

FIRST  
LEGISLATIVE ASSEMBLY

under the

British Guiana (Constitution) Order in Council, 1961.

FIRST SESSION  
1961

---

CERTIFICATE AND REPORT of the Director General of the Overseas Audit Service on the accounts of British Guiana for the year ended the 31st of December, 1959, together with the comments thereon of the Minister of Finance.

---

CERTIFICATE

The attached Account has been examined under my direction in accordance with the Colonial Regulations and the General Instructions and Rules of the Overseas Audit Department. I have obtained all the information and explanations that I have required, and I certify, as a result of this audit, that in my opinion the Account is correct, subject to the observations in the attached report.

(Sgd.) P.H. Jennings  
Director General of the Overseas  
Audit Service.

28th March, 1961.

---

REPORT of the DIRECTOR GENERAL of the OVERSEAS AUDIT SERVICE on the ACCOUNTS OF BRITISH GUIANA for the YEAR ENDED the 31st of DECEMBER, 1959.

\*\*\*\*\*

Report

Comments by the Minister of Finance

The attached Annual Abstract Account for 1959, together with the Statement of Assets and Liabilities as at the 31st December, 1959, has been examined under my direction.

Annual  
Abstract  
Account.

2. The Account as rendered includes certain misallocations which were brought to the notice of the Accounting Officer too late for adjustment in the year under review. Adjustment of those which affect the Below-the-line accounts will be necessary in the accounts of the subsequent year.

Adjustment of the misallocations affecting the Below-the-line accounts was made in 1960.



Report

3. According to the latest information available, the Director of Audit has not yet seen vouchers for expenditure charged in the Account amounting to \$363,574.62 and acceptance of the charge to public funds without vouchers has not been authorized. There is also certain unvouched expenditure in previous years for which covering authority has not been given.

4. Transport, travelling and other expenses amounting in total to \$46,488.08 were incurred during the year but not paid. Authority has been sought to make payment in 1960 from funds provided in the 1960 Estimates. It appears that payment of \$36,722.02 of this total was deferred due to exhaustion of 1959 provision under two subheads of Expenditure Head 27C - Medical Hospitals and Dispensaries. No authority has been seen for this procedure, which appears to be contrary to Colonial Regulation 227.

5. The proceeds of debentures issued to the Caribbean Currency Board were brought to account during the year although they were not actually received until June, 1960. The nominal value of the debentures (\$2,449,000) was credited to Development Fund receipts and the discount on issue (\$48,980) was debited to Development Fund expenditure the net proceeds (\$2,400,020) being debited to advances. The effect on the Statement of Assets and Liabilities is that an advance of \$2,400,020 is shown as outstanding against the Caribbean Currency Board and the deficit in the Development Fund (\$595,026.40) is understated by a corresponding amount. I have not seen the authority of the Secretary of State for this procedure, which appears to be contrary to Colonial Regulation 227.

Comments by the Minister of Finance

Unvouched expenditure has been reduced to \$77,623.55 - \$10,968.86 for 1957 and \$66,654.69 for 1959. \$4,662.01 of the total is in respect of adjustment vouchers. Efforts are being made to present as many of the vouchers as possible for audit and action is being taken to reconstruct to the satisfaction of the Director of Audit any that have been lost rather than to have the expenditure to which they relate admitted as unvouched.

Due to inadequate control the Department did not discover the insufficiency of these votes (one of which had been supplemented previously) until it was too late to obtain further supplementary provision to meet expenditure which could not have been postponed without detriment to the public service. Some of the accounts were not rendered by the firms concerned in time for payment before the close of the financial year while the necessity for having the accounts certified for payment by officers at outstations precluded their return for submission to the Treasury for payment before the close of the year. The deferment of payment was therefore in most cases not deliberate. Steps have been taken to expedite the payment of accounts generally and also to improve the standard of accounting in the Department by the creation of a post of Chief Accountant.

The British Caribbean Currency Board was unable to implement its decision to subscribe to the British Guiana loan of \$5mn. raised in December, 1959 because of the delay in the passage of the enabling legislation (not passed in all the participating territories until April, 1960). Since the issue closed in December, 1959 and the Board was previously committed to participate, the amount of its intended subscription was financed by advances pending payment effected in June, 1960. Indeed the amount of the Board's subscription was on commitment advanced to this Government by the Crown Agents for Oversea Governments and Administrations. *liability*



Report

Comments by the Minister of Finance

6. The liability for "Deposits for Investment \$37,587,477.47" and the asset "Deposits Invested \$36,647,024.41" are each overstated by \$1,700. It is understood that adjustment was effected in 1960.

The overstatement of "Deposits for Investment" and "Deposits Invested" by \$1,700 was adjusted in 1960.

7. The Director of Audit had not, at the date of his report, seen evidence of reconciliation or analysis of the balances of a number of advance and deposit accounts.

The majority of the accounts referred to were since reconciled. Action to effect reconciliation in the remaining accounts is being pursued.

8. In footnote (iv)(a) to the statement the amount due to the Government of British Guiana in respect of underissues on Colonial Development and Welfare schemes is shown as \$1,335,851.91. This is a provisional figure which is subject to adjustment after examination of the Colonial Development & Welfare statements for the year.

It is agreed that the amount of \$1,335,851.91 is a provisional figure and subject to adjustment after the audit examination of the Colonial Development and Welfare statements for the year.

9. A contingent liability to the British Guiana Rice Development Company amounting to \$293,076 in respect of the deficit on rice cultivation to the 31st August, 1958 is not recorded as a footnote on the statement.

The contingent liability to the British Guiana Rice Development Company of \$293,076 in respect of the deficit on rice cultivation to 31st August, 1958 will be recorded as a footnote on the statement of Assets and Liabilities for 1960.

Authorities for Expenditure.

10. So far as I am aware a Supplementary Appropriation Ordinance covering excesses on heads of expenditure in the Account as rendered has not yet been enacted.

The Supplementary Appropriation (1959) Ordinance 1961 was passed by the Legislative Council on the 14th of June, 1961.

Stores Accounts

11. The balance in the Tabular Summary of Unallocated Stores of the Public Works Department at the 31st December, 1959 is \$895,884.88, which exceeds the authorised standard stock by \$145,884.88. I have not seen the approval of the Secretary of State for this excess.

The excess of the Unallocated Stores of the Public Works Department over the authorised stock limit of \$750,000 is regarded as temporary and it is proposed to seek the Secretary of State's covering approval for the excess of \$145,884.88.

Verification of Assets.

12. The Director of Audit reports a shortage of \$114.50 in the Social Assistance Imprest of the District Commissioner, East Berbice. Four sub-imprest balances totalling \$107.49 were not supported by honour certificates. Certificates relating to cash balances of four District Post Offices totalling \$5,770.31 and a bank certificate of balance in support of the Mackenzie Post Office account have not been seen.

The shortage of \$114.50 has been written off and the accounting procedure changed to improve control of imprests operated by the Department. Honour certificates in respect of three of the four sub-imprests have been submitted to the Director of Audit. The fourth imprest has been cleared. Certificates relating to the cash balances at the four District Post Offices and to the bank balance of the Mackenzie Post Office have also been submitted to the Director of Audit.



Report

Comments by the Minister of Finance

Programme  
of Work.

13. The approved audit programme of work has been completed so far as the main accounts are concerned but according to the latest information available a number of departmental stores and outstation accounts have not yet been examined.

14. The Director of Audit has reported certain weaknesses in the control over expenditure and in the accounting for cash and stores. He has also drawn attention to cases where the checks against fraud and irregularity have not been effectively applied.

Inexperienced supervisory staff and in some instances an inadequacy of subordinate staff accounted for weaknesses in expenditure control and ineffective application of checks against fraud. An Inspection Division has been established at the Treasury. It is hoped that this Division with the Organisation & Methods and Training Divisions will assist in raising the level of accounting and stores control. The services of an expert in Organisation and Methods and another in Training for the Public Service supplied under the United Nations Expanded Programme of Technical Assistance should result generally in improvement of the standard of accounting.

---

(Sgd.) P.H. Jennings,  
Director General of Overseas  
Audit Service.

28th March, 1961.