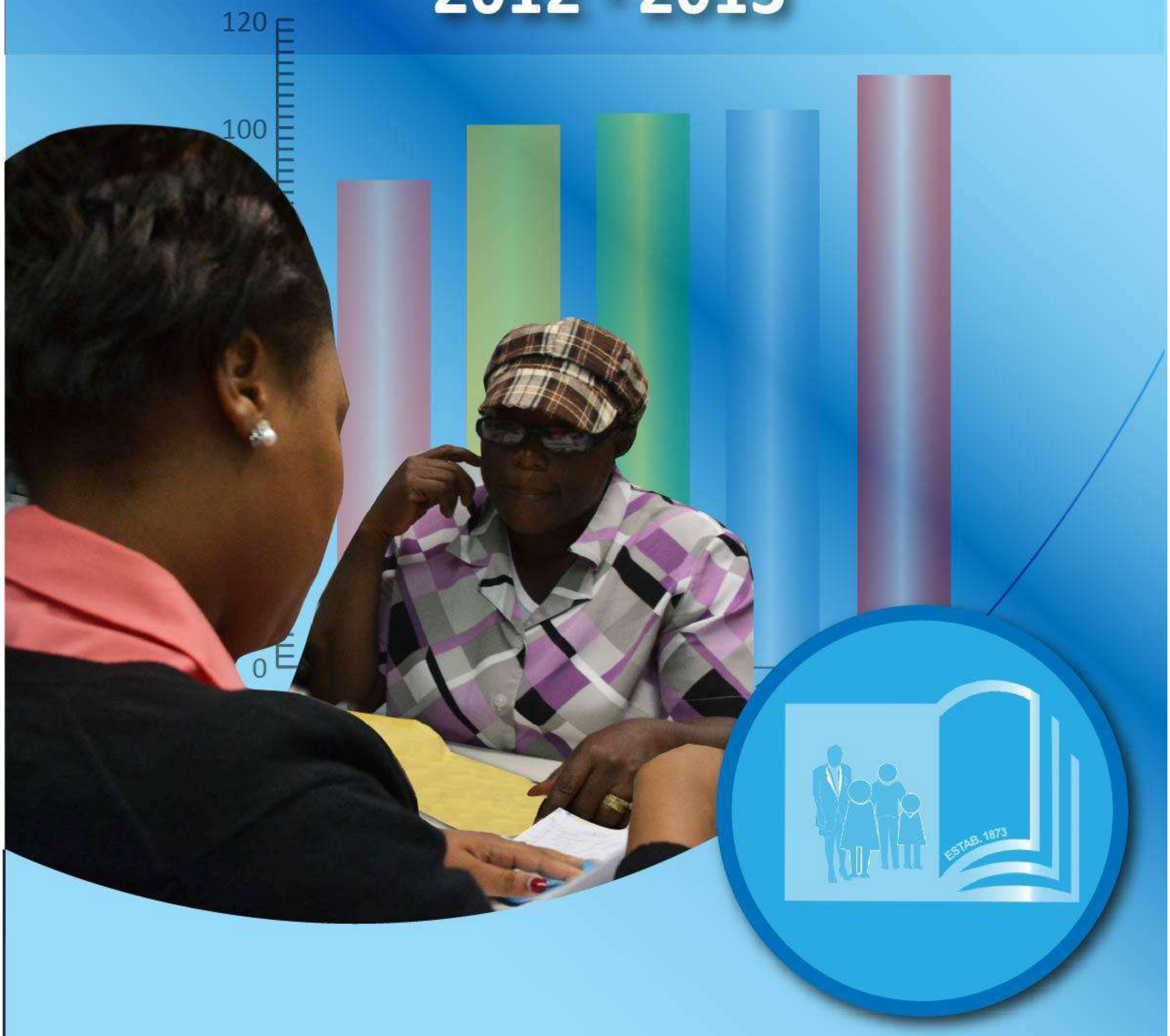
ADMINISTRATOR-GENERAL'S DEPARTMENT

An Executive Agency

ANNUAL REPORT 2012 - 2013



Administrator-General's Department
2012-2013

MISSION STATEMENT

The Administrator-General's Department protects the interests of minors, beneficiaries and creditors of the estates that the law requires the Administrator-General to administer.

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TABLE OF CONTENTS

LETTER TO THE MINISTER

January 30, 2014

Hon. Senator Mark Golding
Minister of Justice
Ministry of Justice
2 Oxford Road, Mutual Life Building
North Tower
Kingston 5

Dear Minister:

In accordance with the requirements contained in section 15 (3) of the Executive Agencies Act and section 13.1 of the Financial Instructions to Executive Agencies, I hereby present the Annual Report of the Administrator-General's Department for the Financial Year 2012/2013. The Report contains a copy of the Agency's audited Financial Statements for the said financial year.

Yours sincerely,

Lona M. Brown (Mrs.)
Administrator-General & Chief Executive Officer

PROPOSED MAJOR CHANGES TO THE ADMINISTRATOR-GENERAL'S ACT

The Administrator-General's Department (AGD) is looking forward to significant amendments to the Administrator-General's Act (A-G's Act) which will give additional authority to the Administrator-General (A-G) in specific instances and allow the Department to close a large number of multi-generational estates and speed up the distribution of assets to beneficiaries.

The amendments are part of a broader reform agenda that will see changes to other pieces of legislation inclusive of the Wills Act, the Probate and Re-Sealing Act and the Probate of Deeds Act. Cabinet has already approved the proposed amendments and a draft Bill is being prepared by the Chief Parliamentary Counsel.

The Amendments to the A-G's Act being contemplated

There are two significant proposed amendments:

The first change will allow the A-G to close its multi-generational cases which are estates where the A-G has been appointed as administrator (primary estates). However, due to the death of one or more of the beneficiaries prior to distribution of assets, administration cannot be completed because the law requires personal representatives to be appointed in the estates of the deceased beneficiaries (secondary estates). Administration and consequent closure of the primary estates is therefore delayed.

This amendment will allow the A-G to administer the secondary estates by way of a Certificate of Vesting which will enable the distribution of assets to beneficiaries and closure of the primary estates.

The second major proposed amendment to the Act will create an exception to the duty of the A-G to apply to the Court for Letters of Administration in those instances where the A-G is already bound by statute to be the Administrator, for example, when someone dies intestate leaving a minor beneficiary.

Who benefits from these amendments?

Everyone benefits.

In respect of the first change proposed the beneficiaries in the multi-generational estates will be able to receive their entitlements.

Completing the administration of these multi-generational estates will allow the AGD to concentrate on current cases which will lead to greater efficiency.

The country benefits as well too as the actions of beneficiaries whether to access loans or expand businesses or just their ability to manage their day to day affairs will be enhanced.

This amendment will see the closure of some 3,000 multi-generational 'backlog estates' by permitting the A-G to distribute the assets of such estates having complied with the procedural provisions in the Act. As the vast majority of these estates contain realty the distribution will redound not only to the beneficiaries but to national development as well.

The second major proposed change will speed up the process of administration in new estates which will result in the timely distribution of assets to beneficiaries.

The anticipation is high in the Department and we look forward to making a significant leap forward in closing more cases each year, especially those that are in backlog.

CHIEF EXECUTIVE OFFICER'S OVERVIEW

The 2012/2013 financial year was another successful period for the Agency. The ability to consistently meet and surpass performance targets in the core areas of our operations is driven by our mandate to protect the interests of beneficiaries.

Since becoming an Executive Agency in 1999, the Administrator-General's Department has introduced changes in order to achieve this outcome and maintain a high standard. Among the significant changes that have been introduced over the years are:

The Administrator-General's Department has introduced changes to move the organization forward

1. The 1999 amendments to the Administrator-General's Act which extended the power of the Administrator-General to act in certain instances on behalf of beneficiaries before a gr ant of Letters of Administration;

2. The introduction of the Common Fund in 2001 where estate funds are pooled resulting in a higher rate of return on investment (ROI) for small as well as large estates;

3. The strengthening of the public information/education thrust through island-wide sessions and seminars both to the public and private sectors, legal fairs and the establishment of the Agency's website;

4. Continuously improving business processes; and

5. The establishment of the Backlog Section in 2009 to focus on closing older files with multi-generational issues and other complexities.

Important Achievements Since 1999

The above changes, coupled with the commitment and dedication of our staff, have contributed to the following achievements since 1999:

1. Eight Thousand Five Hundred and Ninety Five (8,595) cases closed;
2. Two Thousand One hundred and Ninety One (2,191) Letters of Administration granted by the courts;
3. Average annual customer service rating of 92.5%; and,
4. Nine Hundred and Seventy-Six Million Dollars ($976M) in revenue earned.

Another Commendable Year

This year, we achieved the highest earnings in revenue which stood at $110.63M. The number of cases closed at 709 trailed only the years 2004/05 to 2006/07. This performance is especially noteworthy given the challenges we continued to face with closing many cases in antiquity.

We continued to demonstrate our steadfast commitment to quality service and that assurance has not gone unnoticed by the beneficiaries and clients. As we have done for eleven of thirteen years between 1999/00-2012/13, we once again broke the 90% barrier in customer satisfaction rating for the year under review.

Looking Ahead

The three-year plan for the period 2013/2014 to 2015/2016 will see us implementing new strategies to protect the interest of beneficiaries. This will include continuing to institute legal action against tenants who are in rental arrears and distributing assets in backlog estates.

We look forward to the amendments to the Administrator-General's Act being finalized which will set the foundation for the speedier closure of files with multi-generational issues. Additionally, the Agency will move ahead with plans to procure an estate management software that can accommodate the various business processes.

Thank you

I wish to thank the Hon. Minister, Senator Mark Golding for his leadership and guidance. I also extend my profound appreciation to the Permanent Secretary, Mrs. Carol Palmer for her continued support throughout the year.

Lona M. Brown (Mrs.)
Administrator-General & CEO

THROUGH THE EYES OF OUR CUSTOMERS

Ms. Donnis Ross

Honestly, I was surprised with the quality of the service. I just never expected this. The service was fabulous, the staff was understanding and very knowledgeable.

Mrs. Carmen Sundall-Dennis

I came here from Little London, Westmoreland and I am satisfied with the service. I did not have to wait long.

Mrs. Harlett Blake

Oh it was a good experience. I found the staff to be knowledgeable.

Ms. Natasha McCalla

Well I am from Clarendon and this is my first time coming to this office. I found the officer to be very knowledgeable. I will have to return with some documents but the officer who dealt with me was good in advising me what I needed to get done.

HIGHLIGHTS OF PERFORMANCE

STRATEGIC OBJECTIVE ONE:

Identify and collect the assets falling to each estate and provide timely satisfaction of debt, as well as the distribution of assets to beneficiaries.

KPI 1: Average time for Letters of Administration application from date of receipt of Form of Particulars.

The objective of this indicator is to speedily complete the investigations relating to the status of a deceased person and make the application to the court for a Grant of LA.

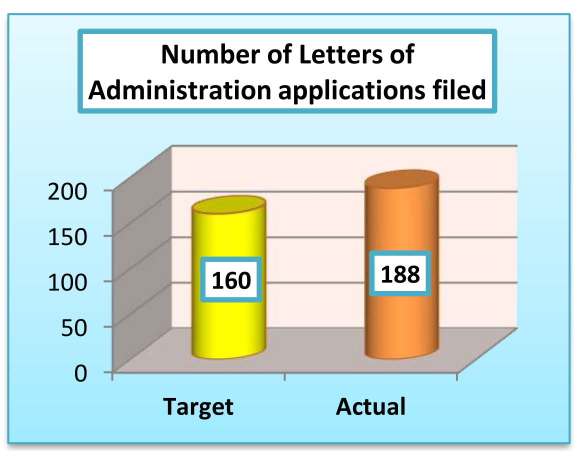
For 2012/2013, investigations were completed within an average of 12.5 weeks after the matter was reported to the Agency. This represents a positive variance of 30.55% against a target of 18 weeks.

The timely completion of the investigative process however is highly dependent on the cooperation of relatives of the deceased and external organisations inclusive of government entities, financial institutions and employers. This has prevented some of the reported cases from being referred within the targeted timeframe.

KPI 2: Number of Letters of Administration applications filed.

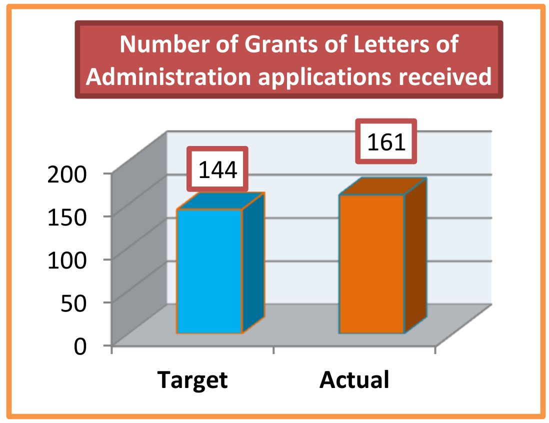
Within the year, a total of 188 applications for Grants of LAs were filed in the courts.

This represents 17.5% above the target of 160.



KPI 3: Number of Grants of Letters of Administration received.

The legal authority which enables the Administrator-General to administer estates is a Grant of Letters of Administration.



The Agency received 161 Grants of LAs from the Court during the year against a target of 144 reflecting a positive variance of 11.8%.

Additionally, it is expected that the increase in the jurisdiction of the Resident Magistrate's Court will allow for a greater number of applications for Grants of LAs.

Further the fees are lower in this court and this would benefit estates with insufficient funds.

KPI 4: Average time taken per estate for all assets to be collected from date of receipt of Letters of Administration.

Cash: The Agency collected cash assets within an average of 7.56 weeks, surpassing the annual target of 12 weeks by 37%.

The collection of cash assets allows the AG to pay estate liabilities and invest funds for the benefit of beneficiaries.

More importantly, advances may be made to guardians to assist with the care and maintenance of minors. The final disbursement of a beneficiary's entitlement is made when a minor attains the age of majority that is, 18 years.

Realty: The average time taken to take formal possession of properties belonging to estates was 1.74 weeks, against a target of 2.5 weeks. This is a positive variance of 44.8%.

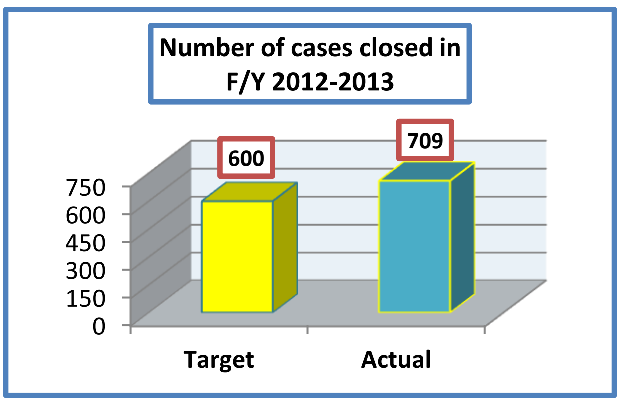
Early possession of properties is critical for the protection and preservation of beneficiaries' interest.

KPI 5: Number of cases closed

A total of 709 cases were closed during the year against an annual target of 600, this is a positive variance of 18.16%.

Many of the cases that are in backlog were reviewed and decisions taken regarding suggested approaches to move the cases forward. This exercise was undertaken by the Backlog Section. Of the 709 cases closed for the year, the Backlog Section contributed to the closure of 368 and projections have been made to continuously increase these numbers in the upcoming financial years.

Currently there are proposals which will effect amendments to the Administrator-General's Act and the laws of Succession in general. These amendments will serve to enhance the efficiency of the administration process and the closure of estate cases which have multi-generational issues.



KPI 6: Index of customer satisfaction on service rendered

The Agency exceeded its standard of providing excellent customer service delivery. Client satisfaction is integral to the AGD's performance as we strive to make Jamaica the *"place of choice to live, work, raise families and do business"*.

In so doing, the index of customer satisfaction rating for the year was 93.64%, against a target of 85%, a positive variance of 10.16%.

KPI 7: Number of estate accounts completed

Against a target of 1000 the Agency completed 1,224 accounts, a positive variance of 22.40%.

Currently, the posting of transactions and the preparation of statement of accounts is a manual process. The AGD however, continues to update accounts for both current and backlog cases and have been working on an in-house project to bring backlog estate accounts up to date. The Agency looks forward within the next two financial years to the implementation of an estate management software which will allow for full automation of the accounting process resulting in all accounts being current.

STRATEGIC OBJECTIVE TWO:

Optimize the net worth of each estate within the law to maximize the value that will accrue to the creditors and beneficiaries of an estate.

The property portfolio has some 3,000 parcels of land of which over 1,500 parcels have buildings thereon (improved properties). The remainder include either service lots or farm lands (unimproved properties). The majority of the improved properties are either occupied by beneficiaries or are tenanted.

The property portfolio value is currently approximately $4B including values as high as $75M and sizes as large as 700 acres.

KPI 8: Percentage of collectible estate property rent collected

In administering estates the Department rents vacant habitable properties to tenants. During the period, rent billing amounted to $48M while collection was $44M. The performance against target however was 63.78% of the collectible rental against a target of 70%. The negative variance of 8.89% is attributable to the rental arrears of $18M which was carried forward.

Of note is the fact that the arrears is of a historical nature meaning that it represents an accumulation of uncollectible rent from one year to the next over the years. As mentioned above we are able to collect over 90% of rent annually. However, there are factors which will always prevent a

100% collection such as the volatile nature of an area, inability to arbitrarily write off rent arrears, difficulty in recovering rent despite an order from the Court and collecting arrears of rent from occupants who are beneficiaries of the estate or relatives of the deceased.

The Agency will continue to actively pursue legal action in order to recover the outstanding rent.

The impending amendments to the Administrator-General's Act will assist in reducing the number of rented properties within the portfolio as it will allow the Agency to expeditiously transfer properties to beneficiaries or dispose of them by sale.

KPI 9: Percentage of improved properties maintained (Actual maintenance carried out based on availability of funds and requirements)

During the financial year, based on the availability of funds, and where required, maintenance was effected on improved properties belonging to estates. Maintenance activities included general repairs and upkeep, payment of property taxes, and insuring the properties that were deemed insurable.

The Agency had an annual target of maintaining 100% of the 1,500 improved properties. During the period all requests for maintenance of both improved and unimproved properties were honoured, subject to the availability of funds in the respective estates.

The Agency however has been facing some challenges in this regard due to the volume which far exceeds the Agency's human-resource capital thereby affecting efforts to maintain 100% of the properties.

The Agency's Backlog Project has been making strides towards disposing of some of the properties within the portfolio; this, in addition to proposals towards developing legislation, will also assist in this regard.

PROPERTY INSURANCE

During the financial year, assets which formed a part of the estates under administration were secured. To this end, the AGD sought to insure all estate properties that are deemed insurable by industry standards. Funds for effecting insurance were either obtained from estate assets, where available, or requests were made of the beneficiaries of the estates to advance the requisite funds. In some instances, efforts were hampered as obtaining funds from the beneficiaries has been challenging as some of the beneficiaries have not been forthcoming.

KPI 10: Average percentage return on estate funds invested

The Agency continued to invest estate funds in accordance with the Administrator-General's Act while ensuring that the assets are being maximized and that adequate liquidity is maintained to meet financial obligations.

The average rate of return for the year was 9.49% or 19% above the targeted upper range.

At the end of the financial year, the estate investment portfolio stood at $1.98B, an increase of approximately $110.37M or 6% over the previous year. This amount remains after expending $1.14B in payments to beneficiaries and estate expenses over the financial years 2010/2011 to 2012/2013.

The table below shows the investment instruments for 2011/2012 and 2012/2013.

Investment Instruments between 2012/13 & 2011/12		
Instruments	**2012/2013**	**2011/2012**
Short-Term	4.86%	26.27%
Medium-Term	16.04%	50.51%
Long-Term	79.09%	23.21%

The change in the mix of the maturity of the instruments in the portfolio was as a result of the Agency's 100% participation in the National Debt Exchange.

STRATEGIC OBJECTIVE THREE:

Review the effectiveness of legislation and make recommendations for change to provide a better framework for achieving objectives and assure high quality policy options.

KPI 11: Follow up on proposed amendments submitted to the Ministry of Justice and present report to Chief Executive Board.

During the year, the Administrator-General and the Deputy Administrator-General met with the Honourable Minister of Justice, the President of the Jamaican Bar Association and a representative committee, to discuss proposed amendments as well as the streamlining of processes in relation to the Laws of Succession. Amendments which were previously proposed by the Agency were also incorporated in the discussions.

Arising out of the review process, was a proposal towards the implementation of special legislation which will assist in bringing closure to a number of estate cases which have remained in backlog owing to multi-generational issues. The proposed amendments were submitted to Cabinet and received approval.

STRATEGIC OBJECTIVE FOUR:

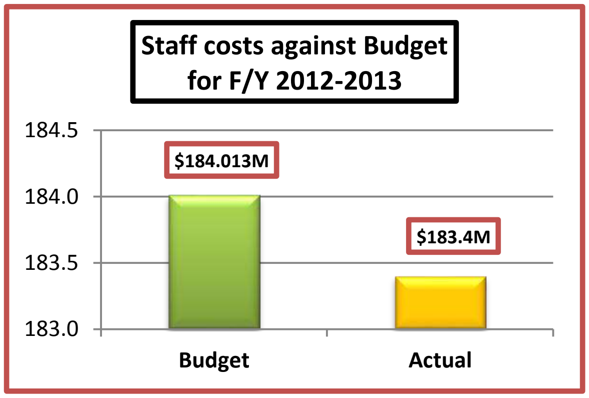
Provide strategic planning and direction and ensure the cost-effectiveness of the Agency's operations through prudent financial management.

The Agency is classified as a Model B organization under the Financial Instructions to Executive Agencies (FIEA), and is funded in part on a net basis through appropriations-in-aid.

KPI 13: Staff costs managed within budget

Staff costs include emoluments, employer's pension contributions, group life insurance, and statutory deductions. For the financial year, the Agency contained its staff cost within budget.

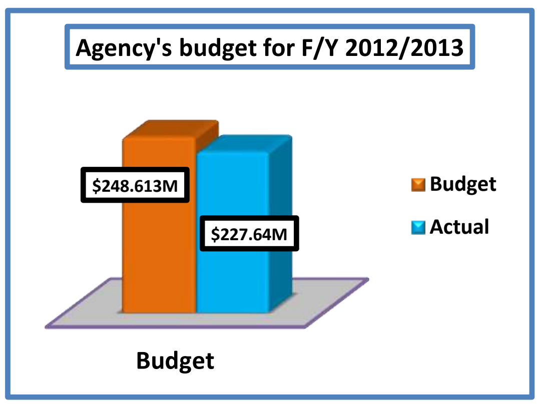
A total of $183.40M was expended in relation to staff costs vis-à-vis a budget of $184.013M, a positive variance of 0.3%.



KPI 14: Agency's budget managed effectively

For the financial year, a total of $227.64M was expended against a budgeted amount of $248.623M, resulting in savings of 8.40%.

The planned expenditure on capital equipment was underutilised due to difficulties in identifying a suitable developer for the Trust and Estate Management System. Subsequently, a review of the procurement method was carried out during the 4th quarter in order to improve our chances of securing the required services early in the 2013/2014 financial year.



This process was a major contributor to the Agency's expenditure figure for the quarter and by extension the financial year.

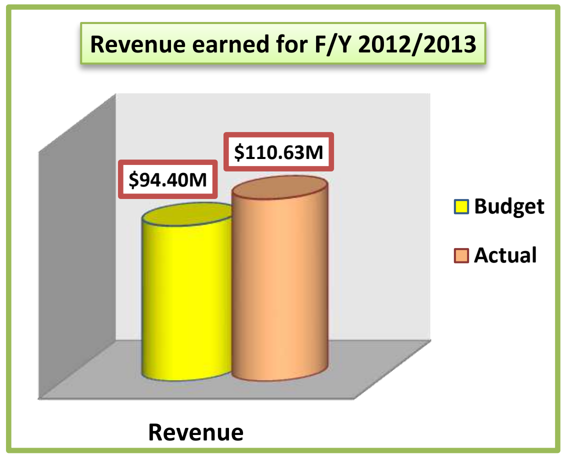
KPI 15: Revenue earned

Revenue earned for the year was $110.63M vis-à-vis a budget of $94.40M, a positive variance of 17.20%.

More than 50% of the total revenue earned for the year was derived mainly from the inflow of investment-related income. At the start of the financial year, there was some anticipation that interest rates would have been reduced thereby resulting in a reduction of the income.

However, the Common Fund performed better than expected and a higher interest rate of return and an increase in the portfolio size was realised. This translated into better returns than previously projected.

Other revenue items include Legal Fees and Commission.



KPI 16: Business Plan to be submitted to the Ministry of Justice

In keeping with its planning process, the Agency met its target and submitted its Strategic Business Plan to the Ministry of Justice through the Permanent Secretary on January 13, 2013, against the targeted deadline of January 15, 2013.

STRATEGIC OBJECTIVE FIVE:

Further develop the electronic environment and integrate critical business processes to ensure improved efficiency, productivity and security of information.

KPI 17: Procure services of estate management software developer

Since the implementation of the Trust Administration software that the Agency now uses, there have been many new developments including technological advancements and changes in the Agency's business processes and activities. As such, the features and functionality of the Trust Administration software only facilitates approximately 30% of the business processes required to address the administration of estates.

To this end, in the 2010-2011 financial year, the Agency embarked on a procurement process to acquire the services of a software developer for a Trust and Estate Management System (TEMS) which will replace the current software. This process was carried over to the 2011-2012 financial year.

The new system is expected to computerise the processes carried out by the Agency and manage its entire estate administration operations including areas such as property management, legal services and the financial and accounting processes. TEMS will thereby facilitate the automation of the Agency's business processes which will result in increased output and greater efficiency within the Agency. Customers will be able to benefit tremendously and the Agency will be in a better position to provide a more time-efficient service.

Despite several efforts, the Agency was unable to identify a suitable software developer over the last two years and as such the procurement process was deferred to this year.

In an effort to increase the likelihood of success, the Agency adopted a new approach and as part of the procurement process, carried out a pre-qualification exercise which allowed for the screening of potential bidders. Preliminary discussions were held with 6 service providers. The aim was to ensure that only those who had the requisite experience, technical and financial resources, would bid for the contract to provide TEMS.

Of the 6 service providers, only 5 showed an interest in providing the Agency with a software solution. In consultation, and also based on the service providers' presentation of their proposed solutions, 4 of the service providers were identified as being capable of implementing the TEMS solution. Subsequently, the Agency issued to this group, a Request for Proposal (RFP) in relation to the development of the software.

The proposals from the respective service providers are expected in the upcoming financial year; the closing date set for the submissions is June 4, 2013.

KPI 18: Review Management Information Systems (MIS) hardware infrastructure and submit recommendations

The Agency consistently reviews its hardware needs in an effort to improve its electronic infrastructure. A report on the hardware needs was prepared and submitted on October 12, 2012.

The network switches were upgraded by replacing old switches with three new Cisco 2900 switches. There were also significant improvements in the cable management for the physical switches where cables were properly structured, labelled, bad ports and cable replaced and several new ports added to the network. Our Local Area Network (LAN) is running according to expectations and adequately facilitates effective communication.

KPI 19: Maintain security of Agency information

In order to facilitate business continuity and provide ease of access to information, all databases are backed-up daily utilizing an online off-site medium. Additionally, the Agency continues its daily back up which is further recorded on a tape drive and secured locally in a vault once per month at an offsite location.

The Agency upgraded the McAfee End Point Software and the SonicWALL™ firmware which provide adequate security for the Agency's Information and Communication Technology infrastructure.

STRATEGIC OBJECTIVE SIX:

Provide a highly functional work environment where staff members are motivated, competent and properly equipped to perform at the highest level.

During the period the Agency continued its focus on staff development and maintaining and securing its existing fixed assets.

KPI 20: Percentage of staff who meets or exceeds competency level

The Agency continued to ensure that staff members received training in order to maintain job competencies and improve efficiency.

Developmental sessions focused primarily on topics geared towards improving staff capacity. The areas covered included property management, law, finance, information systems, administration and human resource development.

In addition to in-house sessions staff members participated in several external training courses.

Courses attended included Methodology of Identifying Parcels of Land, Adverse Possession of Realty, Letters of Administration & The Legal Perspective, IBM: Rational, Oracle: Web Centre, Report Writing Skills, Stress Management and Corporate Governance - Reducing Opportunities for Corruption.

By the end of the financial year, 78% of the members of staff had benefited from at least 3 hours of training. Total training hours amounted to 711.8 hours, with many training sessions being conducted by the experienced and qualified professionals within the Agency, resulting in additional savings.

At the end of the period, the staff competency level was recorded at 100% against an annual target of 96%. This reflected a positive variance of 4%.

KPI 21: Index of Staff Satisfaction.

The staff satisfaction survey was completed in the 4th quarter of the financial year, resulting in the AGD receiving an overall score of 47.4%. Staff members rated the Agency highest on Purpose & Direction and Management of Performance and lowest on Compensation and Communication.
The target was 65 ± 2%

KPI 22: Maintain office environment

Several initiatives were taken to improve and maintain a proper office environment. In an effort to minimize dust and allergens which occur from the natural deterioration of paper, daily cleaning occurred as scheduled, along with a targeted cleaning during the 4th quarter. Air purifiers were also acquired in order to improve the air quality in various offices.

KPI 23: Fixed assets managed and maintained

The management and maintenance of the fixed assets were carried out as scheduled, with the aim of maximizing the value to the Agency. Approximately $2.238M was expended on preventative maintenance and repairs to the Agency's motor vehicles and office equipment. In accordance with the renewal dates, all fixed assets were insured on May 1, 2012 for a period of one year.

The Agency continued its concerted efforts to effect cost savings through the prudent management of resources. Savings were made through electricity conservation initiatives and reduced petrol usage, while also diligently managing stationery costs.

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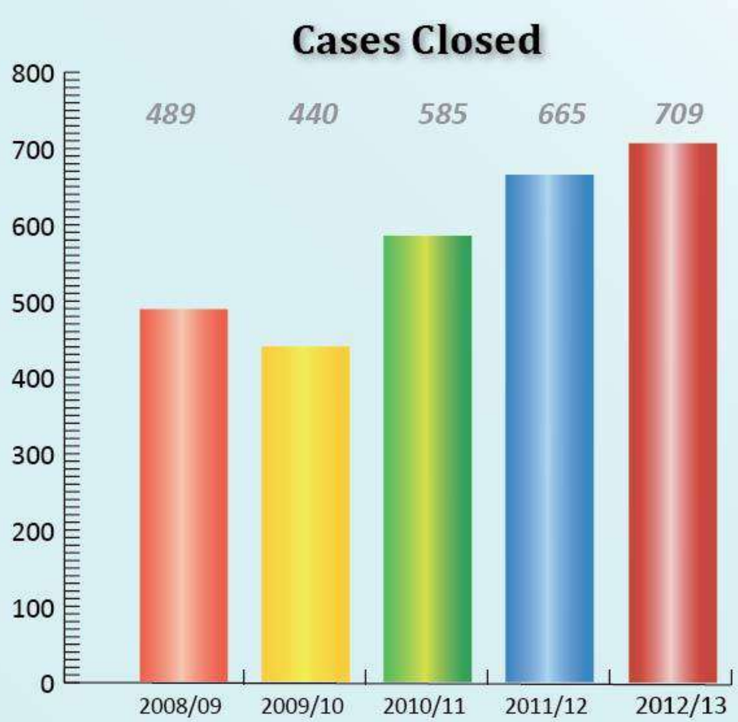
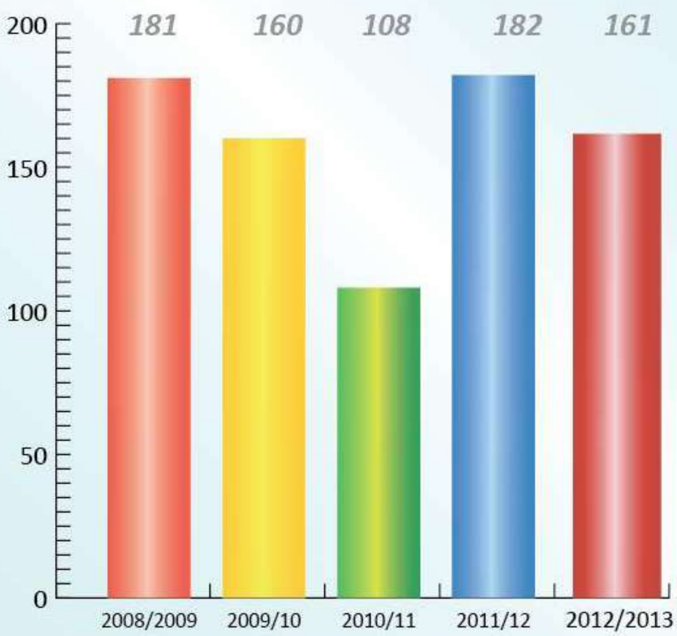
An Agency That Keeps Moving Forward

We have surpassed our customer service target of 85% since 1999.



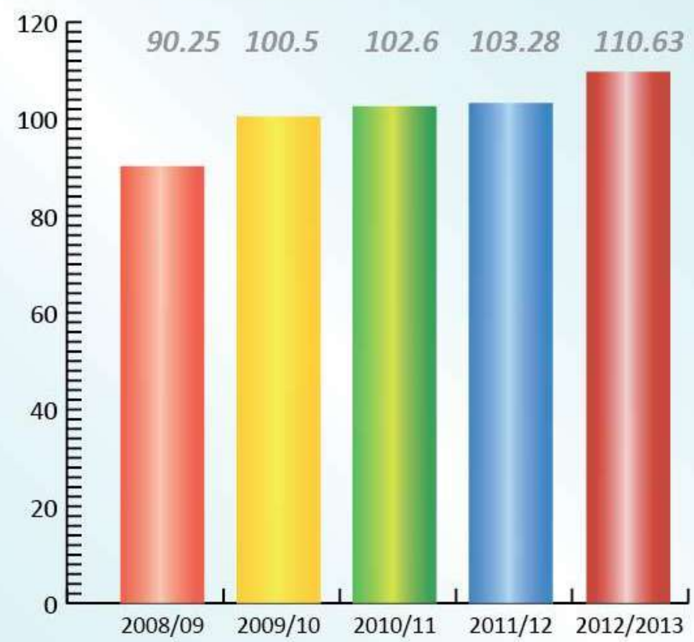
We have moved from closing 30 cases per year prior to 1999.

Letters of Administration Granted



We worked consistently with the Courts to achieve this target each year.

Revenue Earned $M



Return on Investment %

We have consistently returned rates above benchmark market rates.

EMPLOYEE OF THE YEAR

ROMANE BECKFORD

Romane Beckford joined the Administrator-General's Department in May 2006 beginning his public service career as a Clerk in the Ledger Room of the Trust Accounting Section. After two years in that position, he was later transferred to the Cashier's Desk where he has excelled since acquiring the new post.

Romane is an exemplary employee who has adopted a no-nonsense approach to his work. He is passionate about the service he provides to his clients and always exhibits a professional attitude. His work ethic is excellent and the considerate attention given to each of his clients, both external and internal, is more than worthy of emulation. He will go the extra mile to ensure that his clients receive the most efficient service the Agency has to offer.

Romane is a graduate of the Kingston Technical High School as well as St. Georges College. He recently completed a Bachelor's Degree in Marketing, minoring in International Business, at the University of Technology.

His interests include foreign languages, track & field, volleyball and the arts including drama and singing. Consistent with his love for singing, Romane is a proud member of the renowned AGD Chorale. He has a very good rapport with his colleagues; he is polite, friendly and courteous to all.

The Agency appreciates the service provided by Romane and salutes him on this stellar achievement on being selected as the Employee of the Year for 2012-2013.

Congratulations Romane!

APPENDIX

ADMINISTRATOR GENERAL'S DEPARTMENT

FINANCIAL STATEMENTS

MARCH 31, 2013

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Administrator General's Departemnt

Table of Contents

AUDITOR GENERAL'S DEPARTMENT
8 WATERLOO ROAD
P.O. BOX 455
KINGSTON 10
JAMAICA

ANY REPLY OR SUBSEQUENT REFERENCE
TO THIS COMMUNICATION SHOULD BE
ADDRESSED TO THE AUDITOR GENERAL
AND NOT TO ANY OFFICER BY NAME
AND THE FOLLOWING REFERENCE
QUOTED:-

Tel. No.: 926-8309/926-5963/926-5846
Fax Number: 968-4690
Email: audgen@auditorgeneral.gov.jm

INDEPENDENT AUDITOR'S REPORT

To the Chief Executive Officer
ADMINSTRATOR GENERAL'S DEPARTMENT

Report on the Financial Statements

I have audited the accompanying Financial Statements of the Administrator General's Department, set out on pages 1 to 13, which comprise the Statement of Financial Position as at March 31, 2013, Statement of financial income and expenditure, Statement of Changes in Equity and Statement of Cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with International Public Sector Accounting Standards (IPSAS). This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on these Financial Statements based on my audit. I conducted my audit in accordance with the auditing standards issued by the International Organization of Supreme Audit Institutions (INTOSAI). Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion the Financial Statements give a true and fair view of the financial position of the Administrator General's Department as at March 31, 2013, and of its statement of income and expenditure, and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS).

Report on Additional Requirements of the Executive Agencies Act

I have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit. In my opinion, proper accounting records have been maintained and the Financial Statements are in agreement therewith and give the information required in the manner so required.

Pamela Monroe Ellis (Mrs.)
Auditor General

2013/12/17
Date

ADMINISTRATOR-GENERAL'S DEPARTMENT
Notes to the Financial Statements
Year ended March 31, 2013

	Note	2013 $	2012 $
Non-current assets			
Property, plant and equipment	3	10,527,288	7,942,175
		10,527,288	**7,942,175**
Current assets			
Trade and other receivables	4	22,674,972	18,940,395
Prepayments		1,976,431	1,786,929
Cash and cash equivalents	5	69,220,621	65,538,179
		93,872,024	86,265,503
Current liabilities			
Payables and accruals	6	7,970,262	8,261,238
Employee benefits	7a	30,631,182	27,487,711
		38,601,443	35,748,949
Net current assets		**55,270,580**	**50,516,554**
Total assets		**65,797,868**	**58,458,729**
Non-current liabilities			
Employee benefits	7b	8,679,263	11,733,748
Equity			
Capital (GOJ Investment)	8	1,855,200	1,855,200
General reserve		55,263,406	44,869,781
Total equity and reserve		**57,118,606**	**46,724,981**

Approved for issue on behalf of the Administrator General's Department on November 25, 2013 and signed on its behalf by

Mr. Patrick Wright
Executive Finance and Asset Management

Mrs. Lona Brown
Chief Executive Officer/Administrator General

The accompanying notes on pages 5-13 form an integral part of the financial statements

ADMINISTRATOR-GENERAL'S DEPARTMENT
Notes to the Financial Statements
Year ended March 31, 2013

	Note	2013 $	2012 $
INCOME			
Investment fees		57,851,953	55,063,660
6% Commissions		30,324,083	27,360,067
Property management fees		627,786	553,004
Administration fees		1,742,069	2,029,975
Legal fees		25,020,546	34,790,949
Business asset management fees		297,498	-
Total income		**115,863,936**	**119,797,656**
EXPENDITURE			
Staff costs	9	181,468,422	183,230,491
Travel expense and subsistence		1,879,146	1,062,661
Goods and services		14,624,898	17,348,444
Premises related services		17,096,746	15,572,231
Public utilities		6,359,699	6,366,100
Depreciation		2,929,428	5,506,981
Other cost		2,416,782	11,256,514
Total operating expenses		**226,775,121**	**240,343,422**
Operating deficit		**(110,911,185)**	**(120,545,766**
Profit on disposal of fixed assets		552,452	-
Funding from Revolving Fund and Transport A/C		4,099,488	3,569,792
Management fees		(591,386)	(552,522
Interest income		3,331,256	4,216,352
Other income		-	-
Donated asset amortization		-	-
Net deficit before GOJ Financing		**(103,519,375)**	**(113,312,143**
GOJ financing from Consolidated Fund		113,913,000	92,957,082
Net (deficit)/surplus after GOJ financing		**10,393,625**	**(20,355,061**
50% Net surplus to Consolidated Fund		-	-
Net (deficit)/surplus		**10,393,625**	**(20,355,061**

ADMINISTRATOR-GENERAL'S DEPARTMENT
Notes to the Financial Statements
Year ended March 31, 2013

	Capital (GOJ Investment)	General Reserve	Total
	$	$	$
Balance as at March 31, 2011	1,855,200	65,224,842	67,080,042
			-
Net surplus for the year	-	(20,355,061)	(20,355,061)
			-
Balance as at March 31, 2012	**1,855,200**	**44,869,781**	**46,724,981**
Net deficit for the year	-	10,393,625	10,393,625
Balance as at March 31, 2013	**1,855,200**	**55,263,406**	**57,118,606**

ADMINISTRATOR-GENERAL'S DEPARTMENT
Notes to the Financial Statements
Year ended March 31, 2013

	2013	2012
	$	$
Cash flows from operating activities:		
Deficit for the year before GOJ financing	(103,519,375)	(113,312,143)
Recurrent financing from Consolidated Fund	113,913,000	92,957,082
(Deficit)/Surplus for the year after GOJ financing	10,393,625	(20,355,061)
50% net surplus to Consolidated Fund	-	-
Net (deficit)/surplus	**10,393,625**	**(20,355,061)**
Adjustments:		
Depreciation	2,929,428	5,506,981
Profit on sale of fixed assets		-
(Increase)/decrease in receivables	(3,917,747)	(5,768,460)
Increase/(decrease) in current liabilities	2,852,494	8,566,860
Increase/(decrease) in non-current liabilities	(3,054,485)	3,216,251
Transfer from Donated Assets Reserve	-	-
Net cash used in operating activities	**9,203,315**	**(8,833,429)**
Cash flows from investing activities:		
Capital expenditure	(5,520,873)	(2,259,529)
Proceeds from sale of fixed assets	-	-
Net cash used in investing activities	**(5,520,873)**	**(2,259,529)**
Cash flows from financing activities		
	-	-
Net cash flows from financing activities	-	-
		-
Decrease in cash and cash equivalents	3,682,443	(11,092,959)
Cash and cash equivalents at beginning of year	65,538,178	76,631,137
Cash and cash equivalents at end of year	**69,220,621**	**65,538,178**

ADMINISTRATOR-GENERAL'S DEPARTMENT
Notes to the Financial Statements
Year ended March 31, 2013

1. Identification

The main activities of the Administrator-General's Department are to advise and assist the relatives, beneficiaries or representatives of deceased persons, principally in the case of intestacy, and to administer those estates for which there are beneficiaries who are still considered to be minors under the law.

2. Statement of compliance, basis of preparation and significant accounting policies

a) Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Financial Instructions to Executive Agencies (FIEA) and generally accepted accounting principles (GAAP) which is based on International Public Sector Accounting Standards (IPSAS). IPSAS's are developed by the International Public Sector Accounting Standards Board (IPSASB). IPSASs are based on the International Financial Reporting Standards (IFRSs), which are issued by the International Accounting Standards Board (IASB) where the requirements of those Standards are applicable to the public sector.

The preparation of the financial statements to conform to IPSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, contingent assets and contingent liabilities at the balance sheet date and the revenue and expenses during the reporting period. Actual results could differ from those estimates. The estimates and the underlying assumptions are reviewed on an on-going basis and any adjustments that may be necessary would be reflected in the year in which actual results are known.

b) Basis of preparation

The financial statements have been prepared under the historical cost convention and are presented in Jamaica dollars ($), which is the reporting currency of the Agency.

c) Significant accounting policies

i. Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents comprise cash at bank and in hand, and investment in Executive Agencies Investment Fund.

ADMINISTRATOR-GENERAL'S DEPARTMENT
Notes to the Financial Statements
Year ended March 31, 2013

2. Statement of compliance, basis of preparation and significant accounting policies (Cont'd)

c) Significant accounting policies (Cont'd)

ii. Receivables

Trade receivables are carried at original invoice amounts less provision made for impairment losses. A provision for impairment is established when there is evidence that the entity will not be able to collect all amounts due according to the original terms of the contract.

iii. Accounts payable and accrued charges

Accounts payables are carried at cost for the supply of goods and services and accruals is based on a fair estimate of liability at the end of the financial year. The amounts are payable within one year.

iv. Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment reviews.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Agency and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to other operating expenses during the financial period in which they are incurred.

Depreciation on assets is calculated on the straight-line basis at annual rates that will write off the carrying amount of each asset over the period of its expected useful life. Annual depreciation rates or period over which depreciation is charged are as follows:

Office equipment	20 %
Furniture and fixtures	10%
Motor vehicles	20%
Computers	33 1/3%

Property, plant and equipment are reviewed periodically for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

iv. Amortisation of Donated Assets Reserve

The reserve is written off on a straight line basis over the life of the assets.

ADMINISTRATOR-GENERAL'S DEPARTMENT
Notes to the Financial Statements
Year ended March 31, 2013

2. Statement of compliance, basis of preparation and significant accounting policies (Cont'd)

c) Significant accounting policies (Cont'd)

v. Employee benefits

The Authority has made provision for the retro-salary of 7% which is currently being paid in five (5) equal instalments.

A provision is made for the estimated liability for annual leave earned, for employees, that is not taken and gratuity not paid as at the date of the statement of financial position. The expected cost of vacation leave that accumulates is calculated based on the accrued entitlement of leave for each member of staff.

vi. Provisions

Provisions are recognised when the entity has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

vii. Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. The Agency's financial instruments at March 31, 2012 were receivables and payables.

viii. Income

Income is fees derived from a 6% Commission charged on Estate transactions and fees for the management services provided to Estates under the Administrator-General's Act (amended July 1999) and the Administrator-General's (Fees) (Amendment) Regulations, 2001 as approved by Parliament (May 16, 2001). All revenue is received gross and is recognised in the financial statement on an accruals basis.

Subvention is recognised when it is received.

Interest earned on investment is recognised on an accrual basis.

ADMINISTRATOR-GENERAL'S DEPARTMENT
Notes to the Financial Statements
Year ended March 31, 2013

3. Property, plant and equipment

Property, plant and equipment are broken down as follows:

	Computers	Furniture and fittings	Motor vehicles	Office equipment	Total
	$	$	$	$	$
Cost/valuation:					
At April 1, 2012	19,342,633	13,976,594	7,539,147	3,790,965	44,649,339
Additions	193,215	436,134	4,551,888	339,636	5,520,873
Disposals	(1,142,726)	(52,583)	(2,698,651)	(46,746)	(3,940,708)
At March 31, 2013	**18,393,122**	**14,360,145**	**9,392,384**	**4,083,855**	**46,229,506**
Depreciation:					
At April 1, 2012	16,765,330	11,200,440	5,801,356	2,940,038	36,707,164
Charge for the year	1,358,643	519,629	739,793	311,364	2,929,429
Disposals	**(1,166,276)**	**(52,310)**	**(2,698,651)**	**(157,600)**	**(4,074,837)**
At March 31, 2013	**16,957,697**	**11,667,760**	**3,842,499**	**3,234,262**	**35,702,218**
Net book value:					
March 31, 2013	**1,435,425**	**1,435,425**	**5,549,885**	**849,593**	**10,527,288**
March 31, 2012	2,577,303	2,776,154	1,737,791	850,927	7,942,175

4. Trade and other receivables

	2013	2012
	$	$
Interest receivable	749,745	623,640
Estate-related fees	55,297,260	48,675,571
Staff loans	2,425,201	2,614,022
Other receivables	219,076	626,691
Provision for doubtful debts	(36,016,310)	(33,599,529)
	22,674,972	18,940,395

ADMINISTRATOR-GENERAL'S DEPARTMENT
Notes to the Financial Statements
Year ended March 31, 2013

5. Cash and cash equivalents

The cash and cash equivalents balance is comprised as follows:

	2013	2012
	$	$
Cash at bank and in hand	17,967,161	17,188,150
Investment in Executive Agencies Investment Fund (EAIF)	51,253,460	48,350,029
	69,220,621	65,538,179

The investments in EAIF are short-term deposits (from 30 days to 180 days) at interest rates ranging from 6.85% to 7.90%.

6. Payables and accruals

	2013	2012
	$	$
Amounts owed to Accountant General	1,311,585	1,311,585
Statutory deductions payable	1,980,657	1,684,155
Management fees payable	2,668,559	2,118,162
Accrued expenses	2,009,460	2,492,750
Audit fees	0	654,586
Other salary arrears	-	-
	7,970,261	8,261,238

7. Employee benefits

	2013	2012
	$	$
Provision for vacation leave	10,277,286	9,071,553
Provision for incentive	11,500,000	10,549,000
Salary arrears	8,853,896	5,797,639
Gratuity		2,069,519
Current liabilities (a)	30,631,182	27,487,711
Non-current liabilities:		
Provision for gratuity (b)	8,679,263	11,733,748
	39,310,445	39,221,459

ADMINISTRATOR-GENERAL'S DEPARTMENT
Notes to the Financial Statements
Year ended March 31, 2013

8. Capital - GOJ investment

The initial capital investment from Government of Jamaica is represented by the value of the fixed assets transferred and are deemed to be the capital assets retained by the agency at April 1, 2001.

9. Staff costs

	2013 $	2012 $
Salaries and wages	168,998,908	138,435,635
Statutory and other contributions	12,469,514	44,794,856
	181,468,422	**183,230,491**

Staff details:

These details include relevant information relating to employees receiving gross emoluments of over Two Million Dollars per annum. These fall within the following ranges:

Salary Range ($)	Number of employees
2,000,000.00 – 2,250,000.00	4
2,250,000.00 – 2,500,000.00	1
2,500,000.00 – 2,750,000.00	0
2,750,000.00 – 3,000,000.00	3
3,000,000.00 – 3,250,000.00	0
3,250,000.00 – 3,500,000.00	6
3,500,000.00 – 3,750,000.00	0
3,750,000.00 – 4,000,000.00	1
4,000,000.00 – 4,250,000.00	1
4,250,000.00 – 4,500,000.00	2
5,250,000.00 – 5,500,000.00	1
6,250,000.00 – 6,500,000.00	1
6,500,000.00 – 6,750,000.00	0
6,750,000.00-7,000,000.00	0
Total	**20**

Gross emoluments for executive staff members are:

	$M
Administrator-General and Chief Executive Officer	6.43
Senior Legal Executive	5.30
Finance and Asset Management Executive	4.49
Operations Executive	4.45
Human Resources and Administration Executive	4.15

ADMINISTRATOR-GENERAL'S DEPARTMENT
Notes to the Financial Statements
Year ended March 31, 2013

10. 50% Net surplus to Consolidated Fund

This represents fifty percent (50%) of the surplus for the audited period which should be made payable to the Consolidated Fund at the end of the financial year. This is in accordance with the instructions to executive agencies issued by the Ministry of Finance. There is no payable for the current period as the position of the entity was a deficit for the current period.

11. Financial risk management

The Agency's activities expose it to a variety of financial risks: market risks (including currency risk and price risk), credit risk, liquidity risk, interest rate risk and operational risk. The Agency's overall risk management policies are established to identify and analyse risk exposure and to set appropriate risk limits and controls and to monitor risk. The risk management framework is based on guidelines set by management and seeks to minimise potential adverse effects on the Agency's financial performance.

a. Price risk

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices. Accounts receivable and payable would be affected by this risk

b. Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

c. Interest rate risk

Interest rate risk is the risk that the interest earned on interest bearing bank account balances will fluctuate due to changes in market interest rate. The Agency's interest rate risk arises from deposits as follows:

	2013	**2012**
	$	**$**
Financial asset – investment in EAIF	51,253,460	48,350,029

ADMINISTRATOR-GENERAL'S DEPARTMENT
Notes to the Financial Statements
Year ended March 31, 2013

11) Financial Risk Management (Cont'd)

d. Liquidity risk

Liquidity risk is the risk that the agency will encounter difficulty in raising funds to meet its commitments associated with financial instruments. The risk is managed by maintaining sufficient cash and cash equivalents balances.

2013

Financial liabilities	Carrying amount	Contractual amount	Due within 3 months	Due within 1 year	Due within 2 - 5 years
	$	**$**	**$**	**$**	**$**
Payables and accruals	7,970,261	7,970,261	3,990,117	3,980,144	-
Employee benefits	27,810,445	27,810,445	2,923,179	20,188,147	8,679,263
At March 31	**35,780,706**	**35,780,706**	**6,913,296**	**24,168,291**	**8,679,263**

2012

Financial liabilities	Carrying amount	Contractual amount	Due within 3 months	Due within 1 year	Due within 2 - 5 years
	$	**$**	**$**	**$**	**$**
Payables and accruals	8,261,238	8,261,238	4,831,493	3,429,745	-
Employee benefits	39,221,459	39,221,459	9,071,553	18,416,158	11,733,748
At March 31	**47,482,697**	**47,482,697**	**13,903,046**	**21,845,903**	**11,733,748**

e. Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The agency has the following cash resources:

	2013	**2012**
	$	**$**
Cash and cash equivalents	69,220,621	65,538,179
Accounts receivable	22,674,972	18,940,395

11. Financial Risk Management (Cont'd)

f. Operational risk

Operational risk is the risk of direct or indirect loss arising from a variety of causes associated with the agency's processes, personnel, technology and other external factors, other than financial risks. Operational risk is managed through clear lines of accountability, separation of duties, appropriate training, adherence to implemented polices, effective internal audits and prompt corrective action to weaknesses identified and a continuing review and update of policies. Close management oversight underpins these activities.

ADMINISTRATOR-GENERAL'S DEPARTMENT
Notes to the Financial Statements
Year ended March 31, 2013

The Executive and Senior Management team all realise the responsibility they hold to ensure that all systems within the Department are periodically evaluated and tested so that major risks are either eliminated or mitigated.

Internal controls are designed to ensure that all the agency's operations are in keeping with stated laws, rules and regulations promulgated by various pieces of legislation and professional bodies.

Throughout the financial year, internal audit conducted several investigations geared towards ascertaining whether there were any breaches of policies or procedures in especially the operating and financial functions of the Department. Where any breach was identified, immediate steps were taken to have them rectified and resolved. In fact, anticipatory steps were taken to avoid any prospect of a breach occurring in some very sensitive areas of operation.

The Chief Executive Officer and her team remain committed to upholding the various laws governing the Agency's operations and will continue to include aspects of risk mitigation in its strategic management plans to guarantee the sustainability of existing systems of internal control and the implementation of improved methods of safeguarding the integrity and transparency of its operations.

Administrator-General's Department

SENIOR EXECUTIVE COMPENSATION

For the year ended 31/03/2013

Position of Senior Executive	Year	Salary ($)	Gratuity and Performance Incentive ($)	Travelling Allowance or Value of Assignment of Motor Vehicle ($)	Other Allowances ($)	Total ($)
C.E.O./Administrator-General	2012/2013	5,592,094.56	444,571.55	894,410.00	349,601.04	**7,280,677.15**
Deputy Administrator-General	2012/2013	3,994,352.76	352,701.35	975,720.00	328,601.04	**5,651,375.15**
Operations Executive	2012/2013	3,150,000.00	-	975,720.00	328,601.04	**4,454,321.04**
Human Resource & Administration	2012/2013	3,102,999.96	241,206.53	975,720.00	-	**4,319,926.49**
Finance and Asset Management	2012/2013	3,512,724.96	1,146,597.93	975,720.00	-	**5,635,042.89**

CORPORATE INFORMATION

Administrator-General's Department

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