

INTERNAL AUDIT UNIT



FOLLOW-UP AUDIT REVIEW

Assistance Grant Programme
2006- 2008

March 2011

TABLE ON CONTENTS

INTRODUCTION..... 3

RECOMMENDATION 1: NOT IMPLEMENTED..... 3

RECOMMENDATION 2: NOT IMPLEMENTED..... 3

RECOMMENDATION 3: NOT IMPLEMENTED..... 3

RECOMMENDATION 4: NOT IMPLEMENTED..... 4

RECOMMENDATION 5: NOT IMPLEMENTED..... 4

RECOMMENDATION 6: NOT IMPLEMENTED..... 4

RECOMMENDATION 7: NOT IMPLEMENTED..... 4

RECOMMENDATION 8: NOT IMPLEMENTED..... 4

RECOMMENDATION 9: NOT IMPLEMENTED..... 4

RECOMMENDATION 10: NOT IMPLEMENTED..... 4

FOLLOW UP PROCEDURES..... 4

FOLLOW UP RECOMMENDATION..... 5

CONCLUSION..... 5

APPENDIX I..... 6

APPENDEX II..... 6

MANAGEMENT RESPONSE 10

INTRODUCTION

The Internal Audit Unit has completed a follow-up review of the House of Assembly – Assistance Grants Programme resulting from an audit conducted in March 2009. The objectives of the follow up review were:

1. To determine whether management has taken corrective action or implemented the recommendations.
2. To determine whether the desired results were achieved or if management has assumed the risk of not taking action or implementing the recommendations.

The Internal Audit Report (the Report) of March 2009 highlighted some deficiencies that required corrective actions. These deficiencies relate to the manner in which the programme is administered, the purpose for which funds are being disbursed and the lack of adequate guidelines.

In performing our follow-up engagement, meetings were held separately with the Clerk (the Accounting Officer) and the Deputy Clerk of the House of Assembly and other members of staff. The Clerk noted that attempts were made to address the weaknesses discovered in the current guidelines; however, this was not accomplished due to the lack of cooperation from some members of the Assembly. It is imperative also to note that the Clerk in her Management Response to the Report, stressed on the importance of adopting clearly defined guidelines that would allow for transparency and consistency in administering the Programme with an anticipated completion of ten (10) months after the issuance of the Report (March 2010).

Ten (10) recommendations were provided in the Report, unfortunately none were implemented.

RECOMMENDATION 1: NOT MPLEMENTED

It is recommended that consideration be given to transfer the funding from this subhead to agencies that have already established similar programmes, such as Social Development (Hardship) and the Ministry of Education (Educational assistance), that can give the needed transparency and consistency needed to administer these funds.

RECOMMENDATION 2: NOT IMPLEMENTED

It is recommended that an appropriate budget be prepared for the programme with the view of returning it to its original purpose of providing assistance to finance minor district projects.

RECOMMENDATION 3: NOT IMPLEMENTED

It is recommended that the present guidelines be revised by an independent body to eliminate any inconsistencies which may exist. It is further recommended that such guidelines be formally adopted by Cabinet to better regulate the use of this subhead in the long term.

RECOMMENDATION 4: NOT IMPLEMENTED

It is recommended that limits be put in place as to the amount any individual or any corporate or charitable body may be awarded from this subhead.

RECOMMENDATION 5: NOT IMPLEMENTED

It is recommended that documentation standards and requirements be put in place by the Accounting Officer and that the Accounting Officer refuse authorization of any approved submission by Members that does not meet the established standards.

RECOMMENDATION 6: NOT IMPLEMENTED

It is recommended that the provision for the applicant to produce evidence of use of award be strictly enforced and that no other award is given until the requirement is fulfilled to the Clerk's satisfaction.

RECOMMENDATION 7: NOT IMPLEMENTED

It is recommended that a verification system be put in place to verify the information provided by applicant on the application form.

RECOMMENDATION 8: NOT IMPLEMENTED

It is recommended that the Members be required to provide to the Clerk, the names of persons and companies that would fall under guidance 1 and 2 of the guidelines.

RECOMMENDATION 9: NOT IMPLEMENTED

In cases where awards are made to settle outstanding amounts owed to vendors (bills) or individual, cheques should be made payable to the person(s) or vendor(s) to whom the monies are owed and not to the applicant requesting the assistance.

RECOMMENDATION 10: NOT IMPLEMENTED

All requests for assistance due to financial hardship should be accompanied by documented evidence, such as past due bills, invoices, letter from person or institution owed. Letters from applicant should not be used as the sole basis on which requests are granted.

FOLLOW UP PROCEDURES

As a result of not implementing the recommendations provided in the report and not taking any other corrective action to address the issues identified, follow up procedures were conducted to reassess the risk and impact of not taking action. The results of these procedures are as follows:

1. The review found that there were no changes to the current guidelines, to Assistance Grants usage and to the manner in which the Programme is administered.
 - a. Financial (Hardship), Educational, Medical Assistancess continue to be the main categories of disbursements made from the 'Assistance Grant' subhead. These disbursements are still being made in a manner

inconsistent with the original intent of the subhead which is to finance minor district projects. *Refer to Appendix I for a sample distribution of funds among categories for 2009 and 2010 combined.*

- b. There were numerous instances where assistance was provided to individuals to pay their living expenses and debts, such as house rent, utility bills, mortgage, car loan, court fines and child maintenance. *Refer to Appendix II for a sample of disbursements made for 2009 and 2010.*
- c. Most importantly, there were no changes made to the control environment for which the 'Assistance Grant' Programme is being administered. The Programme still operates from weak controls, minimal enforcement of requirements and inadequate oversight. Such an environment increases the likelihood of impropriety.

FOLLOW UP RECOMMENDATION

1. **It is highly recommended that the recommendations provided in the original report be implemented expeditiously.**
2. It is recommended that the advice of the Attorney General be sought in relation to the perceived conflict that exist where the Accounting Officer may not have authority over the 'Assistance Grants' subhead as outlined in the description in the Budget Estimates.
3. It is recommended that the Clerk (Accounting Officer) become formalize and guided by the following clauses of the Public Finance Management Act 2004 and the Public Finance Management Regulations 2005 as amended:
 - a. Public Finance Management Act 2004: Part III- 'Control and Management of Public Finance' **Section 21 (1), (2)(a) and (2)(b) and 3.**
 - b. Public Finance Management Regulation 2005 as amended: Part II- 'Accounting Officers' **Section (5)(a)-(g); Section (6)(1) and (6)(2); Section (8)(1).** Part III- 'Accounts' **Section 9(1) and (9)(2); Section (10)(1), (10)(2), and (10)(3).** Part IX- 'Payments' **Section 72(1) and 72(2) (a)-(d); Section 73 (a) and (b) ; and Section (74)(a)-(f).**

CONCLUSION

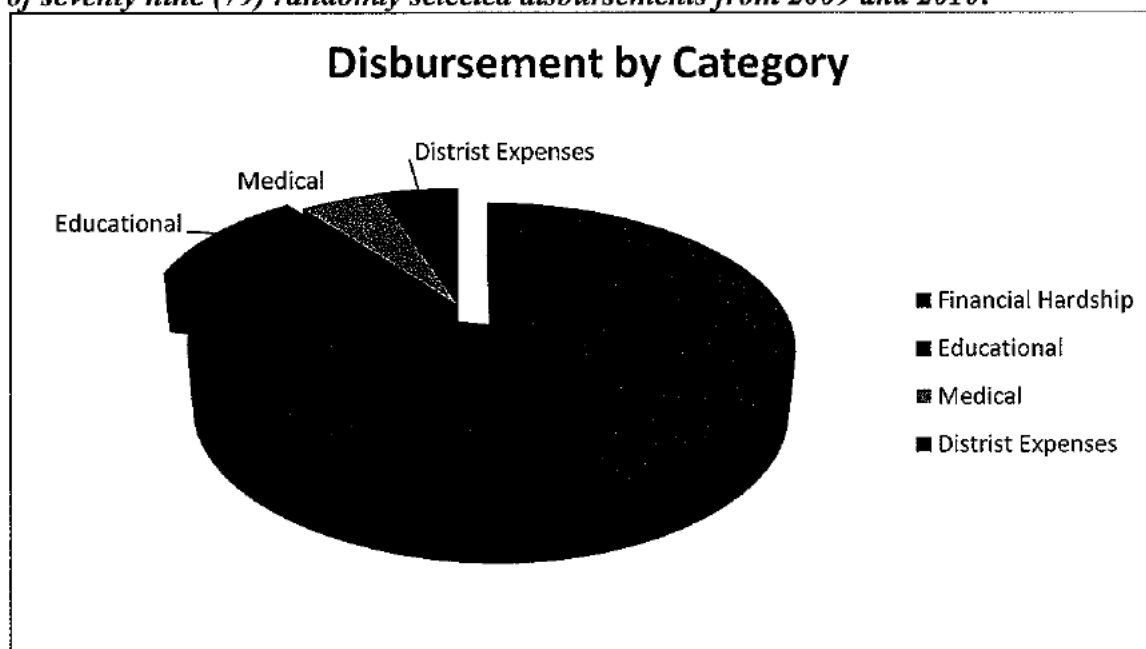
As articulated in the report, the funds disbursed from the Assistance Grants Programme as public funds must maintain the same level of documentary evidence as any other expenditure and must be accounted for in a like manner with the same level of accountability and transparency in compliance with the Public Finance Management laws.

With this in mind and one year after the anticipated date of completion, it must be noted that The 'House of Assembly' has not made significant effort to implement any of the recommendations and has not taken any corrective actions to address the issues raised in the report. Although management has provided some explanations for not implementing the recommendations relating to the Assistance Grants Programme, it is essential that every effort is made to correct the vulnerabilities and the deficiencies identified in the report. Management cannot remain non-responsive and must assume the responsibility for any risk event resulting from the existence of ineffective systems and controls.

The recommendations provided, in our opinion were designed to address the most significant weaknesses in the control environment and when implemented would help in improving the administration of the Programme. The 'House of Assembly' is therefore encouraged to implement the recommendations of the report and the follow-up recommendations where possible.

APPENDIX I

The following chart depicts the distribution of funds among categories from a sample of seventy nine (79) randomly selected disbursements from 2009 and 2010:



APPENDEX II

Sample of disbursements made for 2009 and 2010

Type	Description	Amount Requested	Amount Approved
Financial	Financial assistance due to economic hardship- towards loan repayment	\$4,000.00	\$3,000.00
District Expense	Cleaning and cutting of grass, grooming and cutting trees around [redacted]	\$8,700.00	\$8,700.00

	band stand and play area, cleaning of all planters in the band stand and play area		
Educational	Financial contribution to tuition expenses	Any amount	\$5,000.00
Financial	Financing musical career	\$989.97	\$1,000.00
Financial	Presently own a house and the house needs major repairs. The cistern leaks along with other major problems. The house is not rented because of the repairs needed. As a result the loan is in arrears and the bank is about to foreclose.	Any amount	\$2,000.00
Financial	Financial assistance to financial hardship- To pay court judgment	\$3,000.00	\$2,000.00
Financial	Financial contribution towards the establishment of a small business	\$3,500.00	\$2,500.00
Financial	Financial contribution to Virgin Gorda [REDACTED]	\$5,000.00	\$5000.00
Financial	Mother of [REDACTED] children unemployed. Need assistance to feed, clothe and take care of my kids. ¹	\$800.00	\$800.00
Financial	Donation for [REDACTED] Association	\$500.00	\$500.00
Financial	Financial contribution towards Easter Festival Activities	\$700.00	\$700.00
Financial	I need help with my rent. I have [REDACTED] kids and I'm unemployed. ¹	\$750.00	\$750.00
District Expense	To pay salary for district office which includes travelling and telephone allowances and to clean office.	\$2,880.00	\$2880.00
District Expense	Salary for secretarial work done in the district Office	\$500.00	\$500.00
District Expense	Payment of bills for 60x20 custom framed photo- [REDACTED]	\$3,000.00	\$3000.00
Financial	Assistance with delinquent loan at Banco Popular	\$4,264.00	\$2000.00
Educational	Financial aid to address the outstanding balance on my daughter's tuition at the Seventh Day Adventist High School	\$1,223.50	\$500.00
Financial	I am presently unemployed and seeking work. Any financial assistance would be grateful to allow me to meet my daily expenses	\$1,000.00	\$1000.00
Financial	Financial Support	\$300.00	\$300.00
Financial	I am late in my rent which is 850.00 the balance would be used to buy school clothes for my son 7 years old.	\$1,000.00	\$1000.00

¹ Applicant made multiple requests

² We are uncertain whether this painting is the property of the Government and the current location of the piece.

Financial	Assistance is required to handle arrears at the Bank	Any amount	\$1000.00
Financial	Financial assistance to aid with house plan	\$750.00	\$750.00
Financial	Monthly assistance towards the purchase of groceries and other home supplies up to 200.00	\$200.00	\$200.00
Educational	Contribution for Spring semester	\$5,665.00	\$5665.00
Educational	To help two of her kids to go on an educational trip to [REDACTED]	\$1,500.00	\$1500.00
Educational	Assist with house rent while at [REDACTED]	\$4,600.00	\$4600.00
Financial	Financial assistance towards vacation cruise	\$500.00	\$500.00
Financial	Assist in repairs to home and fencing		\$2000.00
Educational	Assist in paying fall semester fees	\$5,663.00	\$5663.00
Financial	Mortgage loan application – Mortgage down payment	\$9,000.00	\$1000.00
Medical	To cover medical expenses [REDACTED]	\$4,200.00	\$1000.00
Medical	Financial assistance towards medical expenses	Any amount	\$2000.00
Financial	Donation to help with evangelism [REDACTED]	Any amount	\$250.00
Financial	Financial assistance to help with car loan payment	\$4,000.00	\$500.00
Financial	Financial assistance to promote CD launching	\$300.00	\$300.00
Financial	Financial assistance to purchase a laptop	\$1,544.00	\$1,544.00
Financial	Financial assistance to purchase a bed	\$648.00	\$648.00
Financial	Financial assistance due to unemployment	Any amount	\$500.00
Financial	Financial assistance to pay for outstanding day care fees for the past four months	\$600.00	\$500.00
Financial	Financial assistance to purchase a laptop	Any amount	\$731.00
Financial	Financial assistance to help with mortgage and bills	\$1,185.00	\$500.00
Financial	Financial assistance to purchase a laptop	Any amount	\$500.00
Educational	Wages for bus driver and vehicle expenses	\$3,738.21	\$3,738.21
Medical	Medical expenses	\$571.40	\$571.40
Financial	Financial assistance towards water bill	\$300.00	\$300.00
Financial	Contribution to UMI Ultimate Makeover Show	\$4,995.00	\$2,000.00
Financial	Contribution to roof repairs	\$1,000.00	\$1,000.00
Financial	Financial assistance with furthering music career	\$2,500.00	\$2,500.00
Financial	Financial assistance for flood relief for damage done to apartment content	\$2,500.00	\$2,500.00
Financial	Financial assistance towards anticipated travelling expenses	Any amount	\$500.00
Medical	Financial assistance towards medical	Any amount	\$1,500.00

	expenses for her son		
Financial	Financial Assistance to pay her house rent	\$475.00	\$475.00
Financial	Financial Assistance to help with payment of an outstanding loan	\$974.50	\$500.00
Financial	Financial Assistance to purchase a piece of land	Any amount	\$600.00
Financial	Financial Assistance to pay shipping charges for his truck.	\$1,0000.00	\$2,000.00
Financial	Financial Assistance to pay arrears on house rent	\$2,450.00	\$2,000.00
Financial	Financial Assistance to pay for daycare for 2 sons	\$2,000.00	\$2,000.00
Financial	Financial Assistance to defray cost of travel expenses to attend funeral in [REDACTED]	\$1,345.50	\$1,345.50
Financial	Financial Assistance due to financial hardship	\$1,200.00	\$1,200.00
Educational	Financial Assistance to assist with the purchasing of medical books	Any amount	\$500.00
Financial	Financial contribution towards a welcome home party	Any amount	\$300.00
Financial	Financial Assistance to pay house rent	Any amount	\$600.00
Financial	Contribution for water and sewerage function/Christmas party	\$600.00	\$600.00
Financial	Financial assistance for funeral expenses	Any amount	\$1,000.00
Educational	Financial assistance towards educational expenses	Any amount	\$1,000.00
Financial	Financial assistance to fence a plot of land to continue goat farming	\$980.00	\$980.00
Financial	Financial assistance to pay delinquent loan due to financial hardship	\$1,683.04	\$1,683.04
Financial	Financial assistance to pay water bill	\$1,044.99	\$400.00
Financial	Financial assistance to clear goods	Any amount	\$1,000.00
Financial	Financial assistance to purchase a truck	Any amount	\$1,000.00
Financial	Financial assistance to pay child support	Any amount	\$700.00
Financial	Financial assistance to pay house rent	\$550.00	\$550.00
Financial	Financial assistance towards medical assistance for her husband.	Any amount	\$1,000.00
Financial	Financial assistance due to unemployment	Any amount	\$5,00.00
Financial	Financial assistance to construct a wall	Any amount	\$4,000.00
Financial	Financial assistance to recover truck seat	\$350.00	\$350.00
Financial	Financial assistance to pay daughters school fee	\$742.50	\$742.50
Financial	Financial assistance due to unemployment	Any amount	\$500.00
Financial	Financial assistance towards electricity supply to her apartment	\$3,368.80	\$1,000.00

MANAGEMENT RESPONSE

Follow-Up Audit Recommendations

1. It is highly recommended that the recommendations provided in the original report be implemented expeditiously.

Agree/Disagree	
Corrective action planned	
Anticipated completion date	
Name(s) of contact person(s) responsible for corrective action.	

2. It is recommended that the advice of the Attorney General be sought in relation to the perceived conflict that exist where the Accounting Officer may not have authority over the 'Assistance Grants' subhead as outlined in the description in the Budget Estimates.

Agree/Disagree	
Corrective action planned	
Anticipated completion date	
Name(s) of contact person(s) responsible for corrective action.	

3. It is recommended that the Clerk (Accounting Officer) become formalize and guided by the following clauses of the Public Finance Management Act 2004 and the Public Finance Management Regulations 2005 as amended:
 - a. Public Finance Management Act 2004: Part III – 'Control and Management of Public Finance' **Section 21 (1), (2) (a) and (2) (b) and (3).**
 - b. Public Finance Management Regulation 2005 as amended: Part II – 'Accounting Officers' Section (5) (a) – (g); Section (6) (1) and (6) (2); Section (8) (1). Part iii – 'Accounts' Section (9) (1) and (9) (2); Section (10) (1), (10) (2) and (10) (3). Part IX – 'Payments' Section 72 (1) and (72) (2) (a) – (d); Section (73) (a) and (b); and Section (74) (a) – (f).

Agree/Disagree	
Corrective action planned	
Anticipated completion date	
Name(s) of contact person(s) responsible for corrective action.	