stores	2014/2015		03/06/2015	Provided
44	Asset Disposal Request	2014/2015		03/06/2015	Not applicable
45	Asset Disposal Approval	2014/2015		03/06/2015	Not applicable

Appendix 2 – Transaction \$5,000 to under \$75,000

No.	Date	M	P	PROGRAM	PD		Description	Amount	Evidence of goods/Services Recd (Certified True & Correct)	Invoice Approved for Payment
26	28/02/2015	55	30	35399	11	GL	HEALTH-VIREMENT-2014/003	30,000.00		
28	07/10/2014	55	30	35399	7	PR	PANAM00002 71014 BALANCE FOR 2013/2014	6,291.00		6,291.00
12	30/04/2014	55	32	34222	1	PR	AIRPO00001 115035 Meals Peer Education Workshop	5,760.00		
1	24/11/2014	55	57	33748	8	PR	KENNE00003 555203 COLLECTION OF WASTE-DEC	5,000.00		
2	25/02/2015	55	57	33748	11	PR	RODNM00001 51 COLLECTION OF WASTE - DISCOVERY BAY	5,000.00		
4	20/05/2014	55	57	33748	2	PR	RODNM00001 34 PAYMENT FOR COLLECTION OF GARBAGE I	5,000.00		

14	01/09/2014	55	57	33516	6	PR	SPECT00001 Q-2156 PAYMENT FOR EHD VECTOR CONTROL CHEM	26,189.10		
15	15/09/2014	55	57	33727	6	PR	TURKS00012 CPI2014-2 PAYMENT FOR ANNUAL OPERATINOS FEES	13,780.17		
17	28/04/2014	55	57	33748	1	PR	KENNE00003 252381 PAYMENT FOR COLLECTION OF GARBAGE	5,000.00	5,000.00	5,000.00
18	01/09/2014	55	57	33516	6	PR	SPECT00001 Q-2158 PAYMENT FOR EHD VECTOR CONTROL CHEM	7,580.00		
23	20/05/2014	55	57	35799	2	PR	CARGO00001 20514 MORGUE FREEZER	8,300.00	8,300.00	8,300.00
24	15/08/2014	55	57	33748	5	PR	RODNM00001 40 PAYMENT FOR COLLECTION OF GARBAGE I	5,000.00		
29	15/08/2014	55	57	33748	5	PR	KENNE00003 379064 PAYMENT FOR COLLECTION OF GARBAGE	5,000.00		
5	11/09/2014	55	72	32402	6	PR	PROVO00008 11492 TICKET FOR HON.PORSHA STUBBS SMITH	6,280.40		
6	14/05/2014	55	72	32601	2	PR	PROVO00005 10181 UTILITY BILL OVERDUE 14/05/2014	11,886.54	11,886.54	11,886.54

7	24/03/2015	55	72	38027	12	PR	WILLS00003 4611 RENTAL FOR STORAGE SPACE	6,536.25		
8	30/04/2014	55	72	34305	1	PR	PANAM00002 19214 BALANCE OF CONTRIBUTION	6,291.00		6,291.00
9	31/03/2015	55	72	39202	12	GL	Payment to Public Work water undertaking for water services InterHealth a/c#C336	26,390.88		
10	24/02/2015	55	72	35707	11	PR	CARIB00020 CAR/063/14 CONTRIBUTIONS FOR 2015	18,321.00		18,321.00
11	06/03/2015	55	72	34239	12	PR	BLUEH00005 10-MAR MISCELLANEOUS	5,207.80		
13	24/02/2015	55	72	39201	11	PR	INTEH00002 25215 OUTSTANDING FOR OCTOBER 2014	19,955.00		19,955.00
16	31/03/2015	55	72	32601	12	GL	HEALTH-VIREMENT- 2014/004	40,000.00		
19	28/02/2015	55	72	34239	11	GL	Entered under the wrong head	27,569.10		
20	22/10/2014	55	72	34239	7	PR	SABER00001 1220545 HOODED COVERALLS ELASTIC WRIST	40,573.94		
21	17/03/2015	55	72	34239	12	PR	JOHAL00001 JMI03102015 EBLOA SUPPLIES	6,217.85	6,217.85	6,217.85
22	31/08/2014	55	72	32402	5	GL	MON- VIRHEALTH2014/001	13,000.00		

25	17/03/2015	55	72	34239	12	PR	WILLS00003 4611 RENTAL FOR STORAGE SPACE	6,536.25		
27	31/03/2015	55	72	33399	12	GL	HEALTH-VIREMENT- 2014/004	6,925.00		
30	28/02/2015	55	72	35707	11	GL	HEALTH-VIREMENT- 2014/002	32,000.00		
3	16/07/2014	55	89	32601	4	PR	PROVO00005 01112 SERVICES RENDERED	5,672.63		5,672.63
31	23/09/2014	55	89	32601	6	PR	PROVO00005 01112 ELECTRICITY CHARGE	6,813.60		
								414,077.51	31,404.39	87,935.02

Appendix 3 – Transaction over \$75,000

Date	M	Prog	Acc	PD	Description	Amount	Tender Required	Invoice Approved for Payment
19/05/2014	55	57	33727	2	TURKS00012 160514 PAYMENT FOR HIRE OF EQUIPMENT AND C	122,054.70	Yes	122,054.70
05/12/2014	55	57	33727	9	TURKS00012 33 PAYMENT FOR HIRE OF EQUIPMENT AND C	122,054.75	Yes	122,054.75
11/03/2015	55	72	34241	12	KPMPL00001 11315 FINANCE ADUIT OF THE HOSPITAL	122,750.00	Yes	
30/04/2014	55	72	36104	1	NHIPL00001 30414 PAYMENT FOR APRIL 2014	1,764,212.00	No	
24/02/2015	55	72	36104	11	NHIPL00001 25215 PAYMENT MONTH OF FEBRUARY 2015	1,034,031.66	No	
24/03/2015	55	72	36104	12	NHIPL00001 24315 PAYMENT FOR THE MONTH OF MARCH 2015	1,900,454.70	NO	
07/10/2014	55	72	39201	7	INTEH00003 71014 PAYMENT FOR UNITARY FOR SEPTEMBER	1,572,906.00	NO	
15/05/2014	55	72	39202	2	INTEH00003 15514 BALANCE DECEMBER 2013	998,594.00	No	
24/06/2014	55	72	39202	3	INTEH00003 13614 WINDSTORM COVERAGE	858,286.73	No	

07/10/2014	55	72	39202	7	INTEH00002 71014 PAYMENT FOR CLINICAL SERVICES SEP	2,132,635.00	No	
31/03/2015	55	72	39202	12	NHIPL00001 IHCTCI- 075 RECONCILITATION PAYMENT	771,087.00	No	
						11,399,066.54		244,109.45

No.	Audit procedure	Turks	KPMG
1	Confirm that the prescribed tender procedures were adequately followed. (Compliance)	Yes	Approved by Cabinet
2	Identify whether bids specifications was approved by the delegated officials. (occurrence)	Yes	N/A
3	Trace the Names of officials involved in the bid process to the declaration of interest documents and ensure there is not conflict of interest. (occurrence)	Yes	N/A
4	Inspect documentation to confirm that the performance of the contractor was evaluated and the performance evaluation checklist was completed. (VFM)	Yes	No

5	Confirm that poor performing contractors were removed from the list of potential suppliers. (VFM)	Yes	No
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ISSUE # 1 – PAYMENTS WERE NOT CERTIFIED

RANK: CONTROL DEFICIENCY RISK: MODERATE

Criteria

PFMO 29. (1) No payment shall be made for goods supplied, services rendered or work done, whether under a contract or not, in connection with any part of the public service, unless in addition to any other voucher or certificate that is required, the accounting officer or any other officer authorized by him or her certifies—

(a) that the goods have been supplied, the service rendered or the work performed, as the case may be, and that the price charged by the contract, is reasonable; or

(b) where payment is to be made before the delivery of the goods, rendering of the service or completion of the work, as the case may be, that the payment is in accordance with the contract.

This is evidenced by authorized officers writing on invoices ‘true and correct’ and signing.

Condition

Transaction were reviewed to ascertain whether they were certified and the results of the review are as follows:

Transaction \$5,000 up to under \$75,000:

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014	11	250,693.17	2	83,064.80

Cause

- Non-compliance with PFMO 29 (1).
- A lack of training of responsible officers in the payment procedures, specifically in respect of certifying vendor invoices true and correct.
- Lack of check and balances to ensure that goods or services were obtained before payment is made.
- No review of SmartStream invoices before they are approved.
- Lack of supervision.
- Misinterpretation of Ordinances, Regulation, policies and procedures.

Effect or potential effect:

- TCIG may have paid for goods and services that were not supplied;
- TCIG may not have gotten value for money for the goods and services supplied;
- Lack of review of invoices may result in duplicate payments.
- Payments may have been made to the wrong vendor.
- Incorrect calculation on invoices may not have been captured resulting in overpayment.
- Quoted prices may be different from prices on invoices.

Recommendation

Accounting Officers must ensure that invoices are certified and signed by responsible officers. Accounting Officers must also ensure that review is carried out of all payments before they are approved.

Action Plan

Person Responsible: Accounting Officer

Estimated Completion Date:

Management Response

The Office of the Premier has reviewed the samples cited. In three of the four cases the payments were subvention payments to its statutory body. The Office was of the view that as these were subvention payments they did not require the standard “certified true and correct”.

As recommended by the Audit Department, the Office has implemented internal controls and procedures to ensure that the wording “certified true and correct” and “approved for payment” is included on subvention payments.

ISSUE # 2 – VENDOR INVOICE NOT APPROVED FOR PAYMENT

RANK: CONTROL DEFICIENCY RISK: LOW

Criteria

PFMR 72. (1) All disbursements of public moneys shall be properly vouched on payment vouchers or electronic documentation approved by the Accountant General.

(2) An Accounting Officer may designate in writing and by name, specific persons who have the authority to approve payment vouchers or approved electronic documentation on his or her behalf, and prescribe the financial limits and other conditions within which the authority may be exercised.

(3) The Accountant General and the Auditor General shall be—

(a) advised of the names of the public officers so designated and the financial limits within which they may exercise their authority,

(b) provided with the specimen signatures of those public officers; and

(c) advised when the authority of any public officer to sign payment vouchers or an electronic documentation is withdrawn.

(4) A public officer who approves a payment voucher or electronic documentation shall ensure that:-

(a) the services specified in the payment voucher or electronic documentation have been duly and competently performed;

(b) the prices charged are either according to contracts or approved scales or are fair and reasonable according to local rates;

(c) authority has been obtained as quoted;

(d) the calculations and castings have been verified and are arithmetically correct;

(e) the classification of the expenditure and any deduction are correct;

(f) there are sufficient funds uncommitted in the relevant expenditure sub-head to meet the expenditure;

(g) the persons named in the voucher are those entitled to receive payment; and

(h) any supplies purchased have been taken on charge or issued for immediate use.

(5) Where a deduction is due from the amount payable in a contract in respect of any tax, withholding moneys, penalties or fines, only the net sum shall be paid.

(6) A public officer who signed an incorrect certificate in consequence of an unauthorized or irregular payment shall be required to explain the circumstances, and if found to have been negligent may be subject to disciplinary action in accordance with Part VIII of the Ordinance.

Condition

Transaction were reviewed to ascertain whether:

- Vendor invoices were approved for payments.
- Persons who approved vendor invoices were authorized to approve payments.

The results of the review are as follows:

Transaction \$5,000 up to under \$75,000:

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014	11	250,693.17	2	41,702.67

Cause

- Non-compliance with PFMR 72.
- Lack of in-house training for staff members with a concentration in the approval process
- Lack of check and balances.
- Lack of review of invoices by SmartStream approvers
- Lack of supervision.
- Misinterpretation of Ordinances, Regulation, policies and procedures.

Effect or potential effect:

Weak authorization and approval controls may lead to:

- Duplicate payments,
- Excess expenditure due to overpayments of vendors,
- Related party transactions
- The possibility of persons approving payments beyond their limits.
- The potential misuse or abuse of funds.
- Employee fraud.

Recommendation

Accounting Officers and other authorized personnel should adhere to section 72(2) of the Public Finance Management Regulation (PFMR). Furthermore, Accounting Officers should ensure that adequate controls are in place within the approval process.

Action Plan

Person Responsible: Accounting Officer

Estimated Completion Date:

Management Response

The Office of the Premier submitted to the Accountant General its signed list of approvers and the applicable levels for each as its authority to approve payments at various levels. Please note that the PDA folder reviewed contained hard copy of the 2014/15 financial year approver's list.

The Office has adhered to PFMR 72 by ensuring that there were duly authorized personnel using the SmartStream system with the proper controls in place for the approval process.

ISSUE # 3 – NON-COMPLIANCE WITH THE TCIG TRAVEL POLICIES

RANK: CONTROL DEFICIENCY RISK: LOW

Criteria:

TCIG Travel Policies dated 6th June 2013, 26th November 2014 and 21 January, 2015.

7.5 Requests seeking approval to travel are to be submitted in sufficient time (at least two weeks prior to travel) to allow consideration and approval wherever possible.

Condition:

Transaction were reviewed to ascertain whether they comply with the following TCIG Travel Policies stipulations:

- Travel request approved.
- Request was made two weeks before travel.
- Accommodations/DSA/Per Diem agrees with TCIG Travel Policy
- Advance Retired and reviewed by Treasury

Review of the transaction revealed the following:

Year	Sample Size	Sample Amount	Exception	Exception Amount
2014-2015	3	17,464.21	3	17,464.21

For the above transaction there was part compliance with the Travel Policy. The travel request was not made two weeks before date of travel.

See Appendix for details of exceptions.

Cause

- Non-compliance with TCIG Travel Policies June 2013, November 2014 and January 2015.
- Lack of check and balances.
- No review of SmartStream invoices before they are approved.
- Lack of supervision.
- Lack of awareness and or misinterpretation of Ordinances, Regulation, policies and procedures.

Effect or potential effect:

- Excess expenditure;
- TCIG may not have gotten value for money for the goods and services supplied;

Recommendation

Accounting Officers must ensure that their Ministries comply with TCIG Travel Policies.

Action Plan

Person Responsible: Accounting Officer

Estimated Completion Date:

Management Response

On review of the sample exceptions, in all cases application was made prior to two weeks before travel, except in one sample when a last minute requirement for travel arose, which is still deemed to be in compliance with Section 7.5 of the Travel Policy as last minute travel decisions are covered by the caveat “wherever possible”.

Appendices

Appendix 1 – Document List

No	Document Name	Year	Ordinance	Date Requested	Provided/Not Provided
1	Three Quotes for Expenditure Transactions over \$1,500 to under \$75,000	2014/2015	PPO 32 (3)	03/06/2015	Provided
2	Contracts	2014/2015	PPO	03/06/2015	Provided
3	CFO Commitment Approvals	2014/2015	PFMR Schedule B	03/06/2015	Provided
4	Procurement Strategy	2014/2015	PPO 17 (b)	03/06/2015	Not Provided
5	Accounting Officers Procurement Risk Assessment	2014/2015	PPO 20	03/06/2015	Provided
6	Approved List or Approved List of Suppliers	2014/2015	PPO 52 (1)	03/06/2015	Not Applicable
7	Framework Agreements	2014/2015	PPO 53 (1)	03/06/2015	Not Applicable
8	Consultants Performance Reviews	2014/2015	PPO 54 (1)	03/06/2015	Not Provided
9	Contract Performance Reviews	2014/2015	PPO 55 (1)	03/06/2015	Not Provided
10	Incident Reports - Compliance by Contractors	2014/2015	PPO 55 (2)	03/06/2015	Not Applicable
11	Responsible Officers reports to Director of Contracts on Contractors' Performance	2014/2015	PPO 55 (3)	03/06/2015	Not Provided
12	Director of Contracts and PS, Finance Approvals for Contract Extensions	2014/2015	PPO 56 (2)	03/06/2015	Not Applicable
13	PS, Finance Contract Over Spend Approval	2014/2015	PPO 57 (1)	03/06/2015	Not Applicable
14	Contract Over Spend Reports	2014/2015	PPO 57 (1)	03/06/2015	Not Applicable
15	List of Claims arising from Contracts	2014/2015	PPO 58 (1)	03/06/2015	Not Applicable

16	Director of Contracts Contract Termination Approvals	2014/2015	PPO 59 (2)	03/06/2015	Not Applicable
17	PS, Finance Contract Termination Approvals	2014/2015	PPO 59 (2)	03/06/2015	Not Applicable
18	List of All Obsolete or Surplus Capital Assets that were disposed /Auctioned/Tendered	2014/2015	PPO 60 (2)	03/06/2015	Not Applicable
19	Accountant General's Notification of loss, stolen, abandon or destroyed capital asset	2014/2015	PPO 60 (4)	03/06/2015	Not Applicable
20	Police Notification of theft or suspected unlawful intentional destruction of Capital Assets	2014/2015	PPO 60 (5)	03/06/2015	Not Applicable
21	List of Government property purchased by offices	2014/2015	PPO 60 (6)	03/06/2015	Not Applicable
22	List of complaints and disputes in respect of procurement	2014/2015	PPO 61	03/06/2015	Not Applicable
23	List of offences and penalties levied	2014/2015	PPO 62	03/06/2015	Not Applicable
24	Procurement Waivers	2014/2015	PPO	03/06/2015	Not Applicable
25	Waiver of Public Procurement Ordinance 2012 List	2014/2015	PPO 21	03/06/2015	Not Applicable
26	Travel Advance Registers	2014/2015	Travel Policy	03/06/2015	Not Provided
27	Travel Advance Reconciliation	2014/2015	Travel Policy	03/06/2015	Not Provided
28	Fixed (Non-Current) Asset Registers	2014/2015	Fixed Asset Policy	03/06/2015	Provided
29	Supplementary Appropriation Request Documentation	2014/2015	PFMO	03/06/2015	Provided
30	Travel Approval	2014/2015	Travel Policy	03/06/2015	Provided
31	Travel Claims	2014/2015		03/06/2015	Provided
32	Ministry Travel Registers	2014/2015		03/06/2015	Not Provided
33	Annual Travel Report for Senior Management	2014/2015		03/06/2015	Provided
34	Quote Assessments	2014/2015	PPO	03/06/2015	Provided

35	SmartStream Approvers Listing	2014/2015	PFMR	03/06/2015	Provided
36	Manual POs	2014/2015	PPO	03/06/2015	Provided
37	Virement Request Documents	2014/2015	PFMR	03/06/2015	Provided
38	Payment Authorization listing	2014/2015		03/06/2015	Not Provided
39	Expenditure Arrears listing	2014/2015		03/06/2015	Provided
40	Expenditure Arrears Invoices	2014/2015		03/06/2015	Provided
41	Assets Registers	2014/2015		03/06/2015	Provided
42	Loss Registers	2014/2015		03/06/2015	Provided
43	Statement of Losses of Public Money and Stores	2014/2015		03/06/2015	Provided
44	Asset Disposal Request	2014/2015		03/06/2015	Provided
45	Asset Disposal Approval	2014/2015		03/06/2015	Provided

Appendix 2 – Transaction \$5,000 to under \$75,000

No.	Date	M	P	A/C	PD	Description	Amount	Evidence of goods/Services Recd (Certified True & Correct)	Invoice Approved for Payment
1	29/10/2014	7	15	33599	7	TOURI00002 TURK041214 RECEPTION COST	11,164.80	11,164.80	
2	30/09/2014	7	15	32399	6	MOT-VIREMENT-2014/002	11,000.00		
3	20/02/2015	7	123	34702	11	SUNBE00002 939A Order of TCI Flags for NHM	5,395.00		5,395.00
4	31/03/2015	7	123	34702	12	POT-VIREMENT-2014/002	15,000.00		
5	09/02/2015	7	15	34231	11	CAICE00001 71 AIRLINE CHARTER - INTER TRAVEL	13,600.00		
6	18/12/2014	7	15	35806	9	TCNAT00002 20142015 SUBVENTION TO NATIONAL TRUST	25,000.00		
7	14/07/2014	7	125	35804	4	TOURI00002 71900 SUBVENTION TO TOURIST BOARD	71,900.00		
8	28/02/2015	7	15	32601	11	TCUTL00001 01869 ELECTRICITY BILL	32,648.33		
9	31/12/2014	7	15	34701	9	POT-VIREMENT-2014/002	20,000.00		
10	18/02/2015	7	15	32601	11	TCUTL00001 01869 ELECTRICITY BILL	36,307.37		36,307.67
11	09/07/2014	7	15	32601	4	TCUTL00001 3016467-02869 ELECTRICITY BILL	8,677.67		
							250,693.17	11,164.80	41,702.67

Appendix 3 – Compliance with TCIG Travel Policies

Year	PD	Total	Vendor ID	Place/Date Travelled	Applicable Travel Policy	Travel Request approved	Request submitted 2 Weeks before travel
2014	2	7,000.00	RUFUS00001	Ottawa-Toronto-Chicago-Dallas-NY-MIA 25 May -1 June 2014	June 2013	Yes	No
2014	11	5,157.00	ALTHE00005	UK & New York 30 Nov - 9 Dec 2014	21-Jan-15	Yes	No
2014	11	5,307.21	RONNLE00001	UK & New York 30 Nov - 9 Dec 2014	21-Jan-15	Yes	No
		23,567.04					

Year	PD	Total	Vendor ID	Place/Date Travelled	Applicable Travel Policy	Accommodations/DSA/Per Diem agrees with TCIG Travel Policy	Advance Retired and Reviewed by Treasury
2014	2	7,000.00	RUFUS00001	Ottawa-Toronto-Chicago-Dallas-NY-MIA 25 May -1 June 2014	June 2013	Yes	Yes
2014	11	5,157.00	ALTHE00005	UK & New York 30 Nov - 9 Dec 2014	21-Jan-15	No	N/A
2014	11	5,307.21	RONNLE00001	UK & New York 30 Nov - 9 Dec 2014	21-Jan-15	Yes	N/A
		17,464.21					

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Year	PD	Total	Vendor ID	Place/Date Travelled	Applicable Travel Policy	Complied with TCIG Travel Policy	Comments
2014	2	7,000.00	RUFUS0001	Ottawa-Toronto-Chicago-Dallas-NY-MIA 25 May -1 June 2014	June 2013	Part Compliance	Was posted to the incorrect account. Journal used to correct mis-posting.
2014	11	5,157.00	ALTHE0005	UK & New York 30 Nov - 9 Dec 2014	21-Jan-15	Part Compliance	
2014	11	5,307.21	RONNLE0001	UK & New York 30 Nov - 9 Dec 2014	21-Jan-15	Part Compliance	
		17,464.21					

ISSUE # 1 – PAYMENTS WERE NOT CERTIFIED

RANK: CONTROL DEFICIENCY RISK: MODERATE

Criteria

PFMO 29. (1) No payment shall be made for goods supplied, services rendered or work done, whether under a contract or not, in connection with any part of the public service, unless in addition to any other voucher or certificate that is required, the accounting officer or any other officer authorized by him or her certifies—

(a) that the goods have been supplied, the service rendered or the work performed, as the case may be, and that the price charged by the contract, is reasonable; or

(b) where payment is to be made before the delivery of the goods, rendering of the service or completion of the work, as the case may be, that the payment is in accordance with the contract.

This is evidenced by authorized officers writing on invoices 'true and correct' and signing.

Condition

Transaction were reviewed to ascertain whether they were certified and the results of the review are as follows:

Transaction \$5,000 up to under \$75,000:

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014-2015	18	168,397.82	2	13,964.13

Cause

- Non-compliance with PFMO 29 (1).
- A lack of training of responsible officers in the payment procedures, specifically in respect of certifying vendor invoices true and correct.
- Lack of check and balances to ensure that goods or services were obtained before payment is made.
- No review of SmartStream invoices before they are approved.
- Lack of supervision.
- Misinterpretation of Ordinances, Regulation, policies and procedures.

Effect or potential effect:

- TCIG may have paid for goods and services that were not supplied;
- TCIG may not have gotten value for money for the goods and services supplied;
- Lack of review of invoices may result in duplicate payments.
- Payments may have been made to the wrong vendor.
- Incorrect calculation on invoices may not have been captured resulting in overpayment.
- Quoted prices may be different from prices on invoices.

Recommendation

Accounting Officers must ensure that invoices are certified and signed by responsible officers. Accounting Officers must also ensure that review is carried out of all payments before they are approved.

Action Plan

Person Responsible: Accounting Officer

Estimated Completion Date: Currently being done

Management Response

The amount of \$13,964.13 is made up of two payments:

The payment of \$5,664.38 was both certified and approved for payment. A copy of the attached document which accompanied the payment has been submitted.

The payment of \$8,299.75 was put on by the Treasury when all such bills were centralized and paid by them. The bill was never submitted to the Ministry for certification and approval for payment.

ISSUE #2 – VENDOR INVOICE NOT APPROVED FOR PAYMENT

RANK: CONTROL DEFICIENCY RISK: LOW

Criteria

PFMR 72. (1) All disbursements of public moneys shall be properly vouched on payment vouchers or electronic documentation approved by the Accountant General.

(2) An Accounting Officer may designate in writing and by name, specific persons who have the authority to approve payment vouchers or approved electronic documentation on his or her behalf, and prescribe the financial limits and other conditions within which the authority may be exercised.

(3) The Accountant General and the Auditor General shall be—

(a) advised of the names of the public officers so designated and the financial limits within which they may exercise their authority,

(b) provided with the specimen signatures of those public officers; and

(c) advised when the authority of any public officer to sign payment vouchers or an electronic documentation is withdrawn.

(4) A public officer who approves a payment voucher or electronic documentation shall ensure that:-

(a) the services specified in the payment voucher or electronic documentation have been duly and competently performed;

(b) the prices charged are either according to contracts or approved scales or are fair and reasonable according to local rates;

(c) authority has been obtained as quoted;

(d) the calculations and castings have been verified and are arithmetically correct;

(e) the classification of the expenditure and any deduction are correct;

(f) there are sufficient funds uncommitted in the relevant expenditure sub-head to meet the expenditure;

(g) the persons named in the voucher are those entitled to receive payment; and

(h) any supplies purchased have been taken on charge or issued for immediate use.

(5) Where a deduction is due from the amount payable in a contract in respect of any tax, withholding moneys, penalties or fines, only the net sum shall be paid.

(6) A public officer who signed an incorrect certificate in consequence of an unauthorized or irregular payment shall be required to explain the circumstances, and if found to have been negligent may be subject to disciplinary action in accordance with Part VIII of the Ordinance.

Condition

Transaction were reviewed to ascertain whether:

- Vendor invoices were approved for payments.
- Persons who approved vendor invoices were authorized to approve payments.

The results of the review are as follows:

Transaction \$5,000 up to under \$75,000:

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014-2015	18	168,397.82	1	8,299.75

Cause

- Non-compliance with PFMR 72.
- Lack of in-house training for staff members with a concentration in the approval process
- Lack of check and balances.
- Lack of review of invoices by SmartStream approvers
- Lack of supervision.
- Misinterpretation of Ordinances, Regulation, policies and procedures.

Effect or potential effect:

Weak authorization and approval controls may lead to:

- Duplicate payments,
- Excess expenditure due to overpayments of vendors,
- Related party transactions
- The possibility of persons approving payments beyond their limits.
- The potential misuse or abuse of funds.
- Employee fraud.

Recommendation

Accounting Officers and other authorized personnel should adhere to section 72(2) of the Public Finance Management Regulation (PFMR). Furthermore, Accounting Officers should ensure that adequate controls are in place within the approval process.

Action Plan

Person Responsible: Accounting Officer

Estimated Completion Date: Currently being done

Management Response

This payment which was made to an Electrical Company was paid by the Treasury at a time when all such payments were centralized. The Ministry did not receive a copy of the bill for certification and approval for payment.

Appendices

Appendix 1 – Document List

No	Document Name	Year	Ordinance	Date Requested	Provided/Not Provided
1	Three Quotes for Expenditure Transactions over \$1,500 to under \$75,000	2014/2015	PPO 32 (3)	03/06/2015	Not Provided
2	Contracts	2014/2015	PPO	03/06/2015	Provided
3	CFO Commitment Approvals	2014/2015	PFMR Schedule B	03/06/2015	Not Provided
4	Procurement Strategy	2014/2015	PPO 17 (b)	03/06/2015	Not Provided
5	Accounting Officers Procurement Risk Assessment	2014/2015	PPO 20	03/06/2015	Not Provided
6	Approved List or Approved List of Suppliers	2014/2015	PPO 52 (1)	03/06/2015	Not Provided
7	Framework Agreements	2014/2015	PPO 53 (1)	03/06/2015	N/A
8	Consultants Performance Reviews	2014/2015	PPO 54 (1)	03/06/2015	N/A
9	Contract Performance Reviews	2014/2015	PPO 55 (1)	03/06/2015	N/A
10	Incident Reports - Compliance by Contractors	2014/2015	PPO 55 (2)	03/06/2015	N/A
11	Responsible Officers reports to Director of Contracts on Contractors' Performance	2014/2015	PPO 55 (3)	03/06/2015	N/A
12	Director of Contracts and PS, Finance Approvals for Contract Extensions	2014/2015	PPO 56 (2)	03/06/2015	N/A
13	PS, Finance Contract Over Spend Approval	2014/2015	PPO 57 (1)	03/06/2015	N/A
14	Contract Over Spend Reports	2014/2015	PPO 57 (1)	03/06/2015	N/A
15	List of Claims arising from Contracts	2014/2015	PPO 58 (1)	03/06/2015	N/A
16	Director of Contracts Contract Termination Approvals	2014/2015	PPO 59 (2)	03/06/2015	N/A

17	PS, Finance Contract Termination Approvals	2014/2015	PPO 59 (2)	03/06/2015	N/A
18	List of All Obsolete or Surplus Capital Assets that were disposed /Auctioned/Tendered	2014/2015	PPO 60 (2)	03/06/2015	N/A
19	Accountant General's Notification of loss, stolen, abandon or destroyed capital asset	2014/2015	PPO 60 (4)	03/06/2015	N/A
20	Police Notification of theft or suspected unlawful intentional destruction of Capital Assets	2014/2015	PPO 60 (5)	03/06/2015	N/A
21	List of Government property purchased by offices	2014/2015	PPO 60 (6)	03/06/2015	N/A
22	List of complaints and disputes in respect of procurement	2014/2015	PPO 61	03/06/2015	N/A
23	List of offences and penalties levied	2014/2015	PPO 62	03/06/2015	N/A
24	Procurement Waivers	2014/2015	PPO	03/06/2015	Not Provided
25	Waiver of Public Procurement Ordinance 2012 List	2014/2015	PPO 21	03/06/2015	Not Provided
26	Travel Advance Registers	2014/2015	Travel Policy	03/06/2015	Not Provided
27	Travel Advance Reconciliation	2014/2015	Travel Policy	03/06/2015	Provided
28	Fixed (Non-Current) Asset Registers	2014/2015	Fixed Asset Policy	03/06/2015	Not Provided
29	Supplementary Appropriation Request Documentation	2014/2015	PFMO	03/06/2015	Provided
30	Travel Approval	2014/2015	Travel Policy	03/06/2015	Not Provided
31	Travel Claims	2014/2015		03/06/2015	N/A
32	Ministry Travel Registers	2014/2015		03/06/2015	Not Provided
33	Annual Travel Report for Senior Management	2014/2015		03/06/2015	N/A
34	Quote Assessments	2014/2015	PPO	03/06/2015	Not Provided
35	SmartStream Approvers Listing	2014/2015	PFMR	03/06/2015	Provided

36	Manual POs	2014/2015	PPO	03/06/2015	N/A
37	Virement Request Documents	2014/2015	PFMR	03/06/2015	Provided
38	Payment Authorization listing	2014/2015		03/06/2015	Not Provided
39	Expenditure Arrears listing	2014/2015		03/06/2015	provided
40	Expenditure Arrears Invoices	2014/2015		03/06/2015	Not Provided
41	Assets Registers	2014/2015		03/06/2015	Not Provided
42	Loss Registers	2014/2015		03/06/2015	Not Provided
43	Statement of Losses of Public Money and Stores	2014/2015		03/06/2015	Provided
44	Asset Disposal Request	2014/2015		03/06/2015	Not Provided
45	Asset Disposal Approval	2014/2015		03/06/2015	Not Provided

Appendix 2 – Transaction \$5,000 to under \$75,000

No.	Date	M	P	A/C	PD		Description	Amount	Evidence of goods/Services Recd (Certified True & Correct)	Invoice Approved for Payment
9	05/12/2014	51	3	32601	9	PR	PROVO00005 10228B ELECTRICITY CHARGE	8,394.36		
17	27/01/2015	51	3	32601	10	PR	PROVO00005 10228C ELECTRICITY	10,775.72		
14	16/03/2015	51	55	32601	12	PR	PROVO00005 08847E ELECTRICITY CHARGES	5,538.11		
18	07/10/2014	51	55	32601	7	PR	TCUTL00001 03175 electricity planning	5,664.38	5,664.38	
2	13/05/2014	51	60	32601	2	PR	TCUTL00001 01699. UTILITY BILL OVERDUE 09/05/2014	8,299.75	8,299.75	8,299.75
3	28/02/2015	51	60	33518	11	GL	PRISON001246 & PRISON001247	7,700.00		
5	31/10/2014	51	60	33518	7	GL	Caicos Express Sept 2014 Ch#30365	5,880.00		
7	31/10/2014	51	60	33518	7	GL	Caicos Express June 2014 Ch#27273	5,020.00		
12	31/01/2015	51	60	32803	10	GL	PRISON-VIREMENT-2015/002	10,000.00		
15	28/02/2015	51	60	33518	11	GL	Caicos Express August 2014 Ch#28995	5,880.00		
11	10/05/2014	51	69	32601	2	PR	PROVO00005 10201 PAYMENT FOR APRIL,2014	12,191.83		
4	28/02/2015	51	86	32601	11	GL	AGR-VIREMENT-2014/002	8,742.00		
8	13/03/2015	51	86	33528	12	PR	SEUME00001 391 VETEINARY MEDICINE	5,824.40		

13	27/01/2015	51	100	32601	10	PR	PROVO00005 10228C ELECTRICITY	10,775.72		
1	05/01/2015	51	101	33527	10	PR	PROVC00001 01012015 CONTRIBUTION	10,000.00		
6	26/08/2014	51	101	35799	5	PR	PROVC00001 SEPTEMBER 2014 MONTHLY CONTRIBUTION	10,000.00		
10	05/12/2014	51	101	32601	9	PR	PROVO00005 07391A ELETRICITY CHARGE	7,711.55		
16	28/02/2015	51	101	32601	11	GL	SDGA-VIREMENT-2014/003	30,000.00		
								168,397.82	13,964.13	8,299.75

ISSUE #1 – PAYMENTS WERE NOT CERTIFIED

RANK: CONTROL DEFICIENCY RISK: MODERATE

Criteria

PFMO 29. (1) No payment shall be made for goods supplied, services rendered or work done, whether under a contract or not, in connection with any part of the public service, unless in addition to any other voucher or certificate that is required, the accounting officer or any other officer authorized by him or her certifies—

(a) that the goods have been supplied, the service rendered or the work performed, as the case may be, and that the price charged by the contract, is reasonable; or

(b) where payment is to be made before the delivery of the goods, rendering of the service or completion of the work, as the case may be, that the payment is in accordance with the contract.

This is evidenced by authorized officers writing on invoices ‘true and correct’ and signing.

Condition

Transaction were reviewed to ascertain whether they were certified and the results of the review are as follows:

Transaction \$5,000 up to under \$75,000:

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014-2015	13	118,530.93	1	7,563.17

Cause

- Non-compliance with PFMO 29 (1).
- A lack of training of responsible officers in the payment procedures, specifically in respect of certifying vendor invoices true and correct.
- Lack of check and balances to ensure that goods or services were obtained before payment is made.
- No review of SmartStream invoices before they are approved.
- Lack of supervision.
- Misinterpretation of Ordinances, Regulation, policies and procedures.

Effect or potential effect:

- TCIG may have paid for goods and services that were not supplied;
- TCIG may not have gotten value for money for the goods and services supplied;
- Lack of review of invoices may result in duplicate payments.
- Payments may have been made to the wrong vendor.
- Incorrect calculation on invoices may not have been captured resulting in overpayment.
- Quoted prices may be different from prices on invoices.

Recommendation

Accounting Officers must ensure that invoices are certified and signed by responsible officers. Accounting Officers must also ensure that review is carried out of all payments before they are approved.

Action Plan

Person Responsible: Accounting Officer

Estimated Completion Date:

Management Response

From the sample transactions it states that 12 out of the 13 samples were not certified. This may have been an oversight as we usually verify at the Ministry level as well as at the Treasury before payments can be made.

I will review to verify if there are any anomalies.

I would like to request an exit meeting to discuss.

ISSUE #2 – TRANSACTIONS WERE POSTED TO THE INCORRECT EXPENDITURE ACCOUNT - MIS-POSTING

RANK: CONTROL DEFICIENCY RISK: MODERATE

Criteria:

The Public Finance Regulations 2012 Section 72 (4) a public officer who approves a payment voucher or electronic documentation shall ensure that:

(e) The classification of the expenditure and any deduction are correct.

(f) There are sufficient funds uncommitted in the relevant expenditure sub-head to meet the expenditure.

Condition:

Review of the transaction revealed the following:

Transaction \$5,000 up to under \$75,000:

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014-2015	13	118,530.93	1	5,700.00

Cause:

- Non- compliance with the Public Finance Regulations 2012 Section 72 (4) E and F.
- Lack of in-house training for staff – Chart of Accounts.
- Lack of supervision.

Effect or potential effect:

Mis-posting may lead to:

- Excess expenditure.
- Misleading forecast.

Recommendation

Accounting Officers must ensure that expenditure is posted to the correct account and officer are able to recognize the appropriate classification for expenses incurred.

Action Plan

Person Responsible: Accounting Officer

Estimated Completion Date:

Management Response

The transactions in question relates to Complaints Commission staff (except of the Commissioner) salary and allowances. The salaries and allowances were being paid out of the Governor's Office vault 01-001 instead of 01-128.

We have brought this to the attention of Human Resources and the Treasury to have this rectified.

ISSUE # 3 – NO CONTRACTS

RANK: SIGNIFICANT DEFICIENCY

RISK: MODERATE

Criteria:

The Public Procurement Ordinance 2012 Section 50 states that:

- (1) An officer must ensure that a contract entered into on behalf of the government is evidenced in writing.
- (2) Except with the approval of the Governor, the initial period of a contract must not exceed five years.
- (3) The Governor must not give his or her approval except in exceptional circumstances and then only for a period not exceeding ten years.
- (4) A contract may provide for its extension for a period not exceeding five or, as the case may be, ten years.
- (5) However, any such contract must provide that any extension will only be granted if both parties agree and if any performance standards have been continuously met and that no major breaches of the terms and conditions of the contract have occurred.
- (6) Unless a contract is in a form previously approved by the Attorney General the form of a contract must be approved by the Attorney General before it is entered into.
- (7) Except with the approval of the Attorney General, an officer must not include in a contract a provision that has not previously been approved by the Attorney General for that type of contract or omit a provision from such a contract.
- (8) An officer must ensure, for payment purposes, that there is a Purchase Order in respect of a contract and, if relevant, a Cabinet Conclusion reference from the approval granted in the pre-procurement stage.
- (9) If, in respect of a contract, a department acts as agent for another department, an officer must ensure that any relevant Financial Instructions are followed.
- (10) An officer must ensure that a contract that may have an effect on government land including leased land is countersigned by the Permanent Secretary of the department that has responsibility for support services.

Condition:

Review of the transaction revealed the following:

Transaction \$5,000 up to under \$75,000:

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014-2015	13	118,530.93	3	18,564.00

Cause

- Non- compliance with the Public Procurement Ordinance 2012 Section 50 (1) - (10).
- Lack of training.
- Misinterpretation of Ordinances, Regulation, Policies and Procedures.
- Management oversight.
- Lack of risk management.
- Unclear objectives.

Effect or potential effect:

1. No contracts, or no renewal of contracts may lead to:
 - Nepotism
 - Favouritism
2. Disputes may arise that may be costly and difficult to resolve.
3. No way of measuring contract performance.
4. No value for money.
5. Cost overruns.
6. Project not meeting time budgets.

Recommendation

Accounting Officers and Responsible Officers must ensure that contracts exist where required and that they are up to date as per the Public Procurement Ordinance 2012 Section 50 (PPO).

Action Plan

Person Responsible: Accounting Officer

Estimated Completion Date:

Management Response

The transactions in question are for Governor's residence, Complaints/National Audit Building and Governor's office/residence security, contracts were provided for these.

There is no individual department contract for Utilities.

I would like to request an exit meeting to discuss the findings in order to clarify what the NAO is asking for.

Appendix 1 – Document List

No	Document Name	Year	Ordinance	Date Requested	Provided/Not Provided
1	Three Quotes for Expenditure Transactions over \$1,500 to under \$75,000	2014/2015	PPO 32 (3)	03/06/2015	Not Applicable
2	Contracts	2014/2015	PPO	03/06/2015	Some Provided
3	CFO Commitment Approvals	2014/2015	PFMR Schedule B	03/06/2015	Not applicable
4	Procurement Strategy	2014/2015	PPO 17 (b)	03/06/2015	Not applicable
5	Accounting Officers Procurement Risk Assessment	2014/2015	PPO 20	03/06/2015	Not applicable
6	Approved List or Approved List of Suppliers	2014/2015	PPO 52 (1)	03/06/2015	Not applicable
7	Framework Agreements	2014/2015	PPO 53 (1)	03/06/2015	Not applicable
8	Consultants Performance Reviews	2014/2015	PPO 54 (1)	03/06/2015	Not applicable
9	Contract Performance Reviews	2014/2015	PPO 55 (1)	03/06/2015	Not applicable
10	Incident Reports - Compliance by Contractors	2014/2015	PPO 55 (2)	03/06/2015	Not applicable

11	Responsible Officers reports to Director of Contracts on Contractors' Performance	2014/2015	PPO 55 (3)	03/06/2015	Not applicable
12	Director of Contracts and PS, Finance Approvals for Contract Extensions	2014/2015	PPO 56 (2)	03/06/2015	Not applicable
13	PS, Finance Contract Over Spend Approval	2014/2015	PPO 57 (1)	03/06/2015	Not applicable
14	Contract Over Spend Reports	2014/2015	PPO 57 (1)	03/06/2015	Not applicable
15	List of Claims arising from Contracts	2014/2015	PPO 58 (1)	03/06/2015	Not applicable
16	Director of Contracts Contract Termination Approvals	2014/2015	PPO 59 (2)	03/06/2015	Not applicable
17	PS, Finance Contract Termination Approvals	2014/2015	PPO 59 (2)	03/06/2015	Not applicable
18	List of All Obsolete or Surplus Capital Assets that were disposed /Auctioned/Tendered	2014/2015	PPO 60 (2)	03/06/2015	Not applicable
19	Accountant General's Notification of loss, stolen, abandon or destroyed capital asset	2014/2015	PPO 60 (4)	03/06/2015	Not applicable
20	Police Notification of theft or suspected unlawful intentional destruction of Capital Assets	2014/2015	PPO 60 (5)	03/06/2015	Not applicable
21	List of Government property purchased by offices	2014/2015	PPO 60 (6)	03/06/2015	Not applicable
22	List of complaints and disputes in respect of procurement	2014/2015	PPO 61	03/06/2015	Not applicable

23	List of offences and penalties levied	2014/2015	PPO 62	03/06/2015	Not applicable
24	Procurement Waivers	2014/2015	PPO	03/06/2015	Not applicable
25	Waiver of Public Procurement Ordinance 2012 List	2014/2015	PPO 21	03/06/2015	Not applicable
26	Travel Advance Registers	2014/2015	Travel Policy	03/06/2015	Not Provided
27	Travel Advance Reconciliation	2014/2015	Travel Policy	03/06/2015	Not Provided
28	Fixed (Non-Current) Asset Registers	2014/2015	Fixed Asset Policy	03/06/2015	Provided
29	Supplementary Appropriation Request Documentation	2014/2015	PFMO	03/06/2015	Not Provided
30	Travel Approval	2014/2015	Travel Policy	03/06/2015	Not Provided
31	Travel Claims	2014/2015		03/06/2015	Not Provided
32	Ministry Travel Registers	2014/2015		03/06/2015	Not Provided
33	Annual Travel Report for Senior Management	2014/2015		03/06/2015	Not Provided
34	Quote Assessments	2014/2015	PPO	03/06/2015	Not Provided
35	SmartStream Approvers Listing	2014/2015	PFMR	03/06/2015	Provided
36	Manual POs	2014/2015	PPO	03/06/2015	Not applicable
37	Virement Request Documents	2014/2015	PFMR	03/06/2015	Provided
38	Payment Authorization listing	2014/2015		03/06/2015	Not applicable
39	Expenditure Arrears listing	2014/2015		03/06/2015	Provided
40	Expenditure Arrears Invoices	2014/2015		03/06/2015	Provided

41	Assets Registers	2014/2015		03/06/2015	Not applicable
42	Loss Registers	2014/2015		03/06/2015	Not applicable
43	Statement of Losses of Public Money and Stores	2014/2015		03/06/2015	Provided
44	Asset Disposal Request	2014/2015		03/06/2015	Not applicable
45	Asset Disposal Approval	2014/2015		03/06/2015	Not applicable

Appendix 2 – Transaction \$5,000 to under \$75,000

No.	Date	M	P	A/C	PD	Description	Amount		Evidence of goods/ Services Recd (Certified True & Correct)	Invoice Approved for Payment	Contract
8	20/01/2015	1	1	32301	10	TREVB00001 5700 LEASE PAYMENT	5,700.00				
5	03/09/2014	1	1	32601	6	TCUTL00001 00480 Payment	5,099.92			5,099.92	
2	04/06/2014	1	1	32803	3	CABLE00001 950000280102 PAYMENT FOR MAY TELEPHONE BILL	7,563.17		7,563.17	7,563.17	
3	02/07/2014	1	1	33005	4	IMPER00001 201471 Payment	6,120.00			6,120.00	6,120.00
4	02/09/2014	1	1	33005	6	IMPER00001 2914 Payment	6,324.00			6,324.00	6,324.00
7	02/12/2014	1	1	33005	9	IMPER00001 21214 SECURITY SERVICES	6,120.00			6,120.00	6,120.00
1	25/04/2014	1	1	34229	1	CYNTH00001 2414 Subsistence	5,200.00				
6	30/10/2014	1	1	34230	7	PROVO00008 11647 AIRLINE - INTERNATIONAL	5,374.90			5,374.90	

						TRAVEL					
9	19/05/2014	1	126	34227	2	MARYD00001 999 Payment	7,500.00				
10	17/11/2014	1	126	34227	8	MARYD00001 171114 PAYMENT	7,500.00				
11	12/03/2015	1	128	34229	12	ANTON00014 96	5,310.00				
12	31/08/2014	1	128	34229	5	Posting to correct Budgeted code for Complaints Commission	30,513.94				
13	28/02/2015	1	128	34229	11	Emp#16473 salary from incorrect prog & a/c in periods 3-11	20,205.00				
						Total	118,530.93		7,563.17	36,601.99	18,564.00

Appendix 3– Transaction over \$75,000

Date	M	Prog.	A/C	PD	Description	Amount
21/05/2014	1	98	35819	2	INTEG00003 21514 Payment	432,688.00

	Audit Procedure	Comment
1	Confirm that the prescribed tender procedures were adequately followed. (Compliance)	N/A
2	Identify whether bids specifications was approved by the delegated officials. (occurrence)	N/A
3	Trace the Names of officials involved in the bid process to the declaration of interest documents and ensure there is not conflict of interest. (occurrence)	N/a
4	Inspect documentation to confirm that the performance of the contractor was evaluated and the performance evaluation checklist was completed. (VFM)	N/A
5	Confirm that poor performing contractors were removed from the list of potential suppliers. (VFM)	N/A

ISSUE #1 – PAYMENTS WERE NOT CERTIFIED

RANK: CONTROL DEFICIENCY RISK: MODERATE

Criteria

PFMO 29. (1) No payment shall be made for goods supplied, services rendered or work done, whether under a contract or not, in connection with any part of the public service, unless in addition to any other voucher or certificate that is required, the accounting officer or any other officer authorized by him or her certifies—

(a) that the goods have been supplied, the service rendered or the work performed, as the case may be, and that the price charged by the contract, is reasonable; or

(b) where payment is to be made before the delivery of the goods, rendering of the service or completion of the work, as the case may be, that the payment is in accordance with the contract.

This is evidenced by authorized officers writing on invoices ‘true and correct’ and signing.

Condition

Transaction were reviewed to ascertain whether they were certified and the results of the review are as follows:

Transactions \$5,000 to under \$75,000:

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014/15	3	\$22,097.42	1	\$6,097.42

Cause

- Non-compliance with PFMO 29 (1).
- A lack of training of responsible officers in the payment procedures, specifically in respect of certifying vendor invoices true and correct.
- Lack of check and balances to ensure that goods or services were obtained before payment is made.
- No review of SmartStream invoices before they are approved.
- Lack of supervision.
- Misinterpretation of Ordinances, Regulation, policies and procedures.

Effect or potential effect:

- TCIG may have paid for goods and services that were not supplied;
- TCIG may not have gotten value for money for the goods and services supplied;
- Lack of review of invoices may result in duplicate payments.
- Payments may have been made to the wrong vendor.
- Incorrect calculation on invoices may not have been captured resulting in overpayment.
- Quoted prices may be different from prices on invoices.

Recommendation

Accounting Officers must ensure that invoices are certified and signed by responsible officers. Accounting Officers must also ensure that review is carried out of all payments before they are approved.

Action Plan

Person Responsible: Accounting Officer

Estimated Completion Date:

Management Response

I do not agree with the finding because the Accounting Officer did certify the invoice by her signature, however did not use the exact wording as suggested, "certified and correct". This is not a statement specified in the PMF Regulations.

Appendices

Appendix 1 – Document List

No	Document Name	Year	Ordinance	Date Requested	Provided/Not Provided
1	Three Quotes for Expenditure Transactions over \$1,500 to under \$75,000	2014/2015	PPO 32 (3)	03/06/2015	Provided
2	Contracts	2014/2015	PPO	03/06/2015	Provided
3	CFO Commitment Approvals	2014/2015	PFMR Schedule B	03/06/2015	N/A
4	Procurement Strategy	2014/2015	PPO 17 (b)	03/06/2015	N/A
5	Accounting Officers Procurement Risk Assessment	2014/2015	PPO 20	03/06/2015	N/A
6	Approved List or Approved List of Suppliers	2014/2015	PPO 52 (1)	03/06/2015	N/A
7	Framework Agreements	2014/2015	PPO 53 (1)	03/06/2015	N/A
8	Consultants Performance Reviews	2014/2015	PPO 54 (1)	03/06/2015	N/A
9	Contract Performance Reviews	2014/2015	PPO 55 (1)	03/06/2015	N/A
10	Incident Reports - Compliance by Contractors	2014/2015	PPO 55 (2)	03/06/2015	N/A
11	Responsible Officers reports to Director of Contracts on Contractors' Performance	2014/2015	PPO 55 (3)	03/06/2015	N/A
12	Director of Contracts and PS, Finance Approvals for Contract Extensions	2014/2015	PPO 56 (2)	03/06/2015	N/A
13	PS, Finance Contract Over Spend Approval	2014/2015	PPO 57 (1)	03/06/2015	N/A
14	Contract Over Spend Reports	2014/2015	PPO 57 (1)	03/06/2015	N/A
15	List of Claims arising from Contracts	2014/2015	PPO 58 (1)	03/06/2015	N/A

16	Director of Contracts Contract Termination Approvals	2014/2015	PPO 59 (2)	03/06/2015	N/A
17	PS, Finance Contract Termination Approvals	2014/2015	PPO 59 (2)	03/06/2015	N/A
18	List of All Obsolete or Surplus Capital Assets that were disposed /Auctioned/Tendered	2014/2015	PPO 60 (2)	03/06/2015	N/A
19	Accountant General's Notification of loss, stolen, abandon or destroyed capital asset	2014/2015	PPO 60 (4)	03/06/2015	N/A
20	Police Notification of theft or suspected unlawful intentional destruction of Capital Assets	2014/2015	PPO 60 (5)	03/06/2015	N/A
21	List of Government property purchased by offices	2014/2015	PPO 60 (6)	03/06/2015	N/A
22	List of complaints and disputes in respect of procurement	2014/2015	PPO 61	03/06/2015	N/A
23	List of offences and penalties levied	2014/2015	PPO 62	03/06/2015	N/A
24	Procurement Waivers	2014/2015	PPO	03/06/2015	N/A
25	Waiver of Public Procurement Ordinance 2012 List	2014/2015	PPO 21	03/06/2015	N/A
26	Travel Advance Registers	2014/2015	Travel Policy	03/06/2015	Provided
27	Travel Advance Reconciliation	2014/2015	Travel Policy	03/06/2015	N/A
28	Fixed (Non-Current) Asset Registers	2014/2015	Fixed Asset Policy	03/06/2015	Provided
29	Supplementary Appropriation Request Documentation	2014/2015	PFMO	03/06/2015	N/A
30	Travel Approval	2014/2015	Travel Policy	03/06/2015	Provided
31	Travel Claims	2014/2015		03/06/2015	Provided
32	Ministry Travel Registers	2014/2015		03/06/2015	Provided
33	Annual Travel Report for Senior Management	2014/2015		03/06/2015	N/A
34	Quote Assessments	2014/2015	PPO	03/06/2015	N/A

35	SmartStream Approvers Listing	2014/2015	PFMR	03/06/2015	Provided
36	Manual POs	2014/2015	PPO	03/06/2015	N/A
37	Virement Request Documents	2014/2015	PFMR	03/06/2015	Provided
38	Payment Authorization listing	2014/2015		03/06/2015	N/A
39	Expenditure Arrears listing	2014/2015		03/06/2015	Provided
40	Expenditure Arrears Invoices	2014/2015		03/06/2015	N/A
41	Assets Registers	2014/2015		03/06/2015	N/A
42	Loss Registers	2014/2015		03/06/2015	N/A
43	Statement of Losses of Public Money and Stores	2014/2015		03/06/2015	N/A
44	Asset Disposal Request	2014/2015		03/06/2015	N/A
45	Asset Disposal Approval	2014/2015		03/06/2015	N/A

Appendix 2 – Transaction \$5,000 to under \$75,000

No.	Date	M	P	A/C	PD	Description	Amount	Evidence of goods/Services Recd (Certified True & Correct)	Invoice Approved for Payment
1	15/05/2014	58	113	34305	2	ANDRE00021 1811 PROFESSIONAL & CONSULTANCY CHARGES	6,097.42	6097.42	6097.42
2	23/12/2014	58	113	34305	9	001984 1314 PROFESSIONAL & CONSULTANCY CHARGES	6,000.00		
3	30/11/2014	58	113	32305	8	DPP-WIREMENT-2014/001	10,000.00		
						Total	22,097.42		

Appendix 3 – Transaction over \$75,000

Date	M	Prog	A/C	PD	Description	Amount	Min Total	Comments
31/03/2015	58	113	34305	12	Journaling Funds from 58-113-34305 to 03-009-38028 to facilitate payment legal	123,096.00	123,096.00	Journal Transfer from Min 58 to Min 3

No.	Audit procedure	Yes/No/NA
1	Confirm that the prescribed tender procedures were adequately followed. (Compliance)	NA
2	Identify whether bids specifications was approved by the delegated officials. (occurrence)	NA
3	Trace the Names of officials involved in the bid process to the declaration of interest documents and ensure there is not conflict of interest. (occurrence)	NA
4	Inspect documentation to confirm that the performance of the contractor was evaluated and the performance evaluation checklist was completed. (VFM)	NA
5	Confirm that poor performing contractors were removed from the list of potential suppliers. (VFM)	NA

Government Support Services

ISSUE #1 – PAYMENTS WERE NOT CERTIFIED

RANK: CONTROL DEFICIENCY RISK: MODERATE

Criteria

PFMO 29. (1) No payment shall be made for goods supplied, services rendered or work done, whether under a contract or not, in connection with any part of the public service, unless in addition to any other voucher or certificate that is required, the accounting officer or any other officer authorized by him or her certifies—

(a) that the goods have been supplied, the service rendered or the work performed, as the case may be, and that the price charged by the contract, is reasonable; or

(b) where payment is to be made before the delivery of the goods, rendering of the service or completion of the work, as the case may be, that the payment is in accordance with the contract.

This is evidenced by authorized officers writing on invoices 'true and correct' and signing.

Condition

Transaction were reviewed to ascertain whether they were certified and the results of the review are as follows:

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014/15	95	\$1,291,574.47	10	\$124,687.71

The Transaction numbers below of Appendix 2 revealed that the Invoices were altered and initialled by a Public Servant and not the Vendor. These transactions are included in the exceptions above.

Transaction #	Vendor	Amount
23	Smith Co. Ltd.	\$19,862.85
37	Smith Co. Ltd.	\$17,681.75
62	Smith Co. Ltd.	\$20,001.99
82	Smith Co. Ltd.	\$15,520.17
93	Smith Co. Ltd.	\$16,925.34

	Total	\$89,992.10
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Cause

- Non-compliance with PFMO 29 (1).
- A lack of training of responsible officers in the payment procedures, specifically in respect of certifying vendor invoices true and correct.
- Lack of check and balances to ensure that goods or services were obtained before payment is made.
- No review of SmartStream invoices before they are approved.
- Lack of supervision.
- Misinterpretation of Ordinances, Regulation, policies and procedures.

Effect or potential effect:

- TCIG may have paid for goods and services that were not supplied;
- TCIG may not have gotten value for money for the goods and services supplied;
- Lack of review of invoices may result in duplicate payments.
- Payments may have been made to the wrong vendor.
- Incorrect calculation on invoices may not have been captured resulting in overpayment.
- Quoted prices may be different from prices on invoices.

Recommendation

Accounting Officers must ensure that invoices are certified and signed by responsible officers. Accounting Officers must also ensure that review is carried out of all payments before they are approved. Accounting officers should ensure that Invoices are in keeping with the contract, and if not, they should communicate with the Vendor to supply them with the correct invoice.

Action Plan

Person Responsible: Accounting Officer

Estimated Completion Date: Immediate and ongoing

Management Response

I must state at the onset that I took responsibility as Permanent Secretary and Accounting Officer in the Ministry of Infrastructure, Housing and Planning in April 2015. It must also be noted that there are departments that are under examination in this Audit Review that were not transferred to this Ministry so that the remedial action that I am taking/ propose to take in response to the findings of this Audit Report would not extend to these departments since they are not under my purview.

This statement is made so that you would understand that I am basing my responses to this Audit

Report, not on my own personal and intimate knowledge of the situation, but on my investigation of the issues and on the information that I have given by Officers who are knowledgeable and aware of the issues as presented by the Audit Department.

HODs and other responsible Officers as well as the Ministry believed that once an invoice was reviewed, certified true and correct and signed by the HOD, that this was sufficient evidence of approval for payment.

HODs and other data entry employees have been now informed that all invoices are to be 'certified as true and correct' as well as 'approved for payment' and signed. This has been communicated by emails, in one-on-one discussions, group discussions and will be reinforced at Executive meetings and by other correspondence throughout the financial year.

Only two invoices of the 95 invoices that were included in the sample showed no evidence of review and certification. Item 26 for payment to Fortis was processed by the Treasury and not sent to the Ministry for certification. Item 49 for payment to Spence Security of \$6,506.20 was not certified.

As stated in the Audit Report, invoices # 23, 37, 62, 82, and 93 were altered and initialled by a Public Servant and not the Vendor. This is very regrettable and definitely unacceptable. The invoices should have been returned to the vendor for review and correction. Please note that department is not with this Ministry and no remedial action can be taken by me in regards to this issue, however, it would be used as a learning experience for other HoDs and employees.

We will continue our efforts to have 100% compliance and ensure that no defective payments are made by the Ministry. In July 2015 we invited the CFO, Chief Internal Auditor and the DG to address HODs and other responsible Officers on controls and the general application of the PPO and PRMR. Such contact and training opportunities will continue to be offered.

ISSUE #2 – VENDOR INVOICE NOT APPROVED FOR PAYMENT

RANK: CONTROL DEFICIENCY RISK: LOW

Criteria

PFMR 72. (1) All disbursements of public moneys shall be properly vouched on payment vouchers or electronic documentation approved by the Accountant General.

(2) An Accounting Officer may designate in writing and by name, specific persons who have the authority to approve payment vouchers or approved electronic documentation on his or her behalf, and prescribe the financial limits and other conditions within which the authority may be exercised.

(3) The Accountant General and the Auditor General shall be—

(a) advised of the names of the public officers so designated and the financial limits within which they may exercise their authority,

(b) provided with the specimen signatures of those public officers; and

(c) advised when the authority of any public officer to sign payment vouchers or an electronic documentation is withdrawn.

(4) A public officer who approves a payment voucher or electronic documentation shall ensure that:-

(a) the services specified in the payment voucher or electronic documentation have been duly and competently performed;

(b) the prices charged are either according to contracts or approved scales or are fair and reasonable according to local rates;

(c) authority has been obtained as quoted;

(d) the calculations and castings have been verified and are arithmetically correct;

(e) the classification of the expenditure and any deduction are correct;

(f) there are sufficient funds uncommitted in the relevant expenditure sub-head to meet the expenditure;

(g) the persons named in the voucher are those entitled to receive payment; and

(h) any supplies purchased have been taken on charge or issued for immediate use.

(5) Where a deduction is due from the amount payable in a contract in respect of any tax, withholding moneys, penalties or fines, only the net sum shall be paid.

(6) A public officer who signed an incorrect certificate in consequence of an unauthorized or irregular payment shall be required to explain the circumstances, and if found to have been negligent may be subject to disciplinary action in accordance with Part VIII of the Ordinance.

Condition

Transaction were reviewed to ascertain whether:

- Vendor invoices were approved for payments.
- Persons who approved vendor invoices were authorized to approve payments.

The results of the review are as follows:

Transactions \$5,000 to under \$75,000:

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014/15	95	\$1,291,574.47	28	\$460,521.34

Transactions \$75,000 and over:

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014/15	1	146,250	1	146,250

Cause

- Non-compliance with PFMR 72.
- Lack of in-house training for staff members with a concentration in the approval process
- Lack of check and balances.
- Lack of review of invoices by SmartStream approvers
- Lack of supervision.
- Misinterpretation of Ordinances, Regulation, policies and procedures.

Effect or potential effect:

Weak authorization and approval controls may lead to:

- Duplicate payments,
- Excess expenditure due to overpayments of vendors,
- Related party transactions

- The possibility of persons approving payments beyond their limits.
- The potential misuse or abuse of funds.
- Employee fraud.

Recommendation

Accounting Officers and other authorized personnel should adhere to section 72(2) of the Public Finance Management Regulation (PFMR). Furthermore, Accounting Officers should ensure that adequate controls are in place within the approval process.

Action Plan

Person Responsible: Accounting Officer

Estimated Completion Date: Immediate and ongoing

Management Response

There seems to have been a misinterpretation / mis-understanding of the regulation as it relates to the approval of invoices by the Ministry. The Ministry's interpretation was that once an invoice was reviewed, certified true and correct and signed by the HOD, that this was sufficient evidence of approval for payment. Of the 29 exceptions identified, 27 were certified and signed by the HOD. Two invoices item 26 and 29 of Appendix 2 had no evidence of review and approval (see response for issue #1 above).

HODs and other responsible Officers have been informed of the requirement for invoices to be certified as true and correct as well as be approved for payment and signed. This has been conveyed through emails and reinforced at Executive Meetings and other correspondence and will continue to be done throughout the financial year.

ISSUE # 3 – NO CONTRACTS

RANK: SIGNIFICANT DEFICIENCY

RISK: HIGH

Criteria:

The Public Procurement Ordinance 2012 Section 50 states that:

- (1) An officer must ensure that a contract entered into on behalf of the government is evidenced in writing.
- (2) Except with the approval of the Governor, the initial period of a contract must not exceed five years.
- (3) The Governor must not give his or her approval except in exceptional circumstances and then only for a period not exceeding ten years.
- (4) A contract may provide for its extension for a period not exceeding five or, as the case may be, ten years.
- (5) However, any such contract must provide that any extension will only be granted if both parties agree and if any performance standards have been continuously met and that no major breaches of the terms and conditions of the contract have occurred.
- (6) Unless a contract is in a form previously approved by the Attorney General the form of a contract must be approved by the Attorney General before it is entered into.
- (7) Except with the approval of the Attorney General, an officer must not include in a contract a provision that has not previously been approved by the Attorney General for that type of contract or omit a provision from such a contract.
- (8) An officer must ensure, for payment purposes, that there is a Purchase Order in respect of a contract and, if relevant, a Cabinet Conclusion reference from the approval granted in the pre-procurement stage.
- (9) If, in respect of a contract, a department acts as agent for another department, an officer must ensure that any relevant Financial Instructions are followed.
- (10) An officer must ensure that a contract that may have an effect on government land including leased land is countersigned by the Permanent Secretary of the department that has responsibility for support services.

Condition:

Review of the transaction revealed the following:

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
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2014/15	95	\$1,291,574.47	45	\$557,437.89
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34 of the exceptions above are Leases.

Cause

- Non- compliance with the Public Procurement Ordinance 2012 Section 50 (1) - (10).
- Lack of training.
- Misinterpretation of Ordinances, Regulation, Policies and Procedures.
- Management oversight.
- Lack of risk management.
- Unclear objectives.

Effect or potential effect:

1. No contracts, or no renewal of contracts may lead to:
 - Nepotism
 - Favouritism
2. Disputes may arise that may be costly and difficult to resolve.
3. No way of measuring contract performance.
4. No value for money.
5. Cost overruns.
6. Project not meeting time budgets.

Recommendation

Accounting Officers and Responsible Officers must ensure that contracts exist where required and that they are up to date as per the Public Procurement Ordinance 2012 Section 50 (PPO).

Action Plan

Person Responsible: Accounting Officer

Estimated Completion Date: All leases to be put in place by end of Financial Year.

Management Response

Most of these exceptions relate to the rental of properties. We agree that this situation is not acceptable. Several measures have been put in place to rectify this issue of the absence of lease agreement for rental properties which include:

1. Hiring additional staff to assist with the preparation of conditional surveys on these properties.
2. Perform a valuation of these properties to determine an acceptable rental value
3. Preparation of Cabinet Papers to get the relevant approvals
4. Following up with the AG Chambers to ensure that outstanding lease agreements are completed in a timely manner.

We expect that the entire process to regularize these lease agreement will be completed by the end of the current financial year.

Eight exceptions related to the absence of a contract for the purchase of fuel by CPU were identified. This situation was the result of the non-finalization of contracts during the 2014/15 financial year. A Business Case was prepared and signed by the CFO; and tenders were requested for the supply of fuel and contractors were awarded the bid. Fuel was issued to TCIG with the understanding that the contracts were been completed and readied for signing. One supplier had questions about the contract and this matter was referred to the Director of Contracts who, in turn, sought the advice of the AG Chambers. The matter was never resolved and therefore no contracts were finalized for the period 2014/2015. It is worth noting that the same contractors were awarded the contract in 2013/14 and the contract was completed during that year. Tenders to award new contracts have been requested and are due by October 15 2015.

Two contracts for services procured by PWD Maintenance Department could not be found. All attempts were made to find these contracts, but to no avail. Improvements have now been made to the system of storing these contracts and a staff member has been assigned to maintain contracts, including an up to date contract register.

Emergency work was performed by Olympic Construction Ltd to relocate the Post Office in Providenciales, during the labour dispute in June 2014. No contract was entered into for this arrangement.

ISSUE #4 - PAYMENTS MADE WITHOUT OBTAINING THE REQUISITE QUOTES

RANK: SIGNIFICANT DEFICIENCY

RISK: MODERATE

Criteria

Public Procurement Ordinance 2012

32. (1) this section applies if the estimated value of a proposed contract is more than \$5000 but less than \$75,000.

(2) If an appropriate framework agreement or approved list is in place, an officer must use it as an alternative to the rules set out in this section.

(3) An officer must obtain at least three written quotations.

(4) The officer must retain on file full details of each quotation, including the supplier approached, the contact person and the quotation details.

(5) The officer must ensure that procurement is formalized by issuing a purchase order that details the exact nature of the goods or services purchased and the agreed price.

(6) Exceptionally, if an officer is of the opinion that it is not reasonably practicable to obtain competitive or sufficient competitive quotations as required under this section, the officer must follow the procedure for obtaining a waiver set out in section 21.

Best practices require organizations to obtain quotes to:

- Ensure that the procurement activities are fair and competitive.
- Achieve value for money.
- Ensure purchasing activities are publicly definable.

Single Source Procurement

PPO 38 (1) Single source procurement must not be used unless—

(a) in the case of procurement that is estimate to have a value of \$5,000 or more, the procurement is approved by the Procurement Board; or

(b) in the case of a procurement that estimated to have a value of less than \$10,000, an officer has determined that there is only one source for the supply of the goods, services or construction and the procurement is approved by the Board.

(2) In these circumstances the Board or an officer may, without competition, negotiate and award a contract for the procurement of the goods, services or construction.

(3) The Director of Contracts is to be notified when action under this section is contemplated.

(4) The Director must—

(a) make a record of the basis of the Board's or officer's determination that there was only one source of supply; and

(b) file a copy of the contract in the procurement's document file.

Condition

Quotes were not provided for the following transactions:

Transactions \$5,000 to under \$75,000:

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014/15	95	\$1,291,574.47	2	\$53,029.33

Transactions \$75,000 and over:

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014/15	1	146,250	1	146,250

Cause

- Non –compliance with the PPO 2012 section 32 and best practice.
- Lack of training in the purchasing process.
- Management oversight.
- Misinterpretation of Ordinances, Regulation, Policies and Procedures.
- Inadequate assessment of needs.

Effect or potential effect:

1. Value for money may not have been obtained for goods purchased or services rendered.
2. Inferior product or service may have been provided.
3. Lack of quotations also reduces the level of competition thereby increasing the price TCIG would pay for the products and services offers.

Recommendation

Accounting Officers should ensure that quotes are obtained for good and services.

Action Plan

Person Responsible: Accounting Officer

Estimated Completion Date: Immediate and ongoing

Management Response

HODs and other responsible officers have been provided with a copy of the PPO including the procurement guidelines and the requirement for these regulations to be followed at all times; this was reinforced at Executive Meetings and other correspondence throughout the financial year.

Three quotes were not requested for the emergency services provided by Island Drilling at a cost of \$146,250 as a result of Tropical Storm Cristobal in August 2014. The department felt that Island Drilling was the most accessible and complete supplier based on the wide range of services required.

Three quotes were not requested for the supply and installation of carpet tiles by Olympic Construction Ltd (item 39) and the supply and installation of audio visual pa system by H&H Construction Network Electrical (item 52). These are specialist services and Olympic Construction and H&H Construction are the only local contractors.

The Ministry agrees that these are not justifiable reasons for not seeking three quotations and adhering to the PPO. Going forward the Ministry will ensure that these Ordinances are followed. We have begun to put measures in place to address these deficiencies:

1. Contact time with Internal Audit and Integrity Commission. These sessions have begun.
2. Contact time and training with Director of Contracts later this month (October).
3. Continuous reminders through emails, individual discussions and Executive Board meetings.
4. Finance Manager to flag all payments over \$1,500.00 on a weekly basis and to liaise with the particular department to ensure that they have three quotes or any other necessary documentation that may be required before payments are approved.

ISSUE #5 - PAYMENTS MADE WITHOUT OBTAINING THE CHIEF FINANCIAL OFFICER'S APPROVAL

RANK: SIGNIFICANT DEFICIENCY

RISK: MODERATE

Criteria

PFMR Schedule B (5) Pursuant to section 4(4)(h) of the Ordinance, Accounting Officers shall ensure that the Chief Financial Officer is consulted on all recurrent and non-recurrent expenditure, promissory notes, or other financial commitments over the value of \$10,000 and obtain his or her approval in writing in advance of any commitment being incurred by the Government..

Condition

The results of the review are as follows:

Transactions \$5,000 and under \$75,000:

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014/15	95	\$1,291,574.47	13	\$243,063.74

Transactions \$75,000 and over:

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014/15	1	146,250	1	146,250

Cause

- Non –compliance with the PFMR Section B (5).
- Lack of training.
- Management oversight.
- Misinterpretation of Ordinances, Regulation, Policies and Procedures.
- Weak approval Controls.

Effect or potential effect:

1. Reputational Risk
2. Unauthorized payments
3. Unwanted financial obligations

4. Funds diversions
5. Misappropriation

Recommendation

Accounting Officers should ensure that CFO approval is obtain before committing any expenditure over \$10,000 as per PFMR Section B (5).

Action Plan

Person Responsible: Accounting Officer

Estimated Completion Date: Immediate and ongoing

Management Response

HODs and other responsible officers have been provided with copies of the PPO and PFMR including section B (5) of the PFMR which require officers to ensure that CFO approvals is obtained before committing any expenditure over \$10,000. Officers have been instructed to follow these regulations at all times. This was reinforced at Executive meetings and other correspondence throughout the financial year.

The Business Cases for 5 recurrent contract payments identified in the exceptions could not be found up to the time of this response. We will continue our efforts to find these. However, improvements have been made to the filing system to maintain these records and the Senior Administrative Officer has been assigned to maintain a copy of each Business Case for financial and other purposes.

No CFO approval was obtained for 6 exceptions related to the payments made in the renovation of the Former Chief Minister's Office and this is regrettable. The project was done under extreme time constraints at the end of the 2014/15 financial year. Excess funds, under the Rental of Buildings account, that would have been lost at the end of the Financial Year, were transferred by Virement to the Reinstatement account, making the money available to be used in this renovation project. Due to the tight deadline to have all payments processed before the closure of Smart Stream, the CFO approval was overlooked. When this beach of the Ordinance was realized, it was too late to request the CFO's approval.

No CFO approval was requested for the emergency services provided by Island Drilling at a cost of \$146,250 as a result of Tropical Storm Cristobal in August 2014. Cabinet gave approval for this cost and a supplementary appropriation bill was passed to return these funds to the PWD Maintenance Department under the Maintenance of Roads and Drains account.

The Ministry will continue its efforts at training, sensitization through one-on-one sessions, group sessions, emails and constant scrutiny of all documentation.

A better approach to filing and retrieval of files and documentation have been discussed and addressed and will continue to be assessed and improved.

Appendices

Appendix 1 – Document List

No	Document Name	Year	Ordinance	Date Requested	Provided/Not Provided
1	Three Quotes for Expenditure Transactions over \$1,500 to under \$75,000	2014/2015	PPO 32 (3)	03/06/2015	Quotes were attached to payment
2	Contracts	2014/2015	PPO	03/06/2015	Provided
3	CFO Commitment Approvals	2014/2015	PFMR Schedule B	03/06/2015	Provided
4	Procurement Strategy	2014/2015	PPO 17 (b)	03/06/2015	Provided
5	Accounting Officers Procurement Risk Assessment	2014/2015	PPO 20	03/06/2015	Not Provided
6	Approved List or Approved List of Suppliers	2014/2015	PPO 52 (1)	03/06/2015	Provided
7	Framework Agreements	2014/2015	PPO 53 (1)	03/06/2015	Not Provided
8	Consultants Performance Reviews	2014/2015	PPO 54 (1)	03/06/2015	N/A
9	Contract Performance Reviews	2014/2015	PPO 55 (1)	03/06/2015	Provided
10	Incident Reports - Compliance by Contractors	2014/2015	PPO 55 (2)	03/06/2015	N/A
11	Responsible Officers reports to Director of Contracts on Contractors' Performance	2014/2015	PPO 55 (3)	03/06/2015	Provided
12	Director of Contracts and PS, Finance Approvals for Contract Extensions	2014/2015	PPO 56 (2)	03/06/2015	N/A
13	PS, Finance Contract Over Spend Approval	2014/2015	PPO 57 (1)	03/06/2015	N/A
14	Contract Over Spend Reports	2014/2015	PPO 57 (1)	03/06/2015	N/A
15	List of Claims arising from Contracts	2014/2015	PPO 58 (1)	03/06/2015	N/A
16	Director of Contracts Contract Termination Approvals	2014/2015	PPO 59 (2)	03/06/2015	N/A

17	PS, Finance Contract Termination Approvals	2014/2015	PPO 59 (2)	03/06/2015	N/A
18	List of All Obsolete or Surplus Capital Assets that were disposed /Auctioned/Tendered	2014/2015	PPO 60 (2)	03/06/2015	N/A
19	Accountant General's Notification of loss, stolen, abandon or destroyed capital asset	2014/2015	PPO 60 (4)	03/06/2015	Not Provided
20	Police Notification of theft or suspected unlawful intentional destruction of Capital Assets	2014/2015	PPO 60 (5)	03/06/2015	Not Provided
21	List of Government property purchased by offices	2014/2015	PPO 60 (6)	03/06/2015	N/A
22	List of complaints and disputes in respect of procurement	2014/2015	PPO 61	03/06/2015	N/A
23	List of offences and penalties levied	2014/2015	PPO 62	03/06/2015	N/A
24	Procurement Waivers	2014/2015	PPO	03/06/2015	N/A
25	Waiver of Public Procurement Ordinance 2012 List	2014/2015	PPO 21	03/06/2015	N/A
26	Travel Advance Registers	2014/2015	Travel Policy	03/06/2015	Provided
27	Travel Advance Reconciliation	2014/2015	Travel Policy	03/06/2015	Provided
28	Fixed (Non-Current) Asset Registers	2014/2015	Fixed Asset Policy	03/06/2015	Provided
29	Supplementary Appropriation Request Documentation	2014/2015	PFMO	03/06/2015	Provided
30	Travel Approval	2014/2015	Travel Policy	03/06/2015	Provided
31	Travel Claims	2014/2015		03/06/2015	Provided
32	Ministry Travel Registers	2014/2015		03/06/2015	Provided
33	Annual Travel Report for Senior Management	2014/2015		03/06/2015	Provided
34	Quote Assessments	2014/2015	PPO	03/06/2015	Not Provided
35	SmartStream Approvers Listing	2014/2015	PFMR	03/06/2015	Provided

36	Manual POs	2014/2015	PPO	03/06/2015	N/A
37	Virement Request Documents	2014/2015	PFMR	03/06/2015	Provided
38	Payment Authorization listing	2014/2015		03/06/2015	Not Provided
39	Expenditure Arrears listing	2014/2015		03/06/2015	Provided
40	Expenditure Arrears Invoices	2014/2015		03/06/2015	Not Provided
41	Assets Registers	2014/2015		03/06/2015	Provided
42	Loss Registers	2014/2015		03/06/2015	Provided
43	Statement of Losses of Public Money and Stores	2014/2015		03/06/2015	Provided
44	Asset Disposal Request	2014/2015		03/06/2015	N/A
45	Asset Disposal Approval	2014/2015		03/06/2015	N/A

Appendix 2 – Transaction \$5,000 to under \$75,000

No.	Date	M	P	A/C	PD	Description	Amount	Evidence of goods/Services Recd (Certified True & Correct)	Invoice Approved for Payment	three Quotes	CFO approved \$10k	Contract
1	11/03/2015	52	56	33749	12	JOHNC00001 11032015 electrical works	14,048.81				14,048.81	
2	17/09/2014	52	82	33704	6	INTEI00002 CRT2	24,667.77				24,667.77	
3	23/10/2014	52	56	34002	7	CENTR00004 24 rental of building	9,740.00					9,740.00
4	01/12/2014	52	56	34002	9	FRANK00003 14D RENTAL OF BUILDING	5,140.00					5,140.00
5	28/05/2014	52	56	34002	2	KHCAP00001 28514 RENTAL OF BUILDING	11,031.19					11,031.19
6	26/06/2014	52	56	34002	3	NINSB00001 19 RENTAL OF BUILDING	10,666.67					10,666.67
7	16/01/2015	52	82	33716	10	TCUTL00001 06858 Being payment for services rendered	23,880.00					

8	13/05/2014	52	56	34002	2	MARYM00001 16B rental of building	18,927.63					18,927.63
9	05/03/2015	52	56	32601	12	PROVO00005 15814	11,000.00					
10	23/10/2014	52	56	34002	7	HUGHM00001 221014 rental of building	14,800.00					14,800.00
11	20/08/2014	52	110	32601	5	PROVO00005 3018880	6,888.68	6,888.68	6,888.68			
12	02/09/2014	52	82	33704	6	LINDL00001 PWD 14/13 Being payment for Summer works	8,387.77					
13	06/05/2014	52	77	32601	2	TCUTL00001 02005 UTILITY BILLS OVERDUE	9,040.85					
14	11/03/2015	52	56	33749	12	LESLI00001 11032015 ETERIOR PAINTING/MARBLECRETE	11,124.00				11,124.00	
15	25/02/2015	52	48	35706	11	DEPTO00001 615110000760 CONTRIBUTION TO UPU	7,600.00					
16	18/11/2014	52	82	33705	8	LINDL00001 CRT1	8,997.34					8,997.34
17	16/09/2014	52	82	33704	6	RRCON00001 PWD 14/19M Being payment for summer works at	7,900.20					
18	27/01/2015	52	56	34002	10	SAMUE00004 12 RENTAL OF BUILDING	19,670.40					19,670.40
19	25/02/2015	52	56	34002	11	EMILY00011 00001 RENT & SECURITY	22,800.00					
20	03/09/2014	52	82	33716	6	TCUTL00001 06858 Being payment for services	35,820.00					
21	20/12/2014	52	56	34002	9	STURR00001 18122014-0 DEMONIZATION OF NOOKIE HILL	11,000.00					

22	23/02/2015	52	56	34002	11	CARLO00005 21 RENTAL OF BUILDING	11,568.70					11,568.70
23	27/11/2014	52	94	33508	8	SMITH00009 OCTOBER 2014 FUEL CHARGES - OCTOBER 2014	19,862.85	\$19,862.85	19,862.85			19,862.85
24	15/12/2014	52	82	33713	9	EVEQU00001 CRT1B	6,506.21					
25	21/01/2015	52	82	33707	10	UNLIM00002 PWD13/48 Being payment for construction of R	10,759.60					
26	14/05/2014	52	82	33716	2	PROVO00005 15796 UTILITY BILL OVERDUE 14/04/2014	6,230.65	6,230.65	6,230.65			
27	23/02/2015	52	56	34002	11	FRANK00003 15D RENTAL OF BUILDING	5,150.00					5,150.00
28	04/06/2014	52	56	32803	3	CABLE00001 950000280802 PAYMENT FOR MAY TELEPHONE BILL	11,520.46					
29	27/01/2015	52	56	34002	10	FRANK00003 14C RENTAL OF BUILDING	5,850.00					5,850.00
30	28/05/2014	52	56	34002	2	FRANK00003 13C	5,850.00					5,850.00
31	17/09/2014	52	82	33704	6	UNLIM00002 CRT1	7,896.05					
32	23/09/2014	52	56	34002	6	THEBE00001 34 RENTAL OF BUILDING	8,500.00					8,500.00
33	16/02/2015	52	56	33749	11	OLYMP00003 1310A INSTALLATION AND DEMOLISATION	11,292.00		11,292.00		11,292.00	
34	18/06/2014	52	8	35707	3	CARIB00017 CONT/01/13 CONTRIBUTIONS	8,544.83					
35	23/02/2015	52	56	34002	11	BUTTE00001 15 RENTAL OF BUILDING	44,233.30					

36	02/02/2015	52	115	33101	11	RADIO00009 TUCG52867 MAINTENANCE	5,430.00					
37	07/07/2014	52	94	33508	4	SMITH00009 MARCH 2014 FUEL CHARGES MARCH 2014	17,681.75	\$17,681.75	17,681.75			17,681.75
38	27/01/2015	52	56	34002	10	FRANK00003 14C RENTAL OF BUILDING	12,000.00					12,000.00
39	16/03/2015	52	56	33749	12	OLYMP00003 1321A supply and install carpet tiles	35,729.33		35,729.33	35,729.33	35,729.33	
40	26/11/2014	52	56	33749	8	OLYMP00003 1133A	26,548.36		26,548.36		26,548.36	26,548.36
41	10/12/2014	52	56	34002	9	KHCAP00001 91214 RENTAL OF BUILDING	6,936.68					6,936.68
42	03/03/2015	52	82	33708	12	RRCON00001 CRT#2	5,356.33					
43	27/01/2015	52	56	34002	10	ARLIN00002 40 RENTAL OF BUILDING	15,000.00					15,000.00
44	16/09/2014	52	82	33704	6	RRCON00001 PWD14/18M Being payment for summer works at	7,875.00					
45	26/01/2015	52	56	34002	10	SPENC00001 1204 SECURITY SERVICES	8,304.53					
46	27/01/2015	52	56	34002	10	KHCAP00001 22115 RENTAL OF BUILDING	6,936.68					6,936.68
47	27/01/2015	52	56	34002	10	CARLO00005 21 RENTAL OF BUILDING	11,468.70					11,468.70
48	07/10/2014	52	82	33713	7	A&JTR00001 25082014 RENTAL AND HIRE OF HEAVY EQUIPMENT	6,300.00		6,300.00			
49	07/05/2014	52	56	33005	2	SPENC00001 232412 SECURITY SERVICES	6,506.20	6,506.20	6,506.20			

50	31/03/2015	52	94	38021	12	To Reverse Payment made to CPU for supplies.	5,395.00					
51	23/02/2015	52	56	34002	11	MARYM00001 16B RENTAL OF BUILDING	18,927.63					18,927.63
52	13/03/2015	52	56	33749	12	HOWAR00001 102 PA SYSTEMS	17,300.00		17,300.00	17,300.00	17,300.00	
53	23/09/2014	52	56	34002	6	FRANK00003 14C RENTAL OF BUILDING	5,850.00					5,850.00
54	23/02/2015	52	56	34002	11	ROMGR00001 9 RENTAL OF BUILDING	6,400.00					6,400.00
55	07/05/2014	52	56	34002	2	BUTTE00001 14 RENTAL OF BUILDING	42,735.10					
56	26/01/2015	52	94	33508	10	DURHA00002 DECEMBER 2014 FUEL CHARGES DECEMBER 2014	14,129.48		14,129.48		14129.48	14,129.48
57	21/11/2014	52	82	33707	8	PETER00006 PWD 1404W Being payment for extension works a	8,664.84					
58	05/03/2015	52	56	33749	12	NORMA00001 04032015 REMOVAL AND INSTALLATION	7,081.80					
59	14/05/2014	52	44	32601	2	PROVO00005 01967 UTILITY BILL OVERDUE 14/04/2014	11,304.00					
60	11/06/2014	52	94	33508	3	DURHA00002 MAY 2014 FUEL CHARGES MAY 2014	10,565.44		10,565.44		10565.44	10,565.44
61	15/11/2014	52	44	33799	8	SABER00001 1220547 2" Ceramic Plungers	27,890.00		27,890.00			
62	06/10/2014	52	94	33508	7	SMITH00009 AUGUST 2014 FUEL CHARGES	20,001.99	\$20,001.99	20,001.99			20,001.99

						AUGUST 2014						
63	10/03/2015	52	56	32601	12	PROVO00005 .15814	11,000.00	11,000.00	11,000.00			
64	09/05/2014	52	56	34002	2	KHCAPO00001 7514 RENTAL OF BUILDING	6,936.68					6,936.68
65	11/03/2015	52	56	33749	12	NORMA000001 11032015 REMOVAL AND INSTALLATION DOORS	11,732.25				11,732.25	
66	21/11/2014	52	82	33713	8	RRCON00001 PWD14/33M Being payment for reinforced concr	15,679.90				15,679.90	
67	26/01/2015	52	56	34002	10	SPENC000001 1138 SECURITY SERVICES	11,242.13		11,242.13			
68	02/09/2014	52	82	33704	6	UNLIM000002 CRT1	8,615.43					
69	23/10/2014	52	56	34002	7	KHCAPO00001 39 RENTAL OF BUILDING	11,063.00					11,063.00
70	11/12/2014	52	56	34002	9	KHCAPO00001 7305 RENTAL OF BUILDING	14,360.00					14,360.00
71	01/12/2014	52	56	34002	9	NINSB000001 19	10,666.67					10,666.67
72	23/10/2014	52	56	34002	7	CARLO000005 21 rental of building	11,468.70					11,468.70
73	01/12/2014	52	56	34002	9	SAMUE000004 12 RENTAL O BUILDING	19,670.40					19,670.40
74	26/06/2014	52	56	34002	3	CARLO000005 21 RENTAL OF BUILDING	11,468.70					11,468.70
75	10/02/2015	52	82	33713	11	STURR000001 PWD14/34M Being payment for road works	6,356.00					
76	07/05/2014	52	56	34002	2	FRANK000003 13C RENTAL OF BUILDING	5,850.00					5,850.00

77	14/07/2014	52	56	32601	4	PROVO00005 3013902	30,318.75		30,318.75			
78	27/01/2015	52	56	34002	10	THEBE00001 34 RENTAL OF BUILDING	8,500.00					8,500.00
79	08/12/2014	52	56	33005	9	SPENC00001 233286 SECURITY SERVICES	8,960.77		8,960.77			
80	10/03/2015	52	82	33713	12	OTISC00002 PWD1428M. Being payment for road works	6,525.00					
81	02/03/2015	52	44	32601	12	TCUTL00001 05104 Being payment for services rendered	22,000.00		22,000.00			
82	02/07/2014	52	94	33508	4	SMITH00009 APRIL 2014 FUEL CHARGES APRIL 2014	15,520.17	\$15,520.17	15,520.17			15,520.17
83	28/05/2014	52	56	34002	2	MARYM00001 16B RENTAL OF BUILDING	18,927.63					18,927.63
84	28/05/2014	52	56	34002	2	WATER00006 17 RENTAL OF BUILDING	27,116.00					27,116.00
85	11/02/2015	52	56	33749	11	OLYMP00003 1305A materials and labour	7,417.92		7,417.92			
86	27/10/2014	52	56	33749	7	OLYMP00003 07914 SERVICES RENDERED	12,974.40		12,974.40		12,974.40	
87	29/01/2015	52	56	34002	10	KHCAP00001 7487 RENTAL OF BUILDING	14,360.00					14,360.00
88	19/12/2014	52	82	33716	9	PROVO00005 15790 Being payment for street light	9,682.40		9,682.40			
89	03/02/2015	52	82	33713	11	COAST00003 2015010019 NATL PAVING PERMA-PATCH	37,272.00	37,272.00	37,272.00		37,272.00	

90	29/09/2014	52	94	33508	6	FERRG00001 SEPTEMBER 2014 FUEL CHARGES FOR SEPTEMBER 2014	6,934.41		6,934.41			6,934.41
91	10/12/2014	52	56	34002	9	FRANK00003 14CA RENTAL OF BUILDING	12,000.00					12,000.00
92	27/08/2014	52	56	34002	5	CARLO00005 21 RENTAL OF BUILDING	11,468.70					11,468.70
93	27/08/2014	52	94	33508	5	SMITH00009 JULY 2014 FUEL CHARGE - JULY 2014	16,925.34	\$16,925.34	16,925.34			16,925.34
94	13/08/2014	52	82	33716	5	PROVO00005 5078947 UTILITY BILL	37,346.32		37,346.32			
95	13/01/2015	52	82	33745	10	KINGS00002 001 CLEANING OF STREET	6,000.00		6,000.00			6000.00
							1,291,574.47					

Appendix 3 – Transaction over \$75,000

Date	M	Prog	Acc	PD	Description	Amount	Tender Required	Invoice Approved for Payment	Three Quotes	CFO approved \$10k
07/10/2014	52	82	33713	7	IDRIL00001 1398 MISCELLANEOUS	146,250.00	Yes	146,250.00	146,250.00	146,250.00
					Total			146,250.00	146,250.00	146,250.00
					Total No.			1	1	

No.	Audit procedure	Yes/NO/NA	Comments
1	Confirm that the prescribed tender procedures were adequately followed. (Compliance)	No	Not Tendered
2	Identify whether bids specifications was approved by the delegated officials. (occurrence)	N/A	
3	Trace the Names of officials involved in the bid process to the declaration of interest documents and ensure there is not conflict of interest. (occurrence)	N/A	
4	Inspect documentation to confirm that the performance of the contractor was evaluated and the performance evaluation checklist was completed. (VFM)	N/A	
5	Confirm that poor performing contractors were removed from the list of potential suppliers. (VFM)	N/A	

Ministry of Border Control

ISSUE #1 - PURCHASE ORDERS WERE NOT USED TO REQUEST GOODS/SERVICES

RANK: SIGNIFICANT DEFICIENCY

RISK: MODERATE

Criteria

The Procurement Ordinance Section 32(5) states that:

“The officer must ensure that procurement is formalized by issuing a purchase order that details the exact nature of the goods or services purchased and the agreed price”

Purchase orders (PO) must be issued when obtaining any goods and/ services outside the government for values between \$0- \$75000.

The PPO does not outline any exceptions to the requirement but the TCIG practice is that monthly utilities, rents, subventions and reimbursements are exempted.

Condition

Transaction were reviewed to ascertain whether POs were prepared before obtaining goods and services and the results of the review are as follows:

Transaction \$5,000 up to under \$75,000

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014-2015	12	164,147.33	2	37,806.25

Cause

- Non-compliance with section 32(5) of the Procurement Ordinance.
- Lack of SmartStream training for Data Entry Officers on preparation, receipting and matching of PO's.
- Lack of training for Approver on recognizing when SmartStream Invoices do not have POs attached/matched.
- Lack of checks and balances.
- Lack of supervision.
- Misinterpretation of Ordinances, Regulation, policies and procedures.

Effect or potential effect

- Commitments may not have been captured on SmartStream resulting in excess expenditure.
- Double commitment of funds in cases where POs were prepared in SmartStream but not receipted and matched to the SmartStream invoice resulting in excess expenditure.

- Does not facilitate the reconciliation between items ordered/requested and items received, so there is no mechanism to prompt officers to follow-up on discrepancies.
- TCIG may be paying for goods and services that were not requested.
- Quoted price may be different from the invoiced price resulting in overpayment for goods and services.

Recommendation

Accounting Officers must ensure that the responsible officers use Purchase Orders for requesting goods and services when applicable. Data Entry Officers should be trained or retrained to prepare, receipt and match PO's. Approvers should be trained to recognize when SmartStream Invoices do not have POs attached/matched. Accounting Officers should ensure that adequate supervisory controls are in place.

Action Plan

Person Responsible: Accounting Officer
Estimated Completion Date: **October 2015**

Management Response

Based on the PPO:

- 1. Management accepts that POs were not prepared for the two transactions in question.**
- 2. Refresher training for staff is being implemented.**

ISSUE # 2– VENDOR INVOICE NOT APPROVED FOR PAYMENT

RANK: CONTROL DEFICIENCY RISK: LOW

Criteria

PFMR 72. (1) All disbursements of public moneys shall be properly vouched on payment vouchers or electronic documentation approved by the Accountant General.

(2) An Accounting Officer may designate in writing and by name, specific persons who have the authority to approve payment vouchers or approved electronic documentation on his or her behalf, and prescribe the financial limits and other conditions within which the authority may be exercised.

(3) The Accountant General and the Auditor General shall be—

(a) advised of the names of the public officers so designated and the financial limits within which they may exercise their authority,

(b) provided with the specimen signatures of those public officers; and

(c) advised when the authority of any public officer to sign payment vouchers or an electronic documentation is withdrawn.

(4) A public officer who approves a payment voucher or electronic documentation shall ensure that:-

(a) the services specified in the payment voucher or electronic documentation have been duly and competently performed;

(b) the prices charged are either according to contracts or approved scales or are fair and reasonable according to local rates;

(c) authority has been obtained as quoted;

(d) the calculations and castings have been verified and are arithmetically correct;

(e) the classification of the expenditure and any deduction are correct;

(f) there are sufficient funds uncommitted in the relevant expenditure sub-head to meet the expenditure;

(g) the persons named in the voucher are those entitled to receive payment; and

(h) any supplies purchased have been taken on charge or issued for immediate use.

(5) Where a deduction is due from the amount payable in a contract in respect of any tax, withholding moneys, penalties or fines, only the net sum shall be paid.

(6) A public officer who signed an incorrect certificate in consequence of an unauthorized or irregular payment shall be required to explain the circumstances, and if found to have been negligent may be subject to disciplinary action in accordance with Part VIII of the Ordinance.

Condition

Transaction were reviewed to ascertain whether:

- Vendor invoices were approved for payments.
- Persons who approved vendor invoices were authorized to approve payments.

The results of the review are as follows:

Transaction \$5,000 up to under \$75,000:

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014-2015	12	164,147.33	4	61,306.25

Transaction \$75,000 and over

Year	Sample \$	Sample #	Exception \$	Exception #
2014-2015	81,060	1	81,060	1

Cause

- Non-compliance with PFMR 72.
- Lack of in-house training for staff members with a concentration in the approval process
- Lack of check and balances.
- Lack of review of invoices by SmartStream approvers
- Lack of supervision.
- Misinterpretation of Ordinances, Regulation, policies and procedures.

Effect or potential effect:

Weak authorization and approval controls may lead to:

- Duplicate payments,
- Excess expenditure due to overpayments of vendors,
- Related party transactions
- The possibility of persons approving payments beyond their limits.
- The potential misuse or abuse of funds.

- Employee fraud.

Recommendation

Accounting Officers and other authorized personnel should adhere to section 72(2) of the Public Finance Management Regulation (PFMR). Furthermore, Accounting Officers should ensure that adequate controls are in place within the approval process.

Action Plan

Person Responsible: Accounting Officer
Estimated Completion Date: **October 2015**

Management Response

Approval of the payments identified were consistent with PFMR section 72 (1) which states that All disbursements of public moneys shall be properly vouched on payment vouchers or electronic documentation approved by the Accountant General. Payments were manually certified as true as correct and approved electronically.

ISSUE # 3 - PAYMENTS MADE WITHOUT OBTAINING THE CHIEF FINANCIAL OFFICER'S APPROVAL

RANK: SIGNIFICANT DEFICIENCY

RISK: MODERATE

Criteria

PFMR Schedule B (5) Pursuant to section 4(4)(h) of the Ordinance, Accounting Officers shall ensure that the Chief Financial Officer is consulted on all recurrent and non-recurrent expenditure, promissory notes, or other financial commitments over the value of \$10,000 and obtain his or her approval in writing in advance of any commitment being incurred by the Government..

Condition

The results of the review are as follows:

Transactions \$75,000 and over:

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014/15	12	164,147.33	1	26,800.00

Cause

- Non –compliance with the PFMR Section B (5).
- Lack of training.
- Management oversight.
- Misinterpretation of Ordinances, Regulation, Policies and Procedures.

Effect or potential effect:

1. Reputational Risk
2. Unauthorized payments
3. Unwanted financial obligations
4. Funds diversions
5. Misappropriation

Recommendation

Accounting Officers should ensure that CFO approval is obtain before committing any expenditure over \$10,000 as per PFMR Section B (5).

Action Plan

Person Responsible: Accounting Officer
Estimated Completion Date: **October 2015**

Management Response

This expenditure is a result of actions taken by management to circumvent environmental damage during the hurricane season. It was difficult to anticipate the length of time it took to resolve related and consequential issues such as the duration of the outcome and duration of the court case and failed attempts to dispose of the vessel. Lessons have been learnt which we will apply to future events of a similar nature, should they occur.

ISSUE # 4 - NON- COMPLIANCE WITH PUBLIC PROCUREMENT ORDINANCE 2012

RANK: SIGNIFICANT DEFICIENCY

RISK: HIGH

Criteria

PPO 2012 - 32. (1) This section applies if the estimated value of a proposed contract is more than \$5000 but less than \$75,000.

(2) If an appropriate framework agreement or approved list is in place, an officer must use it as an alternative to the rules set out in this section.

(3) An officer must obtain at least three written quotations.

(4) The officer must retain on file full details of each quotation, including the supplier approached, the contact person and the quotation details.

(5) The officer must ensure that procurement is formalized by issuing a purchase order that details the exact nature of the goods or services purchased and the agreed price.

(6) Exceptionally, if an officer is of the opinion that it is not reasonably practicable to obtain competitive or sufficient competitive quotations as required under this section, the officer must follow the procedure for obtaining a waiver set out in section 21.

PPO 2012 - 33. (1) This section applies if the estimated value of a proposed contract is \$75,000 or more or is capital spending.

(2) This section applies despite any waiver granted under section 21.

(3) The proposed contract shall be subject to a tendering process.

(4) The nature of the procurement route to be followed will be determined by the Pre-Procurement phase set out in section 27.

(5) In each case the route to be followed will be as set out in sections 35 and 36.

(6) The Director of Contracts must log high value procurement and give it a reference number that must be quoted on all documentation relating to the invitation to tender and any subsequent contract.

(7) An officer must ensure that high value procurement is authorised by the Permanent Secretary, Finance before the being advertised.

Condition

1. Transactions \$75,000 and above:

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014-2015	1	81,060	1	81,060

The above transaction was not tendered

Cause

- Non-compliance with PPO 2012
- A lack of training of responsible officers
- Lack of check and balances.
- No review of SmartStream invoices before they are approved.
- Lack of supervision.
- Lack of awareness and or misinterpretation of Ordinances, Regulation, policies and procedures.

Effect or potential effect:

- Mismanagement.
- Poor competition
- Reputational risk due to claims of bias and favouritism and of unethical and unfair practices.
- Loss of faith in the tender process.
- Reduction in value for money

Recommendation

Accounting Officers must ensure that their Ministries comply with all the stipulation of the Public Procurement Ordinance 2012.

Action Plan

Person Responsible: Accounting Officer
Estimated Completion Date: **October 2015**

Management Response

Given the then dilapidated state of the Five Cays Detention Centre, the frequent break outs, the abrupt resignation of the previous security service provider and the personal safety risk to Immigration Officers, in the interest of TCI's national security, it was necessary to procure the services of a security firm, on a call out basis, when sloops arrive or other enforcement activities take place. The Ministry has been engaging EMS to resolve this issue.

ISSUE # 5 – NON-COMPLIANCE WITH THE TCIG TRAVEL POLICIES

RANK: CONTROL DEFICIENCY RISK: LOW

Criteria:

TCIG Travel Policies dated 6th June 2013, 26th November 2014 and 21 January, 2015.

7.5 Requests seeking approval to travel are to be submitted in sufficient time (at least two weeks prior to travel) to allow consideration and approval wherever possible.

Condition:

Transaction were reviewed to ascertain whether they comply with the following TCIG Travel Policies stipulations:

- Travel request approved.
- Request was made two weeks before travel.
- Accommodations/DSA/Per Diem agrees with TCIG Travel Policy
- Advance Retired and reviewed by Treasury

Review of the transaction revealed the following:

Year	Sample Size	Sample Amount	Exception	Exception Amount
2014-2015	1	6,000	1	6,000

Date	M	P	A/c	Total	Vendor ID	Applicable Travel Policy	Complied with TCIG Travel Policy
16/02/2015	16	96	32401	6,000.00	2309	21-Jan-15	Part Compliance

For the transaction above the travel request was not made two weeks before date of travel.

Cause

- Non-compliance with TCIG Travel Policies June 2013, November 2014 and January 2015.
- Lack of check and balances.

- No review of SmartStream invoices before they are approved.
- Lack of supervision.
- Lack of awareness and or misinterpretation of Ordinances, Regulation, policies and procedures.

Effect or potential effect:

- Unauthorized travel.
- Excess expenditure;
- Factitious claims
- Excess travel
- Less productivity.
- Misuse of travel expenses.

Recommendation

Accounting Officers must ensure that their Ministries comply with TCIG Travel Policies.

Action Plan

Person Responsible: Accounting Officer
 Estimated Completion Date: **Implemented**

Management Response

1. Management will adhere to the updated Travel Policy and will ensure staff do the same.
2. Refresher training for staff is being implemented.

Appendices

Appendix 1 – Document List

No	Document Name	Year	Ordinance	Date Requested	Provided/Not Provided
1	Three Quotes for Expenditure Transactions over \$1,500 to under \$75,000	2014/2015	PPO 32 (3)	03/06/2015	Provided
2	Contracts	2014/2015	PPO	03/06/2015	Provided
3	CFO Commitment Approvals	2014/2015	PFMR Schedule B	03/06/2015	Provided
4	Procurement Strategy	2014/2015	PPO 17 (b)	03/06/2015	Provided
5	Accounting Officers Procurement Risk Assessment	2014/2015	PPO 20	03/06/2015	Not Provided
6	Approved List or Approved List of Suppliers	2014/2015	PPO 52 (1)	03/06/2015	Not Applicable
7	Framework Agreements	2014/2015	PPO 53 (1)	03/06/2015	Not Applicable
8	Consultants Performance Reviews	2014/2015	PPO 54 (1)	03/06/2015	Not Applicable
9	Contract Performance Reviews	2014/2015	PPO 55 (1)	03/06/2015	Not Applicable
10	Incident Reports - Compliance by Contractors	2014/2015	PPO 55 (2)	03/06/2015	Not Applicable
11	Responsible Officers reports to Director of Contracts on Contractors' Performance	2014/2015	PPO 55 (3)	03/06/2015	Not Applicable
12	Director of Contracts and PS, Finance Approvals for Contract Extensions	2014/2015	PPO 56 (2)	03/06/2015	Not Applicable
13	PS, Finance Contract Over Spend Approval	2014/2015	PPO 57 (1)	03/06/2015	Not Applicable
14	Contract Over Spend Reports	2014/2015	PPO 57 (1)	03/06/2015	Not Applicable

15	List of Claims arising from Contracts	2014/2015	PPO 58 (1)	03/06/2015	Not Applicable
16	Director of Contracts Contract Termination Approvals	2014/2015	PPO 59 (2)	03/06/2015	Not Applicable
17	PS, Finance Contract Termination Approvals	2014/2015	PPO 59 (2)	03/06/2015	Not Applicable
18	List of All Obsolete or Surplus Capital Assets that were disposed /Auctioned/Tendered	2014/2015	PPO 60 (2)	03/06/2015	Not Applicable
19	Accountant General's Notification of loss, stolen, abandon or destroyed capital asset	2014/2015	PPO 60 (4)	03/06/2015	Not Applicable
20	Police Notification of theft or suspected unlawful intentional destruction of Capital Assets	2014/2015	PPO 60 (5)	03/06/2015	Not Applicable
21	List of Government property purchased by offices	2014/2015	PPO 60 (6)	03/06/2015	Not Applicable
22	List of complaints and disputes in respect of procurement	2014/2015	PPO 61	03/06/2015	Not Applicable
23	List of offences and penalties levied	2014/2015	PPO 62	03/06/2015	Not Applicable
24	Procurement Waivers	2014/2015	PPO	03/06/2015	Provided
25	Waiver of Public Procurement Ordinance 2012 List	2014/2015	PPO 21	03/06/2015	Not Provided
26	Travel Advance Registers	2014/2015	Travel Policy	03/06/2015	Some Provided
27	Travel Advance Reconciliation	2014/2015	Travel Policy	03/06/2015	Provided
28	Fixed (Non-Current) Asset Registers	2014/2015	Fixed Asset Policy	03/06/2015	Provided
29	Supplementary Appropriation Request Documentation	2014/2015	PFMO	03/06/2015	Provided
30	Travel Approval	2014/2015	Travel Policy	03/06/2015	Provided
31	Travel Claims	2014/2015		03/06/2015	Some Provided

32	Ministry Travel Registers	2014/2015		03/06/2015	Some Provided
33	Annual Travel Report for Senior Management	2014/2015		03/06/2015	Not Provided
34	Quote Assessments	2014/2015	PPO	03/06/2015	Provided
35	SmartStream Approvers Listing	2014/2015	PFMR	03/06/2015	Provided
36	Manual POs	2014/2015	PPO	03/06/2015	Provided
37	Virement Request Documents	2014/2015	PFMR	03/06/2015	Provided
38	Payment Authorization listing	2014/2015		03/06/2015	Provided
39	Expenditure Arrears listing	2014/2015		03/06/2015	Provided
40	Expenditure Arrears Invoices	2014/2015		03/06/2015	Provided
41	Assets Registers	2014/2015		03/06/2015	Provided
42	Loss Registers	2014/2015		03/06/2015	Provided
43	Statement of Losses of Public Money and Stores	2014/2015		03/06/2015	Provided
44	Asset Disposal Request	2014/2015		03/06/2015	Not Provided
45	Asset Disposal Approval	2014/2015		03/06/2015	Not Provided

Appendix 2 – Transaction \$5,000 to under \$75,000

No.	Date	M	P	A/C	PD		Description	Amount	PO	Invoice Approved for Payment	CFO approved \$10k
1	16/02/2015	16	96	32404	11	PR	RICAR00010 18215 Subsistence	5,300.00		5,300.00	
2	04/11/2014	16	61	38013	8	PR	CAICE00001 6167 AIRLINE CHARTER - INTER TRAVEL	18,200.00		18,200.00	
3	17/03/2015	16	61	38013	12	PR	DOCKD00001 17315 Mooring Fee for Lady Dada	26,800.00	26,800.00	26,800.00	26,800.00
4	01/07/2014	16	61	38013	4	PR	ARLIN00001 54 Payment for Man Camp	32,333.71			
5	31/03/2015	16	62	34207	12	GL	MBL-VIREMENT- 2014/005	13,000.00			
6	05/09/2014	16	73	34401	6	PR	3MCOM00001 050514 maintenance of software	25,320.00			
7	31/03/2015	16	96	32402	12	GL	MBL-VIREMENT-2014	5,650.00			
8	05/03/2015	16	61	38013	12	PR	GLOBA00012 0116 security services	11,006.25	11,006.25	11,006.25	
9	30/11/2014	16	96	32403	8	GL	MBL-VIREMENT- 2014/002	6,500.00			
10	31/03/2015	16	96	32401	12	GL	MBL-VIREMENT-2014	6,300.00			
11	12/03/2015	16	96	33001	12	PR	GLOBA00016 Q-22518 MULTIFUNCTION	6,925.00			

							PRINTER				
12	16/01/2015	16	73	32601	10	PR	TCUTL00001 05328 electricity bill December 2014	6,812.37			
								164,147.33	37,806.25	61,306.25	26,800.00

Appendix 3 – Transaction over \$75,000

Date	Account	Description	Amount	Invoice Approved for Payment
13/05/2014	16-61-38013	GLoba00012 00103 security services 22.03- 5.04.14	81,060	No

No	Audit procedure	Yes/No	Comments
1	Confirm that the prescribed tender procedures were adequately followed. (Compliance)	No	Was not tendered
2	Identify whether bids specifications was approved by the delegated officials. (occurrence)	N/A	
3	Trace the Names of officials involved in the bid process to the declaration of interest documents and ensure there is not conflict of interest. (occurrence)	N/A	
4	Inspect documentation to confirm that the performance of the contractor was evaluated and the performance evaluation checklist was completed. (VFM)	N/A	
5	Confirm that poor performing contractors were removed from the list of potential suppliers. (VFM)	N/A	

Appendix 4 –Aggregated Transaction \$75,000.

DURHA00002	13	32	DURHA00002 FEBRUARY 2014 FUEL CHARGES FEBRUARY 2014	9,728.90		52	94	Tendered	PPB 001-14/15 8/4/2014
			DURHA00002 FEBRUARY 2014A FUEL CHARGES FEBRUARY 2014	9,728.90		52	94		
			DURHA00002 APRIL 2014 FUEL CHARGES APRIL 2014	10,151.25		52	94		
			DURHA00002 MARCH 2014 FUEL CHARGES MARCH 2014	12,114.50		52	94		
			DURHA00002 MAY 2014 FUEL CHARGES MAY 2014	10,565.44		52	94		
			DURHA00002 JUNE 2014 FUEL CHARGES JUNE 2014	12,896.45		52	94		
			DURHA00002 JULY 2014 FUEL CHARGES JULY 2014	11,433.18		52	94		
			DURHA00002 AUGUST 2014 FUEL CHARGES AUGUST 2014	11,241.24		52	94		
			DURHA00002 SEPTEMBER 2014 FUEL CHARGES SEPTEMBER 2014	12,158.10		52	94		
			DURHA00002 OCTOBER 2014 FUEL CHARGES OCTOBER 2014	12,147.21		52	94		
			DURHA00002 NOVEMBER 2014 FUEL CHARGES NOVEMBER 2014	10,759.70		52	94		
			DURHA00002 DECEMBER 2014 FUEL CHARGES DECEMBER 2014	14,129.48		52	94		

			DURHA00002 JANUARY 2015 FUEL CHARGES JANUARY 2015	9,822.17	146,876.52	52	94		
WATER00006	12	122	WATER00006 17	27,116.00		52	56		
			WATER00006 17 RENTAL OF BUILDING	27,116.00		52	56		
			WATER00006 17 RENTAL OF BUILDING	27,116.00		52	56		
			WATER00006 17 RENTAL OF BUILDING	27,116.00		52	56		
			WATER00006 17 RENTAL OF BUILDING	27,116.00		52	56		
			WATER00006 17A RENTAL OF BUILDING	27,116.00		52	56		
			WATER00006 17 RENTAL OF BUILDING	27,116.00		52	56		
			WATER00006 17A RENTAL OF BUILDING	27,116.00		52	56		
			WATER00006 17 RENTAL OF BUILDING	27,116.00		52	56		
			WATER00006 17 RENTAL OF BUILDING	27,116.00		52	56		
			WATER00006 17	27,116.00		52	56		
			WATER00006 17 rental of building	27,116.00	325,392.00	52	56	Exempt	Approved by Cabinet
BUTTE00001	14	9	Rental of Building	575,364.49	575,364.49	52	56	Exempt	Approved by Cabinet

ISSUE #1 – PAYMENTS WERE NOT CERTIFIED

RANK: CONTROL DEFICIENCY RISK: MODERATE

Criteria

PFMO 29. (1) No payment shall be made for goods supplied, services rendered or work done, whether under a contract or not, in connection with any part of the public service, unless in addition to any other voucher or certificate that is required, the accounting officer or any other officer authorized by him or her certifies—

(a) that the goods have been supplied, the service rendered or the work performed, as the case may be, and that the price charged by the contract, is reasonable; or

(b) where payment is to be made before the delivery of the goods, rendering of the service or completion of the work, as the case may be, that the payment is in accordance with the contract.

This is evidenced by authorized officers writing on invoices ‘true and correct’ and signing.

Condition

Transaction were reviewed to ascertain whether they were certified and the results of the review are as follows:

Transaction \$5,000 up to under \$75,000

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014-2015	29	366,987.80	5	70,290.50

The Transaction number below of Appendix 2 revealed that the invoice were altered and initialed by a public Servant and not the Vendor. This transaction is included in the exceptions above

Transaction #	Vendor	Amount
16	7CHAM00001 772 LEGAL AID	\$ 5,214.00
	Total	\$ 5,214.00

Cause

- Non-compliance with PFMO 29 (1).
- A lack of training of responsible officers in the payment procedures, specifically in respect of certifying vendor invoices true and correct.
- Lack of check and balances to ensure that goods or services were obtained before payment is made.
- No review of SmartStream invoices before they are approved.
- Lack of supervision.
- Misinterpretation of Ordinances, Regulation, policies and procedures.

Effect or potential effect:

- TCIG may have paid for goods and services that were not supplied;
- TCIG may not have gotten value for money for the goods and services supplied;
- Lack of review of invoices may result in duplicate payments.
- Payments may have been made to the wrong vendor.
- Incorrect calculation on invoices may not have been captured resulting in overpayment.
- Quoted prices may be different from prices on invoices.

Recommendation

Accounting Officers must ensure that invoices are certified and signed by responsible officers. Accounting Officers must also ensure that review is carried out of all payments before they are approved.

Action Plan

Person Responsible: Accounting Officer
Estimated Completion Date:

Management Response

Rejected. Invoices were reviewed as per the attachments on SmartStream. Our research shows that each invoice was stamped with the official Supreme Court Stamp and approved by the Accounting Officer to be true and Correct. However, the wording “Certified True & Correct” was not used.

ISSUE # 2 – VENDOR INVOICE NOT APPROVED FOR PAYMENT

RANK: CONTROL DEFICIENCY RISK: LOW

Criteria

PFMR 72. (1) All disbursements of public moneys shall be properly vouched on payment vouchers or electronic documentation approved by the Accountant General.

(2) An Accounting Officer may designate in writing and by name, specific persons who have the authority to approve payment vouchers or approved electronic documentation on his or her behalf, and prescribe the financial limits and other conditions within which the authority may be exercised.

(3) The Accountant General and the Auditor General shall be—

(a) advised of the names of the public officers so designated and the financial limits within which they may exercise their authority,

(b) provided with the specimen signatures of those public officers; and

(c) advised when the authority of any public officer to sign payment vouchers or an electronic documentation is withdrawn.

(4) A public officer who approves a payment voucher or electronic documentation shall ensure that:-

(a) the services specified in the payment voucher or electronic documentation have been duly and competently performed;

(b) the prices charged are either according to contracts or approved scales or are fair and reasonable according to local rates;

(c) authority has been obtained as quoted;

(d) the calculations and castings have been verified and are arithmetically correct;

(e) the classification of the expenditure and any deduction are correct;

(f) there are sufficient funds uncommitted in the relevant expenditure sub-head to meet the expenditure;

(g) the persons named in the voucher are those entitled to receive payment; and

(h) any supplies purchased have been taken on charge or issued for immediate use.

(5) Where a deduction is due from the amount payable in a contract in respect of any tax, withholding moneys, penalties or fines, only the net sum shall be paid.

(6) A public officer who signed an incorrect certificate in consequence of an unauthorized or irregular payment shall be required to explain the circumstances, and if found to have been negligent may be subject to disciplinary action in accordance with Part VIII of the Ordinance.

Condition

Transactions were reviewed to ascertain whether:

- Vendor invoices were approved for payments.
- Persons who approved vendor invoices were authorized to approve payments.

The results of the review are as follows:

Transaction \$5,000 up to under \$75,000:

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014-2015	29	366,987.80	5	45,526.40

Cause

- Non-compliance with PFMR 72.
- Lack of in-house training for staff members with a concentration in the approval process
- Lack of check and balances.
- Lack of review of invoices by SmartStream approvers
- Lack of supervision.
- Misinterpretation of Ordinances, Regulation, policies and procedures.

Effect or potential effect:

Weak authorization and approval controls may lead to:

- Duplicate payments,
- Excess expenditure due to overpayments of vendors,
- Related party transactions
- The possibility of persons approving payments beyond their limits.

- The potential misuse or abuse of funds.
- Employee fraud.

Recommendation

Accounting Officers and other authorized personnel should adhere to section 72(2) of the Public Finance Management Regulation (PFMR). Furthermore, Accounting Officers should ensure that adequate controls are in place within the approval process.

Action Plan

Person Responsible: Accounting Officer
Estimated Completion Date:

Management Response

Rejected. Invoices were reviewed as per the attachment on SmartStream. Our research indicates that each invoice was approved by the Accounting Officer for legal services rendered by Attorneys under Legal Aid Certificates granted by the Chief Justice whose appearances at Court in pursuance of those Certificates is recorded in the Court Daily Register.

ISSUE # 3 – NO CONTRACTS

RANK: SIGNIFICANT DEFICIENCY

RISK: MODERATE

Criteria:

The Public Procurement Ordinance 2012 Section 50 states that:

- (1) An officer must ensure that a contract entered into on behalf of the government is evidenced in writing.
- (2) Except with the approval of the Governor, the initial period of a contract must not exceed five years.
- (3) The Governor must not give his or her approval except in exceptional circumstances and then only for a period not exceeding ten years.
- (4) A contract may provide for its extension for a period not exceeding five or, as the case may be, ten years.
- (5) However, any such contract must provide that any extension will only be granted if both parties agree and if any performance standards have been continuously met and that no major breaches of the terms and conditions of the contract have occurred.
- (6) Unless a contract is in a form previously approved by the Attorney General the form of a contract must be approved by the Attorney General before it is entered into.
- (7) Except with the approval of the Attorney General, an officer must not include in a contract a provision that has not previously been approved by the Attorney General for that type of contract or omit a provision from such a contract.
- (8) An officer must ensure, for payment purposes, that there is a Purchase Order in respect of a contract and, if relevant, a Cabinet Conclusion reference from the approval granted in the pre-procurement stage.
- (9) If, in respect of a contract, a department acts as agent for another department, an officer must ensure that any relevant Financial Instructions are followed.
- (10) An officer must ensure that a contract that may have an effect on government land including leased land is countersigned by the Permanent Secretary of the department that has responsibility for support services.

Condition:

Review of the transaction revealed the following:

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014-2015	29	366,987.80	2	54,233.50

Cause

- Non- compliance with the Public Procurement Ordinance 2012 Section 50 (1) - (10).
- Lack of training.
- Misinterpretation of Ordinances, Regulation, Policies and Procedures.
- Management oversight.
- Lack of risk management.
- Unclear objectives.

Effect or potential effect:

1. No contracts, or no renewal of contracts may lead to:
 - Nepotism
 - Favouritism
2. Disputes may arise that may be costly and difficult to resolve.
3. No way of measuring contract performance.
4. No value for money.
5. Cost overruns.
6. Project not meeting time budgets.

Recommendation

Accounting Officers and Responsible Officers must ensure that contracts exist where required and that they are up to date as per the Public Procurement Ordinance 2012 Section 50 (PPO).

Action Plan

Person Responsible: Accounting Officer
 Estimated Completion Date:

Management Response

The Accounting Officer approved all payments with respect to the invoices highlighted. No records of the contractual arrangements made between the Governor and the Judges of Appeal have been as yet located and management is deferring a response until further consultation between the Chief Justice (Accounting Officer) and The Governor.

In relation to payments made for Legal Aid: the agreements to pay the Attorneys for services rendered are in the form of Legal Aid Certificates (Hard Copies are Filed in the Supreme Court) These are granted by the Chief Justice pursuant to s 16 of the Supreme Court Ordinance and the Rules made thereunder and outline the terms of payment.

Contracts provided for Carol Rouse for transcribing tapes from Supreme Court. (Electronic Copy on File)

No Contract For Utility Bill.

Appendices

Appendix 1 – Document List

No	Document Name	Year	Ordinance	Date Requested	Provided/Not Provided
1	Three Quotes for Expenditure Transactions over \$1,500 to under \$75,000	2014/2015	PPO 32 (3)	03/06/2015	Provided
2	Contracts	2014/2015	PPO	03/06/2015	N/A
3	CFO Commitment Approvals	2014/2015	PFMR Schedule B	03/06/2015	N/A
4	Procurement Strategy	2014/2015	PPO 17 (b)	03/06/2015	N/A
5	Accounting Officers Procurement Risk Assessment	2014/2015	PPO 20	03/06/2015	N/A
6	Approved List or Approved List of Suppliers	2014/2015	PPO 52 (1)	03/06/2015	N/A
7	Framework Agreements	2014/2015	PPO 53 (1)	03/06/2015	N/A
8	Consultants Performance Reviews	2014/2015	PPO 54 (1)	03/06/2015	N/A
9	Contract Performance Reviews	2014/2015	PPO 55 (1)	03/06/2015	N/A
10	Incident Reports - Compliance by Contractors	2014/2015	PPO 55 (2)	03/06/2015	N/A
11	Responsible Officers reports to Director of Contracts on Contractors' Performance	2014/2015	PPO 55 (3)	03/06/2015	N/A
12	Director of Contracts and PS, Finance Approvals for Contract Extensions	2014/2015	PPO 56 (2)	03/06/2015	N/A
13	PS, Finance Contract Over Spend Approval	2014/2015	PPO 57 (1)	03/06/2015	N/A
14	Contract Over Spend Reports	2014/2015	PPO 57 (1)	03/06/2015	N/A
15	List of Claims arising from Contracts	2014/2015	PPO 58 (1)	03/06/2015	N/A

16	Director of Contracts Contract Termination Approvals	2014/2015	PPO 59 (2)	03/06/2015	N/A
17	PS, Finance Contract Termination Approvals	2014/2015	PPO 59 (2)	03/06/2015	N/A
18	List of All Obsolete or Surplus Capital Assets that were disposed /Auctioned/Tendered	2014/2015	PPO 60 (2)	03/06/2015	N/A
19	Accountant General's Notification of loss, stolen, abandon or destroyed capital asset	2014/2015	PPO 60 (4)	03/06/2015	N/A
20	Police Notification of theft or suspected unlawful intentional destruction of Capital Assets	2014/2015	PPO 60 (5)	03/06/2015	N/A
21	List of Government property purchased by offices	2014/2015	PPO 60 (6)	03/06/2015	N/A
22	List of complaints and disputes in respect of procurement	2014/2015	PPO 61	03/06/2015	N/A
23	List of offences and penalties levied	2014/2015	PPO 62	03/06/2015	N/A
24	Procurement Waivers	2014/2015	PPO	03/06/2015	N/A
25	Waiver of Public Procurement Ordinance 2012 List	2014/2015	PPO 21	03/06/2015	N/A
26	Travel Advance Registers	2014/2015	Travel Policy	03/06/2015	N/A
27	Travel Advance Reconciliation	2014/2015	Travel Policy	03/06/2015	Not Provided
28	Fixed (Non-Current) Asset Registers	2014/2015	Fixed Asset Policy	03/06/2015	Not Provided
29	Supplementary Appropriation Request Documentation	2014/2015	PFMO	03/06/2015	Provided
30	Travel Approval	2014/2015	Travel Policy	03/06/2015	Not Provided
31	Travel Claims	2014/2015		03/06/2015	Not Provided
32	Ministry Travel Registers	2014/2015		03/06/2015	N/A
33	Annual Travel Report for Senior Management	2014/2015		03/06/2015	N/A
34	Quote Assessments	2014/2015	PPO	03/06/2015	N/A

35	SmartStream Approvers Listing	2014/2015	PFMR	03/06/2015	Not Provided
36	Manual POs	2014/2015	PPO	03/06/2015	N/A
37	Virement Request Documents	2014/2015	PFMR	03/06/2015	Some Provided
38	Payment Authorization listing	2014/2015		03/06/2015	N/A
39	Expenditure Arrears listing	2014/2015		03/06/2015	N/A
40	Expenditure Arrears Invoices	2014/2015		03/06/2015	N/A
41	Assets Registers	2014/2015		03/06/2015	Provided
42	Loss Registers	2014/2015		03/06/2015	N/A
43	Statement of Losses of Public Money and Stores	2014/2015		03/06/2015	N/A
44	Asset Disposal Request	2014/2015		03/06/2015	N/A
45	Asset Disposal Approval	2014/2015		03/06/2015	N/A

Appendix 2 – Transaction \$5,000 to under \$75,000

No.	Date	M	P	A/C	PD	Description		Evidence of goods/ Services Recd (Certified True & Correct)	Invoice Approved for Payment	Contract
3	31/03/2015	5	13	32305	12	JUD002069	7,000.00			
1	30/11/2014	5	13	32402	8	JUD-VIREMENT-2014/004	15,000.00			
7	03/07/2014	5	13	32601	4	PROVO00005 10204-5056133 ELECTRICITY CONSUMED	6,765.38		6,765.38	
2	31/03/2015	5	13	32602	12	The use of Water- Judiciary- Missick	8,179.90			
24	17/03/2015	5	13	33522	12	AIRPO00001 115312 HOTEL ACCOMODATIONS	5,195.12		5,195.12	
10	13/01/2015	5	13	33523	10	EDWAR00005 EZ1212015 RETAINER FOR COURT OF APPEAL	29,250.00	29,250.00		29,250.00
15	13/01/2015	5	13	33523	10	JUSTI00010 IF1212015 Retainer for Court of Appeal	24,983.50	24,983.50		24,983.50
26	23/02/2015	5	13	33523	11	ISLAN00016 ITT-886 HOTEL ACCOM - ELLIOT MOTTLEY	16,104.00		16,104.00	
4	15/10/2014	5	13	33531	7	7CHAM00001 CRAP25/14-733 LEGAL AID-J. HALL	10,600.00			
8	24/06/2014	5	13	33531	3	STANF00003 CR34/2012 LEGAL AID - R V LISA MICHELLE HALL	10,500.00			
9	13/08/2014	5	13	33531	5	FINBA00003 CR41-2012 SIPT LEGAL AID - R V LILLIAN BOYCE	17,500.00			

11	16/09/2014	5	13	33531	6	STANF00003 CR34-2012 SIPT LEGAL AID - R V LISA M. HALL	15,500.00			
12	15/10/2014	5	13	33531	7	7CHAM00001 CRAP25/14-732 LEGAL AID-M HANCHELL	22,390.00			
13	08/07/2014	5	13	33531	4	STANF00003 CR37-2012 LEGAL AID - MELBOURNE A. WILSON	12,500.00			
14	17/07/2014	5	13	33531	4	7CHAM00001 CR40-2012 LEGAL AID- JEFFREY HALL	12,500.00			
17	18/03/2015	5	13	33531	12	7CHAM00001 793-CR36-12 LEGAL AID	9,001.00			
18	16/09/2014	5	13	33531	6	7CHAM00001 CR36-2012 SIPT LEGAL AID - R V MCALLISTER HAN	17,500.00			
19	19/05/2014	5	13	33531	2	7CHAM00001 CR40-2012 LEGAL AID-JEFFREY HALL	12,500.00			
20	19/05/2014	5	13	33531	2	7CHAM00001 CR36-2012 LEGAL AID-MCALLISTER HANCHELL	12,500.00			
23	13/08/2014	5	13	33531	5	7CHAM00001 CR36-2012 SIPT LEGAL AID - R V MCALLISTER HAN	17,500.00			
25	13/08/2014	5	13	33531	5	7CHAM00001 CR40-2012 SIPT LEGAL AID - JEFFREY C. HALL	17,500.00			
28	19/05/2014	5	13	33531	2	SMITH00005 CR35-2012 LEGAL AID-THOMAS MISICK	12,500.00			
29	08/07/2014	5	13	33531	4	STANF00003 CR34-2012 LEGAL AID - R V LISA M. HALL	10,500.00			
21	19/05/2014	5	13	33532	2	PROVO00008 11291 AIRLINE TICKET	12,261.90		12,261.90	
6	30/11/2014	5	13	34311	8	VIR-JUD2014/002	10,000.00			
22	24/02/2015	5	13	34311	11	CAROL00017 2102015 MISCELLANEOUS transcription	5,200.00		5,200.00	
27	08/10/2014	5	13	34311	7	CAROL00017 CR6102014 TRANSCRIPTION SERVICES	5,600.00	5,600.00		

5	30/05/2014	5	13	36011	2	AGGRE00002 14-05 SERVICE RENDERED	5,243.00	5,243.00		
16	11/12/2014	5	13	36011	9	7CHAM00001 772 LEGAL AID	5,214.00	5,214.00		
							366,987.80	70,290.50	45,526.40	54,233.50

Appendix 3 – Vendor Total \$75,000.

Vendor ID	Description of Payment	Amount	Total	Min	Prog.	Required	Comments
GARLC00001	Legal aid - Floyd Hall	12,500.00					
	Legal aid - Floyd Hall	12,500.00					
	Legal aid - Floyd Hall	12,500.00					
	Legal aid - Floyd Hall	12,500.00					
	Legal aid - Floyd Hall	17,500.00					
	Legal aid - Floyd Hall	17,500.00	85,000.00	5	13	Exempted	
JUD-VIREME	Virement Judiciary	10,000.00					
	Virement Judiciary	15,000.00					
	Virement Judiciary	20,000.00					
	Virement Judiciary	10,000.00					
	Virement Judiciary	25,000.00					
	Virement Judiciary	6,000.00					
	Virement Judiciary	6,000.00	92,000.00	5	13	N/A	
ISLAN00016	ISLAN00016 IIT-0806 HOTEL ACCO - ZACCA, MOTTLEY & FORTE	28,041.30		5	13	Quotes Not provided	Daily accommodation rate higher than Travel Policy prescribed rate of \$250. Rate used \$547.25
	ISLAN00016 II T0862	6,264.70		5	13	Quotes Not provided	Daily accommodation rate higher than Travel Policy prescribed rate of \$250. Rate used \$395

	ISLAN00016 IIT-0868 ACCOM - Court of Appeal Judges	10,119.90		5	13	Quotes Not provided	Daily accommodation rate higher than Travel Policy prescribed rate of \$250.
	ISLAN00016 IIT-0868 ACCOM - COURT OF APPEAL JUDGE	10,119.90		5	13	Quotes Not provided	Daily accommodation rate higher than Travel Policy prescribed rate of \$250.
	ISLAN00016 IIT-0868 ACCOM - COURT OF APPEAL JUDGE	10,119.90		5	13	Quotes Not provided	Daily accommodation rate higher than Travel Policy prescribed rate of \$250.
	ISLAN00016 ITT-886 HOTEL ACCOM - IAN FORTE	16,104.00		5	13	Quotes Not provided	Daily accommodation rate higher than Travel Policy prescribed rate of \$250.
	ISLAN00016 ITT-886 HOTEL ACCOM - ELLIOT MOTTLEY	16,104.00		5	13	Quotes Not provided	Daily accommodation rate higher than Travel Policy prescribed rate of \$250.
	ISLAN00016 ITT-886 HOTEL ACCOM - EDWARD ZACCA	16,104.00	112,977.70	5	13	Quotes Not provided	Daily accommodation rate higher than Travel Policy prescribed rate of \$250.
FINBA00003	FINBA00003 CR41-2012 LEGAL AID- Lolloan Boyce	12,500.00		5	13	Exempt	
	FINBA00003 CR46-2012 LEGAL AID- Earlson Roninson	12,500.00		5	13		
	FINBA00003 CR46/2012 LEGAL AID - Earlson M. Robinson	11,490.00		5	13		

	FINBA00003 CR41/2012 LEGAL AID - R V LILLIAN E. BOYCE	11,490.00		5	13		
	FINBA00003 CR41-2012 LEGAL AID - R V LILLIAN BOYCE	12,500.00		5	13		
	FINBA00003 CR46-2012 LEGAL AID - R V EARLSON M. ROBINSON	12,500.00		5	13		
	FINBA00003 CR41-2012 SIPT LEGAL AID - R V LILLIAN BOYCE	17,500.00		5	13		
	FINBA00003 CR46-2012 SIPT LEGAL AID - EARLSON M. ROBINSON	17,500.00		5	13		
	FINBA00003 CR41-2012 SIPT LEGAL AID - R V LILLIAN BOYCE	22,345.67		5	13		
	FINBA00003 CR46-2012 SIPT LEGAL AID-R V EARLSON M. ROBIN	17,500.00		5	13		
	FINBA00003 CR41-2012 SIPT LEGAL AID - R V LILLIAN BOYCE	17,500.00		5	13		
	FINBA00003 CR41/2012 SIPT LEGAL AID	16,195.87	181,521.54	5	13	Exempt	
7CHAM00001	Legal Aid	282,464.00	282,464.00	5	13	Exempt	
	Total		753,963.24				

ISSUE #1 – PAYMENTS WERE NOT CERTIFIED

RANK: CONTROL DEFICIENCY RISK: MODERATE

Criteria

PFMO 29. (1) No payment shall be made for goods supplied, services rendered or work done, whether under a contract or not, in connection with any part of the public service, unless in addition to any other voucher or certificate that is required, the accounting officer or any other officer authorized by him or her certifies—

(a) that the goods have been supplied, the service rendered or the work performed, as the case may be, and that the price charged by the contract, is reasonable; or

(b) where payment is to be made before the delivery of the goods, rendering of the service or completion of the work, as the case may be, that the payment is in accordance with the contract.

This is evidenced by authorized officers writing on invoices 'true and correct' and signing.

Condition

Transactions were reviewed to ascertain whether they were certified and the results of the review are as follows:

Transaction \$5,000 to under \$75,000

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014/15	35	\$542,812.92	30	\$450,489.60

Transaction \$75,000 and over:

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014/15	1	169,846.61	1	169,846.61

Cause

- Non-compliance with PFMO 29 (1).

- A lack of training of responsible officers in the payment procedures, specifically in respect of certifying vendor invoices true and correct.
- Lack of check and balances to ensure that goods or services were obtained before payment is made.
- No review of SmartStream invoices before they are approved.
- Lack of supervision.
- Misinterpretation of Ordinances, Regulation, policies and procedures.

Effect or potential effect:

- TCIG may have paid for goods and services that were not supplied;
- TCIG may not have gotten value for money for the goods and services supplied;
- Lack of review of invoices may result in duplicate payments.
- Payments may have been made to the wrong vendor.
- Incorrect calculation on invoices may not have been captured resulting in overpayment.
- Quoted prices may be different from prices on invoices.

Recommendation

Accounting Officers must ensure that invoices are certified and signed by responsible officers. Accounting Officers must also ensure that review is carried out of all payments before they are approved.

Action Plan

Person Responsible: Accounting Officer

Estimated Completion Date:

Management Response

- As indicated in the Public Accounts Committee meeting to review the last year's audit, section 29 of the Public Finance Management Ordinance does not require the use of the expression "certified true and correct" to be used when authorizing payment.
- However, it was agreed that from FY 2015/16 moving forward all invoices for payment would be marked "true and correct", adhering to the Auditor General recommendations.
- Of the 30 exceptions identified in the above paragraphs, only 4 invoices (in red font – appendix 2) were really found to have no approval stamp or signature of approval. However, in each of the 4 invoices there was proof of calculations on them which indicated

consideration was given to the amount due in US dollars after the currency exchanges. The remaining 26 invoices either had a signature of approval or were stamped “approved” along with a signature on the physical invoices. Therefore it cannot be said that there is no evidence that the approving authorities did not consider that the invoices satisfied the requirements for approval. Such evidence should be taken into consideration.

ISSUE #2 – VENDOR INVOICE NOT APPROVED FOR PAYMENT

RANK: CONTROL DEFICIENCY RISK: LOW

Criteria

PFMR 72. (1) All disbursements of public moneys shall be properly vouched on payment vouchers or electronic documentation approved by the Accountant General.

(2) An Accounting Officer may designate in writing and by name, specific persons who have the authority to approve payment vouchers or approved electronic documentation on his or her behalf, and prescribe the financial limits and other conditions within which the authority may be exercised.

(3) The Accountant General and the Auditor General shall be—

(a) advised of the names of the public officers so designated and the financial limits within which they may exercise their authority,

(b) provided with the specimen signatures of those public officers; and

(c) advised when the authority of any public officer to sign payment vouchers or an electronic documentation is withdrawn.

(4) A public officer who approves a payment voucher or electronic documentation shall ensure that:-

(a) the services specified in the payment voucher or electronic documentation have been duly and competently performed;

(b) the prices charged are either according to contracts or approved scales or are fair and reasonable according to local rates;

(c) authority has been obtained as quoted;

(d) the calculations and castings have been verified and are arithmetically correct;

(e) the classification of the expenditure and any deduction are correct;

(f) there are sufficient funds uncommitted in the relevant expenditure sub-head to meet the expenditure;

(g) the persons named in the voucher are those entitled to receive payment; and

(h) any supplies purchased have been taken on charge or issued for immediate use.

(5) Where a deduction is due from the amount payable in a contract in respect of any tax, withholding moneys, penalties or fines, only the net sum shall be paid.

(6) A public officer who signed an incorrect certificate in consequence of an unauthorized or irregular payment shall be required to explain the circumstances, and if found to have been negligent may be subject to disciplinary action in accordance with Part VIII of the Ordinance.

Condition

Transaction were reviewed to ascertain whether:

- Vendor invoices were approved for payments.
- Persons who approved vendor invoices were authorized to approve payments.

The results of the review are as follows:

Transactions \$5,000 and under \$75,000:

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014/15	35	\$542,812.92	7	\$114,182.10

Cause

- Non-compliance with PFMR 72.
- Lack of in-house training for staff members with a concentration in the approval process
- Lack of check and balances.
- Lack of review of invoices by SmartStream approvers
- Lack of supervision.
- Misinterpretation of Ordinances, Regulation, policies and procedures.

Effect or potential effect:

Weak authorization and approval controls may lead to:

- Duplicate payments,
- Excess expenditure due to overpayments of vendors,
- Related party transactions
- The possibility of persons approving payments beyond their limits.

- The potential misuse or abuse of funds.
- Employee fraud.

Recommendation

Accounting Officers and other authorized personnel should adhere to section 72(2) of the Public Finance Management Regulation (PFMR). Furthermore, Accounting Officers should ensure that adequate controls are in place within the approval process.

Action Plan

Person Responsible: Accounting Officer

Estimated Completion Date:

Management Response

- Of the 15 invoices in question there were actually only 4 invoices that did not have a signature of approval on them.
- An approval listing for the AGC and its member departments was provided to the auditors.

Appendices

Appendix 1 – Document List

No	Document Name	Year	Ordinance	Date Requested	Provided/Not Provided
1	Three Quotes for Expenditure Transactions over \$1,500 to under \$75,000	2014/2015	PPO 32 (3)	03/06/2015	Provided
2	Contracts	2014/2015	PPO	03/06/2015	Provided
3	CFO Commitment Approvals	2014/2015	PFMR Schedule B	03/06/2015	Provided
4	Procurement Strategy	2014/2015	PPO 17 (b)	03/06/2015	Not Provided
5	Accounting Officers Procurement Risk Assessment	2014/2015	PPO 20	03/06/2015	Not Provided
6	Approved List or Approved List of Suppliers	2014/2015	PPO 52 (1)	03/06/2015	N/A
7	Framework Agreements	2014/2015	PPO 53 (1)	03/06/2015	N/A
8	Consultants Performance Reviews	2014/2015	PPO 54 (1)	03/06/2015	Not Provided
9	Contract Performance Reviews	2014/2015	PPO 55 (1)	03/06/2015	Not Provided
10	Incident Reports - Compliance by Contractors	2014/2015	PPO 55 (2)	03/06/2015	N/A
11	Responsible Officers reports to Director of Contracts on Contractors' Performance	2014/2015	PPO 55 (3)	03/06/2015	Not Provided
12	Director of Contracts and PS, Finance Approvals for Contract Extensions	2014/2015	PPO 56 (2)	03/06/2015	N/A
13	PS, Finance Contract Over Spend Approval	2014/2015	PPO 57 (1)	03/06/2015	N/A

14	Contract Over Spend Reports	2014/2015	PPO 57 (1)	03/06/2015	N/A
15	List of Claims arising from Contracts	2014/2015	PPO 58 (1)	03/06/2015	N/A
16	Director of Contracts Contract Termination Approvals	2014/2015	PPO 59 (2)	03/06/2015	N/A
17	PS, Finance Contract Termination Approvals	2014/2015	PPO 59 (2)	03/06/2015	N/A
18	List of All Obsolete or Surplus Capital Assets that were disposed /Auctioned/Tendered	2014/2015	PPO 60 (2)	03/06/2015	N/A
19	Accountant General's Notification of loss, stolen, abandon or destroyed capital asset	2014/2015	PPO 60 (4)	03/06/2015	N/A
20	Police Notification of theft or suspected unlawful intentional destruction of Capital Assets	2014/2015	PPO 60 (5)	03/06/2015	N/A
21	List of Government property purchased by offices	2014/2015	PPO 60 (6)	03/06/2015	N/A
22	List of complaints and disputes in respect of procurement	2014/2015	PPO 61	03/06/2015	N/A
23	List of offences and penalties levied	2014/2015	PPO 62	03/06/2015	N/A
24	Procurement Waivers	2014/2015	PPO	03/06/2015	N/A
25	Waiver of Public Procurement Ordinance 2012 List	2014/2015	PPO 21	03/06/2015	N/A
26	Travel Advance Registers	2014/2015	Travel Policy	03/06/2015	Provided
27	Travel Advance Reconciliation	2014/2015	Travel Policy	03/06/2015	Provided
28	Fixed (Non-Current) Asset Registers	2014/2015	Fixed Asset Policy	03/06/2015	Provided
29	Supplementary Appropriation Request Documentation	2014/2015	PFMO	03/06/2015	Provided
30	Travel Approval	2014/2015	Travel Policy	03/06/2015	Provided
31	Travel Claims	2014/2015		03/06/2015	Provided
32	Ministry Travel Registers	2014/2015		03/06/2015	Provided

33	Annual Travel Report for Senior Management	2014/2015		03/06/2015	Not Provided
34	Quote Assessments	2014/2015	PPO	03/06/2015	Not Provided
35	SmartStream Approvers Listing	2014/2015	PFMR	03/06/2015	Provided
36	Manual POs	2014/2015	PPO	03/06/2015	N/A
37	Virement Request Documents	2014/2015	PFMR	03/06/2015	Provided
38	Payment Authorization listing	2014/2015		03/06/2015	Provided
39	Expenditure Arrears listing	2014/2015		03/06/2015	Provided
40	Expenditure Arrears Invoices	2014/2015		03/06/2015	Provided
41	Assets Registers	2014/2015		03/06/2015	Provided
42	Loss Registers	2014/2015		03/06/2015	provided
43	Statement of Losses of Public Money and Stores	2014/2015		03/06/2015	Provided
44	Asset Disposal Request	2014/2015		03/06/2015	Provided
45	Asset Disposal Approval	2014/2015		03/06/2015	N/A

Appendix 2 – Transaction \$5,000 to under \$75,000

No.	Date	M	P	A/C	PD	Description	Amount	Evidence of goods/Services Recd (Certified True & Correct)	Invoice Approved for Payment
1	01/09/2014	4	12	34305	6	SIDLE00001 34012160 PROFESSIONAL SERVICES	16,208.67	16208.67	
2	19/08/2014	4	12	38029	5	EDWAA00001 20072128 payment for professional services	16,312.78		
3	01/09/2014	4	12	34305	6	SIDLE00001 34006712 PROFESSIONAL SERVICES	22,622.80	22622.8	
4	22/07/2014	4	12	38029	4	EDWAA00001 20071388 PAYMENT FOR PROFESSIONAL SERVICES	7,732.72	7,732.72	
5	24/04/2014	4	12	34305	1	EDWAA00001 20069038 professional consultancy	10,271.09	10271.09	10271.09
6	11/06/2014	4	12	38029	3	PATRP00002 PP062014 PROFESSIONAL SERVICES	5,792.17	5,792.17	5,792.17
7	31/05/2014	4	12	34305	2	Edward William Palmer LLP - Currency Adj	9,546.09		
8	16/12/2014	4	12	38029	9	DAVIP00002 99215 PAYMENT FOR CIVIL ASSEST RECOVERY	7,619.76	7,619.76	

9	31/05/2014	4	12	38029	2	Edwards Wildman Palmer UK LLP Currency Adj - Chq#24122	33,194.05		
10	02/03/2015	4	12	38029	12	DAVIP00002 100116 PROFESSIONAL SERVICES	8,673.60	8,673.60	
11	19/01/2015	4	12	32803	10	TCUTL00001 06814 ELECTRICITY EXPENSES	5,613.87	5,613.87	
12	16/03/2015	4	26	34305	12	ADRIW00001 AWJ15031301 PROFESSIONAL & CONSULTANCY CHARGES	21,060.00	21,060.00	
13	14/10/2014	4	12	34305	7	EDWAA00001 20073792 PAYMENT FOR PROFESSIONAL & CONSULT.	9,032.41	9032.41	
14	31/01/2015	4	12	34305	10	Currency adj - Sidley Ausitin LLP - 09/16/2014	27,270.40		
15	24/04/2014	4	12	38029	1	DAVIP00002 100116 PROFESSIONAL SERVICES	25,079.60	25,079.60	25,079.60
16	27/08/2014	4	12	34305	5	SIDLE00001 34045550 PROFESSIONAL AND CONSULTANCY	16,414.50	16414.5	
17	03/02/2015	4	12	35707	11	CFATF00001 201524 CONTRIBUTION TO CFATF FUNDING 2015	40,000.00	40,000.00	
18	02/03/2015	4	12	38029	12	EDWAA00001 2137 PROFESSIONAL SERVICES	7,973.60	7,973.60	
19	03/02/2015	4	12	34305	11	SIDLE00001 35006387 PROFESSIONAL SERVICES	16,684.20	16684.2	
20	17/09/2014	4	12	38029	6	EDWAA00001 20072981 PROFESSIONAL SERVICES	6,555.62	6,555.62	
21	28/01/2015	4	12	32601	10	TCUTL00001 06814 ELECTRICITY EXPENSES	5,613.87	5,613.87	

22	18/02/2015	4	12	34305	11	SIDLE00001 34048997 PROFESSIONAL SERVICES	22,174.25	22174.25	
23	24/04/2014	4	12	38029	1	EDWAA00001 20069077 PROFESSIONAL SERVICES	5,108.11	5,108.11	5,108.11
24	22/07/2014	4	12	38029	4	EDWAA00001 20071387 PAYMENT FOR PROFESSIONAL SERVICES	22,521.74	22,521.74	
25	11/06/2014	4	12	38029	3	PATRP00002 PPCR0052014 PAYMENT FOR PROFESSIONAL SERVICES	37,198.44	37,198.44	37,198.44
26	22/07/2014	4	12	34305	4	EDWAA00001 20071353 PAYMENT FOR PROF SERVICES & CONSULT	9,268.19	9268.19	
27	28/02/2015	4	12	33003	11	AGC-VIREMENT- 2014/002	6,000.00		
28	17/03/2015	4	54	34305	12	SANII00001 SANI professional and consultancy	23,700.00	23,700.00	23,700.00
29	22/07/2014	4	12	38029	4	EDWAA00001 20071413 PAYMENT FOR PROFESSIONAL SERVICES	11,136.68	11,136.68	
30	09/02/2015	4	54	34403	11	SPATI00001 150065 LICENSE	5,000.00	5,000.00	
31	11/03/2015	4	12	38029	12	PATRP00002 PP01022015 PROFESSIONAL SERVICES	16,419.89	16,419.89	
32	24/04/2014	4	12	38029	1	DAVIP00002 99215 professional services	7,032.69	7,032.69	7,032.69
33	02/03/2015	4	12	33001	12	A1BUS00002 000505 FILING CABINET	5,600.00	5,600.00	
34	03/02/2015	4	12	34305	11	SIDLE00001 34068843 PAYMENT FOR PROFESSIONAL SERVICES	39,827.27	39,827.27	
35	17/11/2014	4	12	38029	8	EDWAA00001 20074606 PROFESSIONAL	12,553.86	12,553.86	

						SERVICES			
						TOTAL	542,812.92		

Appendix 3 – Transaction over \$75,000

Date	M	Prog	Acc	PD	Description	Amount	Comments	Tender Required	Evidence of goods/Services Recd (Certified True & Correct)
02/03/2015	4	12	34305	12	EDWAA00001 2145 professional services	169,846.61	A G C Consultancy - Exempt PPO 2012	No	169,846.61

No.	Audit procedure	Yes/No/NA
1	Confirm that the prescribed tender procedures were adequately followed. (Compliance)	N/A
2	Identify whether bids specifications was approved by the delegated officials. (occurrence)	N/A

3	Trace the Names of officials involved in the bid process to the declaration of interest documents and ensure there is not conflict of interest. (occurrence)	N/A
4	Inspect documentation to confirm that the performance of the contractor was evaluated and the performance evaluation checklist was completed. (VFM)	N/A
5	Confirm that poor performing contractors were removed from the list of potential suppliers. (VFM)	N/A

Royal Turks and Caicos Islands Police Force

ISSUE #1 - PURCHASE ORDERS WERE NOT USED TO REQUEST GOODS/SERVICES

RANK: SIGNIFICANT DEFICIENCY

RISK: MODERATE

Criteria

The Procurement Ordinance Section 32(5) states that:

“The officer must ensure that procurement is formalized by issuing a purchase order that details the exact nature of the goods or services purchased and the agreed price”

Purchase orders (PO) must be issued when obtaining any goods and/ services outside the government for values between \$0- \$75000.

The PPO does not outline any exceptions to the requirement but the TCIG practice is that monthly utilities, rents, subventions and reimbursements are exempted.

Condition

Transaction were reviewed to ascertain whether POs were prepared before obtaining goods and services and the results of the review are as follows:

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014/15	49	588,974.29	3	\$20,626.53

Cause

- Non-compliance with section 32(5) of the Procurement Ordinance.
- Lack of SmartStream training for Data Entry Officers on preparation, receipting and matching of PO's.
- Lack of training for Approver on recognizing when SmartStream Invoices do not have POs attached/matched.
- Lack of checks and balances.
- Lack of supervision.
- Misinterpretation of Ordinances, Regulation, policies and procedures.

Effect or potential effect

- Commitments may not have been captured on SmartStream resulting in excess expenditure.
- Double commitment of funds in cases where POs were prepared in SmartStream but not receipted and matched to the SmartStream invoice resulting in excess expenditure.
- Does not facilitate the reconciliation between items ordered/requested and items received, so there is no mechanism to prompt officers to follow-up on discrepancies.
- TCIG may be paying for goods and services that were not requested.
- Quoted price may be different from the invoiced price resulting in overpayment for goods and services.

Recommendation

Accounting Officers must ensure that the responsible officers use Purchase Orders for requesting goods and services when applicable. Data Entry Officers should be trained or retrained to prepare, receipt and match PO's. Approvers should be trained to recognize when SmartStream Invoices do not have POs attached/matched. Accounting Officers should ensure that adequate supervisory controls are in place.

Action Plan

Person Responsible: Accounting Officer

Estimated Completion Date:

Management Response

We agree that some good was purchase without purchase orders and the department have put in place that no goods are to be paid for without first having a quote and after the quote is approve a purchase order is done.

ISSUE #2 – PAYMENTS WERE NOT CERTIFIED

RANK: CONTROL DEFICIENCY RISK: MODERATE

Criteria

PFMO 29. (1) No payment shall be made for goods supplied, services rendered or work done, whether under a contract or not, in connection with any part of the public service, unless in addition to any other voucher or certificate that is required, the accounting officer or any other officer authorized by him or her certifies—

(a) that the goods have been supplied, the service rendered or the work performed, as the case may be, and that the price charged by the contract, is reasonable; or

(b) where payment is to be made before the delivery of the goods, rendering of the service or completion of the work, as the case may be, that the payment is in accordance with the contract.

This is evidenced by authorized officers writing on invoices ‘true and correct’ and signing.

Condition

Transaction were reviewed to ascertain whether they were certified and the results of the review are as follows:

Transaction \$5,000 to under \$75,000:

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014/15	49	588,974.29	6	94,822.13

Transactions \$75,000 and over:

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014/15	6	1,492,739.71	5	1,191,412.30

Cause

- Non-compliance with PFMO 29 (1).

- A lack of training of responsible officers in the payment procedures, specifically in respect of certifying vendor invoices true and correct.
- Lack of check and balances to ensure that goods or services were obtained before payment is made.
- No review of SmartStream invoices before they are approved.
- Lack of supervision.
- Misinterpretation of Ordinances, Regulation, policies and procedures.

Effect or potential effect:

- TCIG may have paid for goods and services that were not supplied;
- TCIG may not have gotten value for money for the goods and services supplied;
- Lack of review of invoices may result in duplicate payments.
- Payments may have been made to the wrong vendor.
- Incorrect calculation on invoices may not have been captured resulting in overpayment.
- Quoted prices may be different from prices on invoices.

Recommendation

Accounting Officers must ensure that invoices are certified and signed by responsible officers. Accounting Officers must also ensure that review is carried out of all payments before they are approved.

Action Plan

Person Responsible: Accounting Officer

Estimated Completion Date:

Management Response

We agree and we will purchase the appropriate stamps that will reflect. Approve for PO and certify true and correct and Approve for Payment.

ISSUE #3 – VENDOR INVOICE NOT APPROVED FOR PAYMENT

RANK: CONTROL DEFICIENCY RISK: LOW

Criteria

PFMR 72. (1) All disbursements of public moneys shall be properly vouched on payment vouchers or electronic documentation approved by the Accountant General.

(2) An Accounting Officer may designate in writing and by name, specific persons who have the authority to approve payment vouchers or approved electronic documentation on his or her behalf, and prescribe the financial limits and other conditions within which the authority may be exercised.

(3) The Accountant General and the Auditor General shall be—

(a) advised of the names of the public officers so designated and the financial limits within which they may exercise their authority,

(b) provided with the specimen signatures of those public officers; and

(c) advised when the authority of any public officer to sign payment vouchers or an electronic documentation is withdrawn.

(4) A public officer who approves a payment voucher or electronic documentation shall ensure that:-

(a) the services specified in the payment voucher or electronic documentation have been duly and competently performed;

(b) the prices charged are either according to contracts or approved scales or are fair and reasonable according to local rates;

(c) authority has been obtained as quoted;

(d) the calculations and castings have been verified and are arithmetically correct;

(e) the classification of the expenditure and any deduction are correct;

(f) there are sufficient funds uncommitted in the relevant expenditure sub-head to meet the expenditure;

(g) the persons named in the voucher are those entitled to receive payment; and

(h) any supplies purchased have been taken on charge or issued for immediate use.

(5) Where a deduction is due from the amount payable in a contract in respect of any tax, withholding moneys, penalties or fines, only the net sum shall be paid.

(6) A public officer who signed an incorrect certificate in consequence of an unauthorized or irregular payment shall be required to explain the circumstances, and if found to have been negligent may be subject to disciplinary action in accordance with Part VIII of the Ordinance.

Condition

Transaction were reviewed to ascertain whether:

- Vendor invoices were approved for payments.
- Persons who approved vendor invoices were authorized to approve payments.

The results of the review are as follows:

Transactions \$5,000 to under \$75,000:

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014/15	49	588,974.29	22	\$317,848.46

Transactions \$75,000 and over:

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014/15	6	1,492,739.71	5	1,191,412.30

Cause

- Non-compliance with PFMR 72.
- Lack of in-house training for staff members with a concentration in the approval process
- Lack of check and balances.
- Lack of review of invoices by SmartStream approvers
- Lack of supervision.
- Misinterpretation of Ordinances, Regulation, policies and procedures.

Effect or potential effect:

Weak authorization and approval controls may lead to:

- Duplicate payments,

- Excess expenditure due to overpayments of vendors,
- Related party transactions
- The possibility of persons approving payments beyond their limits.
- The potential misuse or abuse of funds.
- Employee fraud.

Recommendation

Accounting Officers and other authorized personnel should adhere to section 72(2) of the Public Finance Management Regulation (PFMR). Furthermore, Accounting Officers should ensure that adequate controls are in place within the approval process.

Action Plan

Person Responsible: Accounting Officer

Estimated Completion Date:

Management Response

We were told that once we certified true and correct on an invoice that meant it was approved for payment. However going forward a stamp will be purchase saying approved for payment.

ISSUE # 4 – NO CONTRACTS

RANK: SIGNIFICANT DEFICIENCY

RISK: HIGH

Criteria:

The Public Procurement Ordinance 2012 Section 50 states that:

- (1) An officer must ensure that a contract entered into on behalf of the government is evidenced in writing.
- (2) Except with the approval of the Governor, the initial period of a contract must not exceed five years.
- (3) The Governor must not give his or her approval except in exceptional circumstances and then only for a period not exceeding ten years.
- (4) A contract may provide for its extension for a period not exceeding five or, as the case may be, ten years.
- (5) However, any such contract must provide that any extension will only be granted if both parties agree and if any performance standards have been continuously met and that no major breaches of the terms and conditions of the contract have occurred.
- (6) Unless a contract is in a form previously approved by the Attorney General the form of a contract must be approved by the Attorney General before it is entered into.
- (7) Except with the approval of the Attorney General, an officer must not include in a contract a provision that has not previously been approved by the Attorney General for that type of contract or omit a provision from such a contract.
- (8) An officer must ensure, for payment purposes, that there is a Purchase Order in respect of a contract and, if relevant, a Cabinet Conclusion reference from the approval granted in the pre-procurement stage.
- (9) If, in respect of a contract, a department acts as agent for another department, an officer must ensure that any relevant Financial Instructions are followed.
- (10) An officer must ensure that a contract that may have an effect on government land including leased land is countersigned by the Permanent Secretary of the department that has responsibility for support services.

Condition:

Review of the transaction revealed the following:

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014/15	49	588,974.29	23	\$214,998.86

17 of the above exceptions are leases.

Cause

- Non- compliance with the Public Procurement Ordinance 2012 Section 50 (1) - (10).
- Lack of training.
- Misinterpretation of Ordinances, Regulation, Policies and Procedures.
- Management oversight.
- Lack of risk management.
- Unclear objectives.

Effect or potential effect:

1. No contracts, or no renewal of contracts may lead to:
 - Nepotism
 - Favouritism
2. Disputes may arise that may be costly and difficult to resolve.
3. No way of measuring contract performance.
4. No value for money.
5. Cost overruns.
6. Project not meeting time budgets.

Recommendation

Accounting Officers and Responsible Officers must ensure that contracts exist where required and that they are up to date as per the Public Procurement Ordinance 2012 Section 50 (PPO).

Action Plan

Person Responsible: Accounting Officer

Estimated Completion Date:

Management Response

All lease agreements were forward to AG Chambers which we are still awaiting a response.

ISSUE #5 - PAYMENTS MADE WITHOUT OBTAINING THE REQUISITE QUOTES

RANK: SIGNIFICANT DEFICIENCY

RISK: MODERATE

Criteria

Public Procurement Ordinance 2012

32. (1) this section applies if the estimated value of a proposed contract is more than \$5000 but less than \$75,000.

(2) If an appropriate framework agreement or approved list is in place, an officer must use it as an alternative to the rules set out in this section.

(3) An officer must obtain at least three written quotations.

(4) The officer must retain on file full details of each quotation, including the supplier approached, the contact person and the quotation details.

(5) The officer must ensure that procurement is formalized by issuing a purchase order that details the exact nature of the goods or services purchased and the agreed price.

(6) Exceptionally, if an officer is of the opinion that it is not reasonably practicable to obtain competitive or sufficient competitive quotations as required under this section, the officer must follow the procedure for obtaining a waiver set out in section 21.

Best practices require organizations to obtain quotes to:

- Ensure that the procurement activities are fair and competitive.
- Achieve value for money.
- Ensure purchasing activities are publicly definable.

Single Source Procurement

PPO 38 (1) Single source procurement must not be used unless—

(a) in the case of procurement that is estimate to have a value of \$5,000 or more, the procurement is approved by the Procurement Board; or

(b) in the case of a procurement that estimated to have a value of less than \$10,000, an officer has determined that there is only one source for the supply of the goods, services or construction and the procurement is approved by the Board.

- (2) In these circumstances the Board or an officer may, without competition, negotiate and award a contract for the procurement of the goods, services or construction.
- (3) The Director of Contracts is to be notified when action under this section is contemplated.
- (4) The Director must—
- (a) make a record of the basis of the Board's or officer's determination that there was only one source of supply; and
- (b) file a copy of the contract in the procurement's document file.

Condition

Quotes were not provided for the following transactions:

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014/15	49	588,974.29	3	\$23,635.30

Cause

- Non –compliance with the PPO 2012 section 32 and best practice.
- Lack of training in the purchasing process.
- Management oversight.
- Misinterpretation of Ordinances, Regulation, Policies and Procedures.
- Inadequate assessment of needs.

Effect or potential effect:

1. Value for money may not have been obtained for goods purchased or services rendered.
2. Inferior product or service may have been provided.
3. Lack of quotations also reduces the level of competition thereby increasing the price TCIG would pay for the products and services offers.

Recommendation

Accounting Officers should ensure that quotes are obtained for good and services.

Action Plan

Person Responsible: Accounting Officer

Estimated Completion Date:

Management Response

We agree and have put measures in place as it relates to all quotes/ invoices above \$1500. Once it is this amount three quotes will be obtained as required.

ISSUE #6 - PAYMENTS MADE WITHOUT OBTAINING THE CHIEF FINANCIAL OFFICER'S APPROVAL

RANK: SIGNIFICANT DEFICIENCY

RISK: MODERATE

Criteria

PFMR Schedule B (5) Pursuant to section 4(4)(h) of the Ordinance, Accounting Officers shall ensure that the Chief Financial Officer is consulted on all recurrent and non-recurrent expenditure, promissory notes, or other financial commitments over the value of \$10,000 and obtain his or her approval in writing in advance of any commitment being incurred by the Government.

Condition

Review of the transaction revealed the following:

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014/15	49	\$588,974.29	1	\$10,966.30

Cause

- Non –compliance with the PFMR Section B (5).
- Lack of training.
- Management oversight.
- Misinterpretation of Ordinances, Regulation, Policies and Procedures.
- Weak approval Controls.

Effect or potential effect:

1. Reputational Risk
2. Unauthorized payments
3. Unwanted financial obligations

4. Funds diversions
5. Misappropriation

Recommendation

Accounting Officers should ensure that CFO approval is obtain before committing any expenditure over \$10,000 as per PFMR Section B (5).

Action Plan

Person Responsible: Accounting Officer

Estimated Completion Date:

Management Response

We agree and will ensure that this is complied with going forward.

ISSUE # 7 - NON- COMPLIANCE WITH PUBLIC PROCUREMENT ORDINANCE 2012

RANK: SIGNIFICANT DEFICIENCY

RISK: HIGH

Criteria

PPO 2012 - 32. (1) This section applies if the estimated value of a proposed contract is more than \$5000 but less than \$75,000.

(2) If an appropriate framework agreement or approved list is in place, an officer must use it as an alternative to the rules set out in this section.

(3) An officer must obtain at least three written quotations.

(4) The officer must retain on file full details of each quotation, including the supplier approached, the contact person and the quotation details.

(5) The officer must ensure that procurement is formalized by issuing a purchase order that details the exact nature of the goods or services purchased and the agreed price.

(6) Exceptionally, if an officer is of the opinion that it is not reasonably practicable to obtain competitive or sufficient competitive quotations as required under this section, the officer must follow the procedure for obtaining a waiver set out in section 21.

PPO 2012 - 33. (1) This section applies if the estimated value of a proposed contract is \$75,000 or more or is capital spending.

(2) This section applies despite any waiver granted under section 21.

(3) The proposed contract shall be subject to a tendering process.

(4) The nature of the procurement route to be followed will be determined by the Pre-Procurement phase set out in section 27.

(5) In each case the route to be followed will be as set out in sections 35 and 36.

(6) The Director of Contracts must log high value procurement and give it a reference number that must be quoted on all documentation relating to the invitation to tender and any subsequent contract.

(7) An officer must ensure that high value procurement is authorised by the Permanent Secretary, Finance before the being advertised.

Condition

Vendor total \$75,000 and greater transactions were reviewed to ascertain whether they comply with the Public Procurement Ordinance 2012 and the results of the review are as follows:

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014-2015	6	1,867,264.41	1	89,261.59

Quotes were not provided for the above transaction.

Cause

- Non-compliance with PPO 2012
- A lack of training of responsible officers
- Lack of check and balances.
- No review of SmartStream invoices before they are approved.
- Lack of supervision.
- Lack of awareness and or misinterpretation of Ordinances, Regulation, policies and procedures.

Effect or potential effect:

- Mismanagement.

Recommendation

Accounting Officers must ensure that their Ministries comply with all the stipulation of the Public Procurement Ordinance 2012.

Action Plan

Person Responsible: Accounting Officer

Estimated Completion Date:

Management Response

We agree and will comply with the legal requirements going forward.

ISSUE # 8 – INSUFFICIENT SUPPORTING DOCUMENTS

RANK: SIGNIFICANT DEFICIENCY

RISK: MODERATE

Criteria

Missing Documents

PFMR 77. (1) If any voucher on which payment has been made is lost, misplaced or inadvertently destroyed, the Accounting Officer shall notify the Accountant General immediately, and the Accountant General shall in turn report the full circumstances to the Permanent Secretary, Finance, with a copy to the Auditor General.

(2) Where after due enquiry, the Permanent Secretary, Finance is satisfied as to the circumstances of such loss, mislaying or destruction and that payment has been properly and correctly made, he or she may recommend to the Minister to authorize the payment to stand charged in the accounts.

(3) Where the Permanent Secretary, Finance is not satisfied as to the circumstances of the loss, mislaying or destruction, he or she shall recommend an appropriate remedy or penalty.

(4) For the purposes of this Regulation, a payment voucher or approved electronic documentation which is incomplete because its supporting documents are missing, shall be regarded as a missing voucher.

Supporting documents were not attached to the SmartStream Invoice for the following transactions:

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014/15	6	\$1,492,739.71	1	\$200,000

Cause

- Non –compliance with the PFMR 2012 section 7.
- Lack of training.
- Lack of attention and care.
- Management oversight.

- Misinterpretation of Ordinances, Regulation, Policies and Procedures.

Effect or potential effect:

- Duplicate payments.
- Wastage/Leakages.
- Fictitious payments.
- TCIG may have paid for goods or services that was not provided.
- Over payments.
- Unclear payments.

Recommendation

Accounting Officers should ensure that sufficient supporting documentation are attached to SmartStream invoices before they are approved.

Action Plan

Person Responsible: Accounting Officer

Estimated Completion Date:

Management Response

We agree and will ensure compliance going forward.

Appendices

Appendix 1 – Document List

No	Document Name	Year	Ordinance	Date Requested	Provided/Not Provided
1	Three Quotes for Expenditure Transactions over \$1,500 to under \$75,000	2014/2015	PPO 32 (3)	03/06/2015	Not Provided
2	Contracts	2014/2015	PPO	03/06/2015	Provided
3	CFO Commitment Approvals	2014/2015	PFMR Schedule B	03/06/2015	Provided
4	Procurement Strategy	2014/2015	PPO 17 (b)	03/06/2015	Provided
5	Accounting Officers Procurement Risk Assessment	2014/2015	PPO 20	03/06/2015	Provided
6	Approved List or Approved List of Suppliers	2014/2015	PPO 52 (1)	03/06/2015	Never received
7	Framework Agreements	2014/2015	PPO 53 (1)	03/06/2015	Not Applicable
8	Consultants Performance Reviews	2014/2015	PPO 54 (1)	03/06/2015	Not Applicable
9	Contract Performance Reviews	2014/2015	PPO 55 (1)	03/06/2015	Not Applicable
10	Incident Reports - Compliance by Contractors	2014/2015	PPO 55 (2)	Not Applicable	Not Applicable
11	Responsible Officers reports to Director of Contracts on Contractors' Performance	2014/2015	PPO 55 (3)	Not Applicable	Not Applicable
12	Director of Contracts and PS, Finance Approvals for Contract Extensions	2014/2015	PPO 56 (2)	Not Applicable	Not Applicable
13	PS, Finance Contract Over Spend Approval	2014/2015	PPO 57 (1)	Not Applicable	Not Applicable
14	Contract Over Spend Reports	2014/2015	PPO 57 (1)	Not	Not Applicable

				Applicable	
15	List of Claims arising from Contracts	2014/2015	PPO 58 (1)	Not Applicable	Not Applicable
16	Director of Contracts Contract Termination Approvals	2014/2015	PPO 59 (2)	03/06/2015	Not Applicable
17	PS, Finance Contract Termination Approvals	2014/2015	PPO 59 (2)	03/06/2015	Not Applicable
18	List of All Obsolete or Surplus Capital Assets that were disposed /Auctioned/Tendered	2014/2015	PPO 60 (2)	03/06/2015	Not Applicable
19	Accountant General's Notification of loss, stolen, abandon or destroyed capital asset	2014/2015	PPO 60 (4)	03/06/2015	Not Applicable
20	Police Notification of theft or suspected unlawful intentional destruction of Capital Assets	2014/2015	PPO 60 (5)	03/06/2015	Not Applicable
21	List of Government property purchased by offices	2014/2015	PPO 60 (6)	03/06/2015	Not Applicable
22	List of complaints and disputes in respect of procurement	2014/2015	PPO 61	03/06/2015	Not Applicable
23	List of offences and penalties levied	2014/2015	PPO 62	03/06/2015	Not Applicable
24	Procurement Waivers	2014/2015	PPO	03/06/2015	Not Applicable
25	Waiver of Public Procurement Ordinance 2012 List	2014/2015	PPO 21	03/06/2015	Not Applicable
26	Travel Advance Registers	2014/2015	Travel Policy	03/06/2015	Provided
27	Travel Advance Reconciliation	2014/2015	Travel Policy	03/06/2015	Provided
28	Fixed (Non-Current) Asset Registers	2014/2015	Fixed Asset Policy	03/06/2015	Provided
29	Supplementary Appropriation Request Documentation	2014/2015	PFMO	03/06/2015	Not Applicable
30	Travel Approval	2014/2015	Travel Policy	03/06/2015	Provided
31	Travel Claims	2014/2015		03/06/2015	Provided
32	Ministry Travel Registers	2014/2015		03/06/2015	Provided

33	Annual Travel Report for Senior Management	2014/2015		03/06/2015	Provided
34	Quote Assessments	2014/2015	PPO	03/06/2015	Not Provided
35	SmartStream Approvers Listing	2014/2015	PFMR	03/06/2015	Provided
36	Manual POs	2014/2015	PPO	03/06/2015	Not Applicable
37	Virement Request Documents	2014/2015	PFMR	03/06/2015	Provided
38	Payment Authorization listing	2014/2015		03/06/2015	Not Applicable
39	Expenditure Arrears listing	2014/2015		03/06/2015	Provided
40	Expenditure Arrears Invoices	2014/2015		03/06/2015	Provided
41	Assets Registers	2014/2015		03/06/2015	Provided
42	Loss Registers	2014/2015		03/06/2015	Not Provided
43	Statement of Losses of Public Money and Stores	2014/2015		03/06/2015	Provided
44	Asset Disposal Request	2014/2015		03/06/2015	Not Applicable
45	Asset Disposal Approval	2014/2015		03/06/2015	Not Applicable

Appendix 2 – Transaction \$5,000 to under \$75,000

No	Date	M	P	A/C	P D	Description	Amount	PO	Evidence of goods/Service s Recd (Certified True & Correct)	Invoice Approve d for Payment	three Quote s	CFO approve d \$10k	Contract
1	31/03/2015	3	9	35002	12	POLICE-VIREMENT-2014/004	5,000.00						
2	30/11/2014	3	9	35002	8	To transfer registration fees for Ryan Godet & Clyde Pardo	5,380.00						
3	28/02/2015	3	9	33003	11	POLICE-VIREMENT-2014/003	34,000.00						
4	31/10/2014	3	9	34310	7	DNALA00001 14-1358 EVIDENCE SCREENING/DNA ANAYL/TESTIN	9,080.00	9080		9080			
5	01/09/2014	3	9	32601	6	PROVO00005 10203 PAYMENT FOR POL STAT70	5,946.08			5946.08			

						FIVE CAYS RD							
6	25/04/2014	3	9	32601	1	PROVO00005 5033809 ROYAL TCI POLICE UTILITY BILL	5,502.69						
7	04/11/2014	3	9	35001	8	VICTO00015 171014 CONSULTANT FEE FOR CRAIG TOMASH	6,000.00	6000	6000	6000			
8	17/06/2014	3	9	32803	3	CABLE00001 950000280520 PAYMENT FOR JUNE TELEPHONE BILL	15,020.03		15020.03	15020.03			
9	10/03/2015	3	9	33508	12	PAIRC00001 78228A FUEL FOR POLICE AIRCRAFT VQ-TAC	7,932.22						7932.22
10	15/12/2014	3	9	34002	9	VENET00002 151214 POLICE RENT FOR JANUARY 2015	12,147.03		12147.03	12147.03			12,147.03
11	15/12/2014	3	9	34002	9	SANDR00008 151214 POLICE RENT FOR JANUARY 2015	8,400.00						8,400.00
12	24/10/2014	3	9	34002	7	EVEQU00001 241014 POLICE RENT FOR NOVEMBER 2014	7,200.00						7,200.00
13	02/03/201	3	9	3240	12	001061 2315	5,535.00						

	5			1		SUBSISTENCE						
14	15/12/2014	3	9	34002	9	BRYAN00004 151214 POLICE RENT FOR JANUARY 2015	5,940.00					5,940.00
15	31/03/2015	3	9	38028	12	POLICE- VIREMENT- 2014/006	37,000.00					
16	27/11/2014	3	9	34002	8	007652 271114 police rent December 2014	5,400.00					5,400.00
17	17/06/2014	3	9	32803	3	CABLE00001 230019210700 PAYMENT FOR JUNE TELEPHONE BILL	37,711.87		37711.87	37711.87		
18	23/09/2014	3	9	33508	6	PAIRC00001 75834 GASOLINE	8,000.00			8000		8000
19	07/05/2014	3	9	32803	2	CABLE00001 230019211500 PAYMENT FOR POLICE CELL GROUP 1	6,812.36					
20	14/05/2014	3	9	32301	2	AIRPO00001 115048 HOTEL ACCOMODATIONS	5,443.20		5443.2	5443.2		
21	14/07/2014	3	9	33501	4	BETTE00001 10- 172-DISC PARTS/LABOR FOR POL PLANE VA- TAC	10,966.30			10966.3	10966	10966.3

22	11/08/201 4	3	9	3260 1	5	PROVO00005 07091 PAYMENT FOR POL DEPT SOUTH DOCK	14,870.86			14870.86			
23	24/11/201 4	3	9	3400 2	8	VENET00002 24112014 RENT FOR POLICE DEPT FOR DECEMBER	12,374.48						12,374.4 8
24	27/11/201 4	3	9	3400 2	8	6428L00001 271114 RENT FOR DECEMBER 2014	18,500.00		18500	18500			18,500.0 0
25	30/03/201 5	3	9	3300 3	12	INOVA00001 JN LICENCEINDRECR ENROLL. 1 OF 3 YEARS	57,775.53			57775.53			
26	14/08/201 4	3	9	3280 3	5	CABLE00001 230019210700 PAYMENT FOR POLICE STATION PLS	15,989.21			15,989.2 1			
27	24/10/201 4	3	9	3400 2	7	OUGIN00001 241014 POLICE RENT FOR NOVEMBER 2014	6,500.00						6,500.00
28	25/02/201 5	3	9	3400 2	11	OUGIN00001 25215 POLICE RENT FOR MARCH 2015	6,500.00						6,500.00
29	11/08/201 4	3	9	3350 8	5	SMITH00009 3172014 FUEL PAYMENT FOR JULY 2014	21,543.76			21,543.7 6			21543.76
30	27/10/201 4	3	9	3500 2	7	0003783 231014 REGISTRATION FEE	5,454.05			5454.05			

31	22/08/2014	3	9	3400 2	5	SANDR00008 22814 POLICE RENT FOR SEPTEMBER 2014	8,400.00						8,400.00
32	27/11/2014	3	9	3400 2	8	BRYAN00004 271114 POLICE RENT DECEMBER 2014	5,940.00						5,940.00
33	23/09/2014	3	9	3431 0	6	TIFFA00007 0019 DAYS ENGAGED	6,000.00				6000	6000	
34	26/01/2015	3	9	3400 2	10	SANDR00008 26115 POLICE RENT FOR FEBRUARY 2015	8,400.00						8,400.00
35	19/01/2015	3	9	3350 8	10	PAIRC00001 76959 AVGAS FOR POLICE AIRCRAFT	7,847.07				7847		7847
36	31/07/2014	3	9	3350 8	4	PAIRC00001 75157A AVGAS FOR POLICE PLANE VQ-TAC	7,734.36				7734.36		7734.36
37	14/01/2015	3	9	3350 1	10	AIRPA00001 3435403 PARTS FOR POLICE AIRCRAFT	5,546.53	5546.5 3			5546.53		
38	10/06/2014	3	9	3310 1	3	ASSOC00002 31314 ANNUAL SUBSCRIPTION 2014-2015	6,000.00						
39	27/05/2014	3	9	3400 2	2	SANDR00008 27514 POLICE RENT FOR JUNE 2014	8,400.00						8,400.00

40	24/07/201 4	3	9	3400 2	4	SANDR00008 24714 POLICE RENT FOR AUGUST 2014	8,400.00						8,400.00
41	17/06/201 4	3	9	3350 8	3	SMITH00009 31514 FUEL FOR MAY 2014	17,840.01						17840.01
42	27/11/201 4	3	9	3400 2	8	EVEQU00001 271114 POLICE RENT DECEMBER 2014	7,200.00						7,200.00
43	06/03/201 5	3	9	3400 2	12	EVEQU00001 6315 POLICE RENT FOR APRIL 2015	7,200.00						7,200.00
44	16/12/201 4	3	9	3280 3	9	CABLE00001 230019210700 PAYMENT FOR POLICE HQ PLS	30,367.60			30367.6			
45	27/05/201 4	3	9	3400 2	2	EVEQU00001 27514 POLICE RENT FOR JUNE 2014	7,200.00						7,200.00
46	30/04/201 4	3	9	3371 9	1	ASPIN00002 0299248-INA LIGHT CAR CHARGER/TACTIC AL LIGHT CA	6,669.00				6669		
47	16/02/201 5	3	9	3350 8	11	PAIRC00001 77881 AVGAS FOR POLICE AIRCRAFT	7,905.05			7905.05			
48	20/10/201 4	3	9	3350 8	7	PAIRC00001 76024 AVGAS FOR POLICE PLANE VQ- TAC	8,000.00			8000			

49	28/02/2015	3	9	35002	11	POLICE-VIREMENT-2014/002	20,000.00						
							588,974.29						

Appendix 3 – Transactions over \$75,000

Date	M	Prog	Acc	PD	Description	Amount	Comments	Tender Required	Supporting Documents	Evidence of goods/ Services Recd (Certified True & Correct)	Invoice Approved for Payment
23/04/2014	3	9	38028	1	CROWN00001 MARCHSALARY MARCH SALARY 2014	343,440.75	SIPT Salaries	No		343,440.75	343,440.75
13/05/2014	3	9	38028	2	TCIGS00001 08052014 TOPUP FOR APRIL AND MAY,2014	200,000.00	SIPT Top-up	No	200,000.00	200,000.00	200,000.00
19/05/2014	3	9	38028	2	CROWN00001 MAYSALARY MAY SALARY	267,903.58	SIPT Salaries	No		267,903.58	267,903.58
19/06/2014	3	9	38028	3	CROWN00001 19062014 PAYMENT FOR MAY,2014	280,067.97	SIPT Salaries	No		280,067.97	280,067.97
07/07/2014	3	9	38028	4	TCIGS00001 08072014 TOPUP FOR JUNE,2014	100,000.00	SIPT Top-up	No		100,000.00	100,000.00

16/03/2015	3	9	38028	12	CROWN00001 14032015 PAYMENT FOR SALARY FOR FEBRUARY2015	301,327.41	SIPT Salaries	No			
					Total	1,492,739.71		Total	200,000.00	1,191,412.30	1,191,412.30
					Total No.			No.	1	5	5

No.	Audit procedure	Yes/NO/NA
1	Confirm that the prescribed tender procedures were adequately followed. (Compliance)	NA
2	Identify whether bids specifications was approved by the delegated officials. (occurrence)	N/A
3	Trace the Names of officials involved in the bid process to the declaration of interest documents and ensure there is not conflict of interest. (occurrence)	N/A
4	Inspect documentation to confirm that the performance of the contractor was evaluated and the performance evaluation checklist was completed. (VFM)	N/A
5	Confirm that poor performing contractors were removed from the list of potential suppliers. (VFM)	N/A

Appendix 4 –Aggregated Transactions \$75,000.

Vendor ID	Rec.	Sample Rec No	Description of Payment	Transactions	Total	Min	Prog	Required	Comments
PAIRC00001	12	79	AVGas for Police Aircraft	5,269.93		3	9	Not Tendered	Not seeing in PPB Minutes.
			AVGas for Police Aircraft	5,000.00					
			AVGas for Police Aircraft	7,964.10					
			AVGas for Police Aircraft	7,734.36					
			AVGas for Police Aircraft	7,993.24					
			AVGas for Police Aircraft	8,000.00					
			AVGas for Police Aircraft	8,000.00					
			AVGas for Police Aircraft	7,752.90					
			AVGas for Police Aircraft	7,862.72					
			AVGas for Police Aircraft	7,847.07					
			AVGas for Police Aircraft	7,905.05					
			AVGas for Police Aircraft	7,932.22	89,261.59	3	9		
INSUR00002	2	53	Police Insurance						

				25,133.40					
			Personal Accident	73,555.11	98,688.51	3	9	Tender	Tender approved by PPB meeting PPB-009-14/15 d/d 4/11/2014 Waiver of Tender
VENET00002	12	121	VENET00002 152014 POLICE RENT FOR MAY 2014	17,637.51		3	9	Exempt	Approved by Cabinet
			VENET00002 27514 POLICE RENT FOR JUNE 2014	16,771.44		3	9		
			VENET00002 20614 POLICE RENT FOR JULY 2014	20,207.55		3	9		
			VENET00002 21714 POLICE RENT FOR AUGUST 2014	18,601.00		3	9		
			VENET00002 22814 POLICE RENT FOR SEPTEMBER 2014	15,788.50		3	9		
			VENET00002 25914 POLICE RENT FOR OCTOBER 2014	12,304.41		3	9		
			VENET00002 241014 POLICE RENT FOR NOVEMBER 2014	13,408.86		3	9		
			VENET00002 24112014 RENT FOR POLICE DEPT FOR DECEMBER	12,374.48		3	9		
			VENET00002 151214 POLICE RENT FOR JANUARY 2015	12,147.03		3	9		
			VENET00002 30115 POLICE RENT FOR FEBRUARY 2015.	11,452.03		3	9		
			VENET00002 19215 POLICE RENT FOR MARCH 2015	12,096.18		3	9		
			VENET00002 6315 POLICE RENT FOR APRIL 2015	12,169.04	174,958.03	3	9		
6428L00001	12	2	6428L00001 5514 RENT FOR MAY 2014	18,500.00					
			6428L00001 27514 POLICE RENT FOR JUNE 2014	18,500.00					

			6428L00001 20614 POLICE RENT FOR JULY 2014	18,500.00					
			6428L00001 21714 POLICE RENT FOR AUGUST 2014	18,500.00					
			6428L00001 22814 POLICE RENT FOR SEPTEMBER 2014	18,500.00					
			6428L00001 25914 POLICE RENT FOR OCTOBER 2014	18,500.00					
			6428L00001 241014 POLICE RENT FOR NOVEMBER 2014	18,500.00					
			6428L00001 271114 RENT FOR DECEMBER 2014	18,500.00					
			6428L00001 151214 POLICE RENT FOR JANUARY 2015	18,500.00					
			6428L00001 26115 POLICE RENT FOR FEBRUARY 2015	18,500.00					
			6428L00001 25215 POLICE RENT FOR MARCH 2015	18,500.00					
			6428L00001 6315 POLICE RENT FOR APRIL 2015	18,500.00	222,000.00	3	9	Exempt	approved by Cabinet
PAYMENT FO	1	81	Payment for October, 2014	232,356.28	232,356.28	3	9	N/A	
TCIGS00001	9	106	TCIGS00001 08052014 TOPUP FOR APRIL AND MAY,2014	200,000.00		3	9		
			TCIGS00001 08072014 TOPUP FOR JUNE,2014	100,000.00		3	9		
			TCIGS00001 08082014 AUGUST TOP UP	100,000.00		3	9		
			TCIGS00001 05092014 PAYMENT FOR SEPTEMBER, 2014	100,000.00		3	9		
			TCIGS00001 16102014 PAYMENT FOR OCTOBER,14	100,000.00		3	9		
			TCIGS00001 04112014			3	9		

			MONTHLY TOP UP	100,000.00					
			TCIGS00001 19112014 PAYMENT FOR	100,000.00		3	9		
			TCIGS00001 JAN 2015 1ST INSTALLMENT JAN, 2015	100,000.00		3	9		
			TCIGS00001 14/01/2015 2ND INSTALLMENT JAN, 2015	150,000.00	1,050,000.00	3	9	Exempt	

Ministry of Finance

ISSUE #1 - PURCHASE ORDERS WERE NOT USED TO REQUEST GOODS/SERVICES

RANK: SIGNIFICANT DEFICIENCY

RISK: MODERATE

Criteria

The Procurement Ordinance Section 32(5) states that:

“The officer must ensure that procurement is formalized by issuing a purchase order that details the exact nature of the goods or services purchased and the agreed price”

Purchase orders (PO) must be issued when obtaining any goods and/ services outside the government for values between \$0- \$75000.

The PPO does not outline any exceptions to the requirement but the TCIG practice is that monthly utilities, rents, subventions and reimbursements are exempted.

Condition

Transaction were reviewed to ascertain whether POs were prepared before obtaining goods and services and the results of the review are as follows:

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014/15	41	\$638,996.51	1	\$6,296.29

Cause

- Non-compliance with section 32(5) of the Procurement Ordinance.
- Lack of SmartStream training for Data Entry Officers on preparation, receipting and matching of PO's.
- Lack of training for Approver on recognizing when SmartStream Invoices do not have POs attached/matched.
- Lack of checks and balances.
- Lack of supervision.
- Misinterpretation of Ordinances, Regulation, policies and procedures.

Effect or potential effect

- Commitments may not have been captured on SmartStream resulting in excess expenditure.
- Double commitment of funds in cases where POs were prepared in SmartStream but not receipted and matched to the SmartStream invoice resulting in excess expenditure.
- Does not facilitate the reconciliation between items ordered/requested and items received, so there is no mechanism to prompt officers to follow-up on discrepancies.
- TCIG may be paying for goods and services that were not requested.
- Quoted price may be different from the invoiced price resulting in overpayment for goods and services.

Recommendation

Accounting Officers must ensure that the responsible officers use Purchase Orders for requesting goods and services when applicable. Data Entry Officers should be trained or retrained to prepare, receipt and match PO's. Approvers should be trained to recognize when SmartStream Invoices do not have POs attached/matched. Accounting Officers should ensure that adequate supervisory controls are in place.

Action Plan

Person Responsible: Accounting Officer

Estimated Completion Date: 12/12/15

Management Response

This recommendation is accepted: Action is taken to ensure all POs are raised for all invoices. I must highlight that the exception amount is less than 1% of the sample amount.

With 1 exception being 2% of the sample size, I kindly ask clarification on why the materiality is set so low in this instance. In comparison to prior year this seems to be an improvement.

In the Effect or potential affect area you have listed that:

"Double commitment of funds in cases where POs were prepared in SmartStream but not receipted and matched to the SmartStream invoice resulting in excess expenditure."

This is unlikely as open PO's are cancelled at year end. However it would show as double commitment against budget until such time the PO is cancelled – so no impact at year end.

ISSUE #2 – PAYMENTS WERE NOT CERTIFIED

RANK: CONTROL DEFICIENCY RISK: MODERATE

Criteria

PFMO 29. (1) No payment shall be made for goods supplied, services rendered or work done, whether under a contract or not, in connection with any part of the public service, unless in addition to any other voucher or certificate that is required, the accounting officer or any other officer authorized by him or her certifies—

(a) that the goods have been supplied, the service rendered or the work performed, as the case may be, and that the price charged by the contract, is reasonable; or

(b) where payment is to be made before the delivery of the goods, rendering of the service or completion of the work, as the case may be, that the payment is in accordance with the contract.

This is evidenced by authorized officers writing on invoices ‘true and correct’ and signing.

Condition

Transaction were reviewed to ascertain whether they were certified and the results of the review are as follows:

Payments \$5,000 to under \$75,000

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014/15	41	\$638,996.51	10	\$124,464.23

Payments \$75,000 and over:

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014/15	7	\$1,638,722.71	3	\$1,142,124.48

Cause

- Non-compliance with PFMO 29 (1).
- A lack of training of responsible officers in the payment procedures, specifically in respect of certifying vendor invoices true and correct.
- Lack of check and balances to ensure that goods or services were obtained before payment is made.
- No review of SmartStream invoices before they are approved.
- Lack of supervision.
- Misinterpretation of Ordinances, Regulation, policies and procedures.

Effect or potential effect:

- TCIG may have paid for goods and services that were not supplied;
- TCIG may not have gotten value for money for the goods and services supplied;
- Lack of review of invoices may result in duplicate payments.
- Payments may have been made to the wrong vendor.
- Incorrect calculation on invoices may not have been captured resulting in overpayment.
- Quoted prices may be different from prices on invoices.

Recommendation

Accounting Officers must ensure that invoices are certified and signed by responsible officers. Accounting Officers must also ensure that review is carried out of all payments before they are approved.

Action Plan

Person Responsible: Accounting Officer

Estimated Completion Date:

Management Response

Rejected: Invoices that have been placed on the system have been certified by a designated officer. In viewing the PFM 29 it does not specify that the approval must be done outside of the automated accounting system. The requirement to certify has come from audit. Signing off as approver in SmartStream is the equivalent of authorising the invoice for payment.

Other certification processes have been automated. This is done within the system by a first level approver. By creating a process outside of the electronic system will likely reduce the efficiency of the organization or even add additional costs.

ISSUE #3 – SMARTSTREAM INVOICES NOT PROPERLY APPROVED

RANK: CONTROL DEFICIENCY RISK: MODERATE

Criteria

PFMR 72. (1) All disbursements of public moneys shall be properly vouched on payment vouchers or electronic documentation approved by the Accountant General.

(2) An Accounting Officer may designate in writing and by name, specific persons who have the authority to approve payment vouchers or approved electronic documentation on his or her behalf, and prescribe the financial limits and other conditions within which the authority may be exercised.

(3) The Accountant General and the Auditor General shall be—

(a) advised of the names of the public officers so designated and the financial limits within which they may exercise their authority,

(b) provided with the specimen signatures of those public officers; and

(c) advised when the authority of any public officer to sign payment vouchers or an electronic documentation is withdrawn.

(4) A public officer who approves a payment voucher or electronic documentation shall ensure that:-

(a) the services specified in the payment voucher or electronic documentation have been duly and competently performed;

(b) the prices charged are either according to contracts or approved scales or are fair and reasonable according to local rates;

(c) authority has been obtained as quoted;

(d) the calculations and castings have been verified and are arithmetically correct;

(e) the classification of the expenditure and any deduction are correct;

(f) there are sufficient funds uncommitted in the relevant expenditure sub-head to meet the expenditure;

(g) the persons named in the voucher are those entitled to receive payment; and

(h) any supplies purchased have been taken on charge or issued for immediate use.

(5) Where a deduction is due from the amount payable in a contract in respect of any tax, withholding moneys, penalties or fines, only the net sum shall be paid.

(6) A public officer who signed an incorrect certificate in consequence of an unauthorised or irregular payment shall be required to explain the circumstances, and if found to have been negligent may be subject to disciplinary action in accordance with Part VIII of the Ordinance.

SmartStream requires TCIG to have adequate segregation of duty to ensure sufficient review is carried out of transactions and to prevent any one person from having total control over transactions. Having segregation of duty controls in any process creates a system of check and balances.

Condition

Transaction were reviewed to ascertain whether:

- Persons who approved SmartStream invoices were authorized approvers.
- Approvers were assigned financial limits.
- There were adequate segregations of duty controls in SmartStream ensuring that the same individual did not approve payments at level 1 and level 2.
- Officers approved their own payments.

The results of the review are as follows:

Transactions approved at level 1 and 2 by same officer

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014/15	41	\$638,996.51	1	\$70,312.20

Review of the SmartStream approvals listing for the Ministry revealed that the approvers were not assigned financial limits as required by PFMR 72 (2).

Cause

- Non-compliance with PFMR 72.
- Lack of training for staff with a concentration in the approval process on SmartStream
- Circumventing of the segregation of duty controls.
- Lack of check and balances.
- Management override for the approval controls.
- No limits assigned to SmartStream approver
- Misinterpretation of Ordinances, Regulation, policies and procedures.

- Inadequate assessment of needs.

Effect or potential effect:

Weak authorization and approval controls may lead to:

- Duplicate payments,
- Excess expenditure due to overpayments of vendors,
- Related party transactions
- The possibility of persons approving payments beyond their limits.
- The potential misuse or abuse of funds.
- Employee fraud.

Recommendation

Accounting Officers and other authorized personnel should adhere to section 72 of the Public Finance Management Regulation (PFMR). Furthermore, Accounting Officers should ensure that adequate controls are in place within the approval process.

Action Plan

Person Responsible: Accounting Officer

Estimated Completion Date: September 2014

Management Response

This situation issue was looked into and rectified during FY 2014. However it must be noted that documentation was forwarded to Treasury and also to the NAO office in FY 14/15 advising on the levels of approvals for MOF. This documentation however was subsequently removed from the MOF during the audit of FY 2014/2015 and never returned.

ISSUE #4 – VENDOR INVOICE NOT APPROVED FOR PAYMENT

RANK: CONTROL DEFICIENCY RISK: LOW

Criteria

PFMR 72. (1) All disbursements of public moneys shall be properly vouched on payment vouchers or electronic documentation approved by the Accountant General.

(2) An Accounting Officer may designate in writing and by name, specific persons who have the authority to approve payment vouchers or approved electronic documentation on his or her behalf, and prescribe the financial limits and other conditions within which the authority may be exercised.

(3) The Accountant General and the Auditor General shall be—

(a) advised of the names of the public officers so designated and the financial limits within which they may exercise their authority,

(b) provided with the specimen signatures of those public officers; and

(c) advised when the authority of any public officer to sign payment vouchers or an electronic documentation is withdrawn.

(4) A public officer who approves a payment voucher or electronic documentation shall ensure that:-

(a) the services specified in the payment voucher or electronic documentation have been duly and competently performed;

(b) the prices charged are either according to contracts or approved scales or are fair and reasonable according to local rates;

(c) authority has been obtained as quoted;

(d) the calculations and castings have been verified and are arithmetically correct;

(e) the classification of the expenditure and any deduction are correct;

(f) there are sufficient funds uncommitted in the relevant expenditure sub-head to meet the expenditure;

(g) the persons named in the voucher are those entitled to receive payment; and

(h) any supplies purchased have been taken on charge or issued for immediate use.

(5) Where a deduction is due from the amount payable in a contract in respect of any tax, withholding moneys, penalties or fines, only the net sum shall be paid.

(6) A public officer who signed an incorrect certificate in consequence of an unauthorized or irregular payment shall be required to explain the circumstances, and if found to have been negligent may be subject to disciplinary action in accordance with Part VIII of the Ordinance.

Condition

Transaction were reviewed to ascertain whether:

- Vendor invoices were approved for payments.
- Persons who approved vendor invoices were authorized to approve payments.

The results of the review are as follows:

Transaction \$5,000 and under \$75,000

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014/15	41	\$638,996.51	14	\$226,841.38

Transactions \$75,000 and over:

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014/15	7	\$1,638,722.71	2	\$404,590.71

Cause

- Non-compliance with PFMR 72.
- Lack of in-house training for staff members with a concentration in the approval process
- Lack of check and balances.
- Lack of review of invoices by SmartStream approvers
- Lack of supervision.
- Misinterpretation of Ordinances, Regulation, policies and procedures.

Effect or potential effect:

Weak authorization and approval controls may lead to:

- Duplicate payments,

- Excess expenditure due to overpayments of vendors,
- Related party transactions
- The possibility of persons approving payments beyond their limits.
- The potential misuse or abuse of funds.
- Employee fraud.

Recommendation

Accounting Officers and other authorized personnel should adhere to section 72(2) of the Public Finance Management Regulation (PFMR). Furthermore, Accounting Officers should ensure that adequate controls are in place within the approval process.

Action Plan

Person Responsible: Accounting Officer

Estimated Completion Date:

Management Response

Rejected. In viewing the invoices that have been highlighted, the majority of the invoices have been certified/signed by an officer. The PFMR 72 does not state how the certification should be written or if it has to be done outside of the automated accounting system. In my view the signature of the officer should suffice as certification. Currently many of the verification processes have been carried out in the automated accounting system, where many of the checks and balances exist.

I am unable to see how the effect or potential effect of issue # 4 will result of related party transaction, as this seems not to have any bearing on this. In addition neither would the effect of duplicate payments.

In relation to the invoices for utilities, officers are not able to certify if the amount charged is correct as they are unable to read the electricity meters. However, hopefully they can only confirm that electricity has been supplied to the office in question.

Appendices

Appendix 1 – Document List

No	Document Name	Year	Ordinance	Date Requested	Provided/Not Provided
1	Three Quotes for Expenditure Transactions over \$1,500 to under \$75,000	2014/2015	PPO 32 (3)	03/06/2015	Provided
2	Contracts	2014/2015	PPO	03/06/2015	Provided
3	CFO Commitment Approvals	2014/2015	PFMR Schedule B	03/06/2015	Provided
4	Procurement Strategy	2014/2015	PPO 17 (b)	03/06/2015	Not Provided
5	Accounting Officers Procurement Risk Assessment	2014/2015	PPO 20	03/06/2015	Not Provided
6	Approved List or Approved List of Suppliers	2014/2015	PPO 52 (1)	03/06/2015	Not Provided
7	Framework Agreements	2014/2015	PPO 53 (1)	03/06/2015	Not Provided
8	Consultants Performance Reviews	2014/2015	PPO 54 (1)	03/06/2015	Not Provided
9	Contract Performance Reviews	2014/2015	PPO 55 (1)	03/06/2015	Not Provided
10	Incident Reports - Compliance by Contractors	2014/2015	PPO 55 (2)	03/06/2015	Not Provided
11	Responsible Officers reports to Director of Contracts on Contractors' Performance	2014/2015	PPO 55 (3)	03/06/2015	Not Provided
12	Director of Contracts and PS, Finance Approvals for Contract Extensions	2014/2015	PPO 56 (2)	03/06/2015	Not Provided
13	PS, Finance Contract Over Spend Approval	2014/2015	PPO 57 (1)	03/06/2015	Not Provided
14	Contract Over Spend Reports	2014/2015	PPO 57 (1)	03/06/2015	Not Provided
15	List of Claims arising from Contracts	2014/2015	PPO 58 (1)	03/06/2015	Not Provided

16	Director of Contracts Contract Termination Approvals	2014/2015	PPO 59 (2)	03/06/2015	Not Provided
17	PS, Finance Contract Termination Approvals	2014/2015	PPO 59 (2)	03/06/2015	Not Provided
18	List of All Obsolete or Surplus Capital Assets that were disposed /Auctioned/Tendered	2014/2015	PPO 60 (2)	03/06/2015	Not Provided
19	Accountant General's Notification of loss, stolen, abandon or destroyed capital asset	2014/2015	PPO 60 (4)	03/06/2015	Not Provided
20	Police Notification of theft or suspected unlawful intentional destruction of Capital Assets	2014/2015	PPO 60 (5)	03/06/2015	Not Provided
21	List of Government property purchased by offices	2014/2015	PPO 60 (6)	03/06/2015	Not Provided
22	List of complaints and disputes in respect of procurement	2014/2015	PPO 61	03/06/2015	Not Provided
23	List of offences and penalties levied	2014/2015	PPO 62	03/06/2015	Not Provided
24	Procurement Waivers	2014/2015	PPO	03/06/2015	Not Provided
25	Waiver of Public Procurement Ordinance 2012 List	2014/2015	PPO 21	03/06/2015	Not Provided
26	Travel Advance Registers	2014/2015	Travel Policy	03/06/2015	Not Provided
27	Travel Advance Reconciliation	2014/2015	Travel Policy	03/06/2015	Not Provided
28	Fixed (Non-Current) Asset Registers	2014/2015	Fixed Asset Policy	03/06/2015	Provided
29	Supplementary Appropriation Request Documentation	2014/2015	PFMO	03/06/2015	Not Provided
30	Travel Approval	2014/2015	Travel Policy	03/06/2015	Not Provided
31	Travel Claims	2014/2015		03/06/2015	Provided
32	Ministry Travel Registers	2014/2015		03/06/2015	Provided
33	Annual Travel Report for Senior Management	2014/2015		03/06/2015	Provided
34	Quote Assessments	2014/2015	PPO	03/06/2015	Not Provided

35	SmartStream Approvers Listing	2014/2015	PFMR	03/06/2015	Provided
36	Manual POs	2014/2015	PPO	03/06/2015	Not Provided
37	Virement Request Documents	2014/2015	PFMR	03/06/2015	Provided
38	Payment Authorization listing	2014/2015		03/06/2015	Not Provided
39	Expenditure Arrears listing	2014/2015		03/06/2015	Not Provided
40	Expenditure Arrears Invoices	2014/2015		03/06/2015	Not Provided
41	Assets Registers	2014/2015		03/06/2015	Not Provided
42	Loss Registers	2014/2015		03/06/2015	Not Provided
43	Statement of Losses of Public Money and Stores	2014/2015		03/06/2015	Not Provided
44	Asset Disposal Request	2014/2015		03/06/2015	Not Provided
45	Asset Disposal Approval	2014/2015		03/06/2015	Not Provided

Appendix 2 – Transaction \$5,000 to under \$75,000

No.	Date	M	P	A/C	PD	Description	Amount	PO	Evidence of goods/Services Recd (Certified True & Correct)	Invoice Approved for Payment	SS Approval
1	05/03/2015	54	21	34401	12	HIGHG00001 9375713 SECOND QUARTER 1ST NOV -31 JAN 2015	6,296.29	6,296.29			
2	21/05/2014	54	19	32601	2	PROVO00005 10200 UTILITY BILL OVERDUE 14/05/2014	45,065.68		45,065.68	45,065.68	
3	28/02/2015	54	18	32601	11	SPPU-VIREMENT- 2014/002	5,000.00				
4	31/03/2015	54	93	33530	12	DIGIC00001 032 MONTHLY PAYMENT CONTRACT SERVICES	19,132.00			19,132.00	
5	30/03/2015	54	93	33530	12	CLEGT00001 107 DELL MONITOR	8,865.80			8,865.80	
6	25/03/2015	54	93	33530	12	DIGIC00001 POLICEIT031 TELEPHONE BILL	19,132.00			19,132.00	
7	17/06/2014	54	21	32601	3	PROVO00005 10195 PAYMENT	5,036.45				

						FOR APRIL, 2014					
8	13/06/2014	54	93	33530	3	TIGER00004 J7708531. SERVICES	8,627.04		8,627.04		
9	21/10/2014	54	21	39801	7	MONIC00007 2611044442 REFUND, FOR PRC MONICA VASQUEZ	10,000.00				
10	12/11/2014	54	93	33530	8	DIGIC00001 POLICEIT028 TELEPHONE BILL	19,132.00				
11	07/01/2015	54	93	34401	10	WHITE00003 WRSI3085-02 SERVICES RENDERED	6,700.00				
12	31/01/2015	54	21	33503	10	To correct reversals to JNLNOV201456- bank charges	9,396.83				
13	12/11/2014	54	21	39801	8	7CHAM00001 2621068682 - 1 REFUND FOR MOHAMMED ISLAM	9,350.00				
14	31/03/2015	54	25	32602	12	RCU-VIREMENT- 2014/004	10,000.00				
15	31/10/2014	54	19	33801	7	CUS-VIREMENT- 2014/002	10,000.00				
16	10/10/2014	54	111	32303	7	MISSI00001 101014 SUBSISTENCE	5,250.00				
17	31/01/2015	54	19	32803	10	CUS-VIREMENT-	20,000.00				

						2015/003					
18	29/04/2014	54	111	35812	1	TCICI00001 290414 SUBVENTION	70,312.20				
19	24/03/2015	54	93	32803	12	DIGIC00001 POLICEIT030 TELEPHONE BILL	19,132.00			19,132.00	
20	28/01/2015	54	19	32601	10	PROVO00005 10200 POWER BILL SEPT 2014	5,310.39		5,310.39		
21	10/05/2014	54	18	32601	2	TCUTL00001 02163 UTILITY BILL OVERDUE 09/05/2014	12,981.16		12,981.16	12,981.16	
22	30/09/2014	54	19	32601	6	PROVO00005 507999139 POWER BILL FOR 30.6. TO 31.7.2014	6,559.03				
23	24/03/2015	54	93	33530	12	BRYAN00009 15- 0208 WEBSITE SYSTEM	8,759.88			8,759.88	
24	19/05/2014	54	111	35812	2	TCICI00001 210514 SUBVENTION	70,312.20				70,312.20
25	24/03/2015	54	93	32803	12	DIGIC00001 POLICEIT032 TELEPHONE BILL	19,132.00			19,132.00	
26	17/11/2014	54	19	33801	8	SPECT00001 1999 STAFF UNIFORMS/PANTS	6,788.60		6,788.60		
27	28/01/2015	54	21	39801	10	WILSO00008 221928498 REFUND CASINO	50,000.00				

						APP. REJECTED					
28	28/01/2015	54	19	32601	10	PROVO00005 10200 POWER BILL FOR DEC 2014	5,182.50		5,182.50		
29	31/10/2014	54	19	32402	7	CUS-VIREMENT- 2014/002	10,000.00				
30	24/02/2015	54	19	34405	11	GOVER00001 040414 OTRCIS SERVICE 1APR 14- 31 MAR 2015	16,334.00				
31	17/11/2014	54	19	33001	8	J&DOF00001 14544 FURNITURE FOR CUSTOMS AIRPORT	5,881.00		5,881.00	5,881.00	
32	09/10/2014	54	19	34405	7	GOVER00001 40414 OTRCIS SERVIC1 APR 14 TO 31 MAR 15	16,334.00				
33	10/05/2014	54	111	32601	2	TCUTL00001 01869 UTILITY BILL OVERDUE 09/05/2014	12,814.93		12,814.93	12,814.93	
34	31/10/2014	54	19	32305	7	CUS-VIREMENT- 2014/002	10,000.00				
35	06/01/2015	54	19	34401	10	TIGER00004 J870465 NEW COMPUTER FOR CUSTOMS OFFICE	14,744.93		14,744.93	14,744.93	
36	18/03/2015	54	93	34401	12	MICRO00006 190315 SERVICES RENDERED	15,000.00			15,000.00	

37	17/11/2014	54	19	33801	8	SPECT00001 4138 STAFF UNIFORMS /SHOES	7,068.00		7,068.00	7,068.00	
38	31/03/2015	54	116	33003	12	INVU-VIREMENT- 2014/003	10,000.00				
39	25/03/2015	54	93	33530	12	DIGIC00001 POLICEIT029 TELEPHONE BILL	19,132.00			19,132.00	
40	31/10/2014	54	19	34701	7	CUS-VIREMENT- 2014/002	5,000.00				
41	27/02/2015	54	93	34305	11	ANDRE00005 270215 REIMBURSEMENT	5,233.60				
						TOTAL	638,996.51				

Appendix 3 – Transaction over \$75,000

Date	M	Prog	Acc	Description	Amount	Comments	Tender Required	Evidence of goods/ Services Recd (Certified True & Correct)	Invoice Approved for Payment	Total
01/05/2014	54	21	39801	LTDCO00001 268371335 REFUND, DEPOSIT, REPARATION	100,000.00	Cancelled Payment	No			-
31/12/2014	54	21	39801	Refunds for work permits & repatriation fees period 2 to incorrect a/c	103,900.00	Journal refunds	No			-
21/08/2014	54	93	33530	DIGIC00001 210814 CONTRACT AGREEMENT	855,232.00	DigiCel Contract	Yes	855,232.00		855,232.00
05/05/2014	54	93	34401	GLOBA00003 80165 PSP SUPPORT SERVICES	75,000.00		No	75,000.00		75,000.00
04/06/2014	54	93	34401	INFOR00002 20237358- USOAB SERVICES	192,698.23	SmartStream Maintenance	No		192,698.23	192,698.23
05/05/2014	54	93	34403	INOVA00001	211,892.48		Yes			635,677.44

				14165 EQUIPMENT				211,892.48	211,892.48	
02/03/2015	54	111	35707	CARTA00001 030315 CONTRIBUTIONS	100,000.00		No			-
				Total	1,638,722.71			1,142,124.48	404,590.71	1,758,607.67
				No. of Transactions				3	2	

Audit Procedure	Inova	Digicel
Confirm that the prescribed tender procedures were adequately followed. (Compliance)	No	Yes
Identify whether bids specifications was approved by the delegated officials. (occurrence)	N/A	Yes
Trace the Names of officials involved in the bid process to the declaration of interest documents and ensure there is not conflict of interest. (occurrence)	N/A	Yes
Inspect documentation to confirm that the performance of the contractor was evaluated and the performance evaluation checklist was completed. (VFM)	N/A	Yes
Confirm that poor performing contractors were removed from the list of potential suppliers. (VFM)	N/A	Yes

Appendix 4 –Aggregated Transaction \$75,000.

Vendor ID	Rec.	Sample Rec No	Description of Payment	Transactions	Total	Min	Prog	Required	Comments
GLOBA00003	1	41	Annual renewal PSP support Services	75,000.00	75,000.00	54	93	N/A	
To correct	2	116	To correct reversals to JNLNOV201456-bank charges	9,396.83		54	21		
			To correct mis-posting VIRFMU2014/006	112,000.00	121,396.83	54	21	N/A	

Ministry of Education

ISSUE # 1 – PAYMENTS WERE NOT CERTIFIED

RANK: CONTROL DEFICIENCY RISK: MODERATE

Criteria

PFMO 29. (1) No payment shall be made for goods supplied, services rendered or work done, whether under a contract or not, in connection with any part of the public service, unless in addition to any other voucher or certificate that is required, the accounting officer or any other officer authorized by him or her certifies—

(a) that the goods have been supplied, the service rendered or the work performed, as the case may be, and that the price charged by the contract, is reasonable; or

(b) where payment is to be made before the delivery of the goods, rendering of the service or completion of the work, as the case may be, that the payment is in accordance with the contract.

This is evidenced by authorized officers writing on invoices ‘true and correct’ and signing.

Condition

Transaction were reviewed to ascertain whether they were certified and the results of the review are as follows:

Transaction \$5,000 up to under \$75,000:

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014-2015	57	655,724.55	2	21,027.50

Cause

- Non-compliance with PFMO 29 (1).

- A lack of training of responsible officers in the payment procedures, specifically in respect of certifying vendor invoices true and correct.
- Lack of check and balances to ensure that goods or services were obtained before payment is made.
- No review of SmartStream invoices before they are approved.
- Lack of supervision.
- Misinterpretation of Ordinances, Regulation, policies and procedures.

Effect or potential effect:

- TCIG may have paid for goods and services that were not supplied;
- TCIG may not have gotten value for money for the goods and services supplied;
- Lack of review of invoices may result in duplicate payments.
- Payments may have been made to the wrong vendor.
- Incorrect calculation on invoices may not have been captured resulting in overpayment.
- Quoted prices may be different from prices on invoices.

Recommendation

Accounting Officers must ensure that invoices are certified and signed by responsible officers. Accounting Officers must also ensure that review is carried out of all payments before they are approved.

Action Plan

Person Responsible: Accounting Officer
Estimated Completion Date:

Management Response

After reviewing the sample below the following was noted. Four out of the six invoices have been authorized and certified for payment on a payment voucher that means that at least two officers review and signoff on this payment. The remaining two are related to payment for utility charges. These are oversight and happened very early in the financial year 2014. Much effort has gone into reducing this occurrence especially as it relates to where new data entry staff and authorizing staff came on board.

During the weekly print run there are measures currently in place to ensure the invoices are certified before payment is made. The Ministry along with the Department of Education who deals mainly with processing of payments has purchased the **“Certified True & Correct”** Stamp to ensure that payments are certified at all times. Copies of the certified invoices are attached.

The Ministry with the FM will continue to meet with all relevant staff to continue to train and upgrade skills. However there has been improvement.

ISSUE #2 – VENDOR INVOICE NOT APPROVED FOR PAYMENT

RANK: CONTROL DEFICIENCY RISK: LOW

Criteria

PFMR 72. (1) All disbursements of public moneys shall be properly vouched on payment vouchers or electronic documentation approved by the Accountant General.

(2) An Accounting Officer may designate in writing and by name, specific persons who have the authority to approve payment vouchers or approved electronic documentation on his or her behalf, and prescribe the financial limits and other conditions within which the authority may be exercised.

(3) The Accountant General and the Auditor General shall be—

(a) advised of the names of the public officers so designated and the financial limits within which they may exercise their authority,

(b) provided with the specimen signatures of those public officers; and

(c) advised when the authority of any public officer to sign payment vouchers or an electronic documentation is withdrawn.

(4) A public officer who approves a payment voucher or electronic documentation shall ensure that:-

(a) the services specified in the payment voucher or electronic documentation have been duly and competently performed;

(b) the prices charged are either according to contracts or approved scales or are fair and reasonable according to local rates;

(c) authority has been obtained as quoted;

(d) the calculations and castings have been verified and are arithmetically correct;

(e) the classification of the expenditure and any deduction are correct;

(f) there are sufficient funds uncommitted in the relevant expenditure sub-head to meet the expenditure;

(g) the persons named in the voucher are those entitled to receive payment; and

(h) any supplies purchased have been taken on charge or issued for immediate use.

(5) Where a deduction is due from the amount payable in a contract in respect of any tax, withholding moneys, penalties or fines, only the net sum shall be paid.

(6) A public officer who signed an incorrect certificate in consequence of an unauthorized or irregular payment shall be required to explain the circumstances, and if found to have been negligent may be subject to disciplinary action in accordance with Part VIII of the Ordinance.

Condition

Transaction were reviewed to ascertain whether:

- Vendor invoices were approved for payments.
- Persons who approved vendor invoices were authorized to approve payments.

The results of the review are as follows:

Transaction \$5,000 up to under \$75,000:

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014-2015	57	655,724.55	50	571,378.17

Transactions \$75,000 and above:

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014-2015	3	282,388.14	3	282,388.14

Cause

- Non-compliance with PFMR 72.
- Lack of in-house training for staff members with a concentration in the approval process
- Lack of check and balances.
- Lack of review of invoices by SmartStream approvers
- Lack of supervision.
- Misinterpretation of Ordinances, Regulation, policies and procedures.

Effect or potential effect:

Weak authorization and approval controls may lead to:

- Duplicate payments,
- Excess expenditure due to overpayments of vendors,
- Related party transactions

- The possibility of persons approving payments beyond their limits.
- The potential misuse or abuse of funds.
- Employee fraud.

Recommendation

Accounting Officers and other authorized personnel should adhere to section 72(2) of the Public Finance Management Regulation (PFMR). Furthermore, Accounting Officers should ensure that adequate controls are in place within the approval process.

Action Plan

Person Responsible: Accounting Officer
Estimated Completion Date:

Management Response

After reviewing the sample below it was observed that out of the 50 exceptions only two were not certified and they were both related to utility payments. In addition, one payment in the exception sample was cancelled. On our review we noticed that all the remaining invoices were certified true and correct on them. What we did notice is that on some payments there was only 1 person certifying true and correct, the Ministry is wondering if that is the issue to be considered- this needs to be made clear.

Payments that were made to the schools were all authorized and certified by two different officers as they were paid using payment voucher. According to PFMR **72** (1) All Disbursements of public moneys shall be properly vouched on payment voucher or electronic documentation approved by Accountant General. Out of the 50 exceptions, there were two invoices that were not authorized in writing by a head or officer within that department; however all others had certification and departments who didn't had the stamp at the time wrote "Certified true & Correct". Some of the payments also had authorization from two different officers for payment.

In regards to payments over \$75,000, the three payments for Mallory,(which is a contract) TCICC AND UWI was certified for payment. In addition, the CFO Forms were prepared and approved to accommodate these payments. (see the attached)

ISSUE # 3 – PAYMENTS MADE WITHOUT OBTAINING THE CHIEF FINANCIAL OFFICER'S APPROVAL

RANK: SIGNIFICANT DEFICIENCY

RISK: MEDIUM

Criteria

PFMR Schedule B (5) Pursuant to section 4(4)(h) of the Ordinance, Accounting Officers shall ensure that the Chief Financial Officer is consulted on all recurrent and non-recurrent expenditure, promissory notes, or other financial commitments over the value of \$10,000 and obtain his or her approval in writing in advance of any commitment being incurred by the Government..

Condition:

Review of the transaction revealed the following:

Transaction \$5,000 up to under \$75,000:

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014-2015	57	655,724.55	2	36,842.50

Cause

- Non –compliance with the PFMR Section B (5).
- Lack of training.
- Management oversight.
- Misinterpretation of Ordinances, Regulation, Policies and Procedures.
- Weak approval controls

Effect or potential effect:

6. Reputational Risk
7. Unauthorized payments
8. Unwanted financial obligations
9. .Funds diversions

10. Misappropriation

Recommendation

Accounting Officers should ensure that CFO approval is obtain before committing any expenditure over \$10,000 as per PFMR Section B (5).

Action Plan

Person Responsible: Accounting Officer
Estimated Completion Date:

Management Response

Payments for transportation of school bus are contracted through the Ministry of Education and the person supplying the service; however the Ministry is waiting for the procurement process to reach its contract phase. It must be noted that these services were tendered. The service providers were provided with a letter requesting that the service continue under the same conditions of the expired contract until the tender process is completed. In the meantime the Ministry of Education, Youth, Sports & Library Services received approval from the CFO to continue payments for the remaining of the FY 2014/15. (Please see attached).

ISSUE # 4 – NO CONTRACTS

RANK: SIGNIFICANT DEFICIENCY

RISK: MODERATE

Criteria:

The Public Procurement Ordinance 2012 Section 50 states that:

- (1) An officer must ensure that a contract entered into on behalf of the government is evidenced in writing.
- (2) Except with the approval of the Governor, the initial period of a contract must not exceed five years.
- (3) The Governor must not give his or her approval except in exceptional circumstances and then only for a period not exceeding ten years.
- (4) A contract may provide for its extension for a period not exceeding five or, as the case may be, ten years.
- (5) However, any such contract must provide that any extension will only be granted if both parties agree and if any performance standards have been continuously met and that no major breaches of the terms and conditions of the contract have occurred.
- (6) Unless a contract is in a form previously approved by the Attorney General the form of a contract must be approved by the Attorney General before it is entered into.
- (7) Except with the approval of the Attorney General, an officer must not include in a contract a provision that has not previously been approved by the Attorney General for that type of contract or omit a provision from such a contract.
- (8) An officer must ensure, for payment purposes, that there is a Purchase Order in respect of a contract and, if relevant, a Cabinet Conclusion reference from the approval granted in the pre-procurement stage.
- (9) If, in respect of a contract, a department acts as agent for another department, an officer must ensure that any relevant Financial Instructions are followed.
- (10) An officer must ensure that a contract that may have an effect on government land including leased land is countersigned by the Permanent Secretary of the department that has responsibility for support services.

Condition:

Review of the transaction revealed the following:

Transaction \$5,000 up to under \$75,000:

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014-2015	57	655,724.55	15	132,875.66

Cause

- Non- compliance with the Public Procurement Ordinance 2012 Section 50 (1) - (10).
- Lack of training.
- Misinterpretation of Ordinances, Regulation, Policies and Procedures.
- Management oversight.
- Lack of risk management.
- Unclear objectives.

Effect or potential effect:

1. No contracts, or no renewal of contracts may lead to:
 - Nepotism
 - Favoritism
2. Disputes may arise that may be costly and difficult to resolve.
3. No way of measuring contract performance.
4. No value for money.
5. Cost overruns.
6. Project not meeting time budgets.

Recommendation

Accounting Officers and Responsible Officers must ensure that contracts exist where required and that they are up to date as per the Public Procurement Ordinance 2012 Section 50 (PPO).

Action Plan

Person Responsible: Accounting Officer
Estimated Completion Date:

Management Response

After reviewing the sample results; out of 15 exceptions 5 of the payments are related to payment of Grants to Private Schools for Best Institute and Wesley Methodist School. These are not contractual payments they are made as monthly voucher payments which go toward a salary of teachers at the schools. The remaining are in relation to the Transportation for CHHS and for the schools in North Caicos as mentioned before these are still in the tendering process.

ISSUE # 5- NON- COMPLIANCE WITH PUBLIC PROCUREMENT ORDINANCE 2012

RANK: SIGNIFICANT DEFICIENCY

RISK: HIGH

Criteria

PPO 2012 - 32. (1) This section applies if the estimated value of a proposed contract is more than \$5000 but less than \$75,000.

(2) If an appropriate framework agreement or approved list is in place, an officer must use it as an alternative to the rules set out in this section.

(3) An officer must obtain at least three written quotations.

(4) The officer must retain on file full details of each quotation, including the supplier approached, the contact person and the quotation details.

(5) The officer must ensure that procurement is formalized by issuing a purchase order that details the exact nature of the goods or services purchased and the agreed price.

(6) Exceptionally, if an officer is of the opinion that it is not reasonably practicable to obtain competitive or sufficient competitive quotations as required under this section, the officer must follow the procedure for obtaining a waiver set out in section 21.

PPO 2012 - 33. (1) This section applies if the estimated value of a proposed contract is \$75,000 or more or is capital spending.

(2) This section applies despite any waiver granted under section 21.

(3) The proposed contract shall be subject to a tendering process.

(4) The nature of the procurement route to be followed will be determined by the Pre-Procurement phase set out in section 27.

(5) In each case the route to be followed will be as set out in sections 35 and 36.

(6) The Director of Contracts must log high value procurement and give it a reference number that must be quoted on all documentation relating to the invitation to tender and any subsequent contract.

(7) An officer must ensure that high value procurement is authorized by the Permanent Secretary, Finance before the being advertised.

Condition

Vendor total \$75,000 and greater transactions were reviewed to ascertain whether they comply with the Public Procurement Ordinance 2012 and the results of the review are as follows:

Year	Sample Size	Sample Amount	Exceptions	Exception Amount
2014-2015	2	247,436.25	2	247,436.25

Tenders were not approved by the Procurement Board for 2014-2015 for the above vendor.

Cause

- Non-compliance with PPO 2012
- A lack of training of responsible officers
- Lack of check and balances.
- No review of SmartStream invoices before they are approved.
- Lack of supervision.
- Lack of awareness and or misinterpretation of Ordinances, Regulation, policies and procedures.

Effect or potential effect:

- Mismanagement.

Recommendation

Accounting Officers must ensure that their Ministries comply with all the stipulation of the Public Procurement Ordinance 2012.

Action Plan

Person Responsible: Accounting Officer

Estimated Completion Date:

Management Response

As much as possible the Ministry has complied with the ordinance. We noted in the last audit report that this condition would remain until about November this year. Both these services have been tendered and re tendered. We issued letters to ask the providers to please continue transporting the school children under the terms of the last existing (yet expired) contract, until the tender process is complete.

In addition we received CFO approval for spending through a signed commitment form.

Appendices

Appendix 1 – Document List

No	Document Name	Year	Ordinance	Date Requested	Provided/Not Provided
1	Three Quotes for Expenditure Transactions over \$1,500 to under \$75,000	2014/2015	PPO 32 (3)	03/06/2015	Not Provided
2	Contracts	2014/2015	PPO	03/06/2015	Not Provided
3	CFO Commitment Approvals	2014/2015	PFMR Schedule B	03/06/2015	Provided
4	Procurement Strategy	2014/2015	PPO 17 (b)	03/06/2015	Provided
5	Accounting Officers Procurement Risk Assessment	2014/2015	PPO 20	03/06/2015	Not Provided
6	Approved List or Approved List of Suppliers	2014/2015	PPO 52 (1)	03/06/2015	Not Provided
7	Framework Agreements	2014/2015	PPO 53 (1)	03/06/2015	N/A
8	Consultants Performance Reviews	2014/2015	PPO 54 (1)	03/06/2015	N/A
9	Contract Performance Reviews	2014/2015	PPO 55 (1)	03/06/2015	Not Provided
10	Incident Reports - Compliance by Contractors	2014/2015	PPO 55 (2)	03/06/2015	N/A
11	Responsible Officers reports to Director of Contracts on Contractors' Performance	2014/2015	PPO 55 (3)	03/06/2015	N/A
12	Director of Contracts and PS, Finance Approvals for Contract Extensions	2014/2015	PPO 56 (2)	03/06/2015	N/A
13	PS, Finance Contract Over Spend Approval	2014/2015	PPO 57 (1)	03/06/2015	N/A
14	Contract Over Spend Reports	2014/2015	PPO 57 (1)	03/06/2015	N/A
15	List of Claims arising from Contracts	2014/2015	PPO 58 (1)	03/06/2015	N/A
16	Director of Contracts Contract Termination Approvals	2014/2015	PPO 59 (2)	03/06/2015	N/A

17	PS, Finance Contract Termination Approvals	2014/2015	PPO 59 (2)	03/06/2015	N/A
18	List of All Obsolete or Surplus Capital Assets that were disposed /Auctioned/Tendered	2014/2015	PPO 60 (2)	03/06/2015	N/A
19	Accountant General's Notification of loss, stolen, abandon or destroyed capital asset	2014/2015	PPO 60 (4)	03/06/2015	N/A
20	Police Notification of theft or suspected unlawful intentional destruction of Capital Assets	2014/2015	PPO 60 (5)	03/06/2015	N/A
21	List of Government property purchased by offices	2014/2015	PPO 60 (6)	03/06/2015	Provided
22	List of complaints and disputes in respect of procurement	2014/2015	PPO 61	03/06/2015	N/A
23	List of offences and penalties levied	2014/2015	PPO 62	03/06/2015	N/A
24	Procurement Waivers	2014/2015	PPO	03/06/2015	N/A
25	Waiver of Public Procurement Ordinance 2012 List	2014/2015	PPO 21	03/06/2015	Not Provided
26	Travel Advance Registers	2014/2015	Travel Policy	03/06/2015	Provided
27	Travel Advance Reconciliation	2014/2015	Travel Policy	03/06/2015	Not Provided
28	Fixed (Non-Current) Asset Registers	2014/2015	Fixed Asset Policy	03/06/2015	Provided
29	Supplementary Appropriation Request Documentation	2014/2015	PFMO	03/06/2015	Provided
30	Travel Approval	2014/2015	Travel Policy	03/06/2015	Provided
31	Travel Claims	2014/2015		03/06/2015	Provided
32	Ministry Travel Registers	2014/2015		03/06/2015	Provided
33	Annual Travel Report for Senior Management	2014/2015		03/06/2015	Not Provided
34	Quote Assessments	2014/2015	PPO	03/06/2015	Not Provided
35	SmartStream Approvers Listing	2014/2015	PFMR	03/06/2015	Provided

36	Manual POs	2014/2015	PPO	03/06/2015	Not Provided
37	Virement Request Documents	2014/2015	PFMR	03/06/2015	Provided
38	Payment Authorization listing	2014/2015		03/06/2015	Not Provided
39	Expenditure Arrears listing	2014/2015		03/06/2015	provided
40	Expenditure Arrears Invoices	2014/2015		03/06/2015	Provided
41	Assets Registers	2014/2015		03/06/2015	Provided
42	Loss Registers	2014/2015		03/06/2015	N/A
43	Statement of Losses of Public Money and Stores	2014/2015		03/06/2015	Provided
44	Asset Disposal Request	2014/2015		03/06/2015	N/A
45	Asset Disposal Approval	2014/2015		03/06/2015	N/A

Appendix 2 – Transaction \$5,000 to under \$75,000

No.	Date	M	P	A/C	PD	Description	Amount	Evidence of goods/Services Recd (Certified True & Correct)	Invoice Approved for Payment	CFO approved \$10k	Contract
1	23/07/2014	57	35	35705	4	CITYO00002 585601 TUITION PAYMENT FOR JOHN TAYLOR	9,600.00		9,600.00		
2	20/02/2015	57	80	34209	11	THERP00001 9008 catering service UNICEF workshop	5,865.2				
3	21/10/2014	57	34	32601	7	PROVO00005 04102 electricity charges up to Sept 2014	7,122.83		7,122.83		
4	13/03/2015	57	33	34236	12	UNLIM00002 130315 Repair Works	33,641.5		33,641.50		
5	21/10/2014	57	79	32601	7	PROVO00005 10170 electricity charges up to Sep 2014	9,877.59				
6	10/03/2015	57	35	35705	12	BARRY00001 2474982 PAYMENT OF ONE TIME GRANT-T SMITH	5,000.00		5,000.00		
7	15/07/2014	57	124	32601	4	PROVO00005 10189 SEE ATTACHMENT	10,081.83		10,081.83		
8	13/06/2014	57	33	32403	3	PROVO00008 11353 AIRLINE - INTERNATIONAL TRAVEL	6,551.1		6,551.10		
9	14/11/2014	57	33	35713	8	BESTI00001 111114 Payment of salaries for four teacher	8,134.56		8,134.56		8,134.56

10	27/10/2014	57	35	35705	7	DEVRY00005 D40379570 TUITION FEES-TANYA TAYLOR	10,000.00				
11	02/12/2014	57	35	35705	9	UNINC00001 S130510532 Tuition pyt Demetrio Quant	14,400.00		14,400.00		
12	20/01/2015	57	122	32601	10	PROVO00005 04232 Payment for Electricity charges	5,330.21		5,330.21		
13	23/09/2014	57	79	33520	6	CHARL00005 674233 bus transp for Sept 2014	6,800.00		6,800.00		6,800.00
14	01/10/2014	57	35	35705	7	UNIVE00011 UG 2177 TUITI & ACCOM FEES-Y MALCOLM	15,941.12		15,941.12		
15	17/09/2014	57	35	35705	6	AIRPL00001 2364 TUITI FEES 2014/15-JORDAN GARDINER	17,500.00		17,500.00		
16	24/07/2014	57	80	32601	4	PROVO00005 08169 Mar/Apr/May/June 2014	11,943.55		11,943.55		
17	16/10/2014	57	33	33005	7	CENTR00010 2400 SEE ATTACHMENT	7,245.00		7,245.00		7,245.00
18	24/02/2015	57	33	35712	11	GOGSA00001 12444 Grants and Contributions	8,640.00		8,640.00		
19	04/09/2014	57	35	35705	6	OXFOR00001 1109897120 TUITION FEES 2014/2015- K. MORLEY	14,400.00		14,400.00		
20	27/10/2014	57	35	35705	7	DEVRY00004 D40379570 TUITION FEES-TANYA TAYLOR	10,000.00		10,000.00		
21	29/12/2014	57	36	35709	9	CXCOU00001 INVFM20140134 January 2015 CXC Exam Fees	11,755.50		11,755.50		
22	08/07/2014	57	79	33520	4	EXECU00001 #67 transp for June, 2014	20,201.75		20,201.75	20,201.75	20,201.75
23	29/09/2014	57	35	35705	6	UNIVS00001 A00629978 TUITI FEE MAY-SEPT 2014-A DUNCANSON	25,299.00		25,299.00		
24	24/07/2014	57	79	32601	4	PROVO00005 10194 Mar/Apr/May/June 2014	6,891.14		6,891.14		

25	09/09/2014	57	35	35705	6	UNIVE00020 282014 TUITION FEES 2014/2015-A. TAYLOR	14,400.00		14,400.00		
26	10/05/2014	57	34	32601	2	TCUTL00001 01276 UTILITY BILL OVERDUE 09/05/2014	13,961.28	13,961.28	13,961.28		
27	12/03/2015	57	33	35713	12	WESLE00006 1032015 salaries for 4 teachers March 2015	8,134.56		8,134.56		8,134.56
28	24/06/2014	57	79	33520	3	CHARL00005 674226 transp for June 2014	6,800.00		6,800.00		6,800.00
29	24/07/2014	57	79	32601	4	PROVO00005 10170 Mar/Apr/May/June 2014	7,693.63		7,693.63		
30	12/01/2015	57	33	32601	10	PROVO00005 5136742 Payment for Electricity Charges	6,494.85		6,494.85		
31	16/10/2014	57	38	33520	7	EXECU00001 #67 transp bus for Sep 2014	16,640.75		16,640.75	16,640.75	16,640.75
32	19/09/2014	57	35	35705	6	SHORT00001 20000 TUITION FEES 2014/15-D. FULFORD	14,000.00		14,000.00		
33	24/07/2014	57	38	32601	4	PROVO00005 10172 May/June 2014	5,127.76		5,127.76		
34	18/02/2015	57	33	35713	11	BESTI00001 1622015 salaries for 4 teachers / Feb 2015	8,134.56		8,134.56		
35	17/10/2014	57	37	32601	7	TCUTL00001 01276 ELECTRICITY	14,629.59		14,629.59		
36	02/05/2014	57	33	33005	2	CARIB00014 853 SECURITY SERVICES APRIL 1ST-16 2014	6,520.50		6,520.50		6,520.50
37	28/08/2014	57	35	35705	5	UNIVE00005 620080323 TUITION & ROOM FEES 2014/2015	5,376.27				
38	04/09/2014	57	35	35705	6	OXFOR00001 2014/H1109897120 ACCOMM FEES 2014/2015- K. MORLEY	10,552.19		10,552.19		
39	13/01/2015	57	35	35705	10	KARLA00002 811001339 SEE ATTACHMENT-KARLANSIA MILLS	24,650.18		24,650.18		
40	14/07/2014	57	33	35713	4	WESLE00006 1472014 salary for 3 teachers for Jul, 2014	6,100.92		6,100.92		6,100.92

41	16/10/2014	57	33	35713	7	BESTI00001 9102014 salaries for four teachers for Oct	8,134.56		8,134.56		8,134.56
42	15/09/2014	57	35	35705	6	CARDI00011 1406517-002 TUITI FEES 2014/2015-SAMUEL TELFORT	14,400.00		14,400.00		
43	09/09/2014	57	35	35705	6	UNIVL00001 1303387-002 TUTION FEES 2014-2015-D SIMMONS	14,400.00		14,400.00		
44	16/10/2014	57	33	35713	7	WESLE00006 9102014 salaries for four teachers for Oct	8,134.56		8,134.56		8,134.56
45	31/01/2015	57	33	35713	10	Amount represent salary for teachers Dec 2014	26,437.32				
46	31/10/2014	57	35	35705	7	LEEDS00001 0800058363 TUITION FEES 2014/2015-R CAMPBELL	14,400.00		14,400.00		
47	24/07/2014	57	79	32602	4	PROVO00009 500330.00 Water charges for June/July 2014	6,035.82		6,035.82		
48	06/08/2014	57	33	33005	5	CENTR00010 1197 SECURITY SERVICES	7,771.50		7,771.50		7,771.50
49	22/10/2014	57	79	32602	7	PROVO00009 5004199.00 water charges Oseta Jolly Primary	18,458.65		18,458.65		
50	31/12/2014	57	79	33520	9	Amount for bus transportation for Month Oct.2014	21,790.00				
51	17/03/2015	57	38	33005	12	CENTR00010 2817-2802 Security Services	6,318.00		6,318.00		6,318.00
52	24/04/2014	57	33	33005	1	CARIB00014 833 SECURITY SERVICES MARCH16-31 2014	7,969.50		7,969.50		7,969.50
53	17/12/2014	57	37	33102	9	MALLO00001 TCME22272/19863/JM purchase of text books	22,000.00		22,000.00		
54	10/05/2014	57	79	32602	2	PROVO00009 500330.00 PAYMENT FOR WATER 05/05/2014	7,066.22	7,066.22	7,066.22		
55	19/05/2014	57	122	35712	2	T&CNA00001 752014 SEE ATTACHMENT	5,000.00				
56	12/11/2014	57	35	35705	8	BWICO00001 SPON15_17 TUITION	8,000.00		8,000.00		

						FEES					
57	17/09/2014	57	33	33005	6	CENTR00010 2204 SEE ATTACHMENT	7,969.50		7,969.50		7,969.50
							655,724.55	21,027.50	571,378.17	36,842.50	132,875.66

Appendix 3 – Transactions over \$75,000

Date	M	Prog	Acc	PD	Description	Amount	Tender Required	Invoice Approved for Payment
17/12/2014	57	34	33102	9	MALLO00001 TCME22272/19863/JM purchase of text books	79,842.14	Yes	79,842.14
28/01/2015	57	35	35705	10	TCICO00001 2014/5098 TUITION FEES-JANUARY-MAY 2015	127,500.00	No	127,500.00
10/02/2015	57	33	35799	11	UWIJA00001 922015 CONTRIBUTION FOR STUDENT	75,046.00	No	75,046.00
						282,388.14		282,388.14
								3

No.	Audit procedure	MALL
1	Confirm that the prescribed tender procedures were adequately followed. (Compliance)	Yes
2	Identify whether bids specifications was approved by the delegated officials. (occurrence)	Yes
3	Trace the Names of officials involved in the bid process to the declaration of interest documents and ensure there is not conflict of interest. (occurrence)	Yes

4	Inspect documentation to confirm that the performance of the contractor was evaluated and the performance evaluation checklist was completed. (VFM)	Yes
5	Confirm that poor performing contractors were removed from the list of potential suppliers. (VFM)	N/A

Appendix 4 –Aggregated Transactions \$75,000.

Vendor ID	Rec.	Sample Rec No	Description of Payment	Transactions	Total	Min	Prog	Required	Comments
EXECU00001	14	36	Bus Service	86,392.00		57	38	Tendered	Tender not approved in 2014
			Bus Service	161,044.25	247,436.25	57	79		

Appendices

Appendix A – SmartStream Invoices Not Approved for Payment

N o	M	P	Vendor ID	Payment Request #	Payment Request Date	Paymen t Status	Payment Request Gross Amount	Paymen t Method	Paymen t Ref. #	Payment Reference Date	Approva l ID	Comment s
1	5 6	9 0	2764	260314	26/03/201 4	PD	350	CKOPR	25403	08/05/201 4	*	Vendor Invoice Not certified and approved for payment
3	5 6	9 0	ISLPU00001	140248	25/04/201 4	PD	21	CKOPR	25407	08/05/201 4	*	Vendor Invoice Not certified and approved for payment
4	5 6	9 0	LINDA00004	20	22/04/201 4	PD	350	CKOPR	25424	08/05/201 4	*	Vendor Invoice Not certified and approved

												for payment
5	5 6	9 0	OSPRE00001	24004	07/04/201 4	PD	1,576.96	CKOPR	25437	08/05/201 4	*	Vendor Invoice Not certified and approved for payment
2	5 6	9 0	GQCAR00001	95722	14/04/201 4	PD	25	CKOPR	25794	15/05/201 4	*	Vendor Invoice Not certified and approved for payment
6	5 6	9 0	2764	70514	07/05/201 4	PD	350	CKOPR	26167	22/05/201 4	*	Vendor Invoice Not certified and approved for payment
7	5 6	9 0	OLYMP00004	7508	03/05/201 4	PD	165	CKOPR	26209	22/05/201 4	*	Vendor Invoice Not certified and approved for

												payment
8	5 6	9 0	ALREN00001	370	05/05/201 4	PD	100	CKOPR	26395	29/05/201 4	*	Vendor Invoice Not certified and approved for payment
13	5 6	9 0	2764	12947-22	28/05/201 4	PD	350	CKOPR	26958	06/06/201 4	*	Vendor Invoice Not certified and approved for payment
15	5 6	9 0	MILI00001	907506	11/06/201 4	PD	350	CKOPR	27458	19/06/201 4	*	Vendor Invoice Not certified and approved for payment
16	5 6	9 0	ISLPU00001	140448	06/06/201 4	PD	31.5	CKOPR	27339	19/06/201 4	*	Vendor Invoice Not certified and approved for

												payment
9	5 6	9 0	OLYMP00004	7404	11/04/201 4	PD	215.6	CKOPR	27713	26/06/201 4	*	Vendor Invoice Not certified and approved for payment
11	5 6	9 0	OLYMP00004	7437	12/04/201 4	PD	215.6	CKOPR	27713	26/06/201 4	*	Vendor Invoice Not certified and approved for payment
17	5 6	9 0	OLYMP00004	7510	09/05/201 4	PD	330	CKOPR	27713	26/06/201 4	*	Vendor Invoice Not certified and approved for payment
18	5 6	9 0	OLYMP00004	7653	30/05/201 4	PD	165	CKOPR	27713	26/06/201 4	*	Vendor Invoice Not certified and approved for

												payment
19	5 6	9 0	OLYMP00004	1873	06/05/201 4	PD	50	CKOPR	28003	03/07/201 4	*	Vendor Invoice Not certified and approved for payment
22	5 6	9 0	OLYMP00004	7652	30/06/201 4	PD	165	CKOPR	28003	03/07/201 4	*	Vendor Invoice Not certified and approved for payment
23	5 6	9 0	CARGO00002	300614	30/06/201 4	PD	1,499.59	CKOPR	28102	04/07/201 4	*	Vendor Invoice Not certified and approved for payment
12	5 6	9 0	OLYMP00004	7445	17/04/201 4	PD	215.6	CKOPR	28611	24/07/201 4	*	Vendor Invoice Not certified and approved for

												payment
20	5 6	9 0	OLYMP00004	7511	09/05/201 4	PD	330	CKOPR	28611	24/07/201 4	*	Vendor Invoice Not certified and approved for payment
14	5 6	9 0	ISLAN00016	IIT_0860	06/06/201 4	PD	335.5	CKOPR	29154	07/08/201 4	*	Vendor Invoice Not certified and approved for payment
25	5 6	9 0	ISLAN00016	IIT_0864	24/07/201 4	PD	335.5	CKOPR	29154	07/08/201 4	*	Vendor Invoice Not certified and approved for payment
28	5 6	9 0	LINDA00004	21	07/07/201 4	PD	350	CKOPR	29181	07/08/201 4	*	Vendor Invoice Not certified and approved for

												payment
26	5 6	9 0	2764	5	10/07/201 4	PD	350	CKOPR	29294	08/08/201 4	*	Vendor Invoice Not certified and approved for payment
27	5 6	9 0	2764	220714	22/07/201 4	PD	350	CKOPR	29294	08/08/201 4	*	Vendor Invoice Not certified and approved for payment
33	5 6	9 0	GQCAR00001	957222	04/08/201 4	PD	150	CKOPR	30137	28/08/201 4	*	Vendor Invoice Not certified and approved for payment
29	5 6	9 0	2764	280814	28/08/201 4	PD	350	CKOPR	30230	04/09/201 4	*	Vendor Invoice Not certified and approved for

												payment
30	5 6	9 0	2764	80914	08/09/201 4	PD	350	CKOPR	30635	11/09/201 4	*	Vendor Invoice Not certified and approved for payment
32	5 6	9 0	2764	101	23/09/201 4	PD	350	CKOPR	31402	25/09/201 4	*	Vendor Invoice Not certified and approved for payment
10	5 6	9 0	OLYMP00004	7428-1	11/04/201 4	PD	215.6	CKOPR	32361	16/10/201 4	*	Vendor Invoice Not certified and approved for payment
21	5 6	9 0	OLYMP00004	7625-1	24/05/201 4	PD	165	CKOPR	32361	16/10/201 4	*	Vendor Invoice Not certified and approved for

												payment
24	5 6	9 0	OLYMP00004	7651-1	28/05/201 4	PD	165	CKOPR	32361	16/10/201 4	*	Vendor Invoice Not certified and approved for payment
36	5 6	9 0	LINDA00004	22	06/10/201 4	PD	350	CKOPR	32347	16/10/201 4	*	Vendor Invoice Not certified and approved for payment
39	5 6	9 0	2764	20102014	20/10/201 4	PD	350	CKOPR	33677	07/11/201 4	*	Vendor Invoice Not certified and approved for payment
38	5 6	9 0	OLYMP00004	8278	18/09/201 4	PD	165	CKOPR	34018	13/11/201 4	*	Vendor Invoice Not certified and approved for

												payment
40	5 6	9 0	MILIO00001	907539	29/10/201 4	PD	350	CKOPR	33998	13/11/201 4	*	Vendor Invoice Not certified and approved for payment
41	5 6	9 0	TIGER00004	J8617228	17/10/201 4	PD	1,024.95	CKOPR	34136	14/11/201 4	*	Vendor Invoice Not certified and approved for payment
42	5 6	9 0	MILIO00001	907548	13/11/201 4	PD	350	CKOPR	34489	21/11/201 4	*	Vendor Invoice Not certified and approved for payment
37	5 6	9 0	ISLAN00016	IIT_872	27/10/201 4	PD	671	CKOPR	34638	26/11/201 4	*	Vendor Invoice Not certified and approved for

												payment
45	5 6	9 0	ISLAU00001	201114	20/11/201 4	PD	350	CKOPR	34637	26/11/201 4	*	Vendor Invoice Not certified and approved for payment
46	5 6	9 0	ISLPU00001	140848	20/11/201 4	PD	42	CKOPR	34639	26/11/201 4	*	Vendor Invoice Not certified and approved for payment
48	5 6	9 0	OLYMP00004	8478	21/10/201 4	PD	165	CKOPR	34704	26/11/201 4	*	Vendor Invoice Not certified and approved for payment
49	5 6	9 0	TROPI00001	201114	20/11/201 4	PD	222.3	CKOPR	34766	26/11/201 4	*	Vendor Invoice Not certified and approved for

												payment
31	5 6	9 0	LAVAR00005	19092014	19/09/201 4	PD	150	CKOPR	35088	04/12/201 4	*	Vendor Invoice Not certified and approved for payment
47	5 6	9 0	BUSIN00001	41883	21/11/201 4	PD	279.98	CKOPR	34940	04/12/201 4	*	Vendor Invoice Not certified and approved for payment
50	5 6	9 0	OLYMP00004	8721	27/11/201 4	PD	495	CKOPR	35131	04/12/201 4	*	Vendor Invoice Not certified and approved for payment
53	5 6	9 0	TROPI00001	TAR-1284	02/10/201 4	PD	95.11	CKOPR	35186	04/12/201 4	*	Vendor Invoice Not certified and approved for

												payment
54	5 6	9 0	TROPI00001	TAR-1339	21/10/201 4	PD	113.75	CKOPR	35186	04/12/201 4	*	Vendor Invoice Not certified and approved for payment
55	5 6	9 0	MILI00001	959359	03/12/201 4	PD	350	CKOPR	35104	04/12/201 4	*	Vendor Invoice Not certified and approved for payment
35	5 6	9 0	BUSIN00001	11014	01/10/201 4	PD	191.98	CKOPR	35284	11/12/201 4	*	Vendor Invoice Not certified and approved for payment
51	5 6	9 0	OLYMP00004	8511	29/10/201 4	PD	165	CKOPR	35376	11/12/201 4	*	Vendor Invoice Not certified and approved for

												payment
52	5 6	9 0	TROPI00001	11014	01/10/201 4	PD	121.19	CKOPR	35421	11/12/201 4	*	Vendor Invoice Not certified and approved for payment
58	5 6	9 0	ROYAW0000 1	47453	16/12/201 4	PD	414.8	CKOPR	35943	18/12/201 4	*	Vendor Invoice Not certified and approved for payment
59	5 6	9 0	2764	DEC222014	22/12/201 4	PD	600	CKOPR	36435	24/12/201 4	*	Vendor Invoice Not certified and approved for payment
44	5 6	9 0	FEDER00004	8-D21- 93021-1	20/11/201 4	PD	63.62	CKOPR	36550	29/12/201 4	*	Vendor Invoice Not certified and approved for

												payment
34	5 6	9 0	OLYMP00004	8078	14/08/201 4	PD	215.6	CKOPR	37057	15/01/201 5	*	Vendor Invoice Not certified and approved for payment
60	5 6	9 0	AIRPO00001	115267	08/01/201 5	PD	161.2	CKOPR	36947	15/01/201 5	*	Vendor Invoice Not certified and approved for payment
61	5 6	9 0	AIRPO00001	115266	08/01/201 5	PD	523.04	CKOPR	36947	15/01/201 5	*	Vendor Invoice Not certified and approved for payment
43	5 6	9 0	FEDER00004	8-021- 93021-1	20/11/201 4	PD	63.62	CKOPR	37230	22/01/201 5	*	Vendor Invoice Not certified and approved for

												payment
57	5 6	9 0	FEDER00004	8-022- 32928-1	09/12/201 4	PD	87.99	CKOPR	37230	22/01/201 5	*	Vendor Invoice Not certified and approved for payment
62	5 6	9 0	MILI00001	959374	16/01/201 4	PD	350	CKOPR	37721	29/01/201 5	*	Vendor Invoice Not certified and approved for payment
64	5 6	9 0	GRANS00001	50	21/01/201 5	PD	2,500.00	CKOPR	37655	29/01/201 5	*	Vendor Invoice Not certified and approved for payment
65	5 6	9 0	LINDA00004	1	26/01/201 5	PD	495	CKOPR	37713	29/01/201 5	*	Vendor Invoice Not certified and approved for

												payment
56	5 6	9 0	ISLAN00016	ITT_0877	08/12/201 4	PD	335.5	CKOPR	38509	12/02/201 5	*	Vendor Invoice Not certified and approved for payment
66	5 6	9 0	EXPOR00001	231-218	27/01/201 5	PD	1,274.00	CKOPR	38617	13/02/201 5	*	Vendor Invoice Not certified and approved for payment
63	5 6	9 0	ISLPU00001	140948	20/01/201 5	PD	42	CKOPR	38836	19/02/201 5	*	Vendor Invoice Not certified and approved for payment
67	5 6	9 0	ISLAN00016	IIT_0882	05/02/201 5	PD	335.5	CKOPR	38835	19/02/201 5	*	Vendor Invoice Not certified and approved for

												payment
68	5 6	9 0	ISLAN00016	IIT_0885	09/02/201 5	PD	573.4	CKOPR	38835	19/02/201 5	*	Vendor Invoice Not certified and approved for payment
69	5 6	9 0	LINDA00004	2	12/02/201 5	PD	495	CKOPR	38867	19/02/201 5	*	Vendor Invoice Not certified and approved for payment
70	5 6	9 0	PATRI00007	230215	23/02/201 5	PD	780	CKOPR	40092	05/03/201 5	*	Vendor Invoice Not certified and approved for payment
71	5 6	9 0	ISLAU00001	36599	25/02/201 5	PD	700	CKOPR	40014	05/03/201 5	*	Vendor Invoice Not certified and approved for

												payment
72	5 6	9 0	TROPI00001	TAR-1802	25/02/201 5	PD	499.33	CKOPR	40165	05/03/201 5	*	Vendor Invoice Not certified and approved for payment
73	5 6	9 0	TROPI00001	TAR-1895	25/02/201 5	PD	172.25	CKOPR	40165	05/03/201 5	*	Vendor Invoice Not certified and approved for payment
74	5 6	9 0	352	607018	10/03/201 5	PD	250	CKOPR	40966	19/03/201 5	*	Vendor Invoice Not certified and approved for payment
76	5 6	9 0	OSPREE00001	855297	10/03/201 5	PD	291.2	CKOPR	41118	19/03/201 5	*	Vendor Invoice Not certified and approved for

												payment
77	5 6	9 0	SUBTR00001	SUB201531	11/03/201 5	PD	350	CKOPR	41178	19/03/201 5	*	Vendor Invoice Not certified and approved for payment
79	5 6	9 0	ISLAN00016	IIT_0888	13/03/201 5	PD	671	CKOPR	41030	19/03/201 5	*	Vendor Invoice Not certified and approved for payment
75	5 6	9 0	ISLPU00001	150148	10/03/201 5	PD	115.5	CKOPR	41494	23/03/201 5	*	Vendor Invoice Not certified and approved for payment
78	5 6	9 0	TROPI00001	TAR-1946	12/03/201 5	PD	189.64	CKOPR	41649	23/03/201 5	*	Vendor Invoice Not certified and approved for

												payment
82	5 6	9 0	DAVEM00001	358751	19/03/201 5	PD	65	CKOPR	41425	23/03/201 5	*	Vendor Invoice Not certified and approved for payment
80	5 6	9 0	PROVO00008	111924	17/03/201 5	PD	3,133.00	CKOPR	41852	26/03/201 5	*	Vendor Invoice Not certified and approved for payment
81	5 6	9 0	TIGER00004	23	17/03/201 5	PD	875.42	CKOPR	41898	26/03/201 5	*	Vendor Invoice Not certified and approved for payment
83	5 6	9 0	TIGER00004	26	19/03/201 5	PD	1,911.05	CKOPR	41898	26/03/201 5	*	Vendor Invoice Not certified and approved for

												payment
							34,858.37					
84			SABER00001	1220545	22/10/201 4	PD	40,573.94	CKOPR	32841	24/10/201 4	*	Vendor Invoice Certified and approved for payment
85	5 5	3 0	BUSIN00001	1893	31/10/201 4	PD	16,882.71	CKOPR	34201	20/11/201 4	*	Vendor Invoice Certified and approved for payment
86	5 5	3 0	BUSIN00001	1894	01/11/201 4	PD	19,604.78	CKOPR	34201	20/11/201 4	*	Vendor Invoice Certified and approved for payment
87	5 5	7 2	PLANT00003	191214	19/12/201 4	PD	29,989.00	CKOPR	36837	08/01/201 5	*	Vendor Invoice Certified and approved for payment and CFO

												approval
88	5 5	7 2	PLANT00003	241214	24/12/201 4	PD	30,474.00	CKOPR	36837	08/01/201 5	*	Vendor Invoice Certified and approved for payment and CFO approval
89	5 5	7 2	SUNBE00002	954	25/02/201 5	PD	25,946.08	CKOPR	40134	05/03/201 5	*	Vendor Invoice Certified and approved for payment
90	5 5	2 9	HENSC00001	27055659	04/03/201 5	PD	17,071.82	CKOPR	41777	26/03/201 5	*	Invoice not certified and approved for payment
91			WORLD0001 0	1168	11/03/201 5	PD	15,764.52	CKOPR	41922	26/03/201 5	*	CFO approval and Invoice Certified

92	5 5	3 0	JOHAL00001	QMOH148- QMOH148 A	12/03/201 5	PD	19,470.49	CKOPR	42190	31/03/201 5	*	Vendor Invoice Certified and approved for payment
							215,777.3 4					
			Total	Min	Description	No	250,635.7 1					
				Min 55	Min of Health	83	215,777.3 4					
				Min 56	Office of the Deputy Governor	9	34,858.37					
				Total		92	250,635.7 1					

Payroll

Audit Objectives

The objective of the audit was to provide reasonable assurance that adequate and effective controls are in place to ascertain the integrity of payroll information and transactions. Report findings to Management and make recommendations on how to improve the efficiency and effectiveness of the current controls.

Scope

This audit covered the financial year 2014-2015 (April 1, 2014 – March 31, 2015) and includes information on the following:

- Listings of all persons joining the service during the year.
- Listings of all persons leaving the service during the year.
- Any changes in salaries and/or allowances during the year.

Audit Approach

The following methodology was used in conducting this audit:

- Interview individuals within the Human Resource Directorate ('HRD'), Human Resources of the Royal Turks and Caicos Islands Police Force ('RTCIPF') and the Payroll Department (Treasury) to obtain an understanding of the process involved in hiring, transferring and/or terminating persons within the Civil Service.
- Review all relevant Turks and Caicos Islands Laws/Ordinances pertaining to the TCIG Civil Service payroll.
- Prepare and issue an internal control questionnaire to the Accountant General, the HRD and the Human Resource Department RTCIPF.
- Document through written reports or flowcharts (where applicable), the current processes and controls outlined in the interview and questionnaire.
- Test payroll systems using the following assertions:
 - Occurrence and Existence
 - Completeness
 - Accuracy, Classification and Valuation
 - Cut-Off, and
 - Presentation and Disclosure
- Request relevant information from each Ministry (via the Accounting Officer) :
- Extract from Smart Stream (via IDEA and/or TCIG Report Manager) TCIG payroll information for the financial year.
- Compare information extracted to information obtained from each Ministry.
- Testing samples of information provided for completeness as listed within the detailed issues section.
- Report issues using the five C's method (Criteria, Condition, Cause, Consequences/Effects, and Corrective Action/Recommendation)

Sample

A random sample was derived from persons joining and leaving the Civil Service during the financial year 2014-2015 from information provided from the HRD and TCIG Ministries.

Total population according to information provided was 163, a random sample of 130 were selected.

The RTCIPF has their own Human Resource Department. A random sample was derived from Officers joining and leaving and Officers with salary and/or allowance changes during the financial year 2014-2015 from the information provided.

Total population according to information provided was 180, a random sample of 62 were selected.

Detailed Findings

Payroll 2014-2015

ISSUE #1 – POOR MAINTENANCE OF PAYROLL INFORMATION AND ALL FILES REQUESTED NOT PROVIDED

RANK: CONTROL DEFICIENCY RISK: MODERATE

Criteria

The Public Finance Management Regulations ('PFMR') sections 83 (3), 85(6), the Public Service Handbook section 4.1.1 and 4.1.2 states that:

PFMR 83(3) "Accounting Officers are responsible for ensuring that personal emolument records maintained for all of the permanent staff within their Ministries and Departments are correct, and that all changes and variations in applicable rates are duly notified to the Accountant General"

PFMR 85(6) "No employee shall be included on the payroll until a copy of the letter of appointment and a copy of the letter of acceptance of the appointment have been received by the Accountant General; and no action will be taken which would result in changes of salary or allowance to any public officer until proper authority has been received"

Public Service Handbook 4.1.1 "There will be an official personnel file for each officer that is maintained in the Human Resources Directorate. This may be in hard copy or electronic format"

Public Service Handbook 4.1.2 "Ministries and Departments may keep their own files for staff, however, this will not be the official file. Permanent Secretaries and delegated Managers will ensure that any official staffing documentation, including but not limited to the following, will be provided to the Human Resources Directorate for the official personnel file, and the Human Resources Directorate will ensure that official files are kept up to date:

- Letters of offer
- Job descriptions
- Contracts of employment
- Probationary period reports
- Officer salary and grading matters
- Performance appraisal reports
- Disciplinary matter reports
- Leave records
- Injury or disease matters
- Resignation letters
- Termination letters

Condition

A listing of all employees joining and leaving the service during 2014/2015 was requested from each Ministry, Human Resource Directorate (HRD) and the Royal Turks and Caicos Islands Police Force ('RTCIPF'). The listings provided above contained 343 employees who joined or left the service during 2014/2015.

From the listings a sample of 192 employees were selected, 62 from the RTCIPF and 130 from other various Ministries. Employees' files were obtained from HRD and RTCIPF. Additionally, payroll files were obtained for the 192 employees from the Payroll Department – Treasury.

The files were reviewed to verify that:

1. A letter of appointment was on file
2. A letter of termination/resignation was on file (where applicable)
3. Contracts were on file (where applicable)
4. Letters of appointment were signed by the proper authority
5. Appendix B's were on file (HRD & RTCIPF)
6. Appendix B's were on file (Payroll Department – Treasury)
7. Salary, allowances and deductions were listed on appendix B's (where applicable)
8. Authorization of deductions on file (where applicable)
9. Authorization and reason of staff payment changes on file (where applicable)
10. Police Oaths signed and on file (where applicable)

The results are as follows:

Table 1 – File Review

No	Description	RTCIPF		HRD		Payroll Dept.	
		Sample	Exceptions	Sample	Exceptions	Sample	Exceptions
1	A letter of appointment was on file	62	21	130	2	192	67
2	A letter of termination/resignation was on file (where applicable)	62	4	130	0	192	4
3	Contracts were on file (where applicable)	62	21	130	5	192	63
4	Letters of appointment were signed by the proper authority	62	24	130	2	192	65
5	Appendix B's were on file (HRD & RTCIPF)	62	37	130	36	192	0
6	Appendix B's were on file (Payroll Department – Treasury)	62	0	130	0	192	6
7	Salary, allowances and deductions were listed on appendix B's (where applicable)	62	52	130	37	192	5

8	Authorization of deductions on file (where applicable)	62	56	130	76	192	138
9	Authorization and reason of staff payment changes on file (where applicable)	62	40	130	41	192	14
10	Police Oaths signed and on file (where applicable)	62	19				

It was also noted that 30 files maintained at HRD did not have information such as job application. For example, there was no letter of application, resume and academic qualifications on file.

Additionally, files requested were not provided.

Ministry/Department	No of Outstanding files
HRD	22
RTCIPF	6
Treasury – Payroll Dept.	8

On inquiry with the Human Resources Director of RTCIPF concerning the location of the outstanding files, the response was that the files could not be located at the time. It was also noted that the RTCIPF maintained a file in and out log, however this log has not been used since the year 2013.

Cause

- Non-compliance with Turks and Caicos Islands Government ('TCIG') laws and/or regulations.
- Misinterpretation of TCIG laws and/or regulations.
- Circumvention of relevant procedures.
- Poor or lack of maintenance of employee files.
- Files not placed in secure environment or replaced after use.
- File logs not being used or used properly.
- Ministry not supplying appendix B information.
- Files not regularly updated.

Effect or potential effect

- In the absence of the appointment letter on file employees could be paid incorrect salary and/or allowances, most notably over or under payment.
- Incomplete records to calculate retirement, termination and/or death benefits.
- Destruction or misplacement of employee important documents.
- Access for persons to misuse or misplace employee personal information.
- Employee claims without the proper information to relate to could result in litigation for TCIG.

Recommendation

RTCIPF, HRD and Payroll Department – Treasury should ensure that records are maintained for all employees and that there is regular reconciliation, at least quarterly, by RTCIPF and HRD with the Payroll Department – Treasury’s records.

Employee files should be maintained for each person appointed to a position within TCIG. Files should be placed in a secure environment that is not susceptible to flooding and fire. An in/out log system should be introduced to ensure that relevant personnel are fully aware of the whereabouts of employee files.

Action Plan

Person Responsible:	HRD, RTCIPF and Payroll Department - Treasury
Estimated Completion Date:	Any matters listed as outstanding are currently being rectified. 31 st November 2015

Management Response

HRD

No letter of appointment on two files:

Employee 1

Employee 2 - These appear to be files that came over from TCInvest. There is no information on file relating to the posts currently held. No file from TCI Invest were passed over, so we don’t have original appointment letters; there is however a copy of the recent P & G Letter that will detail position held.

No resignation letter or letter advising of end of contract on file for the following:

Employee 3 – Only letter of acceptance of resignation on file. In this circumstance no letter of resignation was provided by the employee, it was advised by the Ministry that the employee had resigned, as such there is no original document. HR Must proceed with what it has to hand, and the next step of accepting resignation was done to commence termination.

Employee 4 – No letter advising that contract was coming to or at an end. (Employee X died, did not resign, there are copies of emails on file detailing the unfortunate circumstances, no appendix B was forwarded. Again in this circumstance HR has to act on the information available in order to ensure that payment is not made incorrectly.

There was no official letter of termination on file for Employee 5. There was a thread of emails between the HOD and the Officer, during which the HOD advised the Officer that termination would be recommended to the PS and correspondence from the PS to HOD agreeing with same. However, I did not see an official letter to the Officer. File updated with termination letter.

No contract on file for the following persons:

Employee 6 – This person was hired on a month to month appointment (letter only, no contract) Standard practice.

Employee 7 – File updated with contract

Employee 8 – Still outstanding

Employee 9 – Is not a contract Officer

There were no appendix B forms on file for the period in review for 38 persons. 22 files noted have been updated with the Appendix B form, please see below

I am not certain if this is a requirement. However, I noticed that most of the appendix B forms do not state deductions for NIB and NHIP. I noted only specific deductions, for example, deduction of Settling in Allowance, was noted on forms. It is not a requirement for Appendix B, Payroll do NIB NHIB deductions and these are not recorded on Appendix B, it is not a requirement of the Process.

I also noted that most files do not contain NIB and NHIP deduction/Authorization for deduction forms. We do not keep these in HR, Treasury keeps copies.

In this instance if there were no appendix B forms or other evidence suggesting increases/decrease in allowances than it would be correct to state that there were no adjustments in this regard.

I am not certain if this is a requirement, however, I noted about 30 instances where there was no application information on file (in the form of letters of interest, resumes etc. on file). We should always put a copy of CV on file no matter what for every appointed person. This is just basic operation for appointment... All Files have been updated accordingly please see below:

There are many instances where persons resigns and HRMD documents this officially, and payroll inactivates on Smart Stream using the notification letter as the instruction to ensure that government funds are not paid to persons no longer employed, and sometimes the Ministry/Department fails to submit the Appendix B Forms. We have contacted the Departments but they could not share file copies of the Appendix B forms to cease salary so this may very well be the case for the persons listed below.

On further investigation it was found that all the requested files were in fact available and HR is uncertain why the reference to 22 files not available was made. When the names of such files was provided, the Files officer identified the files and advised that these were indeed made available to Audit.

RTCIPE

I note your preliminary findings; however, periodically files are requested from H.R Directorate for verifications, i.e. 50% reduction customs duties for vehicle purchase. Also there are also instances where files are requested internally for investigations purposes. I will locate the relevant files and inform you when they are available for review.

The current head of the payroll department took over the position in 2012 and has implemented a filing system. All files after this time should be up to date with all relevant information. Contracts for employees are kept on a separate file and not on the employee's file. Moving forward contracts will be placed on the employee's individual file.

The majority of the information for Police Officer's that joined the RTCIPF before 2012, is archived within the Treasury and would not have been seen on the current employee's file.

ISSUE #2 – INCOMPLETE INFORMATION PROVIDED
RANK: MATERIAL WEAKNESS RISK: MODERATE

Criteria

Public Service Handbook 4.1.1 “There will be an official personnel file for each officer that is maintained in the Human Resources Directorate. This may be in hard copy or electronic format”

Public Service Handbook 4.1.2 “Ministries and Departments may keep their own files for staff, however, this will not be the official file. Permanent Secretaries and delegated Managers will ensure that any official staffing documentation, including but not limited to the following, will be provided to the Human Resources Directorate for the official personnel file, and the Human Resources Directorate will ensure that official files are kept up to date:

- Letters of offer
- Job descriptions
- Contracts of employment
- Probationary period reports
- Officer salary and grading matters
- Performance appraisal reports
- Disciplinary matter reports
- Leave records
- Injury or disease matters
- Resignation letters
- Termination letters

Public Service Handbook section 3.4.1 states that an offer of employment will be made to the successful candidate by the Human Resources Directorate within seven days of the final approval of the selection. The appointment will be effective only on meeting any conditions with the offer and by the written acceptance of the offer by the candidate.

In accordance with best practice, the Human Resources Directorate should be well aware of all employees joining and/or leaving the civil service.

Condition

A request was made from the HRD and each Ministry for a listing of all persons joining and/or leaving the Civil Service during the 2014-2015 financial year.

A comparison was made with the information received from HRD and the Ministries to determine if the information received from the Ministries coincided with the information received from the HRD and vice versa. It was noted that the information provided was incomplete. In some instances, HRD did not

capture employees that joined or left during the year as per the information received from the Ministries and vice versa. The table below shows all instances where information from the HRD and the Ministries differed.

MINISTRIES	NOT ON MINISTRY LIST	NOT ON HRD LIST
Governor's Office	1	
Office of the Deputy Governor		2
Attorney General's Chambers		1
Judiciary	1	2
Director of Public Prosecutions		1
Ministry of Finance		1
Ministry of Border Control		1
Ministry of Environment & Home Affairs		4
Ministry of Health & Human Services		11
Ministry of Education		9
Ministry of Government Support Services		1

Additionally, the HRD stated that they were unable to provide us with information on who had salary and allowances changes during the year. However, in accordance with the Public Service Handbook, appointments and granting of allowances rest overall with the HRD. Therefore, this information should be able to be generated by the HRD.

Cause

- Non-compliance with TCIG laws and/or regulations.
- Lack of understanding and/or misinterpretation of the laws and/or regulations.
- Lack of understanding of duties and/or responsibilities.
- Relevant personnel may not be properly maintaining all information in relation to staff, especially as noted with appointment, termination and/or resignation.

Effect or potential effect:

- Over payment.
- This may leave TCIG vulnerable to lawsuits.
- Unable to reconcile payroll changes.
- No information in order to aid in the correct calculation of pension, termination and/or death benefits.
- No grounds for disputes.

Recommendation

The HRD should ensure that there is complete adherence to the criteria in regards to maintaining information on all persons appointed within the civil service. All matters concerning civil servants go through the HRD, therefore all information from the entity should be complete and accurate at all times.

Action Plan

Person Responsible: HRD
Estimated Completion Date: As soon as possible
following discussion with
Audit on what this item
refers to.

Management Response

HRD

HR has no ability on the Smart Stream system to generate reports that record changes with regards to adjustment to allowances or starters/ leavers. In the past if this information has been required Treasury is able to obtain this information for us from Smart Stream using the Ad hoc report writer, In this circumstance Treasury would not supply us with the listings as they said that they were being audited on the same data and it would not be proper to supply us with this information. This is our only source of actual electronic data. It is common for HR to seek the support of Treasury for ad hoc reports from Smart Stream, as Treasury has the only skills to be able to retrieve these reports. In the absence of this standard process, a manual list was compiled quite hastily and as such there were a number of gaps, in particular with 'leavers' (resignations and terminations). In normal circumstance this would not be the case as factual data would have been supplied by Treasury for HR use. .SmartStream is not currently able to provide a monthly report of movements that could be reviewed.

Ministries get copies of Pay slips every month and monitor expenditure with the support of their Finance Managers. Officers every month. This is an Accounting Officer responsibility and not HR. Accounting Officers are responsible for their budgets and should monitor expenditure.

There are indeed systems in place regarding the process for adjustments to payroll for allowances etc. These were put in place following previous Audits, and they have been very effective in respect to controlling movement with allowances.

The Causes stated by Audit for these issues are therefore not applicable.

**ISSUE #3 – NO RECONCILIATION OF PAYROLL DEPARTMENT INFORMATION BY HUMAN
RESOURCES DIRECTORATE**

RANK: CONTROL DEFICIENCY RISK: LOW

Criteria

PFMR 85(6) “No employee shall be included on the payroll until a copy of the letter of appointment and a copy of the letter of acceptance of the appointment have been received by the Accountant General; and no action will be taken which would result in changes of salary or allowance to any public officer until proper authority has been received”

In accordance with best practice the RTCIPF – Human Resource Department and the HRD is required to carry out regular checks of the payroll information being entered into the SmartStream System by the Payroll Department – Treasury to ensure that the information is accurate and in accordance with an employee’s appointment letter.

Condition

A request was made from the HRD, the RTCIPF and each Ministry via the Accounting Officer for a listing of all persons joining and/or leaving the Civil Service during the 2014-2015 financial year.

From the above mentioned information a sample of 192 employees were selected, 62 from the RTCIPF and 130 from other various Ministries, of a total of 343. The files reviewed at RTCIPF and HRD were also the files reviewed at the Payroll Department – Treasury.

A review of these files revealed that there were a number of discrepancies, as stated throughout the issues report. Most notably payment of allowances contrary to the appointment letter. The table below shows instances where an allowance was paid contrary to information stated within the appointment letter.

EMPLOYEE ID	ALLOWANCE TYPE	APPENDIX B AMOUNT	SS AMOUNT	TOTAL AMOUNT PAID
11779	Island Allowance	\$180	\$200	\$600
12059	Island Allowance	\$180	\$200	\$2,200
16296	Duty Allowance	\$100	\$100	\$100
69	Housing Allowance	\$415	\$415	\$2,905

Additionally, it was noted that the amounts paid according to SmartStream are different from what was stated on the appendix B form.

A proper review and reconciliation of the Payroll Department – Treasury information by the HRD at least on a quarterly basis, could assist in the mitigation of instances such as these.

Cause

- Lack of supervision by Management
- No training.
- Lack of knowledge of roles and responsibilities.
- Files not regularly updated.
- Employee information placed on the wrong file.

Effect or potential effect:

- This could result in employees being over or under paid.
- Errors could go unnoticed and uncorrected.
- There could be incorrect calculation of employee benefits.

Recommendation

RTCIPF – Human Resource Department and HRD should ensure that regular reconciliations are carried out with the Payroll Department – Treasury information and the Smart Stream system to ensure that discrepancies are noted and can be corrected within a timely manner.

Action Plan

Person Responsible: HRD, Payroll Department -
Treasury

Estimated Completion Date: 31st November 2015

Management Response

HRD

The causes stated by Audit are also not applicable in these circumstances. . It is the Accounting Officers responsibility ensure that correct amounts are paid from their budget allocations. There are no reporting mechanisms available in Smart Stream for HR to do this extra level of check. With respect to the reference to Island allowance above, where an error in Appendix B is made by a department, HR would correct the reference with the correct amount from the Public Service handbook. In this case the island allowance difference was \$180 before the re-introduction of the 10%, \$200 is the amount that should be paid after the 10% reinstatement. This was a process applied across the board when the 10o% was re-introduced. The other two references are to these allowances not being included in the Offer letter. It is quite possible that some allowances are applicable after the offer is made, and supporting documentation should be available to authorize these allowances. Investigation as to the availability/location of these documents is underway.

PAYROLL

Payments made to employees are paid according to Employee handbook.

All employees in Providenciales are paid island allowance of \$200 despite what is stated on the Appendix B. Total amount paid will include arrears based on when the effective date for the allowance.

Empl 69 paid the stated rate on Appendix B.



ISSUE #4 – ALLOWANCES/OVERTIME PAID WITHOUT PROPER APPROVAL AND ALLOWANCES NOT IN ACCORDANCE WITH THE PUBLIC SERVICE HANDBOOK

RANK: MATERIAL WEAKNESS

RISK: LOW

Criteria

In accordance with best practice, once a person is successful in an interview, HRD issues them with an appointment letter. This letter outlines, the job title and all the emoluments. A copy of the letter is sent to the Payroll Department – Treasury along with an appendix B form. The Payroll Department – Treasury creates that employee's information within Smart Stream and makes the necessary payment through Smart Stream based on the particulars stated within the appointment letter.

Public Service Handbook section 8.4.4 states that: Generally officers at the level of Unit Manager and above are not eligible for overtime. In exceptional circumstances the Permanent Secretary may approve overtime for Unit Managers, and in certain circumstances the payment of an agreed amount of overtime may be approved by the Permanent Secretary (Finance).

Public Service Handbook section 8.5 and Appendix 11 sets out all the allowances payable and the details. All allowances should be paid in accordance with what is listed within the Public Service Handbook.

Condition

A request was made from the HRD, the RTCIPF and each Ministry via the Accounting Officer for a listing of all persons joining and/or leaving the Civil Service during the 2014-2015 financial year.

From the above mentioned information a sample of 192 employees were selected, 62 from the RTCIPF and 130 from other various Ministries, of a total of 343. The files reviewed at RTCIPF and HRD were also the files reviewed at the Payroll Department – Treasury.

There were four instances noted where an allowance was granted as per the appendix B form on file, that was not stated within the employee's appointment letter with no subsequent approval for the allowance from HRD noted within the employee's file. Additionally, the amounts paid as per SmartStream differ from the amount stated on the appendix B form.

EMPLOYEE ID	ALLOWANCE TYPE	APPENDIX B AMOUNT	SS AMOUNT	TOTAL AMOUNT PAID
11779	Island Allowance	\$180	\$200	\$600
12059	Island Allowance	\$180	\$200	\$2,200
16296	Duty Allowance	\$100	\$100	\$100
69	Housing Allowance	\$415	\$415	\$2,905

It was also noted that according to the appointment letter, employee 69 was approved for a material allowance of \$100 per month, and an island allowance of \$200 per month. Review of the appendix B on file revealed that an island allowance of \$130 was listed. Additionally, review of the employee's payments on SmartStream revealed that the officer was not receiving any island allowance payment as listed on the appendix B or the appointment letter. There was no subsequent discontinuation approval from HRD on the employee's file.

An instance of overtime payment to the Deputy Director – Disaster Management was noted, which is in contravention of the above stated criteria with no information concerning the approval of the overtime from the Permanent Secretary of Finance. It was also noted that the overtime was paid at the incorrect rate with no information concerning the reason for the payment rate.

EMPLOYEE ID	RATE USED	CORRECT RATE
34	\$24.88 (Weekdays)	\$36.03 (Weekdays)
	\$25.71 (Weekends)	\$48.04 (Weekends)

The Public Service Handbook, in Appendix 11, sets out all eligible allowances for TCIG employees. Information in regards to allowances paid for the financial year was extracted from SmartStream via IDEA.

A sample of 100 employee allowances paid were tested to verify that the amounts paid were in keeping with the amounts listed within the Public Service Handbook. It was noted that there were six instances where allowances paid were not in keeping with what was listed within the Public Service Handbook.

EMPLOYEE ID	ACCOUNT	ALLOW. TYPE	NO. OF PMTS.	TOTAL AMT.	MONTHLY AMT.	AMT. PER HB/RTCIPF
10669	31501	CHILD	11	1,650.00	150.00	120.00 (Max)(PF)
14597	31501	DUTY	12	1,296.00	108.00	120.00 (PF)
134	31501	PROF.	1	1,000.00	1,000.00	500.00 (Max)
14500	31501	RESP.	12	5,400.00	450.00	350.00 (Max)
15827	31507	TRANS	12	1,200.00	100.00	140.00 (Min)
16016	31507	TRANS	12	480.00	40.00	140.00 (Min)

Max – Maximum

PF – Police Force

Min - Minimum

Cause

- Non-compliance with Public Service Handbook.
- Misinterpretation of TCIG laws and/or regulations.
- Lack of understanding of job roles and responsibilities.
- Lack of proper review and reconciliation of payroll information.
- Employees could be engaging in fraudulent acts.

- Relevant personnel may be unaware of the laws outlines within the various TCIG Ordinances and regulations.

Effect or potential effect:

- This could result in excess expenditure for payroll.
- This could result in employees being over or under paid.
- Relevant personnel could be paying persons as they see fit with emoluments that they desire.

Recommendation

The payroll system should at all times reflect the decision communicated by the HRD within the appointment letter. In cases where employees receive changes in salaries or allowances, a written approval should always come from the HRD and be filed accordingly.

Overtime for persons at the level of Unit Manager and above should follow the criteria as set out in the Public Service Handbook section 8.4.4. Written approval should come from the Permanent Secretary and should be filed accordingly.

All allowances should be paid in accordance with the Public Service Handbook.

Action Plan

Person Responsible: HRD, RTCIPF – Human
Resource Department,
Payroll Department -
Treasury

Estimated Completion Date: 31st November 2015

Management Response

HRD

Payment of overtime does not have any input by the Human Resources Department. Under the Handbook, the PS can authorize Overtime and request go straight to Payroll for processing. Similarly, the Human Resources Directorate does not have any input in the activities of the Police Force.

In some circumstances when for either recruitment purposes or at the request of the PS when a lower or higher allowance is recommended, due to particular circumstances, lower or higher allowances have been approved. In most circumstance, rates applicable in the PS Handbook are only those approved. However, as mentioned for specific reasons, sometimes a lower rate may be more appropriate. This practice no longer occurs and requests for differing allowances are sent back to the Originating Ministry/Department and the correct allowance is applied. The Professional allowance referred to here also include retention allowance, both allowances have now been absorbed into the pay and Grading exercise.

The 'causes' stated are out of line with the reasons associated with these particular instances, and the recommendation is indeed the procedure that is currently followed.

RTCIPIF

Personnel emoluments and other related documents are normally recorded on personnel files which corresponds with the information that's sent to Treasury. We are in the process of making all relevant Police entitlements easily accessible to all stakeholders.

PAYROLL

Letter for Sports Commission employees state that all terms and condition remain the same hence their allowances would not be based on the hand book. If allowance(s) stated in appointment letter and appendix B is different from the handbook we have to pay as stated on Appendix B

ISSUE # 5 – ALLOWANCES PAID NOT LISTED WITHIN THE PUBLIC SERVICE HANDBOOK

RANK: CONTROL DEFICIENCY RISK: LOW

Criteria:

Public Service Handbook section 8.5 and Appendix 11 sets out all the allowances payable and the details. All allowances should be paid in accordance with what is listed within the Public Service Handbook.

Condition:

All allowances for the financial year 2014-2015 were extracted from SmartStream via IDEA. A sample of 100 employees with allowance payments were selected and tested to verify if the amounts paid were in keeping with the allowances as listed within the Public Service Handbook.

It was noted that of the sample selected, 15 instances were noted where the allowance granted was not listed within the Public Service Handbook. The table below shows the details.

EMPLOYEE ID	ACCOUNT	ALLOW. TYPE	NO. OF PMTS.	TOTAL AMT.	MONTHLY AMT.	AMT. PER HB/RTCIPIF
10574	31501	DUTYFIXED	5	493.33	98.67	Not in HB
12274	31501	HEAD	12	1,200.00	100.00	Not in HB
150	31501	MARKETFORCE	1	483.87	483.87	Not in HB
14751	31501	MIDWIFE	2	100.00	50.00	Not in HB
16088	31501	MIDWIFE	12	600.00	50.00	Not in HB
11182	31501	RETENTION	2	6,000.00	3,000.00	Not in HB
14393	31501	RETENTION	2	4,000.00	2,000.00	Not in HB
16104	31501	RETENTION	2	2,500.00	1,250.00	Not in HB
12499	31501	TASK	12	5,400.00	450.00	Not in HB
11434	31501	TASK	12	5,400.00	450.00	Not in HB
11437	31501	TASK	6	2,700.00	450.00	Not in HB
10267	31501	TASK	11	4,950.00	450.00	Not in HB
12518	31501	TASK	12	4,800.00	400.00	Not in HB
13187	31501	TASK	6	2,700.00	450.00	Not in HB
12756	31501	TASK	12	5,400.00	450.00	Not in HB

Cause

- Non-compliance with the TCIG Public Service Handbook.
- Lack of knowledge of TCIG laws and/or regulations.
- Minimum staff supervision.

- Incorrect description used for the allowance type

Effect or potential effect:

- This could result in excess expenditure for payroll.
- Relevant personnel could be paying persons as they see fit with emoluments that they desire.

Recommendation

The Public Service Handbook should be updated to reflect new allowances.

Action Plan

Person Responsible: HRD
Estimated Completion Date: 31st December 2015

Management Response

HRD

The error with the majority of these allowances is the description of the allowance and not the payment of allowance itself. The descriptions on Smart Stream will be rectified. An easier to follow description for Audit has been agreed with them and as such this will be rectified. Midwife and Task force allowances fall under duty allowance.

There is a Duty allowance, and the Midwife allowance falls in this category. Similarly there is a Taskforce allowance under the Duty allowance of \$400 or \$500 per month. Duty fixed, should just read Duty.

The discrepancy of \$400-\$450 comes from the Ministry recommending a mid-rate, this will be rectified for those receiving \$450. Market Force and retention allowances do not apply and should indeed be investigated, which will take place. These were approved in previous years, and have now been rectified and included into base salary. The Pay and Grading Review also cleaned these type of allowances which no longer apply. The Causes again are not applicable to the reasons for the issues identified.

Development Fund

Audit Objectives

- Completeness- All account balances and transactions that should be included in Financial Statements are included
- Accuracy- Recorded transactions and balances accurate and classified in the correct account.
- Existence- Transactions have occurred
- Cut-off- Transactions are recorded in the correct period
- Valuation- Transactions have the correct value
- Legality- Transactions are in accordance with the Laws and Regulations
- Disclosure- Appropriate disclosures are made

Audit Scope

The Audit scope covers the financial year 2014-2015 and can be summarized into three categories:

- General Audit Testing
- Testing Legality
- Analytical Review
- Project Evaluations
- Donor Funding Testing

Audit Approach

The audit approach is as follows:

- Review relevant documentation in order to understand policies, procedures, and reporting mechanisms as they related to internal controls.
- Conduct Interviews with relevant individuals
- Review a sample of office files to verify whether controls were in place for the proper maintenance of records.
- Reviewed of financial transactions as per the audit programs to verify internal controls, assess the accuracy of accounting and evaluate the appropriateness of the delegated authorities of positions which approved these payments
- Gather the Audit findings with managers and officials

Risk

The risks identified in the Development Fund include the following:

- Excess Expenditure, expenditure exceeds the amount on the budget and/or warrant.
- Amounts and other data relating to recorded transactions and events have been recorded inappropriately
- Relevant Support documentation not available (example progress reports, Business Cases)

- Transactions and events have not been recorded in the proper accounts(example wrong project or ministry)
- Transactions have not been in compliance with relevant laws, regulations , policies and procedures

Sample Size

Used for Vouching

TCIG DEVELOPMENT FUND		
SAMPLE SIZE	\$ RANGE	SAMPLE VALUE
40	1000-5000	102,450.95
40	5001-75000	1,122,526.33
30	75000+	5,361,789.89
TOTAL SAMPLE VALUE		6,586,767.17
TOTAL POPULATION AMOUNT		7,900,299.53
% OF TOTAL POPULATION		83%

Summary

The audit of the Development Fund revealed the following issues for the financial years 2014/2015:

- 4 Projects overspent by \$2,000 or more according to Warrants issued
- 19 Projects approved in the Appropriation Ordinance 2014 had no expenditure during the financial year
- Over estimation of Grant Funding for the period
- Lack of Progress reports for the Financial Year 2014
- Business Cases not available for all Projects
- Lack of support Documents to verify Donor Funding Received

Documents Provided

The following documents were provided for review:

No	Description	Year
1	Warrants	2014-2015
2	Business Cases	2014-2015
3	Procurement Board Minutes	2014-2015
4	Progress Reports	2014-2015
5	Supplementary Approved	2014-2015

Detailed Finding

DEVELOPMENT FUND 2014/2015

ISSUE #1 - 4 Projects overspent by \$2,000 or more according to Warrants issued

RANK: Significant Deficiency RISK: Low

Criteria:

PFMR

46 (3) Authority to make payments and accept charges is conveyed to the Accountant General by a warrant signed by the Minister. (4) On receipt of the warrant, the Accountant General may issue a warrant under his or her signature to Accounting Officers authorising them to incur expenditure for the purposes and up to the amount specified in the warrant; and the amount authorised by such warrant shall not exceed the amount specified in the warrant issued by the Minister.

48. An Accounting Officer shall— (b) ensure that the provision for that service as authorised by a warrant is not exceeded, and he or she shall be held personally and pecuniary responsible for any excess expenditure which is incurred without proper authority.

Condition:

Strategic Policy and Planning Department has developed a document which details the manner in which warrants should be used, controlled and monitored. For the financial period 2014/2015 there were 4 projects in which the cost exceed the amount issued by the warrant/warrants by \$2,000 or more. warrants are prepared by SPPD are signed by the Chief Economist and issued to Ministries/Departments only after the Contract Award Notification is noted in Cabinet and a contract is awarded to a company/business. This is illustrated by TABLE A

χ After the close of the audit, we received explanation that warrants are issued in parts and the overspent warrants were not updated to reflect the money spent.

Table A

PROJECT	FUNDING	PROJECT_TITLE	RECS	ACTUAL 2014/2015	WARRANT AMOUNT	ACTUAL LESS WARRANTS
4992	1001	Laboratory and Other Equipment	1	83,144.51	28,747.00	(54,397.51)
5043	1001	Road Safety Printers		24,965.00	10,000.00	(14,965.00)
5123	1001	Laboratory and Other Equipment Phase 2	1	187,473.48	63,560.00	(19,584.51)
5215	1001	Vehicle for Attorney General	2	42,900.00	40,900.00	(2,000.00)
		TOTAL		508,076.99	212,801.00	(190,947.02)

As a follow up, we requested information from the Accounting Officers to ascertain the reasons for the overspending and we only received a response from the Ministry of Health.

Cause

- Cost overruns are not detected by the Ministry

- SPPD does not review the project amount

Effect

- May cause overspending.
- TCIG would not have the ability to manage its cash flows effectively

Recommendation

Stronger controls must be implemented to mitigate the problem of overspending of the warrants. The authorization and approval of warrants need to be strengthened to prevent unauthorized use of warrants. The system must be reviewed to enable the SPPD to enter approved warrant amounts against approved estimates for projects. There needs to be regular monitoring of projects.

Action Plan

Persons Responsible:

PS Finance

Chief Economist

Estimated Completion Date:

Management Response

SPPD agrees with the statement before Table A above. To correct this SPPD has started to issue the Appropriated Amounts for all Capital Projects and this will lessen to need to issue replacement warrants.

ISSUE #2 - 19 Projects approved in the Appropriation Ordinance 2014 had no expenditure during the financial year

RANK: Control Deficiency RISK: Low

Criteria:

Best practice dictates that adequate controls must be in place to ensure the efficient use of Budget funds and activity. This may include scrutinizing whether projects are categorized properly with the correct funding source.

Condition:

All projects are evaluated by the Strategic Policy and Planning Department SPPD and the appropriate prioritization ranking and classification is decided. The prioritization gives precedence to those projects that are committed to pay for by law, contract or agreement; this followed by those projects that will improved TCIG operations through saving costs. SPPD provided documentation on how projects are categorized, either as development fund expenditure or recurrent revenue. 19 out of the 77 projects listed on the Appropriation Ordinance 2014 had no expenditure. The total amount budgeted for these projects were \$2,106,417.00. This is represented by **Table B**. It was brought to attention that even though the budget for these projects is made in advance, due to the delay in the signing of contracts the projects progress may be hindered.

TABLE B

PROJECT	PROJECT_TITLE	SOF	BUDGET
4327	Census Preparation 2012	1001	40,000.00
4776	Furniture and Equipment for HJRHS Six Classroom Block	1001	38,550.00
4791	Invasive Species Management	1001	8,515.00
4863	Video-linking and Cell Pods	1001	2,690.00
4865	Renovation of Facility to House the Fire Hall	1001	35,000.00
4881	Construction of Canteen at CHHS	1001	110,000.00
4935	Counter-part Contribution for BNTF 7	1001	55,200.00
4964	Strategic Planning for Primary Health Care Clinics	1001	10,000.00
4972	National Physical Development Plan Phase I	1001	200,000.00
4975	Amenities for TCICC (technical training)	1001	20,000.00
4981	Stepwise Approach to Surveillance of Chronic Disease Risk Factors in TCI	1001	140,000.00

5053	North Caicos Sports Track	1001	10,000.00
5059	Bombarra Dock slip Extension	1001	35,000.00
5114	Splitting of the Clement Howell High School- Furniture and Equipment	1001	250,000.00
5137	Retrofitting of Office space for Ministry of Finance	1001	279,600.00
5151	Furniture Deputy Governor's Office	1001	1,862.00
5154	Strengthening of Investments	1001	700,000.00
5157	Road Development Programme: CHHS High School Rd	1001	30,000.00
5158	Road Development Programme: Belle Field landing Rd	1001	140,000.00
	TOTAL		2,106,417.00

Cause

- Lack of proper planning for the development fund.
- Lack of execution of goals.

Effect

- Under-utilised resources in area/projects not undertaken.
- Allocation of resources to projects that will not undertaken
- The inclusion of high priority projects that are not undertaken gives rise to inclusion of projects that were not approved through the Appropriation Ordinance.

Recommendation

There should be better planning within the Development Fund Expenditure budget with regard to projects that will not be ready for undertaking in the financial year.

Action Plan

Person Responsible:

PS Finance

Chief Economist

Estimated Completion Date:

Management Response

SPPD agrees that there were projects Appropriated in 2014 that had no expenditure. However, SPPD does not agree with the statement contained in the document that states “It was brought to attention that even though the budget for these projects is made in advance, due to the delay in the signing of contracts the projects progress may be hindered. ” SPPD explained that the projects were contracted in 2014 and with the amended made to the Public and Finance Regulations, the expenditure for these projects rolled over into 2015.

ISSUE #3 – Over estimation of Grant Funding for the period.

RANK: Control Deficiency RISK: Moderate

Criteria:

PFMR Part VIII Development Fund, Section 35 requires that before the commencement of each financial year estimates of the revenue and expenditure of the Fund and such estimates shall form part of the annual estimates of revenue and expenditure of the Government to be laid before the House of Assembly as required by section 21 of the Ordinance.

Condition:

The primary source of money in the Development Fund is the TCIG Consolidated Fund. Secondary to that is the funding received from Grants. Unlike the TCIG Consolidated Fund which is able to predict or Budget the amount of money issued to a project, Grants are normally received subsequent to the issuance of the Budget. We found that 18 Projects under the Grant Funding Section of the Development Fund had estimates approved however there was no evidence of spending or execution of the project. We were not able to ascertain when these funds were actually received. There is a possibility that these projects were overestimated or the project was never executed.

Even though there were instances of over estimation and no spending in some areas, we found one project #3030 – Lobster Study, with total expenditure of \$60,855 where there was no estimate approved in the budget during the period, due to the Grant being received later in the financial year.

Cause

- Lack of proper planning of development needs.

Effect

- Misleading budget figures for development fund receipts.

Recommendation

Better collaboration between those parties who are directly involved with Development Fund receipts to ensure that projects that require donor funding are properly included in the budget and are not over estimated.

Action Plan

Persons Responsible:

PS Finance

Chief Economist

Estimated Completion Date:

Management Response

SPPD agrees with the statement and highlighted that grant funding are received at any time during the financial year so it is difficult sometimes to budget for.

ISSUE #4 – Lack of Progress reports for the Financial Year 2014

RANK: Control Deficiency RISK: Moderate

Criteria:

The Public Procurement Ordinance 2012 Section 55 (1)

An officer must ensure –

- (a) That a contract is monitored throughout the period of the contract; and
- (b) That the performance of the contractor is regularly reviewed and recorded in writing.

PPO 30 (8) The officer must ensure that sufficiently competent teams are in place to manage the project and ensure receipt of high quality services and products as agreed at the procurement stage.

Condition:

Progress Reports are essential for proper monitoring of a project under contract, thereby ensuring value for money. For the Financial Year 2014/2015 there were a total of 69 projects from the Consolidated Fund (1001) that produced expenditure. Out of the 69 (\$7,023,282.93) projects only 9 projects (\$1,550,453.10) had Progress Reports for the period. From the 60 projects remaining, 16 projects were one off payment items, 12 projects were in retention and one project was a consultancy, therefore, a total of 31 (\$2,545,768.37) projects where without Progress Reports. This is illustrated on Table F Below.

TABLE F

PROJECT	FUNDING	PROJECT_TITLE	BUDGET	TRANS AMT	PROGRESS REPORTS RECEIVED
2530	1001	HJRHS Administrative Block	89,439.00	89,968.70	RETENTION
4403	1001	Radar System for Turks & Caicos Islands	76,769.00	71,187.50	RETENTION
4783	1001	Upgrade of Salt Cay Island Clinic	62,260.00	48,622.80	NO
4784	1001	Furniture & Equipment for Island Clinics	75,000.00	52,910.10	NO
4788	1001	New RO plants and equipment for Water Dept.	80,000.00	79,571.20	RETENTION
4838	1001	Provisions for CDB Shares	71,000.00	70,487.05	ONE OFF
4858	1001	Repairs to Causeway Bridge	681,000.00	667,285.26	NO
4859	1001	Construction of New Block Ona Glinton Primary School	889,199.00	677,524.32	YES
4862	1001	Generator for Wellness Centre and Green Door	1,730.00	680.00	RETENTION

4866	1001	Installation of Shutters on Gov't Buildings-all Islands	33,000.00	19,877.76	NO
4867	1001	Repairs to Water Catchment in GDT and XSC	9,563.00	4,568.76	RETENTION
4870	1001	Construction of Warehouse and Office for Customs	12,931.00	12,931.00	RETENTION
4872	1001	Queen Conch Visual Survey and Local Consumption Study	43,842.00	9,912.31	NO
4873	1001	New Roofing for South Caicos Police Station	45,000.00	18,468.20	NO
4880	1001	Additional Toilet block for CHHS	83,127.00	83,126.77	YES
4882	1001	Construction of Bathroom IPPS	86,586.00	86,586.00	YES
4886	1001	Border Management Information Systems	71,881.00	61,286.57	NO
4902	1001	Completion of Auditorium at HJRHS	190,000.00	168,993.90	YES
4904	1001	Replacement Engines for DECR	25,000.00	19,500.00	ONE OFF
4907	1001	Construction of Remand/Detention Centre	180,000.00	111,488.05	YES
4925	1001	Police Accommodations at TCICC	13,675.00	11,782.30	NO
4927	1001	Carnival Infrastructure Projects	567,988.00	567,987.50	ONE OFF
4932	1001	Law Revision Centre	152,000.00	97,000.00	ONE OFF
4936	1001	CDB Capital Payment	651,000.00	605,000.00	ONE OFF
4937	1001	SIPT Court Outfitting	369,350.00	231,017.27	NO
4938	1001	design and installation of one 30 kgpd RO Plant for Salt Cay	87,090.00	53,612.59	NO
4939	1001	Construction of Building to House New RO Plant- Salt Cay	98,345.00	74,213.65	RETENTION
4946	1001	Installation of pre-paid water meters to all customers	40,000.00	20,000.00	NO
4954	1001	Furniture for Premier's Office Tourism	7,500.00	7,359.90	ONE OFF
4960	1001	Tourism Master Plan and Policy	110,000.00	104,500.00	CONSULTANCY
4965	1001	Introduction of a Healthy Lifestyle Curriculum			NO

			4,707.00	3,783.68	
4976	1001	Upgrade of Port at South Dock PLS	300,000.00	300,000.00	RETENTION (PORTS AUTHORITY)
4979	1001	refurbishment of and outfitting of wellness centre-GDT	400,000.00	221,445.12	NO
4989	1001	Fencing for the South Caicos Community Centre	25,381.00	25,381.00	RETENTION
4992	1001	Laboratory and Other Equipment	200,000.00	83,144.51	NO
4993	1001	School Bus Replacement MBHS	43,000.00	21,500.00	ONE OFF
4994	1001	Refurbishment of Home Ec. Dept. MBHS	6,830.00	3,684.60	RETENTION
5036	1001	furniture & equipment for HJRS Admin Block	400,000.00	87,140.31	NO
5037	1001	HIES/CPI Projects	56,021.00	30,117.65	NO
5043	1001	Road Safety Printers	25,000.00	24,965.00	ONE OFF
5052	1001	Vector Control Vehicle	5,000.00	4,250.00	ONE OFF
5054	1001	Fencing for Clement Howell High School	95,000.00	77,234.74	NO
5064	1001	Middle Caicos Cave Bathroom Project	15,000.00	10,117.44	NO
5065	1001	Adelaide Oemler Primary School Playground	15,000.00	8,961.85	NO
5067	1001	Construction of Fish Market for West Road	108,474.00	32,524.68	YES
5068	1001	Installation of Generators	12,059.00	12,044.92	ONE OFF
5110	1001	Replacement Dock for South Caicos	201,167.00	182,373.53	YES
5115	1001	Splitting of CHHS	180,000.00	180,000.00	YES
5123	1001	Laboratory and Other Equipment Phase 2	300,000.00	187,473.48	NO
5126	1001	Border Control Refurbishing of Building of Building etc.	200,000.00	55,792.31	NO
5127	1001	Border Control Management Information System Phase 2	300,000.00	31,626.62	NO

5128	1001	The purchase or renovating the Juvenile Centre	300,000.00	47,150.88	NO
5131	1001	Splitting of CHHS	590,000.00	179,497.39	NO
5132	1001	Down Town Ball Park Lights	80,000.00	80,000.00	ONE OFF
5134	1001	Repairs to Morgue	100,000.00	25,842.82	NO
5136	1001	Ambulances for other Islands	300,000.00	169,594.00	NO
5138	1001	Fixed Assets Records Management Software Purchase	50,000.00	30,903.75	NO
5139	1001	South Caicos Airport Development	301,868.00	301,868.00	ONE OFF
5140	1001	Credit Rating Assessment	40,000.00	40,088.75	ONE OFF
5150	1001	Well drilling Salt Cay	25,950.00	25,950.47	NO
5155	1001	Road Development Programme: Five Cays	80,000.00	55,818.19	NO
5156	1001	Road Development Programme- Kew Town	30,000.00	9,000.00	NO
5159	1001	Road Development Programme: Three Mary Cays Rd. Grading	40,000.00	10,398.00	NO
5160	1001	Blue Hills Docks Repair	50,000.00	27,835.85	YES
5162	1001	AIDS Hospice Blue Hills	17,723.00	17,723.36	RENTION
5163	1001	Purchase of Garbage Truck		42,336.57	ONE OFF
5164	1001	Construction of Middle Caicos Clinic	30,364.00	30,364.00	RETENTION
5199	1001	Furniture and Equipment for Schools	350,000.00	175,000.00	ONE OFF
5215	1001	Vehicle for Attorney General	50,000.00	42,900.00	ONE OFF

Cause

- Non-compliance with PPO 51 (1).
- Lack of oversight and verification that evaluations are done and reported regularly.

Effect

- Lack of qualified staff to perform the evaluations on the projects.
- No measurement of achievements against objectives.
- No details of problems encountered such as cost over-runs.

- No details of actions taken to correct deficiencies or whether the deficiencies were corrected

Recommendation

Accounting Officers must ensure that they comply with PPO 55 (1) (a) – (b). Authorized personnel should ensure that progress reports are produced for all projects and maintained in contract files.

Action Plan

Persons Responsible:

PS Finance

Chief Economist

Estimated Completion Date:

Management Response

SPPD does not agree with some of the information contained in the table F.

-Salt Cay Island Clinic reports are now attached.

-Repairs to Causeway Bridge – Retention

Installation of Shutters – As mentioned contracts were signed in 2014 and mobilization payments made but the actual works started in 2015. The progress report attached supports this.

-New Roofing for South Caicos Police Station – Mobilization payment made in 2014 and the actual works began in 2015.

-Police Accommodation at TCICC – This is a retention amount.

-Pre-paid Meters – Mobilization amount.

- Upgrade of Port at South Dock PLS- Incorrectly states as “Retention”. This was a once off payment to the Authority.

-Border Control Refurbishing of Building – Mobilization payment. Works started in 2015.

-Long Bay High School – Mobilization payment.

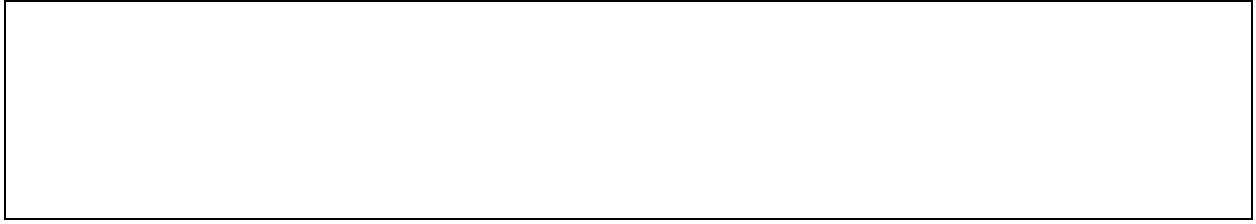
-Repairs to Morgue- Mobilization payment.

-Well Drilling – One Off Payment

-Road Development Kew Town – Mobilization payment.

-Road Development Three Mary Cays Rd – Mobilization payment.

-AIDS Hospice Blue Hills – Retention



ISSUE #5 – Business Cases not available for all Projects

RANK: Significant Deficiency RISK: Low

Criteria

PPO Section 7 states:

(2) In planning, developing and executing a project an officer must follow these five stages, namely—

- (a) the appraisal and business case stage;
- (b) the procurement stage;
- (c) the contract management stage;
- (d) the delivery stage; and
- (e) the evaluation stage.

(8) To ensure that an informed decision can be made on whether or not to proceed to the procurement stage of a project, the business case that results from the appraisal process must –

- (a) demonstrate the economic need for the project; and
- (b) include a fully argued and costed risk and impact assessment and specify the benefits the project is designed to deliver.

Condition

Based on our testing, we list the number of Business Cases that were not provided for specific projects. See table below Business Cases not received at the closed of the Audit:

PROJECT	FUNDING	PROJECT NAME	BUDGET	ACTUAL
4784	1001	Furniture & Equipment for Island Clinics	75,000.00	52,910.10
4994	1001	Refurbishment of Home Ec. Dept. MBHS	6,830.00	3,684.60
4865	1001	Renovation of facility to House the fire hall	35,000.00	-
5059	1001	Bombarra Dockslip Extension	35,000.00	-
5114	1001	Splitting of Clement Howell high school- furniture & Equipment	250,000.00	-
4881	1001	Construction of Canteen CHHS	110,000.00	-
		TOTAL	511,830.00	56,594.70

Cause

- Non –compliance with the PFMR 2012 SCHEDULE B (5) and best practice.

- Lack of Management oversight.

Effect or potential effect:

- Value for money may not have been obtained for goods purchased or services rendered.
- Inferior product or service may have been provided.

Recommendation

Accounting Officers must ensure that business cases are obtained and provided for all request for good and services over \$10,000. Ensure all Business Cases are provided when requested & received prior to the audit.

Action Plan

Persons Responsible:

PS Finance

Chief Economist

Estimated Completion Date:

Management Response

SPPD provided a copy of the Business case in the meeting with the Auditor for the Island Clinic.

RECEIPTS TO DEVELOPMENT FUND

ISSUE #6- Lack of support Documents to verify Donor Funding Received

RANK: Control Deficiency RISK: Moderate

Criteria:

PFMR

96. (1) The Accountant General shall—

(a) issue instructions to Accounting Officers specifying the precautions to be taken in particular cases to safeguard accounting records and documents and, in particular, those which have been stored on electronic or other media;

(b) ensure that all receipts and payment vouchers or approved electronic documentation lodged with him or her are properly secured, and that they and all other accounting documents are kept in an orderly manner so that they are available when required

Condition:

Grant and Aid received from various sources were not properly documented. We requested support documents from Treasury to enable us to verify sender and to identify what the funds were to be used for in the financial year 2014/2015. Treasury stated that in order for this information to be compiled the information would have to be collect from the department that benefited from the funds.

TABLE H: BREAKDOWN OF THE GRANT AID RECEIVED FROM INTERNATIONAL DONORS

DONOR PER MIN/DEPT CORRESPONDENCE	AMOUNT
HSBC	21,794.23
WTC	2,332.00
WTC	19,532.36
TOTAL	43,658.59

Cause

- Lack of proper documentation to verify donor funds received and accounted for the accounting system is caused by the non-receipt of source documents from Min/Dept. within TCIG and Treasury's inability to trace the funds received.

Effect

- No verification of funds received from sources, would cause the statements to be questionable with respect to the integrity of the donor funds received and expenses incurred.

Recommendation

The PS Finance or Accountant General must forward correspondence to all accounting officers informing them to forward all source documentation for international Donors to the Accountant General for verification before any money can be disbursed. Controls should be put in place to securely file this documentation for future inspection and/or review. (In accordance with PFMR 2012 SEC 96)

Action Plan

Persons Responsible:

PS Finance

Chief Economist

Estimated Completion Date:

Management Response

The Ministry has accepted this finding. A correspondence will be issued in this regard. However it must be noted that SPPD does not agree with this issue as the sources of grants listed in the table H above do not reflect capital funding. In many instances the grants are received in reference to recurrent expenditure or in relation to reimbursements for spending.

Revenue

Audit Objectives

The objectives of the audit were to verify whether:

- All account balances and transactions that should be included in the statements were included.
- Recorded transactions and balances were mathematically accurate, were based on correct amounts, were classified in the proper accounts and were accurately summarized and posted to the accounting records.
- Recorded assets and liabilities exist as of the accounting date: recorded transactions occurred and were not fictitious.
- Transactions were recorded in the correct accounting period.
- Recorded transactions and account balances were stated at the correct value: appropriate accounting measurement and recognition principles were selected and properly applied.
- Recorded assets are rights of Government and recorded liabilities are obligations of Government at the accounting date.
- Recorded transactions were in accordance with relevant primary and secondary legislations and any other specific authorities required by them.
- Recorded account balances and classes of transactions were properly classified and described: appropriate disclosures were made.
- Review the support documentation used to create the Statement of Arrears of Revenue and the statement of Concessions. Reviewed for completeness.

Scope

Actual Recurrent Revenue for TCIG recorded in accounts 11001 to 18102 for financial year 1 April 2014 to 31 March 2015.

Audit Approach

- Obtained and reviewed the notes to the accounts which pertain to Recurrent Revenue.
- Performed analytical reviews of actual recorded against estimated revenues and prior year revenues.
- Checked that cash collections were properly reconciled to the receipts and the amounts banked.
- Checked also to ascertain whether receipts were banked on a timely basis.
- Obtained documentary details of the processes and controls in place.
- Ascertained whether the processes were in line with regulations to ensure the complete and accurate recording of revenues.
- Extracted all debit entries that were processed through the revenue accounts to ascertain the reason for the debit entry to ensure that the entry was properly supported.
- Obtained the arrears of Revenue Statement and cross checked the totals to support documents to ensure that the amounts were accurately recorded.
- Reviewed the Arrears of Revenue statement to identify excessive arrears.
- Obtained the Dishonoured Cheque listing for the period to ascertain whether these amounts were disclosed and whether follow up actions to collect were conducted.

- Performed specific test on areas where significant Revenues were collected during the period.

Conducted meetings with the following officers:-

- Collector of Customs
- Director of Revenue Department
- Acting Director – Gaming Inspectorate

Conducted electronic data reviews using IDEA:-

- Extracted data from SmartStream using IDEA.
- Reviewed documents saved on SmartStream.
- Used ASYCUDA to review entries of Concessions captured in the system.
- Used SIGTAS to generate several reports for Recurrent Revenue.

See Appendix 1 – “Document listing” on page 27 which details physical documents that were obtained and reviewed.

Sample Size

Revenue samples were extracted as follows:

Description	Sample Size	\$
Targeted all revenue amounts > 250,000	82	(51,764,568)
Tested randomly amounts between \$100,000 and \$249,999	55	(8,210,421)
Tested Randomly amounts between \$99,999 and \$50,000	75	(4,133,381)
Total	212	(64,108,370)
% of Total Revenue		25%
General Review of Debit Entries	112	9,787,454
% of Total Debit Entries		87%
Total Sample of transactions	324	
Transactions from Source to GL	52	5,137,880
Concessions	67	

Represented by:

	Sample Size	Sample value	Source to GL
Debit Entries	112		
Ministry of Finance	182		52
AG Chambers	30		
Office of the Premier			
Total Samples	324		52

All transactions were extracted from the TCIG accounting software SmartStream using the National Audit Office Interactive Data Extraction Analysis software (IDEA).

Materiality.

Materiality was set at \$100,000.

Summary

The financial statements of the Turks and Caicos Islands Government were presented for audit by the Ministry of Finance as required by the Public Finance Management Ordinance. The Recurrent Revenue, Statement of Concessions and Arrears of Revenue were required to be audited based on the requirements of the Public Finance Audit Ordinance Part VII Sec 51 – 54.

Recurrent Revenue

The following issues were raised as a result of the audit of Recurrent Revenue for the period ended 31 March 2015.

- **The Stop Cheque listing did not include all businesses with outstanding fee/licences due to their cheques being dishonoured**

The stop cheque listing of businesses with the dishonoured cheque listing and found that there were business names that were not disclosed on the stop cheque listing. The Accountant General must ensure that the listing is complete and accurate to provide information for cashiers who collect the Turks and Caicos Islands Government's revenue.

- **Lack of management oversight in the Gaming Inspectorate.**

The Gaming Inspectorate must implement controls to address the issues raised. We found that a number of the Drop sheets which are completed by the Inspector giving details of hard in and hard out of each machine, were not reviewed and signed off by the Director or a Supervisor, not all were signed off by the Inspector and the client as required on the document. Procedures must be adhered to and regular checks must be completed to ensure that the process is completed.

- **Limited oversight of Lottery Operator for the period.**

The Lottery Board has not been in existence since 31 March 2011 and we were informed by the Director of Gaming Inspectorate (Acting) that this responsibility was placed with his Department. The Director acknowledges that the relevant information is not provided to his Department for review. The Lottery Ordinance sets out guidelines to ensure that the proper procedures are in place and the Ministry of Finance must ensure that a functioning Lottery Board is put in place to facilitate this function.

Statement of Concessions

The following issues were raised as a result of the audit of the Statement of Concessions for the period ended 31 March 2015.

- **Potential for inaccurate disclosures and non- disclosure of different forms of concessions approved.**

We observed that a number of the concessions were not adequately disclosed in the financial statements and there were inconsistencies noted in the figure reported for the Customs Concessions. This was observed after reviewing the concessions returns, support documentation received from the Ministry and Department responsible and the testing of revenue transactions. Concessions which relate to land sales under Development order or otherwise should be reviewed and the Ministry of Finance and the AG Chambers, who is the responsible accounting officer for the Land Registry Department, must decide on a way forward on adequately disclosing this information.

- **Inadequate management of concessions granted.**

As reported, the concessions area is managed under the Collector of Customs Department with staff members who are specifically assigned to this area. There were deficiencies noted in the review of concessions documentation copied on the ASYCUDA system which suggest insufficient review of the process by management and inadequate staffing levels.

Statement of Arrears

The following issues were raised as a result of the audit of the Statement of Revenue Arrears for the period ended 31 March 2015.

- **Arrears of revenue not accurately stated due to inaccurate disclosures.**

We observed that there is a lack of review of support documentation in the preparation of these statements. There should be evidence of reconciliation and review. There is room for improvement should the Accounting Officer understand the importance of accurate reporting.

- **Significant increase in arrears of revenue when compared to the previous financial year.**

Review arrears increased by 14% at year ended 31 March 2015. The significant areas where a high level of increase was noted are the Attorney General's Chambers, Ministry of Government Support Services and Ministry of Finance. We received explanatory remarks from the Permanent Secretary - Ministry of Infrastructure who detailed there discussions and the move forward for collection. No other explanations were received from the other areas.

- **Lack of information to support the disclosures made in the statement of Revenue arrears.**

We found that support documents were not attached for the disclosures in the Statement of Arrears of Revenue. Therefore we were not able to ascertain what the amounts pertain to and whether the amounts were at an acceptable level.

Overall observations in the processing of Revenue:

- The revenue system has over 100 revenue streams, with approximately 133,506 transactions that were recorded during the year 1 April 2010 to 31 March 2015. These transactions totalled over \$ 250M. We tested 324 transactions for this period, 52 support documents directly to the General Ledger and 67 transactions which relate to Concessions.
- There is evident noncompliance with best practices and with the ordinances of the TCIG as stated in the findings. Internal controls must be implemented, properly documented and enforced by the Heads of Departments and Responsible officers to ensure that all revenues are documented and collected and all relevant checks are performed especially in the case of the Gaming Inspectorate.
- A staff must be adequately trained in order that controls are not circumvented.
- The collection of the Turks and Caicos Islands Government revenue arrears must be addressed by all Responsible Officers. Adequate resources must be made available for Ministry and Departments to ensure that these types of activities are conducted.
- There needs to be regular review of all arrears and follow up by the responsible Officer to ensure compliance by the customers.

Implications for the financial statements: The above findings and observations have implications for the financial statements in that there is a risk for misstatement, error and/ or fraud.

Detailed Findings

Statement of Concessions

ISSUE #1 – POTENTIAL FOR INACCURATE DISCLOSURES AND NON DISCLOSURE OF DIFFERENT FORMS OF CONCESSIONS APPROVED.

RANK: CONTROL DEFICIENCY RISK: HIGH

Criteria

Best practice requires that the information presented in any statement must be:

- Supported by the relevant documentation
- Arithmetically correct
- Compiled providing all relevant information that pertains to the information required and for which the Accounting Officer is responsible

Cause

The figure on the Statement of Concessions were vouched to the support documents provided by the Departments.

The results are as follows:

- Customs Department Concessions for the period ended 31 March 2015 was compared with the Concessions return provided by the Ministry of Finance. Customs department reported concessions totalling \$35,670,181 and the Ministry of Finance reported concessions totalling \$35,677,187, a difference of \$7,006. The difference relate to figures reported under Import Duties and Customs Processing Fee.
- Customs Duty Concessions increased by \$7.78232 million in 2014/2015. The total concessions recorded for 2013/2014 was \$27.896 million and \$35.678 million for 2014/2015. The increase was due to Development Orders and other concession agreements.
- A review of a sample of 30 transactions from the Land Registry Department revealed that one remission for Stamp Duty was approved by the Minister of Finance for \$325,000. This Remission of Stamp Duty was not included in the Statement of Concessions by the Attorney General's Chambers. Since testing was done on a sample of transactions were unable to ascertain whether there were any other remissions that may have been agreed or granted during 2014/2015 that was not included on the on the statements. The Attorney General's Chambers reported on their Statement of Concessions that the Land Registry did not receive a listing of Concessions. The Registrar of Lands reported that the Department receives approvals from the

Minister of Finance for execution and confirmed that a listing was not available but would be compiled for the next year.

Effect or potential effect

- Understatement of the Concessions figure.
- Misleading information which cause the statement to be highly understated and would lead to misunderstanding by the users of the statement.

Recommendation

Accounting Officers must ensure that all information relating to the Statement of Concessions are adequately compiled and supported.

Action Plan

Person Responsible: PS Finance
Attorney General
Accountant General

Estimated Completion Date:

Management Response

Response from the Permanent Secretary, Ministry of Finance

The Treasury and MOF made an effort to put in place a new statement of concessions and required all ministries and departments to supply the information so that it can be compiled. We further followed up with the ministries after the due date to conform that the list was complete.

We are working with the Land Registry to ensure that a register is maintained which should reduce the possibility of missing any of these concessions for next year. It must however be noted that the remission of Stamp Duty was approved in the HOA and Gazetted during FY 2014/2015.

In regards to Customs all concessions and revenue foregone information is captured in ASYCUDA World. Albeit the disparity is small, we do appreciate the need to maintain integrity of information in our system, and that which is reported. Moving forward we endeavour to keep a proper and accurate account, so that our financial reporting is not compromised.

Response from Hon Attorney General

Stamp duty concessions -

Such concessions are granted by the Minister of Finance or in some cases the Permanent Secretary, Finance in accordance with the Stamp Duty Ordinance. The Collector of Stamp Duty, appointed by the PS, Finance, is responsible for the collection of stamp duty due and owing to the Government.

Best practice would dictate that such concessions should be granted by under a remission order which is a legal instrument that grants the concession and is then published in the Gazette, becoming a public document. However, unlike the Encouragement of Development Ordinance, the Stamp Duty

Ordinance does not require such concessions to be granted in any particular manner. It is not therefore known to me whether during the period under review, the Minister of Finance or the PS, Finance granted stamp duty concessions granted only by remission order only or at times by letter or otherwise.

Where requested to do so, my Chambers prepared remission orders for the Minister of Finance. Records are kept of any such Order made and they were published in the Gazette thereafter. I can therefore understand why the NAO would request such records from my Chambers, which I am happy to provide, however, such records would not be complete because they would only record the concessions granted by the Minister under a remission order and then only where the Minister requested my Chambers to prepare such an order. I am therefore of the view that my Chambers is not the authoritative repository for such concessions.

The Collector of Stamp Duty, appointed by the PS, Finance, is responsible for the collection of stamp duty due and owing to the Government. The Registrar of Lands is an appointed Assistant Collector of Stamp Duty for the purposes of assisting the Collector of Stamp Duty in the collection of stamp duty on land registrations. Stamp duty is collected on a range of documents unrelated to the Land Registry. In her capacity as an Assistant Collector of Stamp Duty, the Registrar of Lands is required to be satisfied that the amount of stamp duty payable is collected.

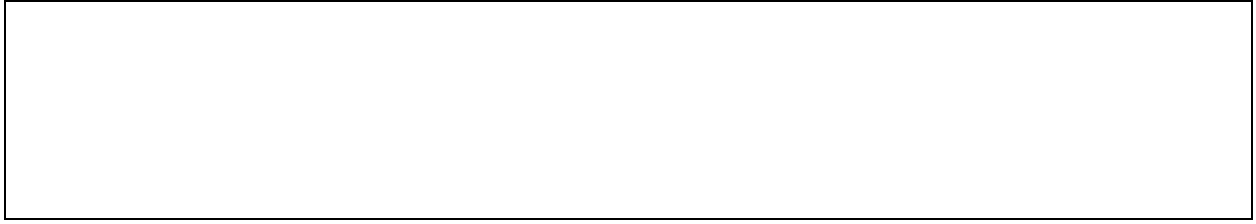
As such, I can understand why the auditors have requested copies of proof of stamp duty concessions from the Registrar of Lands who should have them in order to carry out her compliance function, however, the Registrar would only have such proof of concessions based only on the documents presented to the Land Registry by proprietors along with documents for registration. If those documents are not presented, the Registrar's record would not be complete.

Additionally, the Registrar of Lands, in carrying out her functions under the Registered Land Ordinance is not required to maintain a separate composite record of concession documents presented to her. The legal requirements of the Land Registration Ordinance is for the Registrar to maintain a record of relevant documents presented for registration in parcel files for the individual parcels of registered land in the Islands. So, as a result, those records are located in many various individual parcel files and a separate composite record of concessions would not be maintained. All records are maintained in the individual parcel files. However, thanks to the computerization of the Land Register, the Registrar has included a computer programme to track such concessions separately in response to the auditor's request, so that she can assist future audit work. It should however be stressed that this is not/not a statutory requirement or an accounting officer requirement.

Additionally, there may well be a number of reasons why a proprietor may delay in presenting documents for registration including the delays in completing land deals and the Land Registry's records of stamp duty concessions may therefore not be a reliable record in that regard. I am therefore of the view that the Land Registry is not the authoritative repository for such concessions.

The best record of such concessions should be kept by the Ministry of Finance who are empowered to grant any such stamp duty concessions in any given year.

The auditors are welcome to copies of any records retained by the Land Registry but it would not be correct to say that the Registrar is responsible for maintaining a record of concessions. This issue was not flagged up with me as being outstanding during our exit interview.



ISSUE #2 – INADEQUATE MANAGEMENT OF CONCESSIONS GRANTED

RANK: CONTROL DEFICIENCY RISK: MODERATE

Criteria

Adequate management practices must be maintained for Concessions approved by the Government in accordance with the Customs Ordinance Sec 70, The Encouragement of Development Ordinance Sec (7) and (9) and PFMR Schedule B.

Condition

The Concessions Office, Customs Department is managed by two 2 Customs Officers.

There were 5331 entries processed during 2014/2015. A sample of 67 entries were selected from the Concessions Listing for financial year 2014/2015 and the following tests performed:

Test	No Exception	Exception	N/A	Total
Approval letters and support documents were available for all entries.	57	4	6*	67
All approval letters were signed by the appropriate Officer	67			67
Letter of exemption had total value disclosed for which an exemption was given.		67		67
Rates were charged correctly	56	11		67
CFO Approval submitted as required by PFMR Schedule B (6).		67		67
Proof that only those items that have been approved for exemption is imported.		67		67

*Unable to retrieve information for entries.

We were not able to ascertain whether rates were correctly used for other items because of the lack of information.

We could not ascertain whether all items approved for exemption were imported.

Cause

- Non-Compliance with the requirements of the Customs Ordinance Part IV – Exemptions, PFMR Schedule B (6) and Encouragement of Development Ordinance.
- Insufficient review of the process by management.
- Inadequate staffing levels to take on the work load.

Effect or potential effect:

- Items may have been imported that were not approved for exemptions.
- No assurance that importers are maintaining records of exempted items.
- Wrong rate used for exempted goods cause TCIG to be at a disadvantage.

Recommendation

Responsible Officers must ensure that complete records are maintained for concessions and that inspections are completed as required by the Customs Ordinance.

Action Plan

Person Responsible: PS Finance
Accountant General
Collector of Customs

Estimated Completion Date:

Management Response

This Issue is accepted:

The concessions processing officers are aware that the actual authority for concessions namely section 69 approval letters from the Collector and section 70 approval from the Ministry of Finance or Development Orders must be attached to the entry. The Collector has assured the Ministry that efforts will be made to ensure that this is done in each case moving forward.

All approved concessions since July 2013, ought to have had approval letters attached. Not sure if this was owing to inadvertence, however every effort is and will continue to be made by the department to ensure a proper audit trail.

All descriptions of concession granted is included in the heading of approval letters, moving forward we will endeavour to include a more thorough definition in the body of these approval letters.

There is no requirement in law for the beneficiary of the concession to know the value of revenue foregone and so there is no value in including this in the approval letters. This information is captured

in Asycuda world and we are able to generate reports of revenue foregone through concessions for reporting to the CFO on a monthly basis. If this information needs to be in approval letter this can be added as the information is readily available.

For section 69 purposes all rates of concession are defined by Customs Processing code. These codes which form a part of tariff determine whether the concession is partial or full i.e. the rate e.g. 5 % for taxi imports compared to one of the normal rates e.g. 45 -55%. Moving forward we endeavour to ensure that the rate of concession is defined in each approval letter. In addition to this the CFO has asked that all concessions outside of development orders be gazetted. This will commence during the latter part of FY 2015/2016.

Albeit the CFO is to approve all exemptions under CFO ordinance, the issue of having him to approve every single concession under section 69 which is already codified in a tariff approved by HOA was raised with him in 2013 when the new Collector took up tenure. It was felt to be burdensome especially since these concessions were prescribed not like the discretionary sec 70s, and so the CFO advised that Customs only needed to submit a report monthly on the revenue foregone through concessions. This may have to consider this in light of the report, however it should be noted that to send each sec 69 concession for CFO approval, will invariably and substantially delay the process.

In regards to staffing, MOF has requested additional staff however in proceeding staff ratios will have to be taken into account.

Statement of Arrears of Revenue

ISSUE #1 – ARREARS OF REVENUE NOT ACCURATELY STATED DUE TO INACCURATE DISCLOSURE

RANK: MATERIAL WEAKNESS RISK: MODERATE

Criteria

Best practice requires that the information provided in any statement must be supported by relevant documentation.

Condition

The Statement of Arrears of Revenue was reviewed and the following were noted:-

1. Support documents from the Ministry of Education reported arrears for the contribution to Scholarship Fund of \$1,062,200, however in checking the accuracy of the calculations the arrears actually totalled \$954,200 for the period. A significant overstatement of \$108,000.
2. The Revenue Department reported dishonoured Cheques of \$677,037 and the Ministry of Finance Revenue Arrears Return totalled \$673,339, a difference of \$3,698. Revenue Department's Arrears report were reconciled with returns and there was a difference of \$143,568. Additionally, Revenue Department's report was reconciled with returns and there was a total of \$143,568 that were not recorded in the Ministry of Finance return. There was also a total understatement of \$12,958.17 and a total of \$55,835 that was not reported by the Revenue Department. See detailed table 1 below showing comparison.
3. Additionally, the Ministry of Finance returns had a calculation error causing the return to be overstated by \$173,619 for the period.
4. The Arrears of Revenue information from the Ministry of Government Support Services for the period ended 31 March 2015, did not include Post Office box rental arrears for Grand Turk Post Office totalling \$10,738. Additionally, the report was inaccurate, as it totalled \$13,213 when the actual calculation should have been \$10,738.

We were not able to ascertain whether all arrears have been disclosed and whether all amounts were recorded when it became due.

Table 1 – Comparison of Arrears statements provided for review.

YEAR	ARREARS PER RETURN AS AT 31 MARCH 2015	ARREARS PER TREASURY AS AT 31 MARCH 2015	ARREARS PER REVENUE DEPT AS AT 31 MARCH 2015
2008/2009	22,520.25	22,520.25	22,520.25
2009/2010	193,435.14	193,435.14	193,435.14
2010/2011	20,950.56	20,254.37	16,364.00
2011/2012	3,785	3,785	3,635
2012/2013	38,648.10	40,398	54,215.65
2013/2014	9,169.81	21,262.59	14,859.78
2014/2015	57,951.57	45,901.99	-
Various Other/years not specified	326,878.56	326,878.56	372,007.07
Total	*673,338.99	674,435.90	677,036.89

*a portion of the arrears reported by Ministry of Finance for 2014/2015.

Cause

- No reconciliation of information provided.
- No checks on the arithmetic accuracy of the information provided.
- No review of support documentation to confirm the amounts before disclosure.
- No follow up on request to Department heads to provide the necessary information.

Effect or potential effect:

- Erroneous statement of Revenue Arrears.
- Misleading information provided for review.

Recommendation

We recommend that greater care and attention be given to compiling the Arrears of Revenue statement to ensure that accurate and reliable information is provided.

Action Plan

Person Responsible: PS Finance
Accountant General

Estimated Completion Date:

Management Response

The Revenue Department and Treasury undertook a reconciliation of dishonoured cheques in June 2015 after initial figures were submitted to the Ministry of Finance in April. We are now comfortable that the value of dishonoured cheques that has not been recovered is **\$673,338.99** and will use this as the baseline going forward.

Reconciliation was also completed for outstanding Contribution to Scholarship Funds and the Ministry of Education was advised of the total i.e. \$912,200.

Reconciliation of Business license Arrears is ongoing and efforts are being made to finalize this process by end of this financial year. Clean up of the database is undertaken continuously as it has been discovered that there are businesses appearing on the arrears list that paid their licenses on time and in full. This is a plausible explanation for the inconsistencies in the figures reported at various periods.

We commit to taking greater care in preparation of the arrears reports and have subsequently strengthened our quarterly reconciliation and reporting process.

ISSUE #2 – SIGNIFICANT INCREASE IN ARREARS OF REVENUE WHEN COMPARED TO THE PREVIOUS FINANCIAL YEAR

RANK: CONTROL DEFICIENCY RISK: MODERATE

Criteria

PFMR Part X11 Sec 53 (1) (a) – (e)

53. (1) An Accounting Officer is personally responsible for ensuring that—

(a) all revenue is assessed, invoiced, and paid promptly;

(b) adequate safeguards exist and are applied for the prompt assessment, invoicing, collection and deposit of, and proper accounting for, all Government revenue and other public moneys relating to their ministries or departments;

(c) all persons liable to pay revenue are informed by bills, demand notes or other appropriate notices of debts due, and that they are reminded promptly and frequently of revenue which is in arrears; and

(d) Adequate measures, including legal action where appropriate, are taken to obtain payment;

(e) Official receipts are issued for all moneys paid to Government of the Turks and Caicos Islands.

(2) An Accounting Officer who experiences difficulty in collecting moneys due to the government must report the Responsibility for revenue collection circumstances to the Accountant General without delay, and copy such reports to the Permanent Secretary, Finance.

Condition

During the period, significant increases (> 5%) were reported by the following Ministries.

Table 1: Statement of Arrears of Revenue – Showing Significant increases in Revenue Arrears for the period.

MINISTRY	31 March 2015 US\$'000	31 March 2014 US\$'000	Increase/Decreases in arrears
Office of the Governor	-	7	(7)
Police	13	-	13
Attorney General's Chambers	3,636	3,349	287
Office of the Premier and Ministry of Tourism	43	-	43
Ministry of Environment and Home Affairs	24	673	(649)
Ministry of Government Support Services	3,175	2,800	375*
Ministry of Finance, Trade and Investment	9,318	4,998	4,320
Ministry of Education, Youth Sports and Culture	1,224	3,412	(2,188)

Total Arrears of Revenue	17,433	15,239	2,194
Overall Increase			14%

*** Explanations received**

Overall there was an increase of 14% as at 31 March 2015. In 2013/2014 total revenue arrears was \$15.239 million and in 2014/2015 total revenue arrears totalled \$17.433 million a difference of \$2.194 million.

The Attorney General's Chambers disclosed \$3.636 million for arrears in Crown Land Rent for various islands. There were no support documents attached to the return to:

- assist with aging the arrears
- ascertain whether the amounts disclosed were correct
- ascertain whether the information was subject to management review

The disclosures for the Ministry of Government Support Services represent the non-payment of Water charges for customers in various islands.

The disclosures for the Ministry of Finance represent arrears in business licensing fees, dishonoured Cheques and accommodation tax.

Evidence was not provided by the above Ministries to indicate whether the persons who are in arrears were contacted and made aware of their outstanding amounts and the penalties. The Permanent Secretary for the Ministry of Infrastructure formerly Government Support Services provided information concerning the Ministry's procedures going forward to collect the outstanding amounts.

Cause

- Non-compliance with PFMR Part XII Sec 53 (1)(a)-(e)

Effect or potential effect:

- Increase in Arrears
- Unrealistic information to confirm arrears

Recommendation

The responsible Officer must implement a plan to approach and collect the arrears outstanding to TCIG.

Action Plan

Person Responsible: PS Finance
Accounting Officer

Estimated Completion Date:

Management Response

The Audit Finding is accepted. However it must be noted that various announcements were placed on RTC and placed in the various newspapers. In many instances because of the TCI mail set up there is insufficient information to mail individual notices to debtors. Nevertheless efforts are ongoing to bring the accounts up to date.

ISSUE #3 – LACK OF INFORMATION TO SUPPORT THE DISCLOSURES MADE IN THE STATEMENT OF REVENUE ARREARS.

RANK: CONTROL DEFICIENCY RISK: HIGH

Criteria:

Best practice requires that sufficient and relevant supporting information should be available to support figures disclosures in the financial statement.

Condition:

The following Ministries did not make available supporting documents for disclosed in the Statement of Revenue Arrears:

Ministry	Amount on Statement of Revenue Arrears	Support Documents made available for the disclosures stated
Attorney General's Chambers	3,635,748	NO
Office of the Premier and Ministry of Tourism - Gaming Department	43,143	NO
Ministry of the Environment	23,725	NO

Cause:

- Unaware of the requirement to provide support documentation for the amounts disclosed.
- Documentation is not available or is not suitable for review.
- Lack of attention to the request of the National Audit Office.

Effect or potential effect:

- Unrealistic and misleading amounts disclosed in the statement without documents to prove that the amounts are up to date and accurate.

Recommendation

Accounting Officers must ensure that support documentation is provided to support all disclosures. Systems must be in place to provide accurate and reliable information for audit purposes.

Action Plan

Person Responsible: PS Finance
Accountant General
Accounting Officers

Estimated Completion Date:

Management Response

The Treasury and MOF made an effort to put in place a mechanism that all submissions are accompanied with supporting documentation. The Financial Managers/Officers has undergone various training exercises regarding what is required during the end of year submissions. The Ministry of Finance will endeavour to ensure that this is carried out during FY 2015/2016.

General Findings and Observations as a result of the Audit of Recurrent Revenue

ISSUE #1 – STOP CHEQUE LISTING DID NOT INCLUDE ALL BUSINESSES WHERE CHEQUES WERE DISHONOURED AND STILL OUTSTANDING FOR PAYMENT.

RANK: CONTROL DEFICIENCY RISK: HIGH

Criteria:

PFMR 58 (3) and (4)

(3) In any case where a cheque is dishonoured, recovery measures shall be instituted immediately by the Accounting Officer; and all instances of dishonoured cheques shall be brought to the immediate attention of the Accountant General.

(4) All original dishonoured cheques shall be retained and kept in safe custody; this is because such cheques represent important prima facie evidence of a debt due to government and may be used in any legal action which may be taken to recover the amount due and any incidental expenses that may have been incurred.

Best practice requires that a Stop Cheque listing is maintained and updated regularly with business whose cheques were dishonoured during the period.

The standard practice is once a dishonoured cheque is received by the Treasury, the cheque is logged and the information is transferred to the Revenue Department for collection.

Condition:

During 2014/2015, the Ministry of Finance reported total dishonoured cheques of \$673,339. Some cheques were dishonoured since 2008. We were unable to ascertain the percentage of cheques that were dishonoured in 2014/2015 that were collected at year ended 31 March 2015.

The Stop Cheque listing was not up to date with all business names that were reported to have dishonoured cheques in the Dishonoured Cheques Register (DCR). We noted that 48 out of 73 businesses that had dishonoured cheques were not on the Stop Cheque Listing.

There is no evidence that the DCR prepared by Treasury was reconciled with the Revenue Department's DCR. Comparison of the two registers revealed that there were discrepancies in the listings provided by both Departments. There is a breakdown with regard to which department should be responsible for following up and collections of funds relating to dishonoured cheques.

Cause

- Lack of regular review by the Responsible Officers.
- Unclear lines of responsibility.

Effect or potential effect:

- Cashiers may not be aware of businesses that they should not accept cheques from.
- Increase in the number of dishonoured Cheques due to the unawareness of businesses whose cheques should not be received.

Recommendation

All dishonoured Cheques should be logged, copied and sent to the responsible Ministry/Department accounting Officer and action taken as described in PFMR Sec 58 (1)-(4).

The Stop Cheque listing must be updated regularly to reflect all businesses where dishonoured cheques were received by TCIG.

Cheque Collection criteria must be established for TCIG including actions for initiation and follow up. A Ministry or Department should be required to stop services when it has been identified that these services have been paid for with a Cheque that was dishonoured.

The responsible person must assign a greater level of priority to collecting dishonoured Cheques and inform the Public that such collections will be pursued.

Action Plan

Person Responsible: PS Finance and
Accountant General

Estimated Completion Date:

Management Response

It must be noted that we collected over \$250 million in fiscal 2014/15, most of which was by cheques and only had \$673, 339 worth of dishonoured cheques.

The register is in fact updated and reconciled on a monthly basis between the Treasury and the Revenue Department. All cheques returned are logged and a stop order place if it is justified.

Person are only added to the stop cheque list if the reason for the return is “refer to drawer” or “NSF”, they are not routinely added if the returned cheque was for example “post-dated” or some other defect that was not detected on receipt.

ISSUE # 2 – LACK OF MANAGEMENT OVERSIGHT IN THE GAMING INSPECTORATE

RANK: CONTROL DEFICIENCY RISK: MODERATE

Criteria:

Best practice requires that Management plays a significant role in ensuring that internal controls are effective.

Condition:

A review of 58 transactions was conducted to ascertain whether the proper support documents were in place for the revenue collected by the Gaming Inspectorate and that all relevant approvals and checks were completed.

The Gaming Inspectorate is responsible for managing the collection of revenue for Gaming Machine tax, Lottery tax, Casino Winnings Tax, Casino Licences, Casino Permits, Gaming location licences and Casino Certificates.

Our review concentrated on the collection of revenue for the Gaming Machine tax for the year 2014/2015. A sample of 23 Drop Sheets were reviewed to ascertain whether:-

- Drop sheets were completed for all hard meters inspected.

Year	Sample \$	Sample #	Agreed	Not Agreed	N/A
2014/2015	1,430,618	23	10	8	5

- Drop sheets were signed and dated by the Inspector.

Year	Sample \$	Sample #	Agreed	Not Agreed	N/A
2014/2015	1,430,618	23	8	14	1

- Tickets were printed from the machines as required and attached to the drop sheets.

Year	Sample \$	Sample #	Agreed	Not Agreed	N/A
2014/2015	1,430,618	23	8	13	2

- Drop sheets were thoroughly checked by the Director or Responsible Officer.

Year	Sample \$	Sample #	Agreed	Not Agreed	N/A
2014/2015	1,430,618	23	0	23	0

- All earnings of the Company were calculated accurately per Drop sheet.

Year	Sample \$	Sample #	Agreed	Not Agreed	N/A
2014/2015	1,430,618	23	23	0	0

We reviewed 35 files at the Gaming Inspectorate and found that none of the sheets were signed off by the Director or a Supervisor after being calculated by the Responsible Officer/Inspector.

Cause

- Non-compliance with best practice.
- Weak controls
- Lack of training.
- No review of support documents.

Effect or potential effect:

- Delay in the receipt of revenues due to inaccurate information.
- Loss of revenue due to non-payment and the lack of compliance initiatives by the Department.

Recommendation

Management must ensure that the appropriate controls are put in place to address the issues mentioned above. Management must ensure that there is proper supervision and review of work completed.

Action Plan

Person Responsible: PS Finance
Gaming Inspectorate

Estimated Completion Date:

Management Response

The Ministry of Tourism provides the following responses:

- Drop sheets were completed for all hard meters inspected.

The Department has expressed that in the past, issues were experienced with hard meters upon inspection and there were other cases where officers did not thoroughly complete the drop sheets. The latter has been addressed through the Department implementing a system that entails more checks and monitoring of the process. With the new Gaming Policy scheduled to come on stream shortly, this will address the issue as officers will be able to

monitor these processes in calculating the earnings online as the law will require an upgrade of equipment. In the interim, the Department has held sessions with officers on properly completing the sheets and the will intensify its monitoring of the sheets.

- Drop sheets were signed and dated by the Inspector.

Since the beginning of the current financial year, the Department has put in place a system where the drop sheets are reviewed internally by the tax and licence division, whom is assigned to also Audit drops that are submitted with a second review by the Deputy prior to keying in the database.

- Tickets were printed from the machines as required and attached to the drop sheets.

The Department has stated that tickets are matched with the drops sheets but are filed separately due to the bulkiness that would be created. Additionally, the Department encounters an issue that all machines do not print tickets but in those instances, information is recorded from the device monitor.

- Drops sheets were thoroughly checked by the Director or Responsible Officer

Previously, the Department sought to thoroughly review the majority of the Drop Sheets but in some cases, given the large volumes, were only able to review those that were flagged. The Ministry will seek to have this process done more thoroughly for the time being but the implications of the new Gaming Policy will allow for a smoother process of inspection.

- All earnings of the Company were calculated accurately per Drop sheet

The Department sites issues with the operators' equipment and other as causes of a few inaccuracies as it relates to the calculation of earnings. The Gaming Policy which is being progressed by the Ministry will allow for automated reporting and calculations that will make the process more accurate, which also requires for an upgrade in machinery used by the operators. In the interim, the Department has been more vigilant in the vetting of the calculations.

Overall, Officers sessions have been conducted with Officers to ensure proper completion of sheets and general compliance and a more advanced system is being progressed through the proposed Gaming Policy that will address the deficiencies and standards for gaming equipment.

ISSUE #3 – LIMITED OVERSIGHT OF LOTTERY OPERATOR FOR THE PERIOD

RANK: SIGNIFICANT DEFICIENCY

RISK: MODERATE

Criteria:

National Lottery Ordinance Part 1 Sec 6(a)-(g) – Powers of the Board

Condition:

A sample of 6 transactions totalling \$113,685 out of 13 totalling \$164,248 for the year 2014/2014 for Lottery tax collected from Lottery Operators were selected. Results of the review is as follows:

- No support documents were provided for any of the transactions.
- No review was done of that operators financial data to ascertain whether the taxes collected from lottery operators for 2014/2014 was all taxes owed to TCIG.
- Lottery tax collected for 2013/2014 was \$196,182 and collection for 2014/2015 was \$164,248. A decrease in collection of \$31,934 or 16%.
- The Lottery Board who has oversight responsibility for lotteries has not operated since 31 March, 2011.

Cause

- Failure to ensure that a functioning Lottery Board was established as required by the Law.
- Failure of the Gaming Department to establish controls to address the requirements of the National Lottery Ordinance.

Effect or potential effect:

- Potential risk of loss of revenue.

Recommendation

The Accounting Officer should ensure that the Lottery Board is established as required by the Ordinance. In the interim management should ensure that the relevant revenue raising document are maintained for collection of Lottery tax. The financial data for the lottery operators should be reviewed to ensure all taxes owed to TCIG are collected.

Action Plan

Person Responsible: PS Finance
Gaming Inspectorate

Estimated Completion Date:

Management Response

The Ministry will seek to re-establish the Lottery Board.

The Ministry is currently working with the TCI Lottery to provide the necessary control mechanisms, and, after assessing the framework, has made provisions in the new gaming policy to implement a regulatory body for oversight of the lottery.

Appendices

Appendix 1 – Document List

- Appropriation Ordinance 2014.
- Extraction of Revenue Transactions from SmartStream.
- Returns and Support documents used to compile the Statement of Arrears of Revenue.
- Returns and support documents used to compile the Statement of Concessions.
- Dishonoured Cheques listing as at 31 March 2015.
- Aged Debtors Listing (Only received from revenue Department)
- Listing of Concessions for the period.
- Statistical data on Import duties and cargo dues collected during the period 2014/2015 BY MONTH AND ISLAND.
- Statistical data on all work permits approved and issued during 2014/2015 SHOW CATEGORIES PER IMMIGRATION REG.
- Statistical data on all Permanent Residence Permits approved and issued 2014/2015.
- Details of any changes to the Immigration Regulations for 2014/2015.
- Statistical data on Accommodation Tax showing amounts collected by Entity and by Island etc.
- Statistical data on the # of business licences renewed for 2014/2015.
- Statistical data on new business licence applications received and # approved.
- Total business licence arrears by business for 2014/2015.
- Total # of all businesses licenced at year end.
- Details of any changes to business licence ordinance which effect 2014/2015.

Appendix 2 – Sample Transaction greater than or equal to >\$250,000

NO.	JOURNAL ID	EFF DATE	MINISTR Y	PROGRAMM E	ACCOUN T	POSTIN G YEAR	AMT CLASS TYPE	DR CR COD E	DESCRIPTION	TRANSACTION AMT
1	JNLAPR201460	30/04/2014	54	25	18055	2014	ACTUAL	C	UK Grants Received April 8th 2014	-4,088,366.00
2	JNLSEP2014184	30/09/2014	54	25	11005	2014	ACTUAL	C	To Correct Amounts Unbudgeted Codes	-2,596,520.68
3	CRR01122014S	01/12/2014	4	66	12002	2014	ACTUAL	C	1661025917-MILLER SIMONS O'SULLIVAN	-2,300,000.00
4	JNLSEP2014184	30/09/2014	7	24	11008	2014	ACTUAL	C	To Correct Amounts Unbudgeted Codes	-1,686,911.15
5	JNLSEP2014184	30/09/2014	54	25	13007	2014	ACTUAL	C	To Correct Amounts Unbudgeted Codes	-1,456,962.25
6	CRR13052014S	13/05/2014	4	66	12002	2014	ACTUAL	C	166966901-BISHOPS-CHRISTIAN PAPACHRISTOU	-1,249,900.00
7	CRR21082014S	21/08/2014	54	25	11001	2014	ACTUAL	C	2251193516-THE ROYAL BAY RESORT & VILLAS	-1,147,814.16
8	JNLJUN201401	30/06/2014	4	12	18045	2014	ACTUAL	C	Richardson Arthur Settlement Payment Received B/O Misick & Stanbrook 05/06/2014	-1,100,000.00

9	CRR24042014S	17/04/2014	54	25	11001	2014	ACTUAL	C	2251116414-THE ROYAL BAY RESORT & VILLAS	-1,084,642.08
10	CRR21052014S	21/05/2014	54	25	11001	2014	ACTUAL	C	2251135808-THE ROYAL BAY RESORT & VILLAS	-1,017,487.67
11	CRR20032015SR	20/03/2015	54	25	11001	2014	ACTUAL	C	2251329946-THE ROYAL BAY RESORT & VILLAS	-1,010,864.53
12	CRR26052015S	20/03/2015	54	25	11001	2014	ACTUAL	C	2251329946-THE ROYAL BAY RESORT & VILLAS	-1,010,864.53
13	CRR27052014S	27/05/2014	54	20	16056	2014	ACTUAL	C	121971003-FINANCIAL SERVICES COMMISSION	-1,000,000.00
14	JNLJUN201493	30/06/2014	54	20	16056	2014	ACTUAL	C	121975757 VERNON LAROCQUE	-1,000,000.00
15	JNLSEPT2014102	30/09/2014	54	25	16062	2014	ACTUAL	C	2251219166 TCI TELECOMMUNICATION COMMISSION	-1,000,000.00
16	CRR20022015S	20/02/2015	54	25	11001	2014	ACTUAL	C	2251313212-THE ROYAL BAY RESORT & VILLAS	-979,105.33
17	CRR21072014S	21/07/2014	54	25	11001	2014	ACTUAL	C	2251172050-THE ROYAL BAY RESORT & VILLAS	-915,076.80
18	CRR21012015S	21/01/2015	54	25	11001	2014	ACTUAL	C	2251293344-THE ROYAL BAY RESORT & VILLAS	-886,838.88
19	CRR19092014S	19/09/2014	54	25	11001	2014	ACTUAL	C	2251210788-THE ROYAL BAY RESORT & VILLAS	-878,422.43
20	CRR18072014S	18/07/2014	4	66	12002	2014	ACTUAL	C	166986519-NORMAN BENJAMIN SAUNDERS	-825,000.00

									JR	
21	CRR02062014S	02/06/2014	4	66	12002	2014	ACTUAL	C	166973361-MILLER SIMONS O'SULLIVAN	-745,454.50
22	CRR20062014S	20/06/2014	54	25	11001	2014	ACTUAL	C	2251152728-THE ROYAL BAY RESORT & VILLAS	-633,765.06
23	CRR26062014S	26/06/2014	54	20	16056	2014	ACTUAL	C	121978555-FINANCIAL SERVICES COMMISSION	-611,142.12
24	CRR08012015S	08/01/2015	54	25	13007	2014	ACTUAL	C	2251295790-DIGICEL (TCI) SERVICES LTD.	-607,392.00
25	CRR20082014S	20/08/2014	54	105	13007	2014	ACTUAL	C	2251202194-DIGICEL (TCI) SERVICES LTD.	-593,551.15
26	CRR19122014S	19/12/2014	54	25	11001	2014	ACTUAL	C	2251272076-THE ROYAL BAY RESORT & VILLAS	-576,575.17
27	CRR24042014S	17/04/2014	54	105	11005	2014	ACTUAL	C	2251120054-DIGICEL (TCI) SERVICES LTD.	-574,411.94
28	CRR23022015S	23/02/2015	4	66	12002	2014	ACTUAL	C	1661046913-SAVORY & CO.	-567,000.00
29	CRR19012015S	19/01/2015	54	25	11001	2014	ACTUAL	C	2251295488-C.R. HOTEL LIMITED	-542,048.69
30	CRR16052014S	16/05/2014	4	66	12002	2014	ACTUAL	C	166969025-MISICK & STANBROOK	-518,530.00
31	CRR24042014S	16/04/2014	54	25	11001	2014	ACTUAL	C	2251116758-C.R. HOTEL LIMITED	-509,112.96
32	CRR19022015S	19/02/2015	54	25	11001	2014	ACTUAL	C	2251313202-C.R. HOTEL LIMITED	-506,400.42
33	CRR17122014S	17/12/2014	4	66	12002	2014	ACTUAL	C	1661031163-DEMPSEY & COMPANY	-499,200.00
34	CRR24042014S	17/04/2014	54	25	11001	2014	ACTUAL	C	2251116772-DURLIAT MARK	-485,855.71

35	CRR30032015S	30/03/2015	54	25	13007	2014	ACTUAL	C	2251348014-DIGICEL (TCI) SERVICES LTD.	-481,844.80
36	CRR19082014S	19/08/2014	54	20	16056	2014	ACTUAL	C	121995201-FINANCIAL SERVICE COMMISSION	-477,427.64
37	CRR19032015S	19/03/2015	54	25	11001	2014	ACTUAL	C	2251334568-C.R. HOTEL LIMITED	-463,590.15
38	CRR24042014S	16/04/2014	54	25	11001	2014	ACTUAL	C	2251116824-P.C.HOTEL MANAGEMENT LTD	-460,469.63
39	CRR04022015S	04/02/2015	4	66	12002	2014	ACTUAL	C	1661043303-DEMPSEY & COMPANY	-440,375.00
40	CRR21012015S	21/01/2015	54	25	11001	2014	ACTUAL	C	2251199968-P.C.HOTEL MANAGEMENT LTD	-430,224.40
41	CRR20012015S	20/01/2015	54	25	11001	2014	ACTUAL	C	2251295712-THE PALMS CONDOMINIUMS LTD.	-427,647.29
42	CRR20032015SR	20/03/2015	54	25	11001	2014	ACTUAL	C	2251342126-THE PALMS CONDOMINIUMS LTD.	-403,214.67
43	CRR26052015S	20/03/2015	54	25	11001	2014	ACTUAL	C	2251342126-THE PALMS CONDOMINIUMS LTD.	-403,214.67
44	CRR24042014S	16/04/2014	54	25	11001	2014	ACTUAL	C	2251117428-THE PALMS CONDOMINIUMS LTD.	-400,481.95
45	CRR28012015S	28/01/2015	54	25	11013	2014	ACTUAL	C	1251041893-GRAND TURK CRUISE CENTER LTD	-400,260.00
46	CRR21052014S	21/05/2014	54	24	11008	2014	ACTUAL	C	2211146492-KARAM & MISSICK	-399,735.98
47	CRR21012015S	21/01/2015	54	25	11001	2014	ACTUAL	C	2251295552-DURLIAT MARK	-390,139.37

48	CRR19022015S	19/02/2015	54	25	11001	2014	ACTUAL	C	2251313300-P.C.HOTEL MANAGEMENT LTD	-388,058.24
49	CRR24042014S	17/04/2014	54	25	11001	2014	ACTUAL	C	2251116796-SANTRAL LTD.	-380,669.67
50	CRR10022015S	10/02/2015	4	66	12002	2014	ACTUAL	C	2211317140-SAUNDERS & CO	-372,000.00
51	CRR18032015S	18/03/2015	54	25	11001	2014	ACTUAL	C	2251335064-P.C.HOTEL MANAGEMENT LTD	-371,205.96
52	CRR16022015S	16/02/2015	4	66	12002	2014	ACTUAL	C	1661045211-MILLER SIMONS O'SULLIVAN	-370,000.00
53	CRR20052014S	20/05/2014	54	25	11001	2014	ACTUAL	C	2251135688-C.R. HOTEL LIMITED	-368,381.52
54	CRR25082014SR	25/08/2014	54	25	11013	2014	ACTUAL	C	125997621-GRAND TURK CRUISE CENTER LTD	-367,222.50
55	CRR20012015S	20/01/2015	54	25	11001	2014	ACTUAL	C	2251295688-SANTRAL MANAGEMENT LTD.	-361,334.46
56	CRR20022015S	20/02/2015	54	25	11001	2014	ACTUAL	C	2251324952-THE PALMS CONDOMINIUMS LTD.	-358,325.53
57	CRR19032015S	19/03/2015	54	25	11001	2014	ACTUAL	C	2251341122-DURLIAT MARK	-347,691.30
58	CRR19032015S	19/03/2015	54	25	11001	2014	ACTUAL	C	2251336388-SANTRAL LTD.	-338,275.41
59	CRR19022015S	19/02/2015	54	25	11001	2014	ACTUAL	C	2251313294-SANTRAL LTD.	-338,184.28
60	CRR19022015S	19/02/2015	54	25	11001	2014	ACTUAL	C	2251313230-DURLIAT MARK	-325,745.13
61	CRR03062014S	03/06/2014	4	66	12002	2014	ACTUAL	C	166973691-STANBROOKS LAW	-325,000.00
62	CRR19122014S	19/12/2014	54	25	11001	2014	ACTUAL	C	2251283660-P.C.HOTEL	-311,776.92

									MANAGEMENT LTD	
63	CRR26032015S	26/03/2015	54	25	11013	2014	ACTUAL	C	1251056337-GRAND TURK CRUISE CENTER LTD	-311,737.50
64	CRR21052014S	21/05/2014	54	25	11001	2014	ACTUAL	C	2251135740-P.C.HOTEL MANAGEMENT LTD	-308,874.52
65	CRR25122014S	23/12/2014	54	25	11013	2014	ACTUAL	C	1251032501-GRAND TURK CRUISE CENTER LTD	-304,102.50
66	CRR24112014S	21/11/2014	54	25	11001	2014	ACTUAL	C	2251253878-THE ROYAL BAY RESORT & VILLAS	-296,846.40
67	CRR24042014S	04/04/2014	4	66	12002	2014	ACTUAL	C	166957229-GEORGE CLEOPHAS MISSICK	-295,000.00
68	JNLDEC2014119	31/12/2014	54	25	18099	2014	ACTUAL	C	Wires received 12/19/14- Jasper Dev	-293,590.00
69	CRR21052014S	21/05/2014	54	25	11001	2014	ACTUAL	C	2251146344-THE PALMS CONDOMINIUMS LTD.	-291,795.73
70	CRR21052014S	21/05/2014	54	25	11001	2014	ACTUAL	C	2251135720-SANTRAL LTD.	-291,442.23
71	CRR18122014S	18/12/2014	54	25	11001	2014	ACTUAL	C	2251281198-C.R. HOTEL LIMITED	-285,728.67
72	JNLJUL2014139	31/07/2014	4	66	12002	2014	ACTUAL	C	Land Transactions - Invoice # 16973041 Misick & Stanbrook	-285,000.00
73	CRR02062014S	02/06/2014	14	23	18057	2014	ACTUAL	C	166973041-MISICK & STANBROOK	-285,000.00
74	CRR06022015S	06/02/2015	4	66	12002	2014	ACTUAL	C	2211315096-GRAHAM THOMPSON	-279,000.00
75	CRR18072014S	18/07/2014	54	25	11013	2014	ACTUAL	C	125984245-GRAND TURK CRUISE CENTER LTD	-277,305.00

76	CRR22092014S	22/09/2014	54	25	11013	2014	ACTUAL	C	1251005185-GRAND TURK CRUISE CENTER LTD	-277,023.75
77	CRR18072014S	18/07/2014	54	25	11001	2014	ACTUAL	C	2251172040-C.R. HOTEL LIMITED	-268,885.42
78	CRR20082014S	20/08/2014	54	25	11001	2014	ACTUAL	C	2251196332-C.R. HOTEL LIMITED	-267,976.21
79	JNLJUN201496	30/06/2014	54	25	16062	2014	ACTUAL	C	2251160132 TCI TELECOMMUNICATION COMMISSION	-265,914.00
80	CRR27032015S	27/03/2015	54	25	13007	2014	ACTUAL	C	2251346376-DIGICEL (TCI) SERVICES LTD.	-264,009.00
81	CRR25112014S	25/11/2014	54	25	11013	2014	ACTUAL	C	1251024829-GRAND TURK CRUISE CENTER LTD	-257,073.75
82	CRR20062014S	20/06/2014	54	25	11013	2014	ACTUAL	C	125977333-GRAND TURK CRUISE CENTER LTD	-250,551.00
									TOTAL	- 51,764,568.36

Appendix 3 – Sample Transaction greater than or equal to \$100,000 but less than or equal to \$250,000

TRAN S NO.	JOURNA L ID	EFF DATE	MINISTRY	PROGRA MME	ACCOUN T	POSTING YEAR	AMT CLASS TYPE	DR CR CODE	DESCRIPTION	TRANSACTION AMT
1	CRR140 12015S	14/01/201 5	54	25	11001	2014	ACTUAL	C	2251295776- APOLLO DEVELOPMENTS LTD.	-249,380.50
2	CRR170 92014S	17/09/201 4	54	25	11001	2014	ACTUAL	C	2251221356- P.C.HOTEL MANAGEMENT LTD	-234,444.12
3	CRR120 82014S	12/08/201 4	54	25	11001	2014	ACTUAL	C	2251196514- DURLIAT MARK	-231,026.74
4	CRR200 62014S	20/06/201 4	54	25	11001	2014	ACTUAL	C	2251156228- P.C.HOTEL MANAGEMENT LTD	-227,266.05
5	CRR181 22014S	18/12/201 4	54	25	11001	2014	ACTUAL	C	2251280422- SANTRAL MANAGEMENT LTD.	-208,677.18
6	CRR200 82014S	20/08/201 4	54	25	11001	2014	ACTUAL	C	2251196950- P.C.HOTEL MANAGEMENT LTD	-205,818.81
7	CRR100 22015S	10/02/201 5	4	66	12002	2014	ACTUAL	C	1661044401- SAVORY & CO.	-205,000.00

8	CRR251 22014S	23/12/201 4	4	66	12002	2014	ACTUAL	C	1661032559- RICHARD SAVORY	-204,300.00
9	CRR190 82014S	19/08/201 4	54	25	11001	2014	ACTUAL	C	2251201204-THE PALMS CONDOMINIUMS LTD.	-203,275.56
10	CRR291 22014S	29/12/201 4	54	19	15004	2014	ACTUAL	C	2191290968- DISCOUNT LIQUORS LTD	-201,127.13
11	CRR190 92014S	19/09/201 4	54	25	11001	2014	ACTUAL	C	2251220344- SANTRAL MANAGEMENT LTD.	-193,546.75
12	CRR150 12015S	15/01/201 5	54	19	15004	2014	ACTUAL	C	2191300252- DISCOUNT LIQUORS LTD	-190,193.07
13	CRR090 62014S	09/06/201 4	54	19	15004	2014	ACTUAL	C	2191157082- DISCOUNT LIQUORS LTD	-186,533.09
14	CRR180 92014S	18/09/201 4	54	25	11001	2014	ACTUAL	C	2251212462-THE PALMS CONDOMINIUMS LTD.	-183,456.71
15	CRR170 32015S	17/03/201 5	54	19	15004	2014	ACTUAL	C	2191339308- DISCOUNT LIQUORS LTD	-181,728.23
16	CRR130 52014S	13/05/201 4	4	66	12002	2014	ACTUAL	C	166966699- MISICK & STANBROOK	-180,500.00
17	CRR010 72014S	01/07/201 4	4	66	12002	2014	ACTUAL	C	166979685- BRUCE R. TWA/YVETTE D. MARCELIN/BERN	-170,550.00

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18	CRR300 32015S	30/03/201 5	54	19	15004	2014	ACTUAL	C	2191348446- DISCOUNT LIQUORS LTD	-162,372.25
19	CRR180 72014S	18/07/201 4	54	25	11001	2014	ACTUAL	C	2251172160-THE PALMS CONDOMINIUMS LTD.	-158,222.58
20	CRR190 52014S	19/05/201 4	54	19	15005	2014	ACTUAL	C	2191144688- CHEVRON TURKS & CAICOS LTD	-150,605.55
21	CRR220 42014SR	22/04/201 4	54	19	15006	2014	ACTUAL	C	2191127594-SUN OIL LIMITED	-149,575.91
22	CRR120 82014S	12/08/201 4	54	105	11005	2014	ACTUAL	C	2251194470- CABLE AND WIRELESS TCI LIMITED	-149,444.13
23	CRR190 92014S	19/09/201 4	54	105	11005	2014	ACTUAL	C	2251218004- DIGICEL (TCI) SERVICES LTD.	-146,870.94
24	CRR190 92014S	19/09/201 4	54	105	11005	2014	ACTUAL	C	2251217998- DIGICEL (TCI) SERVICES LTD.	-145,673.68
25	CRR190 12015S	19/01/201 5	54	19	15005	2014	ACTUAL	C	2191302626- CHEVRON CARIBBEAN INC.	-143,089.00
26	CRR240 62014S	24/06/201 4	54	19	15004	2014	ACTUAL	C	2191166532- DISCOUNT LIQUORS LTD	-142,195.31
27	CRR171 02014S	17/10/201 4	51	55	16026	2014	ACTUAL	C	2551244246- BAYWAY COMPANY LTD	-142,132.41
28	CRR191 22014S	19/12/201 4	54	25	11005	2014	ACTUAL	C	2251281576- DIGICEL (TCI)	-138,386.68

									SERVICES LTD.	
29	CRR120 22015S	12/02/201 5	54	19	15004	2014	ACTUAL	C	2191319052- DISCOUNT LIQUORS LTD	-136,385.66
30	CRR160 12015S	16/01/201 5	54	19	15004	2014	ACTUAL	C	2191300976- KWATCHA TRADING LTD	-135,826.48
31	CRR201 02014S	20/10/201 4	54	25	11001	2014	ACTUAL	C	2251241532- SANTRAL MANAGEMENT LTD.	-133,642.82
32	CRR120 22015S	12/02/201 5	54	25	11005	2014	ACTUAL	C	2251314598- CABLE AND WIRELESS TCI LIMITED	-130,354.39
33	CRR180 22015S	18/02/201 5	54	25	11001	2014	ACTUAL	C	2251313292- OCEANSIDE MARKETING CORPORATION LTD	-125,036.34
34	CRR240 22015S	24/02/201 5	54	19	15004	2014	ACTUAL	C	2191326326- CARGO EXPRESS SERVICES LTD.	-124,327.74
35	CRR160 12015S	16/01/201 5	54	19	15006	2014	ACTUAL	C	2191300914-SUN OIL LIMITED	-123,760.88
36	CRR240 42014S	14/04/201 4	54	105	11005	2014	ACTUAL	C	2251117130- CABLE AND WIRELESS TCI LIMITED	-122,291.14
37	CRR031 02014S	03/10/201 4	4	66	12002	2014	ACTUAL	C	1661010419- PAPACHRISTOU CHRISTIAN	-120,500.00
38	CRR190 62014SR	19/06/201 4	54	25	11001	2014	ACTUAL	C	2251156280- APOLLO	-120,446.76

									DEVELOPMENTS LTD.	
39	CRR180 22015S	18/02/2015	54	19	15004	2014	ACTUAL	C	2191323166-AIR & SEA AGENCY	-119,952.00
40	CRR150 92014S	12/09/2014	54	105	11005	2014	ACTUAL	C	2251218422-CABLE AND WIRELESS TCI LIMITED	-119,533.32
41	CRR240 42014S	16/04/2014	54	25	11001	2014	ACTUAL	C	2251116750-ALEXANDRA RESORT & VILLAS LTD.	-117,174.71
42	CRR300 12015S	30/01/2015	54	19	15004	2014	ACTUAL	C	2191311028-BAYVIEW MOTORS LTD	-117,127.38
43	CRR120 82014S	12/08/2014	54	19	15004	2014	ACTUAL	C	2191196294-KWATCHA TRADING LTD	-116,863.29
44	CRR190 22015S	19/02/2015	54	19	15004	2014	ACTUAL	C	2191323332-DISCOUNT LIQUORS LTD	-115,963.71
45	CRR250 22015S	25/02/2015	4	104	17003	2014	ACTUAL	C	1251048303-GRAND CAICOS HOLDINGS LTD	-108,750.00
46	CRR230 12015S	23/01/2015	4	66	12002	2014	ACTUAL	C	1661040327-MISICK & STANBROOK	-108,000.00
47	CRR150 72014S	15/07/2014	54	19	15004	2014	ACTUAL	C	2191179252-DISCOUNT LIQUORS LTD	-105,835.72
48	CRR251 12014S	25/11/2014	54	19	15004	2014	ACTUAL	C	2191268182-KWATCHA TRADING LTD	-104,968.18
49	CRR050	05/05/201	54	19	15004	2014	ACTUAL	C	2191136368-	-104,715.33

	52014S	4							DISCOUNT LIQUORS LTD	
50	JNLDEC2 01457	31/12/201 4	16	73	18101	2014	ACTUAL	C	Refunds for work permits & repatriation fees period 2 to incorrect a/c	-103,900.00
51	CRR091 22014S	09/12/201 4	54	19	15005	2014	ACTUAL	C	2191278140-SUN OIL LIMITED	-102,823.65
52	CRR080 52014S	08/05/201 4	4	66	12002	2014	ACTUAL	C	166965215- HALLMARK BANK & TRUST LTD	-102,150.00
53	CRR150 12015S	15/01/201 5	54	25	13007	2014	ACTUAL	C	2251300762- CABLE AND WIRELESS TCI LIMITED	-101,849.76
54	CRR090 72014S	09/07/201 4	54	105	13007	2014	ACTUAL	C	2251176116- CABLE AND WIRELESS TCI LIMITED	-101,849.76
55	CRR260 22015S	26/02/201 5	4	66	12002	2014	ACTUAL	C	1661048523- TWA MARCELIN WOLF	-101,000.00
									TOTAL	-8,210,421.40

Appendix 4 –Sample Transaction greater than or equal to \$10,000 but less than or equal to \$100,000

NO.	JOURN AL ID	EFF DATE	MIN .	PROG.	ACCOUNT	POSTING YEAR	AMT CLASS TYPE	DR CR CODE	DESCRIPTION	TRANSACTION AMT
1	CRR07 052014 S	07/05/2014	54	19	15004	2014	ACTUAL	C	2191137452- KWATCHA TRADING LTD	-94,578.71
2	CRR03 032015 S	03/03/2015	4	66	12002	2014	ACTUAL	C	1661050133- CLIVE ST GEORGE STANBROOK	-94,500.00
3	CRR14 052014 S	14/05/2014	54	25	11018	2014	ACTUAL	C	2251133336- FIRSTCARIBBEAN INTERNATIONAL BANKING CO. LTD.	-94,216.50
4	CRR24 042014 S	08/04/2014	54	19	15004	2014	ACTUAL	C	2191120312-AIR & SEA AGENCY	-84,827.60
5	CRR17 032015 S	17/03/2015	4	66	12002	2014	ACTUAL	C	1661052829- SAVORY & CO.	-83,900.00
6	CRR13 062014 S	13/06/2014	54	25	11018	2014	ACTUAL	C	2251153578- FIRSTCARIBBEAN INTERNATIONAL BANKING CO. LTD.	-82,561.80
7	CRR15 092014 S	15/09/2014	54	25	11018	2014	ACTUAL	C	2251211552- FIRSTCARIBBEAN INTERNATIONAL BANKING CO. LTD.	-82,323.64
8	CRR24 042014 S	16/04/2014	54	25	11019	2014	ACTUAL	C	2251117266-CSC INSURANCE BROKERS LTD	-81,489.30

9	CRR10 062014 S	10/06/2014	54	19	15004	2014	ACTUAL	C	2191158242- KWATCHA TRADING LTD	-79,243.54
10	CRR15 122014 S	10/12/2014	54	25	11018	2014	ACTUAL	C	2251275684- FIRSTCARIBBEAN INTERNATIONAL BANKING CO. LTD.	-78,445.65
11	CRR19 122014 S	19/12/2014	54	19	15004	2014	ACTUAL	C	2191286068- CARGO EXPRESS SERVICES LTD.	-76,653.55
12	CRR21 012015 S	21/01/2015	54	25	11001	2014	ACTUAL	C	2251295624- ROYAL WEST INDIES RESORT & CONDOMINIUMS	-76,252.77
13	CRR24 042014 S	14/04/2014	54	25	11019	2014	ACTUAL	C	2251117284- J.S.JOHNSON & COMPANY(TURKS & CAICOS) LIMITED	-74,646.87
14	CRR03 092014 S	03/09/2014	54	19	15004	2014	ACTUAL	C	2191211198- BAYVIEW MOTORS LTD	-72,663.50
15	CRR07 052014 S	07/05/2014	54	19	15004	2014	ACTUAL	C	2191137904- CHEVRON TURKS & CAICOS LTD	-71,645.75
16	CRR17 122014 S	17/12/2014	7	24	11008	2014	ACTUAL	C	2211284088-ELITE GAMING	-70,123.07
17	CRR20 062014 S	20/06/2014	54	19	15004	2014	ACTUAL	C	2191165008- CAIRSEA SERVICES LTD	-68,876.14
18	CRR20 062014 S	20/06/2014	54	25	11001	2014	ACTUAL	C	2251164942- ALEXANDRA RESORT & VILLAS	-68,431.18

									LTD.	
19	CRR28 072014 S	28/07/2014	4	66	12002	2014	ACTUAL	C	166989719- STANFIELD GREENE	-65,000.00
20	CRR17 072014 S	17/07/2014	4	66	12002	2014	ACTUAL	C	166986193-TURKS & CAICOS BANKING CO. LTDD.	-64,800.00
21	CRR20 032015 SR	20/03/2015	54	25	11001	2014	ACTUAL	C	2251341700-THE REGENT LTD.	-63,344.10
22	CRR20 102014 S	20/10/2014	54	25	11001	2014	ACTUAL	C	2251242512-THE PALMS CONDOMINIUMS LTD.	-62,764.89
23	CRR26 032015 S	26/03/2015	54	19	15006	2014	ACTUAL	C	2191346374- KWATCHA TRADING LTD	-62,653.55
24	CRR13 032015 S	13/03/2015	54	25	11001	2014	ACTUAL	C	2251336944- MANE INVESTMENTS LTD	-62,330.22
25	CRR03 122014 S	01/12/2014	54	19	15004	2014	ACTUAL	C	2191271216- BUILDING MATERIALS LIMITED	-61,831.51
26	CRR24 042014 S	07/04/2014	54	24	11008	2014	ACTUAL	C	2211118986- CARIB GAMING	-61,527.55
27	CRR12 082014 S	12/08/2014	54	25	11001	2014	ACTUAL	C	2251196510- DURLIAT MARK	-60,972.91
28	CRR20 062014 S	20/06/2014	54	25	11001	2014	ACTUAL	C	125973031- MARGARITAVILLE (TURKS) LTD	-60,589.91

29	CRR14 082014 S	14/08/2014	4	66	12002	2014	ACTUAL	C	166994347- GEORGE CLEOPHAS MISSICK	-60,000.00
30	CRR27 052014 S	27/05/2014	54	19	15006	2014	ACTUAL	C	2191149320-SUN OIL LIMITED	-59,636.51
31	CRR24 042014 S	11/04/2014	54	25	11001	2014	ACTUAL	C	2251116762- HOLIDAY VILLAGES (PROVIDENCIALES) LTD	-59,566.14
32	CRR15 122014 S	10/12/2014	54	19	15004	2014	ACTUAL	C	2191278982- CAIRSEA SERVICES LTD	-59,523.72
33	CRR29 052014 S	29/05/2014	54	24	11008	2014	ACTUAL	C	2211150588-CASA BLANCA CASINO	-59,161.88
34	CRR30 052014 SR	30/05/2014	54	19	15006	2014	ACTUAL	C	2191152066-SUN OIL LIMITED	-58,460.52
35	CRR26 052015 S	20/03/2015	54	25	11001	2014	ACTUAL	C	9101331202- MARGARITAVILLE (TURKS) LTD	-58,036.41
36	CRR20 102014 S	20/10/2014	54	19	15004	2014	ACTUAL	C	2191245826- CARGO EXPRESS SERVICES LTD.	-57,711.13
37	CRR23 022015 S	23/02/2015	7	24	11008	2014	ACTUAL	C	2211325222-ELITE GAMING	-56,867.77
38	CRR20 102014 S	20/10/2014	4	66	12002	2014	ACTUAL	C	2211245614- GRAHAM THOMPSON	-56,000.00
39	CRR27	27/06/2014	54	24	11008	2014	ACTUAL	C	2211169284-ELITE	-55,937.99

	062014 S								GAMING	
40	CRR13 052014 S	13/05/2014	54	19	15004	2014	ACTUAL	C	2191140918- CARGO EXPRESS SERVICES LTD.	-55,537.10
41	CRR02 062014 S	02/06/2014	4	66	12002	2014	ACTUAL	C	166973095- MISICK & STANBROOK	-55,500.00
42	CRR21 052014 S	21/05/2014	54	25	11001	2014	ACTUAL	C	125963773- MARGARITAVILLE (TURKS) LTD	-55,424.52
43	CRR16 092014 S	16/09/2014	54	19	15004	2014	ACTUAL	C	2191220968- KWATCHA TRADING LTD	-55,207.46
44	CRR30 042014 S	30/04/2014	54	24	11008	2014	ACTUAL	C	2211132998-ELITE GAMING	-54,301.49
45	CRR14 012015 S	14/01/2015	54	25	11001	2014	ACTUAL	C	2251296064- STELLE LTD.	-53,826.38
46	CRR08 072014 S	08/07/2014	54	19	15006	2014	ACTUAL	C	2191175954-SUN OIL LIMITED	-53,411.89
47	CRR21 082014 S	21/08/2014	54	25	11001	2014	ACTUAL	C	2251201824- ROYAL WEST INDIES RESORT & CONDOMINIUMS	-53,339.40
48	CRR09 092014 S	09/09/2014	54	19	15004	2014	ACTUAL	C	2191217126- DISCOUNT LIQUORS LTD	-53,184.84
49	CRR30 092014 S	30/09/2014	54	19	15004	2014	ACTUAL	C	2191231736- CARGO EXPRESS SERVICES LTD.	-52,497.65
50	CRR03	03/06/2014	4	66	12002	2014	ACTUAL	C	166973665-	-52,000.00

	062014 S								MILLER SIMONS O'SULLIVAN	
51	CRR29 052014 S	29/05/2014	54	24	11008	2014	ACTUAL	C	2211151436-ELITE GAMING	-50,879.53
52	CRR19 092014 S	19/09/2014	54	25	11001	2014	ACTUAL	C	2251224952- GREENWICH BEACH DEVELOPMENT (CLOSED)	-50,406.96
53	CRR23 072014 S	23/07/2014	54	24	11008	2014	ACTUAL	C	2211184734- CARIB GAMING	-48,323.60
54	CRR25 072014 S	25/07/2014	54	24	11008	2014	ACTUAL	C	2211186234- CARIB GAMING	-48,285.21
55	CRR15 072014 S	15/07/2014	54	24	11008	2014	ACTUAL	C	2211179466-ELITE GAMING	-47,325.38
56	CRR24 042014 S	07/04/2014	54	24	11008	2014	ACTUAL	C	2211119102- CARIB GAMING	-46,588.67
57	CRR09 062014 S	09/06/2014	54	24	11008	2014	ACTUAL	C	2211157682-ELITE GAMING	-45,420.83
58	CRR24 042014 S	07/04/2014	54	24	11008	2014	ACTUAL	C	2211119096- CARIB GAMING	-43,139.65
59	CRR21 072014 S	21/07/2014	54	24	11008	2014	ACTUAL	C	2211183266-ELITE GAMING	-42,996.51
60	CRR24 042014 S	07/04/2014	54	24	11008	2014	ACTUAL	C	2211119094- CARIB GAMING	-42,243.07

61	CRR10 062014 S	10/06/2014	54	24	11008	2014	ACTUAL	C	2211158324- CARIB GAMING	-40,785.08
62	CRR09 062014 S	09/06/2014	54	24	11008	2014	ACTUAL	C	2211157684-ELITE GAMING	-40,016.22
63	CRR24 042014 S	04/04/2014	54	24	11008	2014	ACTUAL	C	2211117862-ELITE GAMING	-38,000.00
64	CRR21 072014 S	21/07/2014	54	24	11008	2014	ACTUAL	C	2211183538- CARIB GAMING	-36,362.56
65	CRR24 042014 S	07/04/2014	54	24	11008	2014	ACTUAL	C	2211119098- CARIB GAMING	-35,971.47
66	CRR28 042014 S	28/04/2014	54	24	11008	2014	ACTUAL	C	2211131404-ELITE GAMING	-34,229.08
67	CRR08 082014 S	08/08/2014	54	24	11008	2014	ACTUAL	C	2211194694-ELITE GAMING	-32,395.23
68	CRR26 022015 S	26/02/2015	7	24	11012	2014	ACTUAL	C	2211328118 TCI LOTTO GAMES LTD	-28,495.34
69	CRR31 032015 S	31/03/2015	7	24	11012	2014	ACTUAL	C	2211349520 TCI LOTTO GAMES LTD	-25,648.28
70	CRR25 062014 S	25/06/2014	54	24	11012	2014	ACTUAL	C	2211167540 TCI LOTTO GAMES LTD	-16,817.73
71	CRR15 012015 S	15/01/2015	7	24	11012	2014	ACTUAL	C	2211300446 TCI LOTTO GAMES LTD	-16,490.22
72	CRR02	02/07/2014	54	24	11012	2014	ACTUAL	C	2211171864 TCI	-14,668.22

	072014 S								LOTTO GAMES LTD	
73	CRR15 012015 S	15/01/2015	7	24	11012	2014	ACTUAL	C	2211300436 TCI LOTTO GAMES LTD	-11,565.00
									TOTAL	-4,133,380.85

Financial Statement and Notes

ISSUE #1 - Inclusion of other Government bodies

RANK: SIGNIFICANT DEFICIENCY

RISK: HIGH

Criteria

The IPSAS *'Financial Reporting under the cash basis of accounting'* standard states that *"a controlling entity...should issue consolidated financial statements which consolidates all controlled entities..."* (1.6.5). It explains that *"users of the financial statements of a government or other public sector controlling entity are usually concerned with, and need to be informed about, the cash resources controlled by the economic entity as a whole. This need is served by consolidated financial statements which present financial information about the economic entity as a single entity...."* (1.6.9).

The PFMO section 44(3) states that *"For the purposes of Section 48(1), the provision of accounts shall be provided by the authorities referred to in that subsection and the Permanent Secretary, Finance shall....cause to be prepared for submission to the Auditor General a statement of accounts reflecting the financial operations of the Consolidated Fund and any other public fund or account for that financial year."*

Section 48(1) of the PFMO, referred to in section 44(3), states that *"The Auditor General shall audit and report on the public accounts of the Islands, including the House of Assembly, the courts, the central and local government administrations, the institutions protecting good governance, and any public corporations or other bodies or organization established by or under any Ordinance."*

The TCIG Public Financial Management Framework states that TCIG will establish and maintain robust processes to *"report total public sector debt, profile debt repayments and determine debt service costs."*

The PFMO, section 13(4(c)), states the Minister of Finance shall *"ensure the efficient and cost effective management of the cash resources of the Consolidated Fund, any other fund established under this Ordinance and other public moneys"*.

Condition

TCIG includes in its public accounts 'central' government only. Statutory bodies (where appropriate) and other controlled entities are not included.

Under the IPSAS *'Financial Reporting under the cash basis of accounting'* standard consolidation of controlled entities is required. Assuming that TCIG is assessed to control entities that meet the control

criteria under this standard then their non-consolidation is a major departure from the requirements of IPSAS.

Section 44(3) of the PFMO is not clear in what bodies should be included in the TCIG accounts.

Section 44(3) refers in particular to section 48(1) of the PFMO.

Section 48(1) of the PFMO could be interpreted to include all of the statutory bodies and other Government entities that are not currently included in the TCIG financial statements.

Irrespective of how sections 44(3) and 48(1) of the PFMO are interpreted TCIG currently only includes the cash receipts and payments of 'central' Government and certain of its assets and liabilities.

By excluding the receipts, payments, assets and liabilities of controlled entities from the TCIG financial statements a full picture of the assets and liabilities and receipts and payments of the Government is not presented.

For example purposes only, TCIG's financial statements do not currently include:

- TCI Airports Authority - Revenue of US\$26.8 million (per 2014 audited financial statements)
- TCI National Health Insurance Plan - Revenue of US\$26.1 million (per 2014 audited financial statements)
- TCI Financial Services Commission - Revenue of US\$8.4 million (per 2014 audited financial statements)

The revenue for these three statutory bodies alone (using 2014 audited financial statements (prepared on an accruals basis)) totals US\$61.3 million, or 24.2% of the reported revenues of \$253 million for TCIG, for the year ended March 31, 2015.

In addition, by not including the statutory bodies (where appropriate), the total amount of public debt is not reflected in the Government's statement of assets and liabilities as a number of these bodies, for example the TCI Airports Authority, hold considerable external financing obligations.

As Government is not being examined on a consolidated basis the treasury function is also not being managed on a consolidated basis resulting in large funds being held by TCIG at March 31, 2015 earning low returns despite significant loan obligations at other related entities (for example the TCI Airports Authority) incurring higher interest charges. This results in the treasury function not operating at an optimum level to minimize net interest expense / maximize net interest income for Government as a whole and therefore the unnecessary expenditure of public funds. It may also mean that the Minister of Finance may have difficulties in ensuring that public moneys are being managed in an efficient and cost effective way as required under the PFMO.

Cause

TCIG financial statements only currently include the financial performance and statement of assets and liabilities (refer separate point) of central Government and do not include the receipts and payments and statement of assets and liabilities of all entities it potentially controls, either directly or indirectly.

Effect or potential effect

TCIG is not in compliance with the IPSAS '*Financial Reporting under the cash basis of accounting*' standard. The audit report may therefore be modified in this regard.

TCIG is not presenting a complete picture of Government's total receipts and payments and assets and liabilities. It is therefore currently extremely difficult for an interested party to understand the full extent of Government's revenues, expenses and its total assets and liabilities.

Increasingly third parties, such as credit rating agencies, lenders etc. need to understand the full Government position, including controlled entities. In order to take into account the non-consolidation of controlled entities, TCIG is having to adjust its reported statement of assets and liabilities and receipts and payments by the inclusion of certain controlled entities when presenting its financial information to these third parties. This would not be required if a consolidated statement of assets and liabilities and receipts and payments was reported.

TCIG could potentially take advantage of the non-consolidation by raising or reducing taxes/fees/charges via controlled bodies with no impact on the TCIG receipts reported as these are not currently reported in TCIG's financial statements.

In addition, TCIG could use controlled bodies to borrow additional funds without any impact on the reported assets and liabilities of TCIG, as the loans are not included in any form of consolidated position or make payments on behalf of TCIG without any impact on the reported statement of receipts and payments.

Given the current strong cash position of TCIG, there is also the possibility that better treasury management may be apparent through examination of a consolidated Government position. For example, loans in one controlled body could be repaid via the large cash surpluses held by TCIG, thus reducing the net interest expense for Government as a whole.

Recommendation

TCIG should include in its financial statements the assets and liabilities and receipts and payments of controlled entities to comply with IPSAS '*Financial Reporting under the Cash Basis of Accounting*'.

Due to its unique nature a legal opinion would need to be obtained as to whether the revenues, expenses, assets and liabilities of the TCI National Insurance Board should or should not be subject to consolidation.

The treasury function should be managed on a consolidated basis to ensure compliance with the requirements of the PFMO for efficient and cost effective cash management.

Action Plan

Person Responsible:	PS Finance
	Accounting Officers
	Accountant General
	Accounting Officer

Estimated Completion Date:

Management Response

March 31, 2015

The issue of consolidation was addressed in the notes to the public account (Note 1.4) and the IPSAS transitional road map. In addition it was disclosed that Statutory Bodies are subject to their own external audit by NAO and their audited financial statements are published. Due to the difficulty in consolidating under IPSAS cash (experienced worldwide), it is the recommended practice (ICGFM and IFAC) to consolidate at the last stage of the transition – as a result, the matter of consolidation under IPSAS cash Part 1 is currently under review by IFAC.

Under the Counter Indemnity Agreement between TCIG and the UK, TCIG can only use its cash balances for the purposes of paying down the UKG guaranteed debt. To utilise cash balances for the repayment of debt on the statutory entities would breach contractual conditions.

March 31, 2014

The policy on consolidation is being reviewed by TCIG, which includes legal and other technical advice on how best to achieve this goal.

ISSUE #2 - Completeness of Statement of Assets and Liabilities

RANK: SIGNIFICANT DEFICIENCY

RISK: HIGH

Criteria

The PFMO Schedule 2 requires *“a balance sheet showing the assets and liabilities of the Consolidated Fund.”*

The PFM (Amendment) Regulations 2015 Schedule C requires *“a balance sheet referred to as the Statement of Assets and Liabilities of the Consolidated Fund and other funds.”*

Assets and liabilities are not defined in either the PFMO or PFM (Amendment) Regulations. In such circumstances the ordinary definitions are conventionally applied.

Condition

TCIG does not include on its statement of assets and liabilities all items owned and all items owing, both as a ‘central’ Government as well as for all entities which it controls (refer separate point on non-consolidation of controlled entities).

As an illustrative example, only, for assets, property, plant and equipment, investment properties and intangible assets are not included on the statement of assets and liabilities. Other examples include inventory, accrued interest receivable and amounts due, such as accommodation taxes for the month ended March 31, 2015. Development fund expenditure is expensed as incurred, for example expenditure on the new Providenciales High School and the Ona Glinton Primary School during the year ended March 31, 2015 a high proportion of which would likely meet the definition of an asset.

As an illustrative example, only, for liabilities, pensions payable, PPPs (refer separate point), amounts due under the Digicel (Turks and Caicos) Limited financing transaction, repatriation deposits payable, creditors, accrued interest payable and accruals are not included on the statement of assets and liabilities.

Cause

Despite the requirements of Schedule 2 of the PFMO and Schedule C of the PFM (Amendment) Regulations 2015 TCIG appears to have applied the cash basis of accounting adopted for the statement of cash receipts and payments to the statement of assets and liabilities with a few exceptions. Where exceptions have been made, in a number of instances, the carrying value of the assets reported is uncertain and appears overstated.

Asset additions during the year, and historically, have been expensed as incurred.

Disposals of assets during the year are recognized as receipts. A gain is recognized for the full amount received as the asset has no carrying value.

Expenses are recognised when the cash payment is made.

Effect or potential effect

TCIG owns very significant assets and has considerable liabilities.

TCIG also owns very significant assets and has considerable liabilities through entities that it controls.

TCIG is legally required to provide a statement of assets and liabilities.

Failure to recognize these assets and liabilities in the financial statements as required by law significantly reduces the meaningfulness of the financial statements to the users.

In addition, it increases the risk that assets may be disposed of without being recorded or at under value. For property and land there is also the associated loss of stamp duty of sales of property at below market value that fall under the Stamp Duty Ordinance.

Also, in years of large capital expenditure (for example construction of a high school, maintenance of a causeway etc.) or disposals (for example major crown land disposals) the results reported in the statement of cash receipts and payments are distorted.

The audit report for TCIG may be modified.

Recommendation

TCIG should identify all of its assets and liabilities including finalizing a register of property, plant and equipment, investment property and intangible assets, including assignment of values, as soon as possible.

Upon completion, TCIG should include these amounts, as required under the law, on its statement of assets and liabilities.

Action Plan

Person Responsible: PS Finance
Accounting Officers
Accountant General

Estimated Completion Date:

Management Response

March 31, 2015

A Fixed Asset register is being established and the road map has outlined that there will a period of up to 7 years before all non-financial assets are appropriately reported in the statements of the public accounts, noting that there is a 5 year transitional period associated with IPSAS 17 to fully adopt the standard. Also under Part 2 of IPSAS cash basis of accounting 2.1.35 in regards to reporting the Statement of Assets & Liabilities it states: *“While such disclosures may not be comprehensive in the first instance, entities are encouraged to progressively develop and build on them”*.

March 31, 2014

TCIG is in the process of commissioning a valuation for its PPE and is consulting on the best way to record or disclose these values in the financial statements.

ISSUE #3 - Basis of split of information in the financial statements

RANK: DEFICIENCY RISK: HIGH

Criteria

TCIG is required to prepare its financial statements in accordance with generally accepted accounting practice (GAAP) (PFMO Section 45) and the requirements of the law.

Per the PFM (Amendment) Regulations (Section 52(6), *“To ensure that the financial position of the Government is fully disclosed and in accordance with IPSAS cash basis of reporting and the Government legislative requirements, the statements to be provided include but are not restricted to those contained in Schedule 2 to the Ordinance and Schedule C of these Regulations.”*

In the year ended March 31, 2015 TCIG adopted the IPSAS ‘Financial Reporting Under the Cash Basis of Accounting’ standard as its basis of preparation.

Condition

TCIG has split its financial statements into three distinct parts:

- The annual statements of public accounts (the ‘main body’) (pages 16-34 of the version submitted on July 31, 2015 (and revised on August 13, 2015));
- Supplementary notes to the public accounts (pages 35-48 of the version submitted on July 31, 2015 (and revised on August 13, 2015)); and
- Schedules to the annual public accounts (pages 49 to 56 of the version submitted on July 31, 2015 (and revised on August 13, 2015)).

By splitting its financial statements in this manner TCIG is distinguishing between the requirements of IPSAS and the legal requirements. It implies that the legal and other requirements included are ‘supplementary’ to the standard requirements as opposed to a compulsory requirement as TCIG is required to comply with both the law and GAAP.

In addition items included in the main body of the public accounts are referenced to other sections of the report, for example finance costs.

Cause

TCIG has attempted to differentiate the requirements of IPSAS / GAAP from the legal and other requirements.

Effect or potential effect

TCIG is required to comply with both GAAP and legal requirements.

The separation of the required information may lead users of the financial statements to infer, particular through the use of the term 'supplementary', that the additional information provided in the supplementary notes and schedules sections are in excess of the legal requirements when in many instances they are not.

In addition the inclusion of references in the main body to the supplementary notes risks confusion for the user of the financial statements.

Recommendation

We recommend TCIG re-examine the need, basis and terminology used for separating the financial statements into different sections given its requirement to comply with both GAAP and the law.

Action Plan

Person Responsible: PS Finance
Accounting Officers
Accountant General

Estimated Completion Date:

Management Response

In order to comply with the IPSAS cash basis of accounting, this is the layout that is required i.e. IPSAS cash basis of accounting public accounts are reported with encouraged additional disclosures (whether voluntary or required by legislation) are included as supplementary notes. Including legislative financial information would mean that the public accounts would not be compliant with GAAP i.e. IPSAS cash basis of accounting.

ISSUE #4 - Third party goods and services

RANK: ENCOURAGED DISCLOSURES RISK: HIGH

Criteria

The IPSAS ‘Financial Reporting Under the Cash Basis of Accounting’ standard section 1.10.9 requires disclosure of *“external assistance paid by third parties during the period to directly settle obligations of the entity to purchase goods and services on behalf of the entity”*.

Per IPSAS Section 1.1.3 it *“requires that amounts settled on behalf of the reporting entity by third parties be disclosed on the face of the statement of cash receipts and payments.”*

In addition, IPSAS section 1.10.21 encourages disclosure in the notes to the financial statements of the value of external assistance in the form of goods and services.

Condition

During the year ended March 31, 2015 it is very likely that TCIG received assistance from third parties, such as European Union, the United Kingdoms’ Foreign and Commonwealth Office or its Department for International Development, for example, which has not been disclosed in the financial statements.

In addition it is unclear how the Carnival Infrastructure Fund, to which TCIG contributes funds, and the European Union (EU) funding/assistance, has been accounted for and treated (refer separate points).

The value and nature of the assistance provided by third parties may not be completely disclosed in the financial statements.

Cause

Information may not be available from third parties to make the disclosures required and encouraged under IPSAS.

Effect or potential effect

The users of the financial statements are not provided with complete information about the assistance provided by third parties and the impact on the financial performance of TCIG if that third party assistance was not provided and TCIG had to incur those expenses itself.

The audit report may be modified.

Recommendation

Information should be requested from all major parties providing third party assistance.

This information should be disclosed in the financial statements to assist the user of the financial statements and to meet the requirements and encouraged disclosures of IPSAS.

The accounting treatment and disclosures of the Carnival Infrastructure Fund and EU funding/assistance among others, should be examined (refer separate point).

Action Plan

Person Responsible: PS Finance
Accounting Officers
Accountant General

Estimated Completion Date:

Management Response

Verified third party transactions are included on the face of the Statement of Receipts and Payments and there is also a note in the financial clarifying this matter. In cases where TCIG was not advised of the amounts paid by third parties IPSAS 1.10.9 states *“This disclosure should only be made when, during the reporting period, the entity has been formally advised by the third party or recipient that such payment has been made, or has otherwise verified the payment”*. During the course of the reporting period TCIG was not formally advised by third parties or recipients of any payments made on its behalf.

A note is now included in the Schedules to the Annual Public Accounts for the jointly controlled Infrastructure Account. Neither the EU nor the Infrastructure Account is responsible for settling any amounts on behalf of TCIG so there is no requirement to disclose any information in the public accounts.

ISSUE #5 - Cash and cash equivalents

RANK: DEFICIENCY RISK: MODERATE

Criteria

Under IPSAS 'Financial Reporting Under the Cash Basis of Accounting' section 1.2.3 "Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. For an investment to qualify as a cash equivalent it must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. Therefore, an investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less from the date of acquisition."

This definition is consistent with International Financial Reporting Standards (IAS 7:7).

TCIG's assets should be disclosed on the statement of assets and liabilities under Schedule 2 of the PFMO and Schedule C of the PFM (Amendment) Regulations 2015.

Condition

TCIG's cash and cash equivalents at March 31, 2015, as reported in the financial statements presented on July 31, 2015, were held as follows:

Cash and domestic banks

Cash accounts	1,495,490
CIBC First Caribbean International Bank (Bahamas) Limited	5,574,224
Scotiabank (Turks and Caicos) Ltd.	8,047,567
TCI Bank Limited	965,889
	<hr/> 16,083,170

International bank accounts

Crown Agents Bank - Pounds sterling	37,410
Crown Agents Bank - USD	6,296
	<hr/> 43,706

Term deposits

CIBC First Caribbean International Bank (Bahamas) Limited	50,000,000
Scotiabank (Turks and Caicos) Limited	60,000,000
	<hr/> 110,000,000

Total cash and cash equivalents	<hr/> 126,126,876
--	--------------------------

The US\$50 million term deposit represented a certificate of deposit issued on March 31, 2015 with an effective interest rate of 0.5% per annum and a maturity date of February 15, 2016.

The US\$60 million term deposit represented a certificate of deposit issued on August 29, 2014 with an effective interest rate of 1% per annum and a maturity date of February 15, 2016. At March 31, 2015 the unrecognised interest income on this term deposit was US\$353,425.

Cause

TCIG did not comply with the requirement of IPSAS '*Financial Reporting Under the Cash Basis of Accounting*' by including these term deposits as cash equivalents.

Using the cash basis of accounting, US\$353,425 of interest accrued on the term deposits has not been not recognised in the statement of cash receipts and payments. However, this accrued interest should have been included as an asset on the statement of assets and liabilities.

Effect or potential effect

The classification of term deposits as cash equivalents in the financial statements is not appropriate.

The US\$50 million term deposit should be classified as short-term investment (current asset) and the US\$60 million term deposit should be classified as long-term deposit (non-current asset) on the statement of assets and liabilities. The key terms and conditions of the deposits should be disclosed in the financial statements.

While not recognising the accrued interest income is the correct treatment under the IPSAS '*Financial Reporting Under the Cash Basis of Accounting*', accounting for interest income on a cash basis could lead to a significant impact on the reported performance of TCIG.

In addition, the accrued interest should be included on the statement of assets and liabilities. By not including this balance reported assets are understated.

Potential modification of the audit opinion.

Recommendation

TCIG should examine its accounting policy on the presentation of its cash equivalents for compliance with IPSAS.

TCIG should distinguish between its accounting for cash receipts and payments on the cash basis and its accounting for assets and liabilities in accordance with Schedule 2 of the PFMO and Schedule C of the PFM (Amendment) Regulations 2015.

Action Plan

Person Responsible:	PS Finance
	Accounting Officers
	Accountant General

Estimated Completion Date:

Management Response

This was discussed and agreed at the meetings with KPMG and the Auditor General and the public accounts have been amended to record this change.

ISSUE #6 - Inclusion of Public Private Partnerships (PPPs)

RANK: SIGNIFICANT DEFICIENCY

RISK: HIGH

Criteria

The PFMO, Section 30(13(d)), states in respect of proposed PPPs, or other alternative financing, that they will only be considered for approval, along with other criteria, once *“an independent opinion has been received from a qualified accountant of good standing on the correct accounting treatment in the Government’s accounts.”*

The TCIG Public Financial Management Framework states that *“PPPs or any other form of alternative financing will only be considered.... where an independent opinion has been received from a qualified accountant of good standing on the correct accounting treatment in the Turks and Caicos Islands Government’s accounts.”* It further states that *“all proposed capital projects with an expected lifetime value of \$5 million or more will be incorporated into the FSPS, and appraisals will be published for public consultation prior to procurement.”*

Section 69 (1) of the PFMO states that *“any loan raised by the Government under any Ordinance and in respect of which any liability is subsisting immediately before the commencement, shall be deemed to be a loan raised under this Ordinance notwithstanding that the amount of the loan or any obligation undertaken by the Government in respect of the loan exceeds any limitation imposed by this Ordinance or any Ordinance repealed by this Ordinance.”*

Prior to the enactment of the PFMO TCIG entered into a PPP with regard to the construction and operation of medical services in TCI.

No independent opinion has been provided on the appropriate accounting for this PPP.

In addition, the 2013/2014 Fiscal and Strategy Policy Statement (FSPS) states that *“the capitalized value of all alternative financing transactions (including PFI/PPP arrangements) that will place future financial obligations (in terms of increased expenditure or reduced revenue) on the Turks and Caicos Islands Government will be recorded by the Government as public debt”.*

The definitions appendix of the FSPS defines public borrowing as including *“the capitalized value of all alternative financing transactions (including PFI/PPP arrangements) that will place future obligations (in terms of increased expenditure or reduced revenue) on the Turks and Caicos Islands Government.”*

Condition

TCIG currently has a major PPP in respect of the construction of the hospitals located in Grand Turk and Providenciales (the Hospital PPP). This contract impacts both the current financial year but also the obligations of TCIG for approximately the next 20 years.

The notes to TCIG's financial statements as at, and for the year ended, March 31, 2015 include references to the PPP in the long term commitments disclosure however there has been no inclusion of the Hospital PPP in the statement of assets and liabilities.

The PFMO was enacted subsequent to the approval of the Hospital PPP and hence the requirements of the PFMO did not apply. However, this requirement of the PFMO indicates that accounting for PPPs is a significant consideration when entering into any such arrangement.

A request was made for the year ended March 31, 2014 as to whether an independent opinion was received from a qualified accountant of good standing on the correct accounting treatment in the Government's accounts for the Hospital PPP however no such document was provided.

Cause

The PPP was entered into prior to the enactment of the PFMO.

No accounting opinion was therefore required at the time the PPP was first reported in TCIG's financial statements.

No opinion has subsequently been obtained as to how the PPP should be accounted for.

Effect or potential effect

TCIG may not be accounting for the PPP in accordance with legal requirements to present a statement of assets and liabilities.

Due to the significant size of the PPP there is a risk that, if the current accounting was not deemed to be accurate, very material changes would be necessary to the TCIG financial statements which, if made, may influence the users of the financial statements.

Users of TCIG's financial statements are having to separately adjust the financial statements for the impact of the PPP. These manual adjustments indicates that the financial statements are not fully fit for purpose for their users.

The FSPS is being adjusted to take into consideration the PPP obligations.

The audit report may be modified.

Recommendation

An independent accounting opinion should be obtained as to how the PPP should be accounted for under the law.

TCIG should consider this opinion and the impact on TCIG's financial statements.

If at all possible, TCIG should amend its accounting to agree with the accounting requirements given in the independent opinion.

There appears to be a mis-match between the accounting for the PPP in the financial statements and the required inclusion of PFI/PPP liabilities as public debt in the FSPS.

Action Plan

Person Responsible: PS Finance
Accounting Officers
Accountant General

Estimated Completion Date:

Management Response

March 31, 2015

The treatment of assets and liabilities is included in the transitional road map provisions. We agree to secure the opinion of an independent accounting with experience with IPSAS cash, before the end of fiscal 2015/16.

The FSPS is a tool to manage the macro-economic environment of the TCIG and mechanism to measure its compliance with the PFM Framework debt sustainability ratios. These ratios are designed so that TCIG/UKG can ascertain the TCIG's ability to repay its debt and long term contractual commitments. It will always deviate from the public debt recorded in the financial statements for example only 20% of statutory body debt is required to be measured where the body is self-financing and had not relied on government subvention for its operations. PPP's are required to be included in the FSPS compliance ratios due to its long term contractual nature.

March 31, 2014

Agreed.

ISSUE #7 - Presentation of TCIG financial statements

RANK: SIGNIFICANT DEFICIENCY

RISK: HIGH

Criteria

Per the PFMO Section 44, Part 1, *"The Accountant General shall, within the period of four months after closure of the public accounts at the end of each financial year, prepare, sign and submit to the Auditor General the annual statement of public accounts set out in paragraph 1 of the Schedule 2."*

Per the PFMO Section 45 *"all public accounts submitted under Section 44 shall be prepared in accordance with generally accepted accounting practice; identify any significant departures from generally accepted accounting practice.....and state the reasons for those departures; and state the basis of accounting used in their preparation."*

Per the PFM (Amendment) Regulations (Section 52(6), *"To ensure that the financial position of the Government is fully disclosed and in accordance with IPSAS cash basis of reporting and the Government legislative requirements, the statements to be provided include but are not restricted to those contained in Schedule 2 to the Ordinance and Schedule C of these Regulations."*

The PFMO Section 48, Part 3 states *"Each year the Auditor General shall, as soon as practicable and in any case within four months of receiving the accounts under Section 44, submit to the Public Accounts Committee of the House of Assembly a report of the accounts audited by him or her...."*

Condition

The first draft of TCIG financial statements presented by the Accountant General to the Auditor General on July 31, 2015 (and revised on August 13, 2015) contained a large number of issues. These included, but were not limited to, the following:

- Typographical errors
- Addition errors
- Incomplete and / or inadequate disclosures
- Treatment of receipts and payments from investing and financing activities on the statement of cash receipts and payments
- Possible errors in the classification of cash flows in the statement of cash flows for the consolidated fund
- Netting of cash flows from investing activities on the statement of cash receipts and payments

Cause

Typographical, addition errors and incomplete and / or inadequate disclosures indicate a lack of review.

Effect or potential effect

It is not the responsibility of the Auditor General to identify the issues highlighted above. Rather, it is the responsibility of the Auditor General to provide an opinion on the financial statements as presented.

In the interest of providing more meaningful financial statements the Auditor General has worked with the Accountant General's office in highlighting the above issues. However, this resulted in additional time and costs for the Auditor General's office and may lead to a delay in the Auditor General submitting his report to the Public Accounts Committee beyond the 4 month requirement of the PFMO, Section 48(3).

If the disclosures in the financial statements remain incomplete the users of the financial statements are not able to obtain all of the information that would be expected about the financial performance and financial position of TCIG.

If the financial statements are not in compliance with GAAP and / or legal requirements, there is a potential impact on the audit report.

Recommendation

TCIG should perform a thorough review of the financial statements before submitting them to the Auditor General.

This review should include examination of the disclosures for compliance with GAAP, the law and the disclosure requirements of IPSAS.

Action Plan

Person Responsible: PS Finance
Accounting Officers
Accountant General

Estimated Completion Date:

Management Response

TCIG will review their final QA process of the public accounts, to ensure that a high level review of the public accounts is carried out prior to submission to the NAO. However, TCIG believes that the legislative requirements mentioned under criteria were met.

A number of the issues mentioned are dealt in other sections of the report and we are not in agreement with many of the others (see above)

ISSUE #8 - Adjustments to carrying values of deposits held with TCI Bank Limited

RANK: DEFICIENCY RISK: HIGH

Criteria

Impairment is not covered under the IPSAS *'Financial Reporting Under the Cash Basis of Accounting'* standard as impairment is not envisioned due to the underlying cash basis of accounting.

Per the PFMO, Section 62, *"The Minister may, if so authorized by a resolution of the House of Assembly, and to the extent specified in the resolution, abandon and remit any claims by or on behalf of the Government, or any service to the Government and write off losses of or deficiencies in public moneys or public resources."*

The PFMO Schedule 2 requires *"a balance sheet showing the assets and liabilities of the Consolidated Fund."*

The PFM (Amendment) Regulations 2015 Schedule C require *"a balance sheet referred to as the Statement of Assets and Liabilities of the Consolidated Fund and other funds."*

Condition

On April 9, 2010, TCI Bank Limited was placed into provisional liquidation. On October 29, 2010, TCI Bank Limited was placed into liquidation.

To date, the liquidator of TCI Bank Limited has yet to give any indication as to the final expected return. However, it is reasonable to assume that the total repayment to deposit holders will be less than the total amount deposited at the time TCI Bank Limited was placed into liquidation.

At March 31, 2015, TCIG reported on its statement of assets and liabilities the following accounts with TCI Bank Limited:

- US\$635,740
- US\$302,516
- US\$27,633

These amounts are the balances remaining after the first interim payment in 2012 to deposit holders of 20 cents on the dollar. A further distribution of 20 cents on the dollar was made subsequent to March 31, 2015 which will reduce the balances held in the year ended March 31, 2016.

TCIG did not appear to assess whether the remaining deposits held at TCI Bank Limited had indications of impairment, including recognizing any adjustments against the carrying value of its cash deposits held.

Cause

The PFMO states that write offs must first be approved by the House of Assembly. No approval has been sought or received in relation to the balances held at TCI Bank Limited.

TCIG appears to have extended the cash basis of accounting when preparing the statement of assets and liabilities under Schedule 2 of the PFMO and Schedule C of the PFM (Amendment) Regulations 2015.

Effect or potential effect

The cash deposits held at TCI Bank Limited are carried at their full value on the statement of assets and liabilities.

It is considered extremely unlikely that TCIG will receive all of these funds.

TCIG is therefore including assets on its statement of assets and liabilities at amounts higher than are likely recoverable, thus inflating the reported position.

The statement of assets and liabilities is not accurately reported if assets are held at amounts greater than their recoverable amounts. This may lead to a modification of the audit report.

Recommendation

While the PFMO contains specific requirements for amounts to be written off to be approved by the House of Assembly it does not contain any similar requirements for amounts to be provided for in the financial statements.

Accounting officers should recommend, where appropriate, adjustments against the carrying value of deposits at TCI Bank Limited. Thereafter they should actively monitor the collectability of TCIG's deposits, so as to provide TCIG with timely and accurate financial information. These adjustments should be reflected as provisions for impairment against the carrying value of the term deposits.

By providing against the carrying value only no write off has occurred, simply a provision to more accurately reflect on the statement of assets and liabilities the estimated recoverable value of the asset.

At the appropriate time, approval should be sought from the House of Assembly for write offs. In the case of TCI Bank Limited, this would likely be at the conclusion of the liquidation process.

Action Plan

Person Responsible: PS Finance
Accounting Officers
Accountant General

Estimated Completion Date:

Management Response

March 31, 2015

No provision for impairment is required under the cash basis of accounting, as such reporting is based on historical costs and disclosed accordingly. However, in accordance with the PFMO the request for a write off will be submitted to the House of Assembly, once the potential loss can be reasonably determined.

March 31, 2014

No provision for impairment is required under the cash basis of accounting, but the write off will be submitted to the House of Assembly once the likely loss is determined.

ISSUE #9 - Lease commitments

RANK: DEFICIENCY RISK: HIGH

Criteria

Leases are not directly covered under the IPSAS '*Financial Reporting Under the Cash Basis of Accounting*' standard, however, Appendix 4 of the standard requires financial statements to include relevant information. "*Information is relevant to the users if it can be used to assist in evaluating past, present or future events*".

Condition

TCIG holds significant leases as both a lessee and lessor.

The financial statements as presented on July 31, 2015 (and revised on August 13, 2015) contained no information regarding lease commitments at March 31, 2015.

Cause

The cause is not known.

Effect or potential effect

TCIG's commitments under lease agreements are not available to users of the financial statements.

Due to the requirement for financial statements to provide relevant information this may result in a modification of the audit report.

Recommendation

TCIG should disclose its lease commitments, both as lessor and lessee, in the financial statements.

Action Plan

Person Responsible: PS Finance
Accounting Officers
Accountant General

Estimated Completion Date:

Management Response

The first line of this finding clearly states that this disclosure is not required by IPSAS cash basis of accounting, nor is it required under legislation. A note is however included in the Schedules to the Public Accounts, as agreed with the Auditor General.

ISSUE #10 - Carnival Infrastructure fund

RANK: DEFICIENCY RISK: HIGH

Criteria

TCIG entered into an agreement with Carnival Corporation to establish an Infrastructure Improvement Fund (the Carnival Fund).

Depending on the exact nature of the Carnival Fund, including TCIG's level of control over the fund, it may, or a portion of it may, represent an asset of TCIG.

The same issue may exist with other funds to which TCIG contributes such as those with the European Union (EU) and the Caribbean Development Bank (CDB).

Appendix 4 of the IPSAS '*Financial Reporting Under the Cash Basis of Accounting*' standard requires financial statements to include relevant information. "*Information is relevant to the users if it can be used to assist in evaluating past, present or future events*".

Condition

TCIG paid US\$568k to the Carnival Fund during the year ended March 31, 2015.

This expenditure was expensed as incurred as development fund expenditure under the cash basis of accounting.

The financial statements as presented on July 31, 2015 (revised on August 13, 2015) included no further information about this Fund and did not include any amount as an asset on the statement of assets and liabilities.

In addition TCIG paid US\$637k to the 'EU Housing Initiative' and US\$605k to the 'CDB special development fund 7'. These expenditures were expensed as incurred as development fund expenditure under the cash basis of accounting with no amounts included as assets on the statement of assets and liabilities.

Cause

TCIG appears to have also applied the cash basis of accounting to its recording of assets and liabilities.

Effect or potential effect

Depending on the nature of the funds TCIG has potentially not recorded an asset. TCIG is required to disclose all assets and liabilities under Schedule 2 of the PFMO and Schedule C of the PFM (Amendment) Regulations 2015.

If the funds are deemed to be assets of TCIG then their exclusion from the statement of assets and liabilities would result in non-compliance with legal requirements. This may lead to a modification of the audit report.

Recommendation

TCIG should determine whether the above funds, or part of them, are assets of TCIG.

If there are deemed to be assets of TCIG, in whole or in part, then TCIG should include these on the statement of assets and liabilities and include appropriate disclosures in the financial statements.

Irrespective of whether they are found to be assets TCIG should include greater disclosures to the users of the financial statements of the nature of these funds, TCIG's involvement and contributions to them and their key terms and conditions to provide users with relevant information as required under Appendix 4 of IPSAS.

Action Plan

Person Responsible: PS Finance
Accounting Officers
Accountant General

Estimated Completion Date:

Management Response

This was mentioned in earlier finding. A note now included in the Schedules to the Public Accounts, as agreed with the Auditor General.

ISSUE #11 - Comparison to budget

RANK: DEFICIENCY RISK: HIGH

Criteria

The IPSAS '*Financial Reporting Under the Cash Basis of Accounting*' standard requires a comparison of budget and actual amounts (Section 1.9).

Condition

TCIG has not presented budgeted amounts for the development fund expenditure.

Cause

Possible oversight.

Effect or potential effect

Users do not have sufficient information to compare the budgeted development fund expenditure and the actual amounts incurred.

Possible modification of audit report.

Recommendation

TCIG should disclose and compare the budgeted development fund expenditure.

Action Plan

Person Responsible: PS Finance
Accounting Officers
Accountant General

Estimated Completion Date:

Management Response

<p>This detailed development fund schedule is not required under IPSAS cash basis of accounting or by legislation therefore it is included in the Schedules to the Public Accounts. The recommendation to provide comparative budget numbers is not unreasonable and can therefore be included next financial year.</p>

ISSUE #12 - Term investments greater than 12 months

RANK: DEFICIENCY RISK: MODERATE

Criteria

The PFMO states that any sinking funds “*shall be invested on the same basis as the Consolidated Fund under Section 31*” (PFMO Section 9(4)).

Section 31 of the PFMO states that any sums may be invested “*with a bank at call or subject to notice not exceeding 12 months*” (PFMO Section 31(2(a))).

Condition

TCIG has invested in a term deposit with a maturity date of more than 12 months from the date of acquisition.

Cause

The reason for the above is not known.

Effect or potential effect

Potential non-compliance with the PFMO

Possible modification of audit report.

Recommendation

TCIG should examine whether the requirements of the PFMO have been met.

Action Plan

Person Responsible: PS Finance
 Accounting Officers
 Accountant General

Estimated Completion Date:

Management Response

Approval to invest received from the Minister of Finance, CFO and the UKG. In addition, the interest rates available were significantly less for a 12 months period. If lower rates were accepted TCIG's stewardship of these funds could be questioned and considered imprudent by all stakeholders.

In addition, TCIG are entitled to withdraw these funds within a 12 month period or before maturity albeit with a penalty of partial forgone interest, therefore TCIG complies with the requirement of the PFMO.

ISSUE #13 - Recoverability of other receivables

RANK: SIGNIFICANT DEFICIENCY

RISK: HIGH

Criteria

Impairment is not covered under the IPSAS 'Financial Reporting Under the Cash Basis of Accounting' standard as impairment is not envisioned due to the underlying cash basis of accounting.

Per the PFMO, Section 62, *"The Minister may, if so authorized by a resolution of the House of Assembly, and to the extent specified in the resolution, abandon and remit any claims by or on behalf of the Government, or any service to the Government and write off losses of or deficiencies in public moneys or public resources."*

Condition

At March 31, 2015 TCIG had US\$128,586 (2014 - US\$188,749) of other receivables and advances (excluding staff loans and advances). Based on information provided some of the reported balances in this account received no, or very small, payments on the balance due in the 3 months subsequent to March 31, 2015.

	At March 31, 2014	At March 31, 2015	Reporte receipts t June 201
	US\$	US\$	US
Advances - Established Staff	55,930	54,430	
Advances for advisors expenses	49,517	2,244	1,73
Other advances (Prepaid airfare)	30,153	43,890	43,89
Ministers and PS Retreat	25,127	-	
Other Receivables (TC Invest)	16,011	16,011	
Other receivables	12,011	12,011	
	188,749	128,586	45,62

The limited collection of these amounts in the 3 months subsequent to the year raises concern that the balances may not be recoverable or that collections have not been accurately recorded in the books and records.

Cause

Certain advance accounts do not appear to have been monitored for repayment and / or the repayments, or actual costs incurred, have not been recorded correctly in the books and records.

The PFMO states that write offs must first be approved by the House of Assembly. No approval has been sought or received in relation to these balances.

Effect or potential effect

The other receivables and advances (excluding staff loans and advances) are carried at their full value on the statement of assets and liabilities.

It would appear doubtful that TCIG will receive all of these funds.

TCIG is therefore including assets on its statement of assets and liabilities at amounts higher than are likely recoverable, thus inflating the reported position.

The statement of assets and liabilities is not accurately reported if assets are held at amounts greater than their recoverable amounts.

There is a potential loss of resources if TCIG does not collect advances provided.

There is a potential weaknesses in internal controls if advances are being collected, or evidence provided that expenditure has been incurred, and this is not being appropriately accounted for.

Potential modification of the audit opinion.

Recommendation

While the PFMO contains specific requirements for amounts to be written off to be approved by the House of Assembly it does not contain any similar requirements for amounts to be provided for in the financial statements.

TCIG should examine the outstanding advances. TCIG should determine the reasons that some advance balances at March 31, 2015 remain largely unchanged in the 3 months subsequent to March 31, 2015. Appropriate adjustments to internal controls should be made if weaknesses in the system for recording advances are identified.

If write offs of advances are required these should be taken to the House of Assembly in accordance with the PFMO.

Action Plan

Person Responsible: PS Finance
Accounting Officers
Accountant General

Estimated Completion Date:

Management Response

March 31, 2015

No provisions required under IPSAS cash basis of accounting. Collection of 35% of the amount outstanding in the first 3 months of the new financial should not be considered “limited collection”. It also be noted that the balance of receivables at the 31 March 2015 is 32% less than the previous financial year. A request for write off will be made to the House of Assembly once it is determined that the loans or advances are uncollectable. TCIG is not clear on the basis of the 3 month period in reviewing recoverability of debts [subsequent to balance date].

March 31, 2014

No provisions required under cash basis of accounting however a request for write off will be made to the House of Assembly once it is determined that the loans or advance is uncollectable.

ISSUE #14 - Loans and advances recommended for write off

RANK: SIGNIFICANT DEFICIENCY

RISK: HIGH

Criteria

Impairment is not covered under the IPSAS *'Financial Reporting Under the Cash Basis of Accounting'* standard as impairment is not envisioned due to the underlying cash basis of accounting.

Per the PFMO, Section 62, *"The Minister may, if so authorized by a resolution of the House of Assembly, and to the extent specified in the resolution, abandon and remit any claims by or on behalf of the Government, or any service to the Government and write off losses of or deficiencies in public moneys or public resources."*

Condition

Included as a receivable on the statement of assets and liabilities at March 31, 2015 was US\$2,573,918 described as *'loans and advances recommended for write off'*.

No supporting detail was provided for this balance.

Based solely on the description of the balance it appears that this asset has limited, or no, chance of recovery.

Cause

As the write off of the receivable has yet to be approved by the House of Assembly it has continued to be reported as an asset of TCIG on the statement of assets and liabilities.

Effect or potential effect

We are unable to determine whether adjustments might have been necessary in respect of the receivable due to the lack of sufficient appropriate audit evidence.

However, based on the description of the account, the reported balance would appear to be in excess of its recoverable amount as it would appear unlikely that TCIG will receive all of these funds.

TCIG is therefore including assets on its statement of assets and liabilities at amounts higher than are likely recoverable, thus inflating the reported position.

The statement of assets and liabilities is not accurately reported if assets are held at amounts greater than their recoverable amounts.

There is a potential loss of resources if TCIG does not collect amounts due.

Potential modification of the audit opinion.

Recommendation

A detail of the balances making up this account should be made available.

An assessment should be made as to whether the amounts are recoverable.

Where amounts are not deemed to be recoverable, approval from the House of Assembly should be sought to write off the amounts due.

Pending the approval of the House of Assembly for the write off, an impairment provision should be made to reflect its estimated recoverable amount.

Action Plan

Person Responsible: PS Finance
Accounting Officers
Accountant General

Estimated Completion Date:

Management Response

March 31, 2015

Irrecoverable amounts have already been presented to the HOA for approval to write-off.

March 31, 2014

An assessment was made 2 years ago and it was determined that these amounts are not recoverable, therefore it was presented to the house for write off.

ISSUE #15 - Staff Advances

RANK: DEFICIENCY RISK: MODERATE

Criteria

Impairment is not covered under the IPSAS 'Financial Reporting Under the Cash Basis of Accounting' standard as impairment is not envisioned due to the underlying cash basis of accounting.

Per the PFMO, Section 62, *"The Minister may, if so authorized by a resolution of the House of Assembly, and to the extent specified in the resolution, abandon and remit any claims by or on behalf of the Government, or any service to the Government and write off losses of or deficiencies in public moneys or public resources."*

Condition

Staff loans and advances – US\$26,542

At March 31, 2015 and 2014 staff loans and advances comprised the following:

	2014	Number of employees	2015	Number of employees
Staff loans and advances – Positive balances	75,858	45	31,499	20
Staff loans and advances – Negative balances	(9,252)	12	(4,957)	10
	66,606	57	26,542	30

TCIG's policy on staff loans and advances states that they should be repaid in a maximum of 3 monthly instalments.

Per an examination of subsequent collections of staff loans and advances from April 2015 to July 2015, no repayments were received for all the loans and advances with outstanding balances at March 31, 2015 totalling US\$31,499.

Negative balances of US\$4,957 at March 31, 2015 remained unadjusted at July 31, 2015. It is unclear why any staff member would have a credit balance.

Cause

It is possible that write offs were not recognised during the year due to TCIG's policy that losses arising from impairment and other write offs must be approved first by the TCI House of Assembly.

It is possible that advances are not being repaid and / or that advances that are being repaid are not being accounted for correctly.

Effect or potential effect

Staff loans and advances and travel advances may be reported at more than their recoverable amount.

TCIG is therefore potentially including assets on its statement of assets and liabilities at amounts higher than are likely recoverable, thus inflating the reported position.

The statement of assets and liabilities is not accurately reported if assets are held at amounts greater than their recoverable amounts.

There is a loss of TCIG resources if loans and advances made to staff are not recovered in full.

Staff loans are not being collected in accordance with TCIG's policy of a maximum of 3 monthly instalments.

Potential modification of the audit opinion.

Recommendation

Accounting officers should actively monitor advances made, including their collectability, so as to provide TCIG with timely and accurate financial information.

Where advances are not being repaid within the terms of the advance, which should be a maximum of 3 monthly instalments per TCIG policy, efforts should be made by TCIG to collect the amounts due.

As there were a number of loans and advances due for over three months we recommend that accounting officers perform a detailed review of loans and advances, resolve items in dispute, if any, and pursue collection wherever possible.

We recommend that accounting officers recommend provisions for impairment where the full amount is not considered likely to be collected.

The Accountant General should recommend for write off all items for which collection is not deemed possible rather than maintain these balances in the books and records.

Accounting officers should investigate why there are credit balances on the staff loans and advances account. There would not appear to be any normal explanation for staff to have credit balances which indicates that there may be weaknesses in controls over this account.

Action Plan

Person Responsible: PS Finance
Accounting Officers
Accountant General

Estimated Completion Date:

Management Response

March 31, 2015

Advances are all recovered in the 3 months specified by the PFM. These remaining balances are long standing amounts that are mostly irrecoverable, however, extensive analysis and reconciliations were necessary before we could conclude that they cannot be recovered. New request for write offs will be recommended to the HOA before the end of fiscal 2015/16.

March 31, 2014

There is an ongoing reconciliation of the account that will result in some adjusting entries during the current financial year.

ISSUE #16 - Carrying Value / Recoverability, Monitoring and Interest charges on TOLCO balances

RANK: SIGNIFICANT DEFICIENCY

RISK: HIGH

Criteria

Impairment is not covered under the IPSAS '*Financial Reporting Under the Cash Basis of Accounting*' standard as impairment is not envisioned due to the underlying cash basis of accounting.

Per the PFMO, Section 62, *"The Minister may, if so authorized by a resolution of the House of Assembly, and to the extent specified in the resolution, abandon and remit any claims by or on behalf of the Government, or any service to the Government and write off losses of or deficiencies in public moneys or public resources."*

Condition

As part of the closure of TC Invest certain of its non-performing loans ('the portfolio') were sold to The Outstanding Loan Company (TOLCO), a third party.

TOLCO assumed responsibility for the costs of collecting the portfolio in return for 60% of the total amount collected.

The remaining 40% of the amount collected is to be paid to TCIG.

TCIG has reported, as a receivable in its statement of financial position, 40% of the gross value of the portfolio.

The receivable balance reported at March 31, 2015 was US\$2,594,521 (March 31, 2014 - US\$2,752,422).

A significant percentage of the portfolio had no collections recorded during the year ended March 31, 2015.

Per an examination of subsequent collections on loans receivable - General from April 2015 to May 2015 approximately 87%, or US\$2,261,571, of the outstanding balances at March 31, 2015 had no collections during these periods.

Part of the reason the deal for the portfolio of loans was agreed with TOLCO appears to be due to the low probability of full recovery.

Given the low probability of full recovery TCIG should not be including on its statement of assets and liabilities position the amount it would receive only in the event of full recovery.

In addition:

- it is unclear what monitoring checks are being performed on the accuracy of the reporting by TOLCO
- it is unclear whether interest continues to be charged on the portfolio by TOLCO and, if so, who is entitled to the interest charged
- it is unclear whether, if securities were provided on loans included in the portfolio, appropriate insurance coverage is being maintained by the borrower or TOLCO to protect the value of the security

The disclosures in the financial statements, including in the prior year, do not appear sufficient for a reader to understand the agreement with TOLCO and its impact on TCIG's statement of assets and liabilities and performance. The guidelines under the '*Qualitative Characteristics of Financial Reporting*' in Appendix 4 of the IPSAS '*Financial Reporting Under the Cash Basis of Accounting*' standard do not appear to be met.

Cause

The PFMO states that write offs must first be approved by the House of Assembly.

No approval has been sought or received in relation to the portfolio managed by TOLCO.

Effect or potential effect

The portfolio managed by TOLCO is carried at its full value.

It is considered extremely unlikely that TCIG will receive all of these funds.

TCIG is therefore including assets on its statement of assets and liabilities at amounts higher than are likely recoverable, thus inflating the reported position.

The statement of assets and liabilities is not accurately reported if assets are held at amounts greater than their recoverable amounts.

There is a potential loss of revenue for TCIG if the returns provided by TOLCO are not examined for accuracy and completeness.

There is a potential loss of revenue for TCIG if interest is still able to be charged, and collected, on some of the loans in the portfolio, and TCIG has retained a right to some, or all, of that interest.

There is a potential loss of the value of the realisable security if it is not properly insured and an event happens to reduce the value of that security (for example a fire or a hurricane).

Potential modification of audit report.

Recommendation

While the PFMO contains specific requirements for amounts to be written off to be approved by the House of Assembly it does not contain any similar requirements for amounts to be provided for in the financial statements.

Accounting officers must recommend, where appropriate, adjustments against the carrying value of TCIG's agreed share of the portfolio controlled by TOLCO. Thereafter they should actively monitor the collectability, so as to provide TCIG with timely and accurate financial information. These adjustments should be reflected as provisions for impairment against the carrying value of the TOLCO receivables.

By providing against the carrying value no write off has occurred, simply a provision to more accurately reflect the estimated recoverable value of the asset in the reported statement of assets and liabilities.

At the appropriate time approval should be sought from the House of Assembly for write offs. In the case of the portfolio managed by TOLCO, this would likely be either on a loan by loan basis once final settlement has been reached or on a portfolio basis once TOLCO ceases its attempted collection of the loans.

The reporting provided by TOLCO should be reviewed for accuracy and completeness. Appropriate source documents held by TOLCO should be examined where deemed appropriate.

Enquiries should be made of TOLCO as to how it ensures appropriate insurance coverage is maintained for securities held. Corroborating evidence should be examined.

The treatment of interest charges, including the rights to that interest per the agreement with TOLCO, should be examined. Where TCIG has retained rights to some, or all, of the interest charged (if any) examinations should be performed to ensure that TCIG is receiving the amounts, if any, it is due.

Action Plan

Person Responsible: PS Finance
Accounting Officers
Accountant General

Estimated Completion Date:

Management Response

March 31, 2015

The review is not yet conducted due to staff resource constraints and other competing priorities. TCIG will attempt to solicit the assistance of the Internal Audit Department and NAO to get this undertaking completed.

March 31, 2014

An internal review of the operations of TOLCO to determine their level of compliance with the sales agreement is already being commission and a draft of the reviewed processed is being reviewed by the CFO and Ministry of Finance.

ISSUE #17 - Recoverability of Loans Receivable - TCIG

RANK: SIGNIFICANT DEFICIENCY

RISK: HIGH

Criteria

Impairment is not covered under the IPSAS *'Financial Reporting Under the Cash Basis of Accounting'* standard as impairment is not envisioned due to the underlying cash basis of accounting.

Per the PFMO, Section 62, *"The Minister may, if so authorized by a resolution of the House of Assembly, and to the extent specified in the resolution, abandon and remit any claims by or on behalf of the Government, or any service to the Government and write off losses of or deficiencies in public moneys or public resources."*

Condition

At March 31, 2015 and 2014 TCIG had the following long-term receivables that it assumed responsibility for when TC Invest was closed:

	2015	2014
	US\$	US\$
Loans receivable - general	8,718,941	8,973,303
Loans receivable - insurance	8,452	325,933
	8,727,393	9,299,236

In accordance with best practice, borrowers are bound by the original loan contract to make payments in the amount specified on the contract including interest until the loan is paid in full. Lenders are required to explore all possible avenues for the collection of amounts outstanding, including the seizing of security assigned to them in the contractual agreement.

Loans receivable – general – US\$8,718,941

This loan portfolio is now being managed by the Accountant General's Department.

These loans are primarily consumer and mortgage loans which are fully secured by real assets.

It is our understanding that TCIG maintains an insurance policy for each borrower for the properties used as collateral with TCIG being the primary beneficiary on both policies.

Per an examination of subsequent collections on loans receivable - General from April 2015 to May 2015 approximately 57%, or US\$5,008,578, of the outstanding balances at March 31, 2015 had no collections during these two months.

Loans receivable –Insurance – US\$8,452

At March 31, 2015 the total outstanding loans receivable –insurance was US\$8,452 (2014 – US\$325,933). There were additional premiums of US\$152,640, collections of US\$57,394 and adjustments of US\$412,728 during the year.

The US\$412,728 adjustments made during the year, particularly US\$392,075 loan adjustments for the month of March 2015 were amalgamated with loans receivable - general.

Given that the insurance receivable represents the same borrowers as the loan portfolio, it would be reasonable to assume that full collectability of the loan portfolio is questionable.

It is important to note, however, that where security is held, consideration should be given to the realisable value of that security when assessing any recoverability.

In addition it would be important to consider whether enforcement of the security held will actually be undertaken.

Cause

The loan portfolio does not appear to have been reviewed for indicators of impairment.

It is unclear whether loans due are being actively pursued for repayment, including the enforcement of securities held.

The PFMO states that write offs must first be approved by the House of Assembly. No approval has been sought or received in relation to the portfolio managed by TOLCO.

Effect or potential effect

At present there appears to be a number of loans which are not being serviced, where TCIG is paying the insurance premium and no enforcement action is being taken on the security held.

The loan portfolio, including associated insurance premiums due, inherited from TC Invest is carried at its full value.

In any loan portfolio it is unlikely that all loans will be repaid in full.

TCIG is therefore including assets on its statement of assets and liabilities at amounts higher than are likely recoverable, thus inflating the reported position.

The statement of assets and liabilities is not accurately reported if assets are held at amounts greater than their recoverable amounts.

There is a potential loss of revenue for TCIG if interest is still able to be charged, and collected, on some of the loans in the portfolio, and TCIG has a right to that interest.

There is a potential loss of the value of the realisable security if it is not properly insured and an event happens to reduce the value of that security (for example a fire).

There is a potential loss of revenue for TCIG if security is not enforced on defaulting loans.

There is a potential weaknesses in internal controls if advances are being collected, or evidence provided that expenditure has been incurred, and this is not being appropriately accounted for.

Potential modification of the audit opinion.

Recommendation

While the PFMO contains specific requirements for amounts to be written off to be approved by the House of Assembly it does not contain any similar requirements for amounts to be provided for in the financial statements.

Accounting officers must recommend, where appropriate, adjustments against the carrying value of the loan portfolio. Thereafter they should actively monitor the collectability, so as to provide TCIG with timely and accurate financial information. These adjustments should be reflected as provisions for impairment against the carrying value of the receivables.

By providing against the carrying value no write off has occurred, simply a provision to more accurately reflect the estimated recoverable value of the asset in the reported statement of assets and liabilities.

At the appropriate time, approval should be sought from the House of Assembly for write offs. In the case of the loan portfolio, this would likely be either on a loan by loan basis once final settlement has been reached or on a portfolio basis once TCIG ceases its attempted collection of the loans.

The treatment of interest charges should be examined. Where TCIG has retained rights to the interest charged (if any) examinations should be performed to ensure that TCIG is accurately recording the interest revenue.

Where loans are in default TCIG should look to enforce its right on the associated security.

If write offs of receivables are required these should be taken to the House of Assembly in accordance with the PFMO.

Action Plan

Person Responsible: PS Finance
Accounting Officers
Accountant General

Estimated Completion Date:

Management Response

March 31, 2015

No provisions required IPSAS under cash basis of accounting for impairments. Reporting is on a historical costs basis with additional disclosure provided by way of notes to the public accounts.

March 31, 2014

No provisions required under cash basis of accounting however a request for write off will be made to the House of Assembly once it is determined that the loans or advance is uncollectable.

ISSUE #18 - Completeness and Existence of Accounts Payable

RANK: DEFICIENCY RISK: MODERATE

Criteria

Sufficient appropriate audit evidence must be provided on time to prevent a delay of the audit and a potential impact on the audit report prepared by the Auditor General.

Condition

The movement of accounts payables for the year ended March 31, 2015 comprised of the following:

	2014	Addition/Deduction	2015
Claims against TCIG (including)	802,500		
Huw Shepherd (Former AG)		(100,000)	
Recovery of settlement fund		(3,000)	
Payment to Regent Palms		(9,000)	
Payment for PNP Headquarters		(11,900)	
Payment for client		(55,000)	623,600
Airport land acquisition	635,000		635,000
CMK BWI Limited	193,500		193,500
Pension and Gratuity for Lilian Boyce		399,026	399,026
	1,631,000	220,126	1,851,126

Litigation cost – Hew Shepherd (Former AG)

We have not been able to obtain sufficient appropriate audit evidence to determine whether adjustments might have been necessary in respect with this set-aside fund to cover the cost of pending litigation from the former Attorney General of TCI.

Airport land acquisition – US\$635,000

Funds were set aside to complete the acquisition of land for the Providenciales International Airport expansion (PIAE). We have not been able to obtain sufficient appropriate audit evidence to determine whether adjustments might have been necessary in respect with this set-aside fund.

CMK BWI Limited deposit – US\$193,500

This is part of a Special Investigation Prosecution Team (SIPT) settlement with CMK BWI Limited. Funds are being held pending CMK performance as part of the SIPT settlement. No funds have been disbursed in the 4 months subsequent to March 31, 2015.

Pension and Gratuity for Lilian Boyce – US\$399,026

We have not been able to obtain sufficient appropriate audit evidence to determine whether adjustments might have been necessary in respect with this set-aside fund to cover the pension and gratuity of Lilian Boyce.

Cause

Non-provision of information to the Auditor General is a scope limitation.

Sufficient appropriate audit evidence has not been provided by the Accountant General in relation to the following:

- Copy of settlement agreement with Huw Shepherd
- Copy of deed of sale or agreement in relation to acquisition of land for the PIAE
- Copy of SIPT Agreement with CMK BWI Limited.
- Copy of SIPT report in relation to pension and gratuity for Lilian Boyce

As at the date of this report no legal response had been received from the current Attorney General of TCI in relation to TCIG's legal inquiry for audit purposes.

Effect or potential effect

We cannot determine whether adjustments might have been necessary in respect of TCIG's accounts payable due to lack of sufficient appropriate audit evidence.

Lack of information provided by the Accountant General can result in a delay of the audit and an impact on the audit report.

Recommendation

Information requested for audit must be provided on time to prevent a scope limitation.

Action Plan

Person Responsible: PS Finance
Accounting Officers
Accountant General

Estimated Completion Date:

Management Response

All documents that were available to the Accountant General Department were presented and detail explanations were provided during a number of discussion on this matter with KPMG.

ISSUE #19 - Existence, Accuracy and Classification of Investments

RANK: DEFICIENCY RISK: MODERATE

Criteria

Investments are not directly covered under the IPSAS '*Financial Reporting Under the Cash Basis of Accounting*' standard.

TCIG is required to present a statement of assets and liabilities under Schedule 2 of the PFMO and Schedule C of the PFM (Amendment) Regulations.

Condition

TCIG's investments at March 31, 2015 and 2014 consisted of the following:

	2015	2014
Paid Up Shares of the Caribbean Development Bank (CDB)	705,714	705,714
RBTT Bond Repurchase	3,098,881	3,680,164
	3,804,595	4,385,878

Paid Up Shares of the CDB – US\$705,714

These are 117 shares allocated to TCIG as a member country and paid up at March 31, 2015 with a par value of US\$705,714.

Per the audited financial statements of CDB it appears to have significant retained earnings and equity. The shares would therefore not appear to be impaired.

In addition there are 416 callable shares allocated to TCIG as at March 31, 2015 with a par value of US\$2,509,204.

Per the published financial statements of the CDB shares are callable under specific circumstances.

Development fund expenditure during the year ended March 31, 2015 included payments for:

- 'Provision for CDB shares' of US\$70k.
- Contribution to CDB Special Development Fund 7 - US\$605k

No adjustment was made to the carrying value of the investment in CDB, shares or otherwise, despite this expenditure during the year ended March 31, 2015.

Royal Bank of Trinidad and Tobago (RBTT) Bond Repurchase – US\$3,098,881

This balance relates to the amount outstanding on TCIG Bonds originally issued in 2011 for approximately US\$9 million.

From April 1, 2014 to March 31, 2015 TCIG received US\$552,373 in bond principal repayments.

Cause

Sufficient appropriate audit evidence has not been provided on time by the Accountant General in relation to the following:

- Copy of bond repurchase agreement
- Confirmation of RBTT bond

It is possible, depending on the nature of the bonds, that they have been incorrectly classified as investments in the statement of financial position.

Effect or potential effect

We cannot determine whether adjustments might have been necessary in respect of TCIG's bond investments due to the lack of sufficient appropriate audit evidence.

It is unclear whether the payments from the development fund during the year ended March 31, 2015 should have been recognised as additional investments or other types of assets on the statement of assets and liabilities.

The classification of RBTT Bonds as investments in the financial statements may not be appropriate.

If these debt instruments are not quoted in an active market these should have been classified as loans and receivables instead of investments.

Lack of information provided by the Accountant General can result in a delay of the audit and may impact on the audit report prepared by the Auditor General.

The callable shares require a possible future committed payment by TCIG. While it may be that these shares are not called the potential future outflow of funds should be disclosed to the users of the financial statements in a manner which explains the basis on which these shares may be called.

Recommendation

TCIG should examine its accounting policy on the presentation of its investments.

TCIG should examine whether payments made by the development fund during the year should be included on the statement of assets and liabilities.

Information requested for audit must be provided on time to prevent a scope limitation.

TCIG's obligations under the terms of the callable shares should be disclosed in the notes to the financial statements.

Action Plan

Person Responsible: PS Finance
Accounting Officers
Accountant General

Estimated Completion Date:

Management Response

March 31, 2015

CDB provided a confirmation of shareholdings directly to KPMG and it balances with the \$706K reported in the public accounts. No confirmation was provided by RBTT Merchant Bank regarding the bonds but all bond agreements were provided to KPMG in person at the Treasury in Grand Turk. Not sure what other evidence could have been provided. The bond balances can therefore be verified by reviewing the bond agreements presented to KPMG.

Investments are presented as required by PFM Schedule 2.

March 31, 2014

Agreed, TCIG's obligations under the terms of the callable shares will be disclosed in the notes to the financial statements.

ISSUE #20 - Loan agreements and amortisation schedules have not been provided

RANK: SIGNIFICANT DEFICIENCY

RISK: HIGH

Criteria

Sufficient appropriate audit evidence must be provided to the auditor when requested to prevent a delay of the audit and a potential impact on the audit report prepared by the Auditor General.

Condition

Certain loan agreements and amortisation schedules were not provided by the Accountant General despite being requested.

Cause

A copy of the loan agreement / revisions to the original loan agreement with the following institutions was not provided as at the date of this report despite being requested:

- TCI Bank Limited
- RBC Royal Bank
- Caribbean Development Bank (5 loans)

A copy of the amortisation schedule of each loan was not provided as at the date of this report.

- HSBC Bonds
- TCI Bank Limited
- RBC Royal Bank
- Caribbean Development Bank
- Citibank Commercial Loan
- European Investment Bank

Effect or potential effect

Important terms and conditions attached to each loan may not be properly disclosed in the notes to the financial statements.

Lack of information provided by the Accountant General can result in a delay of the audit and an impact on the audit report.

Recommendation

Information requested for audit must be provided on time to prevent a possible scope limitation.

Action Plan

Person Responsible: PS Finance
Accounting Officers
Accountant General

Estimated Completion Date:

Management Response

March 31, 2015

There is no requirement to have amortisation schedules under either IPSAS cash basis of accounting or the PFM. The files in question are for loan facilities that are in some cases over 10 years old. The AG Chambers and the Treasury searched diligently but were unable to locate these files, all other loan files were presented to KPMG for review.

March 31, 2014

Agreed.

ISSUE #21 - Net receipts/ (payments) of public accounts

RANK: DEFICIENCY RISK: MODERATE

Criteria

TCIG has adopted the IPSAS '*Financial Reporting Under the Cash Basis of Accounting*' standard. This standard requires revenue and expenses to be recorded as paid.

Section 1.2.2 of IPSAS states that "*the cash basis of accounting recognizes transactions and events only when cash (including cash equivalents) is received or paid by the entity.*"

Condition

TCIG has included a single line item on the face of the statement of cash receipts and payments called '*Net receipts/ (payments) of public accounts*'.

Cause

TCIG did not retrospectively apply its change in accounting basis leaving difficulties in accounting for legacy modifications.

Effect or potential effect

The inclusion of a net payment / receipt line on the statement of cash receipts and payments hides the gross impact of the transactions from the users of the financial statements.

Recommendation

As TCIG has adopted the IPSAS '*Financial Reporting Under the Cash Basis of Accounting*' standard it should only account for transactions as permitted under this standard.

TCIG should have retrospectively applied the change in accounting basis to eliminate the impact of historically modified items.

Amounts should be reported net only when permitted under the basis of accounting.

Action Plan

Person Responsible: PS Finance
Accounting Officers

Estimated Completion Date:

Management Response

The reporting of the reconciling items (to the TCIG closing cash position) is reported net with details disclosed in the Statement of Cash Flow. These figures are required to ensure the Statement of Cash Receipts reconciles to cash and that due to the transition stage (this being the first year) there were items where cash was charged direct to an account that was not a receipt and payment, hence the reconciling items. This reconciling is not the norm but given the transition phase and TCIG had not been presenting under any formal accounting standards in the past it is expected. This has been raised with and accepted by the International Consortium for Global Financial Management who have provided TCIG with a certificate of conformance with Presenting under IPSAS cash basis of accounting.

ISSUE #22 - Unrecognised Interest Payable on Outstanding Loans

RANK: DEFICIENCY RISK: MODERATE

Criteria

Financial liabilities are not covered under Part I of the IPSAS '*Financial Reporting Under the Cash Basis of Accounting*' standard as financial liabilities are not envisioned due to the underlying basis of accounting.

Under Part II of the IPSAS '*Financial Reporting Under the Cash Basis of Accounting*' liabilities are defined as "*present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits or service potential.*"

IPSAS 28, '*Financial Instruments: Presentation*', notes that a financial liability is, amongst other criteria, a contractual obligation to deliver cash or another financial assets to another entity.

Condition

Finance costs are recorded based on the actual interest payments to creditors on the principal amounts outstanding during that period. This is consistent with the cash basis of accounting.

As a result interest due, but not yet paid, on loans as at March 31, 2015 was not recorded as a liability.

Cause

TCIG has adopted the cash basis of accounting.

As noted elsewhere TCIG appears to have extended the cash basis of accounting when preparing the statement of assets and liabilities under Schedule 2 of the PFMO and Schedule C of the PFM (Amendment) Regulations 2015.

Effect or potential effect

Accounting for interest expense on a cash basis does not give TCIG an accurate picture of the total obligation of TCIG to lenders at the end of the reporting period.

In addition in reporting periods with significant changes in the loan balances the interest expense reported in the statement of assets and liabilities may be materially misstated due to the inherent limitations of cash accounting.

Recommendation

TCIG disclose in the financial statements the interest expense that would have been recognised under the accruals basis of accounting to assist the users of the financial statements.

In addition, as accrued interest payable would meet the definition of a liability, it should be included on the statement of assets and liabilities. This will enable TCIG to make decisions based on more accurate information.

Action Plan

Person Responsible: PS Finance
Accounting Officers
Accountant General

Estimated Completion Date:

Management Response

March 31, 2015

Interest expenses accurately reflects the amount paid during the financial year under IPSAS cash basis of accounting. To accrue interest as at year end would be in contradiction of IPSAS cash basis and would distort the figures and put the public accounts at risk of being non-conformant with IPSAS cash basis of accounting. TCIG's transitional roadmap clearly outline the transition process from IPSAS cash basis to IPSAS accrual over a stipulated timeframe.

March 31, 2014

Interest expenses accurately reflects the amount paid during the financial year under the cash basis of accounting.

ISSUE #23 - Existence and Accuracy of Refundable Deposits

RANK: TRADE AND OTHER PAYABLES DEFICIENCY

RISK: LOW

Criteria

Where financial statements are corrected due to the identification of errors it is common practice that an entity should disclose in the notes to the financial statements the following:

- (a) The nature of the error;
- (b) The amount of the correction; and
- (c) The fact that comparative information has been restated or that it is impracticable to do so.

Condition

Refundable deposits at March 31, 2015 comprised of the following:

	2015
Magistrate courts	411,599
Others	121,753
	533,352

Magistrate courts deposits – US\$411,599

From April 1, 2014 to March 31, 2015 TCIG received US\$696,364 of deposits and refunded US\$651,355. The prior year balance of US\$266,323 was restated to US\$366,590 to reconcile the closing position of US\$411,599 with the movement during the year.

Cause

No timely reconciliation of the general ledger with the supporting sub-ledger. Refundable deposits – Magistrate Courts were only reconciled with the supporting sub-ledger in 2015 after several years.

Effect or potential effect

If the subsidiary ledger is not reconciled to the general ledger there is a possibility that invalid or unadjusted accounts are still included in the subsidiary ledger which may result in disputes.

Recommendation

The subsidiary ledger should be reconciled to the general ledger on a monthly basis. Any differences should be investigated and explained.

This will provide assurance that deposits received and paid are properly recorded in both the general ledger and subsidiary ledger on a timely basis.

Action Plan

Person Responsible: PS Finance
Accounting Officers
Accountant General

Estimated Completion Date:

Management Response

All files are reconciled to subsidiary ledgers each year. This is the only account that was not completed in the previous year because the reconciliation process required analysing data going back over 15 years, when a different accounting software was in place.

ISSUE #24 - Ageing profile of debts

RANK: IMPROVEMENT OPPORTUNITY RISK: MODERATE

Criteria

Appendix 4 of the IPSAS *‘Financial Reporting Under the Cash Basis of Accounting’* standard requires financial statements to include relevant information. *“Information is relevant to the users if it can be used to assist in evaluating past, present or future events”*.

Condition

As raised elsewhere in this report, TCIG has significant assets that are past due but TCIG has determined are not impaired.

Under IFRS 7:37(a) an entity would be required to disclose an analysis of the age of financial assets that are past due as at the end of the reporting period but not impaired.

Such disclosure would provide relevant information to the users of the financial statements of the poor credit quality and overdue nature of a number of the reported assets.

Cause

No specific cause. The recommendation would be to enhance the current financial reporting.

Effect or potential effect

TCIG reports various financial assets that are past due but where no impairment has been provided by TCIG (despite impairment indicators (refer separate points)).

At present the credit quality / ageing profile of these financial assets is not disclosed to the users of the financial statements.

By disclosing this information the financial statements would be providing relevant information in the circumstances to the users of the financial statements.

Recommendation

TCIG should look to disclose the ageing analysis of its financial assets.

Action Plan

Person Responsible: PS Finance
Accounting Officers
Accountant General

Estimated Completion Date:

Management Response

The difficult and time consuming effort to get this exercise completed was clearly outlined at a meeting with KPMG. In addition, the work involved to obtain this aging information would outweigh the benefits and furthermore it is neither required by IPSAS cash or the PFM.