

REPORT OF THE PUBLIC ACCOUNTS COMMITTEE OF THE LEGISLATIVE ASSEMBLY ON THE DIRECTOR OF AUDIT'S REPORT ON THE ACCOUNTS OF THE TRANSPORT AND HARBOURS DEPARTMENT FOR THE YEAR ENDED 31ST DECEMBER, 1960.

LEGISLATURE,
Public Buildings,
Georgetown.

15th May, 1962.

Your Honour,

We, the Chairman and Members of the Public Accounts Committee, have the honour to submit our Report on the Accounts of the Transport and Harbours Department for the year ended 31st December, 1960.

2. The composition of the Committee and the Advisers were as set out in the Appendix.

3. The Committee sat on two occasions - the 29th of March, 1962 and the 18th of April, 1962, to consider the Director of Audit's Report on the Accounts of the Transport and Harbours Department for the year 1960.

4. Mr. J.A.E. Young, Acting General Manager of the Transport and Harbours Department, and Mr. J. Oudkerk, Chief Accountant of the Department, attended the first meeting. We wish to record our thanks for the replies and explanations given by these officers on the various questions raised.

5. The related paragraph number in the Report of the Director of Audit is shown at the top of the paragraphs in this Report.

Paragraph 1 - Rendition of Accounts.

6. We were informed that the accounts were submitted for audit on the 2nd August, 1961, and we recommend that in future the accounts should be submitted for audit not later than 30th June, but as an exception the 31st August, 1962, for the financial year ended 31st December, 1961. The General Manager assured us that the 1961 accounts would be submitted for audit very much earlier this year and, in fact, he hoped this would be done before the 30th June, 1962.

Paragraph 5 - Authorities for Expenditure.

7. We were informed by the General Manager that the supplementary provision for excess expenditure from Development Fund amounting to \$370,612, may possibly be covered by virement but the procedure for and the application of virement between Development sub-heads has not been determined. We recommend that this should be finalised as soon as possible.

Paragraph 7 - Irregularities and Fraud.

8. We are concerned at the cases of irregularities and fraud as shown at Appendix II of the Report, and wish to be assured that everything possible is being done to effect a strict control over cash and stores. We trust that proper security measures are taken on board the steamers so that there should be no broaching of cargo, and that strict control exists for the withdrawal of goods from the various bonds.

9. We understand that adequate Regulations exist for dealing with losses of stores and cash, but we feel nevertheless, that we should bring to attention the necessity for prompt court proceedings or departmental disciplinary action in all cases of fraud and irregularities.

Paragraph 9 - Development Expenditure.

10. We were informed by the General Manager that the under spending of \$889,644 in the Development Programme was due to the late release of funds by Government. We recommend that early approval should be given to the General Manager so that the money made available may be used to the best advantage for the rehabilitation of the Railway.

Paragraph 10 - Net Deficiency - \$1,828,748.17.

11. We are deeply concerned with the ever increasing net deficiency required to be met from Public Funds. We observe that the explanation given to the World Bank Mission for the extent of the net deficiency was the age~~d~~ rolling stock and steamers, yet the considerable expenditure on Development since that date has not decreased the deficiency - rather has it increased.

12. The General Manager explained that the net deficiency would have been reduced had it not been for wage increases during the year, and also the fact that the Development Programme to rehabilitate the steamer and railway services had still a considerable way to go before benefits would accrue.

13. We consider it imperative that urgent action be taken to investigate the whole question of the administration, organisation and future policy of the Transport and Harbours Department so that the net deficiency will be considerably reduced.

Paragraph 13 - Interest on Advances.

14. We understand that the charging of interest against Harbour Services on advances received from the Accountant General has not yet been finalised and we trust this will be done as soon as possible.

Paragraph 15 - Unallocated Stores.

15. We are concerned to note that once again the late submission of the stock lists to the Director of Audit did not permit his reconciliation of the stores balances with the ledger accounts.

16. The explanation given by the General Manager was similar to that given to the Public Accounts Committee on the 1959 Accounts, and we invite attention to paragraph 13 of that Report, which is again relevant:-

"The General Manager has admitted the arrears in the annual reconciliation of stores balances which he attributed to unusual circumstances which he was taking steps to deal with. We trust that the situation will resolve itself satisfactorily and that all concerned will make a special effort to bring and keep the stores accounting up to date."

17. We trust there will be no further cause for criticism.

18. We are most concerned with the amount of obsolete and redundant stores revealed by the Report and trust that action will be taken so that in future it will not be necessary to write off to Public Funds so much obsolete and redundant stores.

19. We are also concerned with the method of valuing stock on hand for it is possible the value at which it now stands (cost price) would not be realised if these stores were to be sold. We recommend that consideration be given to bringing the stores accounting to conform more with commercial practice.

Paragraph 21 - Outstanding Accounts.

20. It appears to be unsatisfactory that any Company should be permitted to run up a debit balance of \$13,010.49 without adequate deposit being made. We recommend the General Manager should investigate the system of deposits to ensure that bad debts will be kept to the minimum and also that there should be equity in the system as between large and small consignors.

Paragraph 24 - Tonnage Dues.

21. We are concerned with the long delay in finalising this matter which was first brought to attention in the Committee's Report on the 1958 Accounts.

Paragraph 25 - Surveying and Dredging.

22. We understand the General Manager has introduced rates for Harbour Services but as yet these have not been given the necessary statutory authority. We recommend that this should be done without delay.

Paragraph 26 - Local Purchases.

23. We were informed that the purchase of stores made without recourse to public tender were those in respect of burnt earth and fire wood to the Ways and Works Branch where the rates being paid were in excess of those being paid in the same area by the Public Works Department for similar items. We trust action to eliminate this unsatisfactory position will be taken without delay.

Paragraph 27 - Unallocated Stores: Accounting Records.

24. We trust that the accounting records are now being maintained in a satisfactory manner and that all concerned will make a special effort to improve the position in this very important aspect of railway accounting.

Paragraph 29 - Variation of Tariff Rates.

25. We are concerned with the delay in finalising this matter for it has been the subject of comment in many of the previous Reports of the Public Accounts Committee. We are informed that the draft legislation to give the General Manager power to vary tariffs within certain limits is approaching finality and wish to be informed when the necessary legislation has been introduced to give effect to these powers.

Paragraph 34 - Passenger Control.

26. We are concerned to note that although proper control now exists over the collection of tickets at Georgetown and Vreed-en-Hoop Stelling, yet at all other stelling and stations the manner in which collected tickets are forwarded to Head Office for internal audit does not permit a proper verification. We recommend that the General Manager take early action to investigate the possibility of introducing a proper system to permit verification at Head Office of all collected tickets.

Administration.

27. We wish once more to bring to attention the recommendation made by the Public Accounts Committee on the 1959 Accounts and we quote - "We wish to suggest that careful consideration should be given to replacing the present form of administration by a statutory authority such as a Board, Commission, or Corporation to which the General Manager should be responsible, and which would make decisions in rules and regulations to provide for the necessary executive flexibility within the framework of its powers".

28. Our examination of this Report has made it obvious that the recommendation referred to at paragraph 27 above is most important and requires urgent consideration. We also observe that whereas the present system of accounting may reveal dishonesty, yet it does not bring to sufficient attention any incompetence, and we recommend that if possible financial and accounting procedures should be introduced to ensure efficiency and economy in all sections of the Department.

We have the honour to be,
Your Honour's obedient servants,

S.M. Saffee
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S.M. Saffee - Chairman

G. Bowman
.....
G. Bowman

M. Bhagwan
.....
M. Bhagwan

M. Hamid
.....
M. Hamid

R.S.S. Hugh
.....
R.S.S. Hugh

J.G. Joaquim
.....
J.G. Joaquim

P. d'Aguiar
.....
P. d'Aguiar

Members

I. Crum Ewing
.....
I. Crum Ewing
Secretary.

His Honour the Speaker.

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A P P E N D I X

The composition of the Committee was as under:-

Chairman - Mr. S.M. Saffee.

Members - Mr. G. Bowman
Mr. M. Bhagwan
Mr. M. Hamid
Mr. R.S.S. Hugh
Mr. J.G. Joaquim
Mr. P. d'Aguiar

with

Secretary - Mr. I. Crum Ewing, Clerk of the Legislature.

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Advisers - Mr. D.W. Dunlop, Director of Audit

with Mr. W.S. Lee, Senior Examiner of Accounts.
