

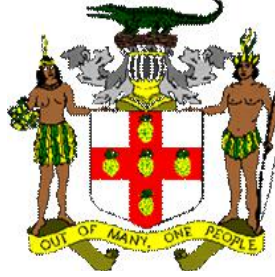


ADMINISTRATOR-GENERAL'S DEPARTMENT

An Executive Agency

ANNUAL REPORT
2013 - 2014

**Administrator-General's Department
Annual Report 2013-2014**



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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LETTER TO THE MINISTER

January 16, 2015

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 2013/2014. The Report contains a copy of the Agency's audited Financial Statements for the said financial year.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Lona M. Brown', with a stylized flourish at the end.

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

CHIEF EXECUTIVE OFFICER'S

The Agency performed consistently well throughout the financial year. While some of the targets were outside of our control, throughout the year, we worked towards strengthening partnerships with our stakeholders and integrating standalone databases, while as we try to source the developer for a software that will automate all areas of estate administration.

The absence of an integrated software and the limited human resources affected our ability to meet the required target for two of the Key Performance Indicators (KPIs) and the achievement resulted in an overall performance of 87%.



Additionally, the target relating to the procurement of a Trust & Estate Management System (TEMS) was deferred to the upcoming financial year, subsequent to the approval of the Permanent Secretary, Ministry of Justice. This was necessary as during the actual negotiations, the prospective provider forwarded a revised proposal which introduced a new supplier. This effectively changed their original tender and as such it became necessary to re-evaluate their submission and seek the approval of the National Contracts Commission, prior to continuing the negotiations.

Through continued dialogue with our stakeholders, the Agency surpassed the target set for the number of Grants of Letters of Administration received from the Courts during the financial year. With an annual target of 144, the Agency received 180 Grants, exceeding the target by 25.0%.

The closure of estate files is an important target as it is the final output of the administration process and signifies that all the assets have been distributed to the beneficiaries. There were a number of estate files that the Agency was unable to close owing to numerous issues including that of multi-generational problems. Notwithstanding this, for the year, the Agency surpassed the closure target by 90, closing 734 estate files against a projection of 620. The in-house backlog project accounted for approximately 50% of these closures.

The proposed amendments to the Administrator-General's Act and the planned reform to the laws relating to Probate and Administration, will facilitate the closure of more cases that present with multi-generational issues. The process involving the review of the proposed amendments to the legislation is far advanced and is high on the agenda of the Ministry of Justice. Once enacted, the amended legislation will serve to enhance the efficiency of the administration process and the closure of estate cases in backlog. The Chief Parliamentary Counsel (CPC) is currently preparing a third draft of a Bill to incorporate the amendments to the Administrator-General's Act.

All financial indicators reflected positive variances as the Agency continued to focus on optimizing the net worth of estates under administration. The average interest rate received on estate funds which were invested for the year was 6.80%, compared to a target of 6±2%.

Revenue earned for the year amounted to \$118.7M, being \$24.2M above the target of \$94.50M, a positive variance of 25.6%.

Several cost-saving measures were implemented to reduce expenditure so that spending remains within budget. Expenditure for the year amounted to \$239.80M, which was within the budgeted amount of \$251.737M.

The Agency continued to focus on addressing the needs of our clients and providing a high standard of service to beneficiaries and clients. For the year, the Agency maintained a customer satisfaction index of 96.3%, against the target of 85%, a positive variance of 13.3% for the year.

Sensitizing the public on the importance of Estate Planning including Will Preparation and the functions of the AGD remained a major focus of the Agency. During the year, 35 public education seminars were conducted. The Agency is also currently reviewing its website with the aim enhancing it in order to encourage more interaction with the clients and visitors to the website.

Focus is placed on the training needs of staff and for the year, a projection was made for 70% to have received an average of 3 hours of training in areas that will impact their field of work. By the end of the year, 92% had received an average of 3 hours of training; a positive variance of 31.4%. Throughout the year, several training sessions were facilitated by the Ministry of Justice and staff members from the Agency were allowed to attend and participate in these sessions. The Agency is grateful for this continued inclusion as the knowledge gained will further assist staff in performing their functions and will redound to the Department as a whole. To ensure we have a cadre of staff members equipped to efficiently execute the functions of the AG, continued emphasis will be placed on training needs.

In collaboration with the Corporate Management Division (CMD) of the Ministry of Finance and Planning, the Agency is presently reviewing the organizational structure. This restructuring will play a key role in the ability of the Agency to meet its goals and objectives during the next three years as we continue to improve our efficiency. Subject to the availability of funds, the recommendations arising out of the restructuring exercise will be implemented in the upcoming financial year.



Lona M. Brown (Mrs.)

Administrator-General & Chief Executive Officer

THE ADMINISTRATOR-GENERAL'S DEPARTMENT

FUNCTIONS OF THE ADMINISTRATOR-GENERAL'S DEPARTMENT

The functions of the Administrator-General's Department are encapsulated in the Mission Statement which is to *"protect the interests of minors, beneficiaries and creditors of the estates that the law requires the Administrator-General to administer."*

The law requires the Administrator-General's Department to administer:

- 1) Estates where persons have died intestate (without a Will) leaving beneficiaries under the age of 18 years

This is to ensure that the minors obtain a degree of essential care, e.g. schooling and medical, until they are 18 years of age. The law requires that the Administrator-General (AG) retains one half of the capital due to minors until they attain the age of 18 years. Therefore, the AG may, for example, have an estate in administration for up to 16 years if at the time of the parent's death the minor was 2 years old.

Where there are adults as well as minor beneficiaries, the adults are paid their portion of the estate in accordance with the law and the administration continues for the minors.

- 2) Estates where persons have died intestate leaving only adult beneficiaries

Where there are no minor beneficiaries, and one or more of the adult beneficiaries are able to act, the AG would normally provide her consent allowing the beneficiary to take administration of the estate. The applicant would then proceed with efforts to obtain a Grant of Letters of Administration from the Court. Notwithstanding this, there are instances where the AGD may administer such estates.

- 3) Estates where persons have died intestate and his/her estate consists solely of personalty valued less than One Hundred Thousand Dollars (\$100,000.00)
- 4) Estates where the AG is appointed as Executor under a valid Will
- 5) Estates where a Testator did not appoint an Executor
- 6) Estates where the Executor died before the Testator
- 7) Estates where the Executor has renounced his/her executorship

In the cases of 5, 6 and 7 above, where there are no minor beneficiaries mentioned in the Will, the AG would normally provide her consent allowing a residuary or other legatee to take administration of the estate. The applicant would then proceed with efforts to obtain a Grant of Letters of Administration with the Will Annexed from the Court. Notwithstanding this, there are instances where the AGD may administer such estates as described in 5, 6 and 7 above.

- 8) Estates where a Court Order has been issued mandating that the Administrator-General extracts a Grant of Administration
- 9) Estates where a Court Order has been issued appointing the Administrator-General as the trustee for a named person
- 10) Estates where a Court Order has been issued appointing the Administrator-General as the Committee of the estate and person of any idiot or lunatic
- 11) Estates where the deceased persons were not survived by any eligible relatives and the residue of the estate will fall to the Crown as Bona Vacantia

In the case of Bona Vacantia matters, once there are no petitions being made for Waiver of Crown Rights, the AGD will, on receipt of a Grant of Letters of Administration, transfer realty (land) to the Commissioner of Lands and personalty (e.g. cash) to the Accountant General.

At the AGD, estate matters are initiated with an individual, usually a relative of the deceased, submitting a completed Form of Particulars required by The Administrator-General which details the assets and liabilities of the estate. The administration of estates is not a recording function and is very involved. It entails ascertaining the assets of the estate, managing these assets, and eventually distributing the assets to the beneficiaries.

The types of estates administered by the AG vary, and may range from small to large estates, some with businesses and/or farms, shareholdings, realty, vehicles, investments, insurance, bank accounts, boats, tractors, backhoes and racehorses. The AGD also manages charitable trusts dating as far back as the early 1900s.

Throughout the administrative process, some of the functions carried out the AGD include the management, rental and sale of properties. Other activities include managing the estates' investment portfolio, management of businesses, initiating fatal accident claims, managing shares, taking care of 'households', managing intellectual property rights, to name a few. The nature and variety of the assets belonging to the estates may make it more challenging to complete the administrative process.

In addition to managing estates and charitable trusts, the Agency also engages in public relations campaigns where the public is sensitised through presentations, both in the public and private sectors, on succession law, the importance of proper estate planning and the making of Wills. The Agency also engages in expositions, television programs as well as radio talk shows.

VISION STATEMENT

The Agency's Vision is to be an organization which delivers the highest quality service to persons who by law we are required to protect and to increase our output through continued improvement in practices and procedures thereby reducing significantly the level of outstanding cases and effectively responding to new cases through to the end of the Financial Year 2015-2016.

CITIZEN SERVICE STRATEGIES

Provide a level of customer service which ensures that customers' needs are met within available resources.

Ensure that relevant information is available to the public on the laws of intestacy, on making a Will and offer citizens advice on estate planning.

Provide a customer-friendly environment.

PRINCIPLES

The AGD has developed the following corporate principles for conducting its operations. It will:

not abuse its monopoly position as the central point for the administration of estates in intestacy;

closely monitor its costs and strive to operate with efficiency and only pass on the costs as fees for core services;

provide a safe and healthy environment for customers and staff;

consult its users and providers of information in order to work with them more effectively;

monitor customer needs and the extent to which the Agency is meeting them, improving the reliability, quality and accessibility of services as appropriate and affordable; and

discharge its functions with due regard to efficiency and economy and the Agency's financial objectives and performance targets.

KEY STRATEGIC OUTPUTS

In order to monitor its success in achieving its mission and strategic objectives, the AGD has identified the following key outputs:

- investigations completed;
- assets collected; and
- assets managed and distributed.

The issuing and receipt of a Grant of LA is a key output in the process of estate administration but is within the direct control of the Courts and not of the AGD. However, the AGD has developed performance indicators, which reflect the effectiveness with which the AGD manages its relationship with the Courts, in order to minimize the turnaround time for LAs to be granted. This contributes towards the achievement of the final output, which is:

- estates closed in a timely manner.

The final output, together with outputs from other organizations, will contribute to the overall desired outcome for the Ministry of Justice and its Agencies and Departments articulated in the Vision 2030:

- the enhancement of justice.

CORE ACTIVITIES

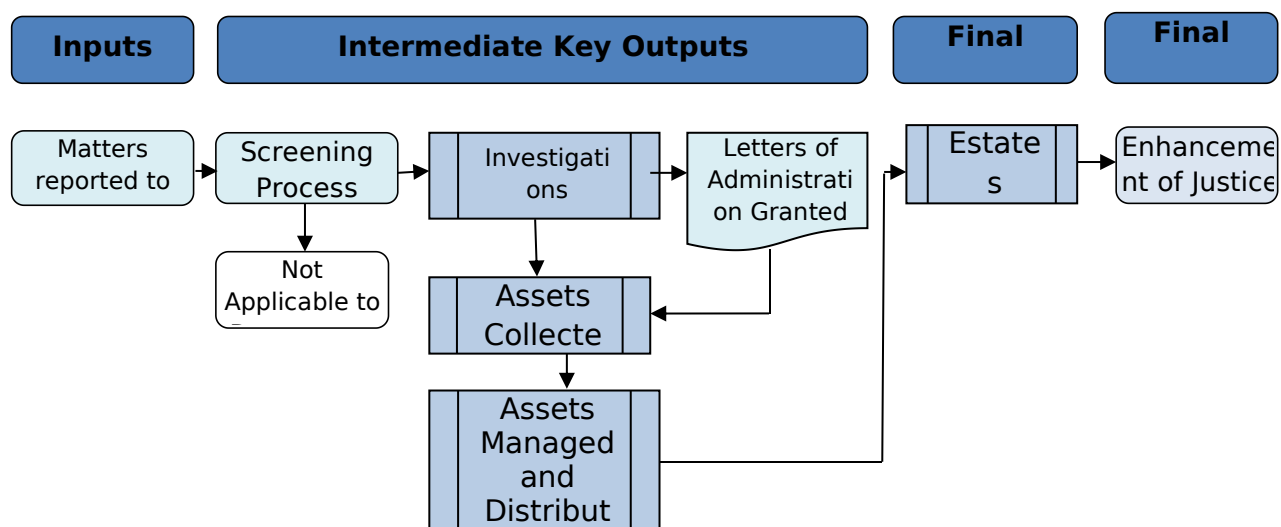
The core activities of the AGD are:

1. Enquiring into the status and nature of estates. The AGD must do this in order to ensure that its legal obligations are discharged and that it neither refuses an estate that it must administer nor accepts one that it needs not.
2. Identifying and collecting the assets of estates. As Administrator of an estate, the AG has the sole legal authority, subject only to a decision of the Court, to hold and manage the assets of an estate for which the AG is named as the Administrator.
3. Managing the assets of the estates in administration to the benefit of the beneficiaries and creditors, including the distributions for such things as the maintenance of minor beneficiaries. Managing the assets includes:
 - Investing estate funds in prescribed instruments;
 - Maintaining properties and collecting rent therefrom; and
 - Monitoring businesses forming part of estates.
4. Distributing the assets of the estates to adult beneficiaries and to minor beneficiaries as they attain the age of majority.

THE ADMINISTRATOR-GENERAL'S DEPARTMENT

PROCESS MAP

The relationship of these outputs to the final output and outcome is shown in the following process map.



ENTITY VALUES

The Administrator-General's Department prides itself on being an organization that holds true to the public sector values of working towards satisfying the needs and expectations of its customers within a unified culture of efficiency and integrity. The strategic objectives and performance measures are predicated on these values and are monitored consistently to ensure compliance with these objectives.

LEARNING, INNOVATION AND CHANGE MANAGEMENT

With this improved capacity and constant monitoring and analysis of performance, the Agency will become aware of the areas that may require change and a concomitant awareness of the tools required to achieve these changes. Staff will continue to be encouraged to 'think outside the box' as a means of generating innovative ways in which systems and procedures can be restated and improved.

RESULTS AND PERFORMANCE

THE ADMINISTRATOR-GENERAL'S DEPARTMENT

Since the attainment of Executive Agency status in 1999, the Agency has developed a vibrant system of reporting to stakeholders, based on performance-based indicators that are measured and monitored monthly. Through collaborative strategic planning, areas of integration and linkages within the Agency are readily identified, assessed and used as a tool in the decision-making processes.

Many of the Agency's performance indicators are dependent on the efficiency with which other organizations and institutions perform their duties. When these services are not delivered in a timely fashion, many of our deliverables are negatively impacted. To minimize these occurrences, the Agency has been sensitizing these organizations about the unique position the AGD holds as a Trustee for the benefit of minor beneficiaries and the need for the Agency to act with alacrity in the administration of estates.

LINKAGE TO VISION 2030

In addition to the foregoing, the Agency will contribute to the attainment of the National Development Plan - Vision 2030 through alignment with National Outcome #6: Effective Governance. An assessment of our operations indicates that National Strategies 6.2, Reform of the Justice System, and 6.5, Strengthen public institutions to deliver efficient and effective public goods and services, are those to which the Agency is linked, and we have established our agreed Key Performance Indicators under these two strategies.

The Agency has continued its focus on closing a number of estates that had fallen into backlog for a variety of reasons. Legislation has been proposed to facilitate the closure of "multi-generational estates" as this continues to be a major handicap in the closure of estates under the portfolio of the AG. The proposal includes the amendment of the Administrator-General's Act. A draft Bill was subsequently produced by the Chief Parliamentary Counsel and is currently under review. As the AG has no power to compel relatives of deceased's beneficiaries to move expeditiously in obtaining a Grant of LA, the implementation of the proposed amendments will assist tremendously with the closure of an increased number of backlog files with multi-generational issues.

The Agency renews its commitment to significantly reduce the number of backlog cases within the three years of this Plan, while maintaining the currency of other matters being administered by the remaining officers within the Agency.

Realizing how critical data capture and data management are to the process of increased accountability, the Agency will continue its emphasis on electronizing all processes related to estate management. The expected procurement of the new software to replace TrustProcessor will continue the integration of the various sections to facilitate smoother information flow in an electronic environment that is user friendly and able to produce timely reports to our stakeholders.

HIGHLIGHTS OF

The Agency's key performance indicators are linked to the six strategic objectives that were set for the financial year. They encompass both financial and non-financial measures and form the basis on which the Agency's performance is assessed.

STRATEGIC OBJECTIVE ONE:

Assess the entitlement and provide timely distribution of assets to beneficiaries and creditors to expedite closure of estates and improve customer satisfaction.

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

During the year, the Agency completed its investigations into matters reported well within the stipulated timeframe. The average time taken to complete investigations and refer the relevant documents to the Legal

Section for an application to be made to the Court for Grant of Letters of Administration was 8.33 weeks against a target of 16 weeks. This was recorded as 44.8% above target.

KPI: Average time for lodgment of application for Grant of Letters of Administration from date of receipt of referral.

The Legal Services Section receives documents from the Operations Section. These documents are then used to prepare the applications for Grant of Letters of Administration

for filing in the applicable Courts across the island. For the year, the average time taken for lodgment of applications for Grants of Letters of

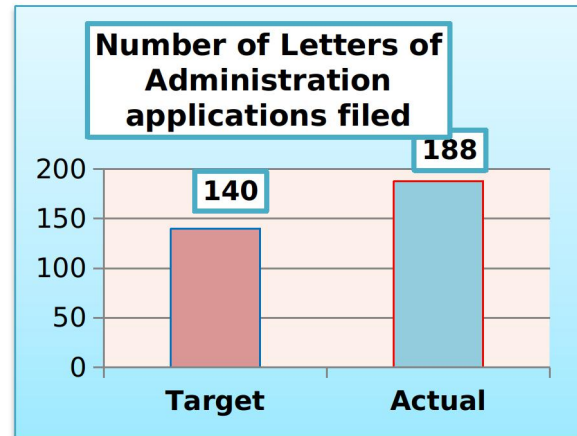
HIGHLIGHTS OF PERFORMANCE

Administration was 1.57 weeks against a target of 2 weeks.

KPI: Number of Letters of Administration applications filed.

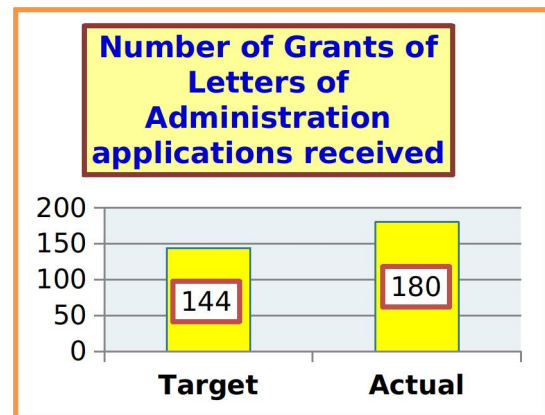
A Grant of Letters of Administration from the Court provides the Administrator-General with full legal authority to act on behalf of an estate.

At the end of the financial year, the Agency had filed 188 applications for Grants of Letters of Administration with the Courts against a target of 140; this is a positive variance of 34.3%.



KPI: Number of Grants of Letters of Administration received.

The Legal Services Section saw an increase in the receipts of Grants from the Courts. During the previous financial year, 2012-2013, we received 157 Grants. In 2013-2014, the number of Grants received was increased to 180 Grants against a target of 144. The net result was a positive variance of 25.0%.



The increase is due in part to assiduous and continual follow-up processes with the Courts which has yielded positive results. The Agency will continue to build on this relationship going forward.

HIGHLIGHTS OF PERFORMANCE

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

Cash: On average, cash assets were collected within 6.68 weeks of receipt of the Grant of Letters of Administration. This is 44.3% above the targeted time of 12 weeks.

The collection of cash assets allows the AG to manage and invest estate funds, pay liabilities and importantly, to advance funds for the care and maintenance of minor beneficiaries.

Realty: The average time taken to take formal possession of property belonging to estates, after receiving a Grant of Letters of

Administration was 1.12 weeks. This is a positive variance of 44.3% above the target of 2.5 weeks.

Formal possession involves a visit to premises owned by an estate to alert the occupants, if any, that the Administrator-General now has legal authority to take charge of the premises.

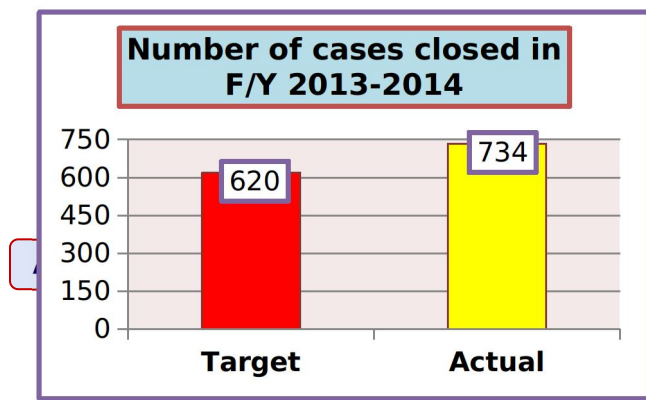
Having obtained the Grant and taken formal possession, the AG may enter into rental agreements, sue for arrears of rent and where funds allow, pay insurance and property taxes as well as effect repairs.

KPI: **Number of estates closed**

The closure of estate files is an important target as it is the final

output of the administration process and signifies that all the assets have been distributed to beneficiaries.

During the year, closures amounted to 734 against a target



HIGHLIGHTS OF PERFORMANCE

of 620, a positive variance of 18.4%.

Due to the current state of legislation, the Agency has a significant number of cases which cannot be closed. These cases termed 'multi-generational estates' refer to scenarios where the deceased died some years ago but before the administration of his estate could be completed, the beneficiaries of that estate died and their estates, in turn, have no representation. Without

representation of the 'secondary' estate the primary one cannot be closed as there is no legal representative to receive a transfer of property from the primary estate.

In April 2009, the Agency separated extreme backlog cases, including multi-generational

estates, from the current matters, placing them in a backlog project. These cases are being administered by the Agency's 'backlog' section comprising of one Senior Attorney and eight key Case Officers, taken from the Agency's existing cadre and assigned to the administration of these estates. Since its inception, the section has analysed and categorised a backlog portfolio of over 4,000 files and closed over 1,400 of them.

The proposed amendments to the Administrator-General's Act and planned reform to the laws relating to Probate and Administration, will facilitate the closure of cases with multi-generational issues.

KPI: Index of customer satisfaction on service rendered

The Agency continued to provide its beneficiaries and clients with service of the highest quality and will continue to make improvements to ensure that this standard is maintained at a very high level. Communication with our beneficiaries and clients is enabled through face-to-face contact, the

Agency's website and with the aid of electronic mail (email), telephone and mail.

At the end of the financial year, the customer satisfaction index was recorded at 96.3%; a positive variance of 13.3% against the target of 85.0%.



Public Relations

The Agency conducted 35 public education seminars during the year, with presentations being made on the importance of Estate Planning, Will Preparation and the functions of the AGD.

Presentations were made to the staff of various government and private organizations such as the Ministry of Agriculture & Fisheries, African Caribbean Institute of Jamaica/Jamaica Memory Bank, Bureau of Standards Jamaica, Jamaica Civil Aviation Authority, Jamaica Stock Exchange and the St. Richards Primary School Parent-Teacher Association, to name a few.

Additionally, during the year, the Agency participated in two Expositions, one was organised by the May Pen Taxpayer Education Unit, an arm of Tax Administration Jamaica (TAJ), and the other by the Hope United Church in Kingston. The exposition organized by TAJ

was held at the Chapleton Tax Office in Clarendon, thereby allowing the Agency to extend its reach to citizens from that part of the Island.

The Agency has reviewed its website by making changes to the layout of the pages, thereby improving the look and feel of the website. Amendments have also been made to the content including the provision of additional information via the website.

The Agency will continue to improve its website with the aim of having it enhanced in order to encourage increased usage. This will in turn increase the public's awareness to matters related to, *inter alia*, the administration of estates and estate planning. The enhanced website will include new features and additional information for its visitors.

STRATEGIC OBJECTIVE TWO:

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

KPI: Number of estate accounts completed

Against an annual target of 1,000, the Agency completed 1,687 estate accounts, a positive variance of 68.7%.

In order to satisfy the demand for completed accounts from the internal Backlog Section, an additional 100 accounts were completed as a result of a discrete project which was implemented during the financial year.

During the year, the Agency maintained up-to-date records of all estates in its administration. Statements of Accounts were

prepared in order to ascertain the financial position of each estate and particularly before the final distribution is made to beneficiaries. Updated accounts are continuously prepared for both current and backlog files and also for new estates as soon as funds are received in relation to the estate.

With the absence of a management information system, the Trust Accounting process is a manual one wherein all day-to-day transactions are updated daily and the preparation of the Statement of

HIGHLIGHTS OF PERFORMANCE

Accounts are done, based on requests, within an average of three days.

The Agency embarked on a project over the past three financial years to bring all backlog estate Statements of Account up-to-date. As a result of the success of this project, the time to prepare a Statement of Account on receipt of a request has been reduced to between one and two days, thus signalling in the improved results.

The Agency awaits the implementation of the Trust and Estate Administration Software (TEMS) which should allow for automated Statements of Account. The TEMS is proposed to automate the accounting processes resulting in all estate accounts being maintained with up-to-date records and accessible for all estate decision making.

KPI: Average percentage return on estate funds invested

Estate funds were prudently invested to ensure that the return on the assets of the estates being administered is maximized. This ensures that value for money is received by all beneficiaries, while ensuring that adequate liquidity is maintained to meet obligations throughout the year.

The return on funds invested for the year was 6.80% against a target of $6\pm 2\%$. This was 70.0% above the lower limit of 4.0%.

At the end of the year, the Agency's estate investment portfolio stood at \$2.085B. The funds were invested as follows:

8.25% in short-term instruments;

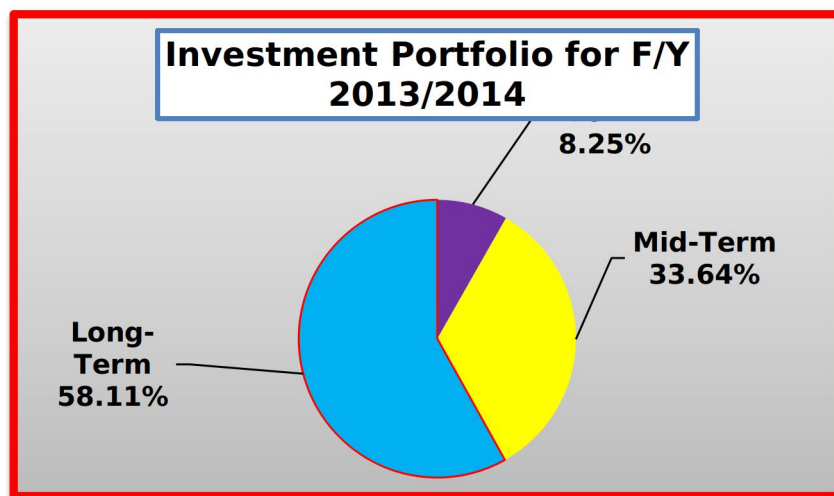
33.64% in medium term instruments; and
58.11% in long-term instruments.

The growth in the portfolio is attributable to an increase in the collection of estate assets due to the improvement in the receipt of Grants of Letters of Administration. The inflow of the interest payments supported the required cash flow needs for estate-related expenses and distributions. As such, the Agency was able to reinvest the funds gained on the maturity of the instruments.

Based on the portfolio mix and the inflows being experienced, there was adequate liquidity to meet the

HIGHLIGHTS OF PERFORMANCE

estates' cash-flow needs in the short to medium term.



KPI: Percentage of tenants against whom action taken to recover rent by the end of the third month in arrears - 90%

In an effort to improve rent collection and reduce rental arrears, the Agency established a target to take action to recover rent against 90% of the tenants by the end of the third month in arrears.

At the start of the year, there were 506 tenants in occupation of 220 estate properties. With the absence of a trust and estate management software, the Agency implemented standalone databases to assist in managing the rental portfolio. Given the absence of the integrated software, at the start of

the year, the Agency was unable to ascertain the data necessary to begin the assessment of this target.

Given this, the Department sought and received the approval of the Permanent Secretary, Ministry of Justice, to begin the assessment of this target at the end of the third quarter (December 31, 2013). That is, the assessment would be for 4th quarter. This was to allow the Agency to put measures in place to assist with the performance and measurement of the target and to

HIGHLIGHTS OF PERFORMANCE

take action against the delinquent tenants.

Currently, rent is collected on a monthly basis and where tenants fall into arrears several efforts are made to collect the outstanding amounts. Based on our operating procedures, all tenants in arrears for one month are issued a demand letter requesting payment. If the rent remains unpaid after 14 days of the date of the demand letter, the tenants are issued a summons to recover the outstanding rent and/or a notice to quit towards recovery of possession.

Throughout the first three quarters, the Agency took steps to integrate the databases that were being used by the Property and Legal Services Section. This was to ensure that all timelines were met and to allow the Agency to electronically track the process in an effective manner. Legal action was also initiated against tenants who were in arrears for several months, thereby clearing up the outstanding matters.

With the aid of the improved database, the Agency was able to better track the status of matters relating to each tenant including the action taken against them; this allowed for informed decisions to be made regarding the next step to

be taken against delinquent tenants.

By the end of the year, legal action was taken against 224 of the 238 delinquent tenants that were in arrears. There was also an improvement in collections as a result of the actions being taken. For the period, billings were \$47.65M while collection was \$47.25M.

Despite our best efforts however, during the assessment period in the final quarter, there were still some outstanding matters including tenants in arrears for more than 3 months for which action was not taken. The Agency's efforts were hampered owing to a number of constraints, one of which was the need for an even more enhanced database to assist with the data management process.

Another constraint to the collection of rent relates to the fact that a large proportion of the estates that are in arrears for significant periods, form part of the cases in backlog. These cases possess multi-generational issues, thereby preventing the Department from transferring the properties to beneficiaries which would effectively reduce the number of tenanted properties being managed.

HIGHLIGHTS OF PERFORMANCE

Once the amendment to the Administrator-General's Act is enacted, the Agency would be in a better position to close some of the cases in backlog thereby reducing the number of properties.

Additionally, the frequency at which legal action has had to be initiated against tenants, including bringing the matter to court, has significantly increased the work load of our legal team. There is therefore the need for increased human resources which should be

realised once the restructuring exercise has been completed.

The Agency has been working towards transferring properties to beneficiaries or disposing of properties by sale, especially in instances where it has been challenging to collect rent. Work will also continue towards improving the database to ensure that there is even greater data collection and coordination.

KPI: Percentage of insurable properties insured (based on availability of funds) - 100%

The Agency continues to secure the assets forming a part of estates. Due to the high level of risk associated with improved properties, the Agency's target was to insure 100% of the estate properties that were deemed insurable by industry standards, subject to the availability of funds.

Monies to effect the insurance were either obtained from estate assets or requests were made of the beneficiaries to advance the requisite amounts. Quite frequently, there are no cash

assets in the estate and beneficiaries themselves are unable to advance the necessary funds. This would result in the insurable property not being insured until funds are made available.

The insurance process is an involved one and requires several months of review and assessment. The process begins in the previous financial year, consequently, during the last quarter of the financial year, 2012/2013, the Property Section completed the inspection

HIGHLIGHTS OF PERFORMANCE

of properties in order to determine whether they were insurable. The officers who carry out this inspection are qualified Land Economy Valuation Surveyors (LEVS). A building is deemed insurable if it is occupied and in good condition.

If the property is deemed insurable, the Property Section would then calculate the replacement cost for each insurable property. The replacement cost is later forwarded to the approved insurance broker and a quotation provided to the Agency regarding the insurance rates and premiums.

A comprehensive list indicating the estates, the associated properties and the insurance premiums is then compiled and forwarded to the Trust Accounting Section to determine whether funds are available within the estate to cover the insurance premium. If funds are available, the property would be insured.

Throughout the year, where other properties are added to the portfolio, a similar procedure is followed and where funds are available in relation to these properties, they are then insured.

Once every three years, the Agency employs the services of an Actuary to review the quotations received from the insurance broker

regarding the rates that will be offered. The Actuary reviews the quotations and provides a recommendation regarding the insurance broker to be selected. This process will be carried out in the upcoming financial year, 2014/2015.

The insurance management process however, is not without its challenges, two of which relate to the absence of an estate management software and the limited resources including staff.

Currently, the process of managing the insurance portfolio is largely manual and the Agency uses standalone databases to monitor the data. These databases are continuously reviewed and updated to facilitate the management process. The absence however, of a more automated process is one of the barriers which affected the achievement of the target of insuring 100% of the properties.

The Agency has been seeking to implement a Trust and Estate Management Software, (TEMS), that will appropriately integrate the data in respect of the estate, property and trust accounting sections. This will allow for improved efficiency and facilitate 100% achievement of this target.

HIGHLIGHTS OF PERFORMANCE

Additionally, the Agency is engaged in the process of revising the organizational structure which should include the employment of additional property officers. This

will significantly impact on the Agency's operational efficiency and enhance the insurance portfolio's management process.

STRATEGIC OBJECTIVE THREE:

Review the effectiveness of legislation, policies and procedures and make recommendations for amendments to further enable achievement of Agency's objectives.

KPI: Follow up on proposed legislation submitted to Ministry of Justice and provide progress reports to Chief Executive Officer on proposed legislative reform

Each financial year, the internal Legal Reform Committee reviews legislation relevant to the Agency and proposes reforms or amendments which will facilitate greater efficiencies in the performance of its statutory duties.

Currently, there are proposals geared towards effecting amendments to the Administrator-General's Act and succession law in

general. The proposed amendments to the Administrator-General's Act will serve to assist in the closure of backlog files which have multi-generational issues, as well as empower the Administrator-General to issue her own Instrument of Administration which will have the same legal effect in all respects as a Grant of Administration made to the Administrator-General by the Court.

HIGHLIGHTS OF PERFORMANCE

During the year, there was a review of a second draft Bill by a team led by the Honourable Minister of Justice, which included the Administrator-General, the Chief Parliamentary Counsel, as well as officers from the Ministry

and the Legal Reform Department. Subsequently, the Chief Parliamentary Counsel completed and circulated a third revised Bill which will be reviewed in the 2014/2015 financial year.

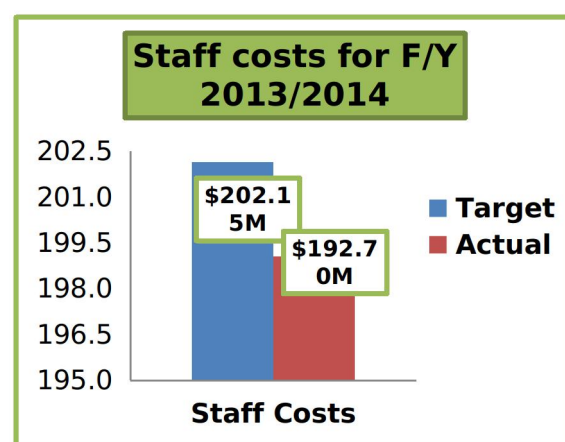
STRATEGIC OBJECTIVE FOUR:

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

KPI: Staff costs managed within budget

Staff costs include emoluments including travel and subsistence payments to staff members, employer's pension contributions, group life insurance, and statutory deductions.

For the financial year, the Agency contained its staff costs of \$192.70M within the total budget of \$202.15M; this represents 4.67% or \$9.45M below the budgeted amount. The full budgeted amount was not expended as a result of the time between resignation and recruitment of replacement staff.

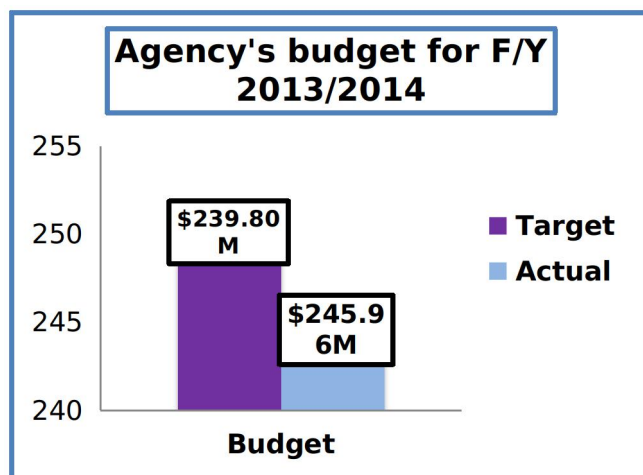


HIGHLIGHTS OF PERFORMANCE

KPI: Agency's budget managed effectively

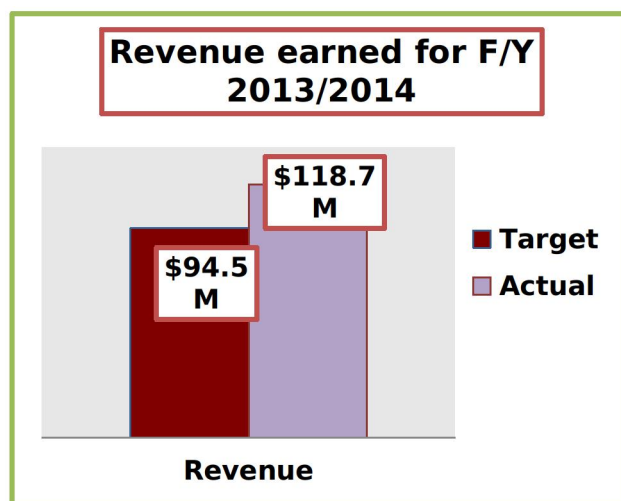
For the year, the Agency expended a total of \$239.80M. This was 4.74% or \$11.937M below the projected expenditure of \$251.737M.

These savings resulted primarily from the under expenditure mentioned above in relation to staff costs, as well as the timing of payments in respect of capital procurement.



KPI: Revenue earned

Revenue earned for the year amounted to \$118.7M against a projection of \$94.5M. The positive variance was due to performances in the collection of outstanding Legal Fees being more than the projected amount as well as the continued growth of the investment portfolio.



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

In keeping with its planning process, the Agency met its target by submitting its Strategic Business Plan to the Ministry of Justice,

through the Permanent Secretary, on January 15, 2014, against the targeted deadline of January 15, 2014.

STRATEGIC OBJECTIVE FIVE:

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

KPI: Procure services of estate management software developer - by March 31

One of the Agency's targets for the year was to procure the services of an estate management software developer by the end of March 31, 2014; the actual procurement is based on availability of funds.

A new Trust and Estate Management Software (TEMS) is being sought to automate all areas of estate administration as the system now being used does not have the capacity to manage the entire operations including areas such as property management,

HIGHLIGHTS OF PERFORMANCE

legal services and the financial and trust accounting activities.

In the 2011/2012 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) to replace the current software.

Notwithstanding the Agency's concerted efforts, given that there was no success in identifying a suitable software developer, the process was carried over to the 2012/2013 financial year.

During 2012/2013, and 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. This was to ensure that only those who had the requisite experience, technical and financial resources, would bid for the contract to provide TEMS. At the end of the exercise, four (4) of the service providers were identified as being capable of implementing the TEMS solution. Subsequently, the Agency issued a Request for Proposal (RFP) in relation to the development of the software to the group.

The proposals from the respective service providers were not received during the 2012/2013 financial year as the closing date set for the submission of the proposals was June 4, 2013. Consequently, on approval of the Permanent Secretary, Ministry of Justice, the target was deferred to the 2013/2014 period.

Of the four (4) service providers that were invited to submit a proposal, only two (2) submissions were made. During the year, and in consultation with eGov Jamaica Limited (eGovJa), the two proposals received were reviewed. Of the two, only one provider was found to be responsive based on the minimum requirements of the Agency in relation to what the software should provide.

The Agency then entered into negotiations with this sole prospective provider with the aim to obtain a reduction in the cost of their proposed solution. During negotiations, the prospective provider requested to introduce a new partner. This change was a departure from the original tender and, based on the advice of eGovJa, would require a new evaluation process and the approval of the National Contracts Commission. Consequently, the Agency

HIGHLIGHTS OF PERFORMANCE

terminated negotiations with the prospective provider.

Given the change in the circumstances, the Agency sought

and received the approval of the Permanent Secretary, Ministry of Justice, to defer the procurement of the services of a software developer to the 2014/2015 financial year.

KPI: 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 review of the Agency's hardware infrastructure was conducted and a report submitted to the Chief Executive

Board on October 7, 2013. Based on the report, approval was given for the purchase of replacement servers and computers which were procured during the last quarter of the financial year.

KPI: Maintain security of Agency information

In order to facilitate business continuity and to provide ease of access to information, all the Agency's databases are backed-up daily utilizing three media, onsite, locally off-site and via the cloud. This provides adequate

redundancies of the same backup sets ensuring that the Agency's critical information is secured. Therefore, if the backup fails in one location, then the required data may be accessed from the other locations.

HIGHLIGHTS OF PERFORMANCE

For the year, the Agency targeted to effect the backup according to an established schedule.

The aim of the target is to ensure that mission-critical data is available for use within the Agency and in the event of a data loss, the data can be recovered within a short period of time. In order to ensure that the Agency's critical information is backed-up adequately, there is an approved backup set that contains the Agency's mission-critical data.

An automated backup procedure is configured to run daily, both on-site and in the cloud. A backup is also run manually on a monthly basis and sent off-site. The backup sets will run successfully once the backup tools can establish a connection to the data repositories. The system is configured to constantly check for a connection until one becomes available.

Both back-up tools generate logs for the different backup sets. These logs are monitored daily by the Information Technology Section to ensure that the backup sets run successfully. In the event that the back-up process was not successfully completed on any of the two back-up methods,

appropriate action would be taken to ensure that the Agency's data is backed up according to the established schedule.

In addition to the automated backup procedure, the Agency effects a daily manual backup by recording the information on a tape drive which is later secured locally in a vault once per month at a secured location.

During the year, the Agency upgraded its *McAfee* End Point Software and continues to use the SonicWall firewall which provides adequate security for the Agency's Information and Communication Technology infrastructure.

Given that the target was absolute, wherein it required all the Agency's databases to be backed-up daily utilizing three media, the Agency was assessed as not achieving this target. This was due to technical difficulties, which on occasions, prevented the backup of the entire data set in one location. In these instances, while the Agency may have failed to complete the backup on one media, the process was successful on another. This ensured that the Agency's data was secured and would have enabled the recovery of the data.

STRATEGIC OBJECTIVE SIX:

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

Providing an environment where members of staff are comfortable and possess the tools to effectively carry out their tasks is extremely important to the successful execution of the Agency's mandate. As a result, within financial constraints, the Agency prioritized maintaining a functional work setting for its members of staff. In an atmosphere where members of staff are managing very heavy workloads, this becomes more important to maintaining positive associations, good customer service and healthy working relations.

During the financial year, there were seven voluntary separations and one staff member tragically passed away.

The Department has been involved in continued dialogue with the Corporate Management Division (CMD) of the Ministry of Finance and Planning with a view to

carrying out a restructuring exercise. The restructuring exercise is essential to the continued effectiveness of the Agency as we seek to address the existing high ratio of the number of estates to staff and the accompanying support services therein.

During the year, meetings were conducted to assess the staffing needs of the Agency, particularly in the areas of Estate Administration and Property Services. One of the aims of the restructuring exercise is to effectively reduce the ratio of the number of estates assigned to Case Officers from 1:300 and the ratio of the number of properties assigned to Property Administrators from 1:750.

The process has been ongoing for over 18 months, and the Agency continues to work towards completing the restructuring exercise and subsequently

HIGHLIGHTS OF PERFORMANCE

implementing the recommendations arising out of the

process in the upcoming financial year.

KPI: Percentage of staff receiving an average of 3 hours training

Throughout the year, one of the Agency's priorities was to provide training for staff members. The training provided was designed to improve output, competence and service delivery in the many and varied aspects of estate administration such as Property Services, Legal Services, Trust Accounting and Registry.

Each member of staff participated in at least one training session, with 92.0% of staff receiving an average of 3 hours of training or more, against a target of 70%; a positive variance of 31.4%.

Several skills training sessions were also conducted to improve understanding and effectiveness on the job, particularly in the areas

of customer service, leadership, information communication and technology and business practices.

Staff members also attended training sessions which focused on topics such as the Duties of the Administrator-General as Trustee, Copyright & Intestacy, Business Continuity Planning for the Administrator-General's Department, Intellectual Property, Budgeting & Investing, Accounts for Testate Estates and Adverse Possession.

Throughout the year, staff members also benefitted from training workshops organized by the Ministry of Justice, for which the Agency remains grateful.

KPI: Maintain office environment

The Agency continued to maintain its office environment in an aesthetically pleasing manner, conducive to high levels of productivity. This was primarily effected through ensuring

adequate furniture for staff, maintaining the aesthetics in the customer service areas, consistent and targeted cleaning exercises, purchasing of air purifiers, and

HIGHLIGHTS OF PERFORMANCE

conducting general maintenance activities throughout the office.

Special cleaning exercises were conducted throughout the year in

order to maintain the office environment, with a focus placed on ensuring good air quality.

KPI: Fixed assets managed and maintained

Implementing measures to ensure the longevity and utility of the Agency's fixed assets has contributed to a reduction in the expenditure related to the maintenance and repairs of the assets.

Throughout the year, the Agency conducted scheduled maintenance activities on the printers, computers, copiers and motor vehicles to ensure maximum efficiency and longevity.

It should be noted that maintenance activities throughout

the years has resulted in the continued operational efficiency of the Agency's 2005 Toyota Hilux, despite its use primarily in difficult terrain. These activities will continue to maximize the utility of this and other important assets.

The Agency also continued its cost-saving activities, primarily focused on reducing energy and petrol usage, thereby decreasing costs and improving overall efficiency. This is particularly prudent in an environment of rising fuel costs and diminishing revenue.

EMPLOYEE OF THE YEAR

OMAR RUSSELL

The Agency takes pleasure in congratulating Omar Orlando Russell, the



2013/2014 Employee of the Year. Omar was selected from among four employees, each representing one quarter of the year and the award appropriately reflects the high regard in which he is held by members of staff.

It is no surprise that Omar has been chosen as he is well-known for his hard work and dedication. He joined the Agency on May 1, 2008 as a Property Administrator in the Property Section and recognised the

awesome responsibility and the importance of his job. He immediately set to work with his inimitable quiet enthusiasm and a profound sense of purpose.

He always performs his tasks with seriousness and professionalism and ensures that every minute of his work day is spent carrying out his numerous duties. When not 'on the road' visiting the various properties within his portfolio, he can be seen working steadily and unobtrusively at his desk. He is well equipped to perform his functions as he holds a Diploma in Land Economy and Valuation Surveying from the University of Technology.

Omar is always cognisant of the importance of his role as a Property Administrator and tries at all times to maintain his high standard of performance and excellent work ethic. Worthy of note is that, in addition to his commitment to the work, his conduct is exemplary and he is indeed an excellent role model for his peers and other staff members.

In his response to receiving this award, Omar said *“I am truly honoured to have been selected as Employee of the Year. I am confident that with good health and the help of God I will improve*

on my performance for the year 2014/2015 and beyond. Thanks again, I really appreciate it.” These remarks confirm his humility and gentility, innate qualities for which he is well admired.

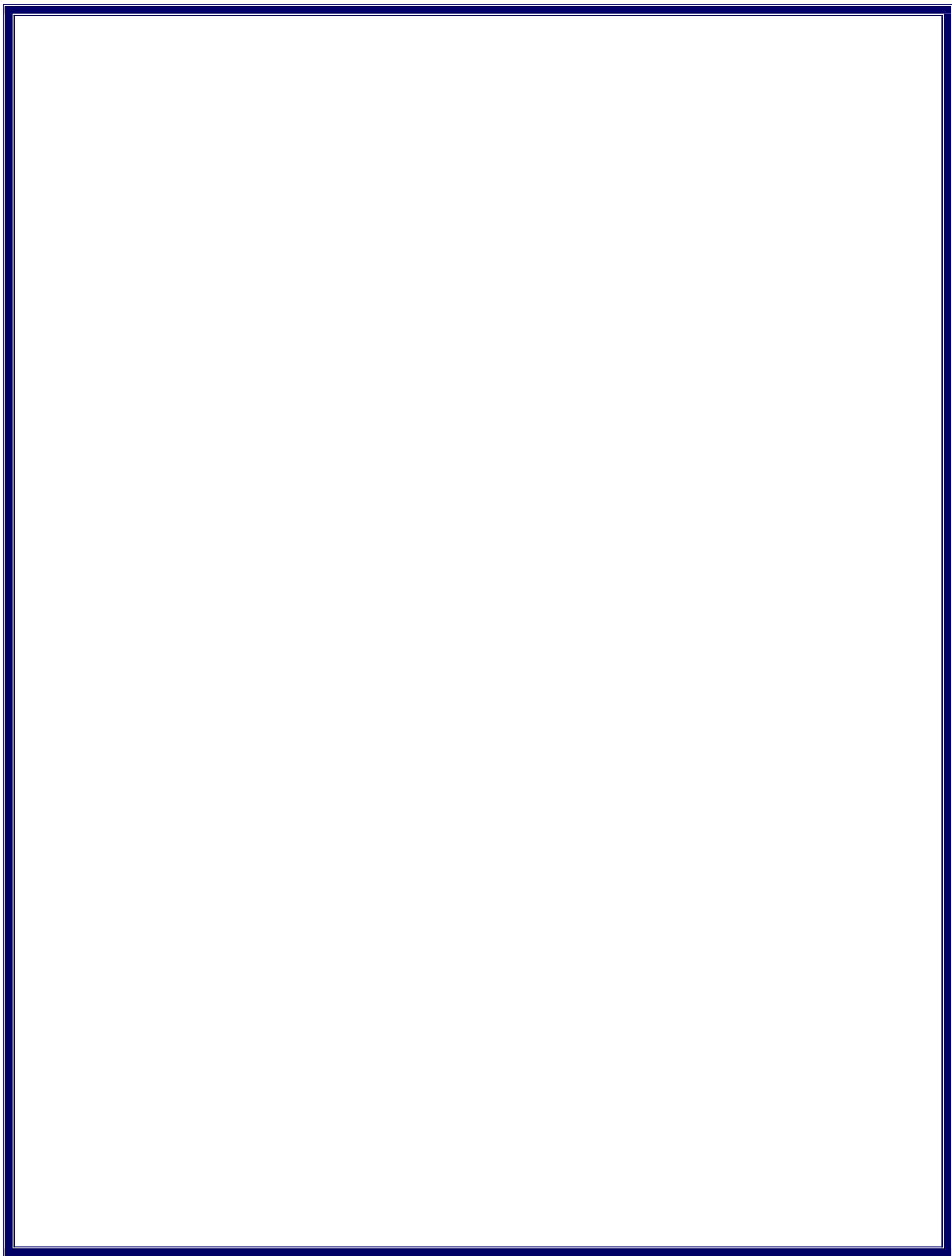
Omar is a well-rounded employee whose precision and abilities can be seen not only in the work environment but also on the football and cricket field. He is a key member of the AGD football team and was instrumental in taking the team to the 2nd round of the Business House Six-a-Side Competition in 2013.

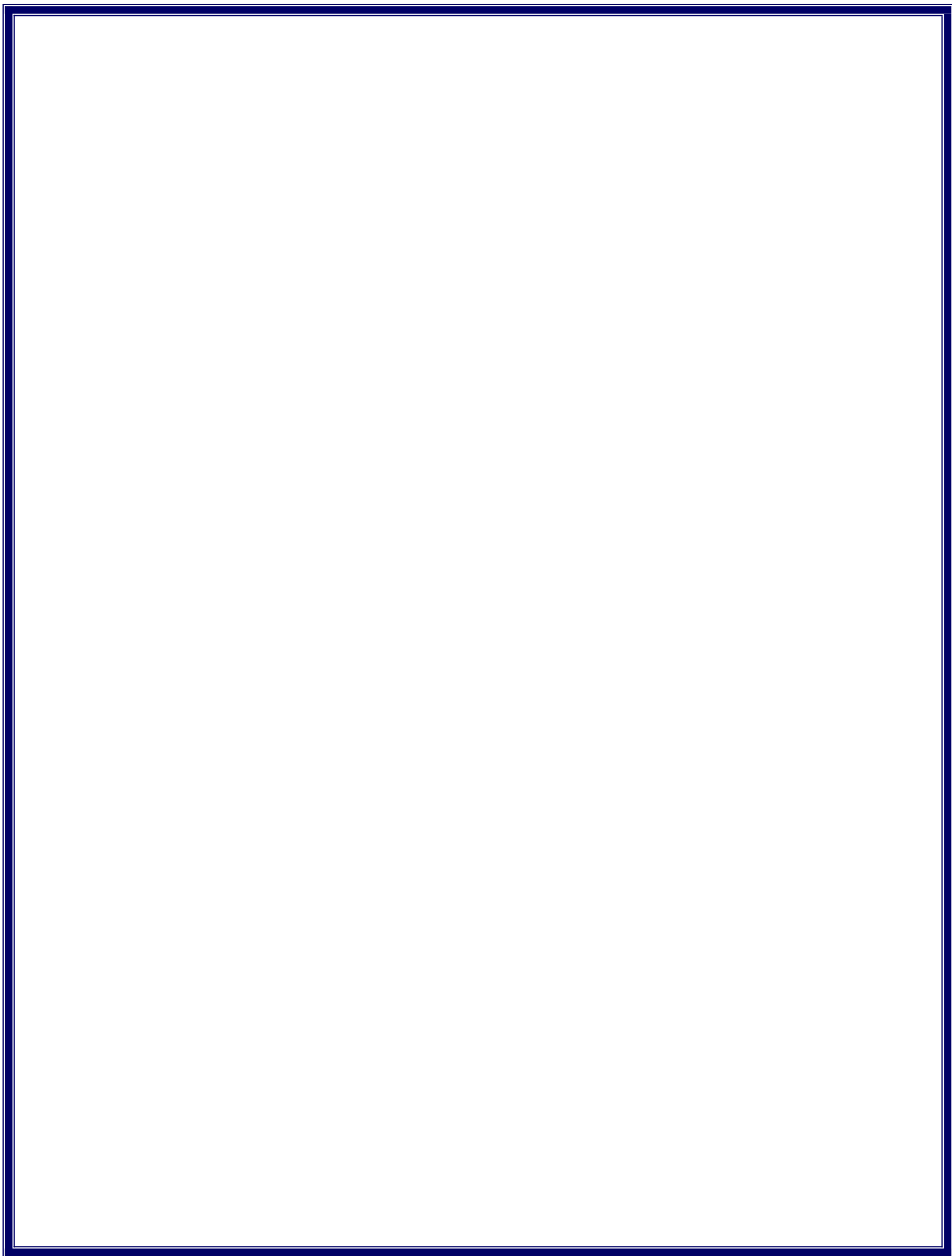
He is also a Safety Warden for the Agency, which demonstrates his calm demeanour under pressure and the fact that his co-workers have utmost confidence in him. A team player, Omar is ready and willing to assist others no matter how demanding the undertaking.

The Agency is proud of Omar and thanks him for setting a standard of hard work and good discipline worthy of emulation. Members of staff all join in congratulating him on a well-deserved Employee of the Year Award and wish him continued success.

----- Congratulations -----

APPENDIX





ADMINISTRATOR GENERAL'S DEPARTMENT

FINANCIAL STATEMENTS

MARCH 31, 2014

**Administrator General's Department
Financial Statements
March 31, 2014**

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AUDITOR GENERAL'S DEPARTMENT
40 Knutsford Boulevard
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KINGSTON 5
JAMAICA

ANY REPLY OR SUBSEQUENT REFERENCE
TO THIS COMMUNICATION SHOULD BE
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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
Administrator 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 14, which comprise the Statement of Financial Position as at March 31, 2014, Statement of 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. 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. 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, 2014, and of its financial income and expenditure, and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

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.

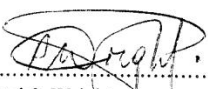

Auditor General

2014/09/22 ...
Date

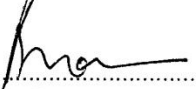
ADMINISTRATOR GENERAL'S DEPARTMENT
Statement of Financial Position
As at March 31, 2014

	<u>Note</u>	<u>2014</u> <u>\$</u>	<u>2013</u> <u>\$</u>
Non-current assets			
Property, plant and equipment	3	10,371,165	10,349,394
		<u>10,371,165</u>	<u>10,349,394</u>
Current assets			
Trade and other receivables	4	22,620,042	22,776,668
Prepayments		2,436,242	1,976,431
Cash and cash equivalents	5	69,577,176	69,211,680
		<u>94,633,460</u>	<u>93,964,779</u>
Current liabilities			
Payables and accruals	6	9,757,910	8,133,564
Employee benefits	7a	36,234,350	35,812,183
		<u>45,992,260</u>	<u>43,945,747</u>
Net current assets		<u>48,641,200</u>	<u>50,019,032</u>
Total assets		<u>59,012,365</u>	<u>60,368,426</u>
Non-current liabilities			
Employee benefits	7b	1,595,312	3,796,166
Equity			
Capital (GOJ Investment)	8	1,855,200	1,855,200
General reserve		55,561,853	54,717,060
Total equity and reserve		<u>57,417,053</u>	<u>56,572,260</u>
Total equity and liabilities		<u>59,012,365</u>	<u>60,368,426</u>

Approved for issue on behalf of the Administrator General's Department on ~~September 19, 2014~~ and signed on its behalf by:



 Mr. Patrick Wright
 Finance and Asset Management Executive



 Mrs. Lona Brown
 Chief Executive Officer/Administrator General

The accompanying notes on pages 5 - 14 form an integral part of the Financial Statements

ADMINISTRATOR GENERAL'S DEPARTMENT
Statement of Income and Expenditure
Year ended March 31, 2014

	<u>Not</u> <u>e</u>	<u>2014</u> \$	<u>2013</u> \$
INCOME			
Investment fees		60,091,006	57,945,564
6% Commissions		25,780,836	30,186,392
Property management fees		636,026	627,786
Administration fees		1,836,929	1,756,069
Legal fees		51,781,010	25,630,576
Business asset management fees		278,268	297,499
		<hr/>	<hr/>
Total income		140,404,075	116,443,886
		<hr/>	<hr/>
EXPENDITURE			
Staff costs	9	187,741,992	180,927,971
Travel expense and subsistence		3,659,184	1,823,255
Goods and services		17,721,607	14,449,383
Premises related services		16,824,858	17,096,746
Public utilities		8,000,313	6,754,898
Depreciation		3,015,642	3,107,322
Other cost		23,950,318	3,153,065
		<hr/>	<hr/>
Total operating expenses		260,913,914	227,312,640
		<hr/>	<hr/>
Operating deficit			

ADMINISTRATOR GENERAL'S DEPARTMENT
Statement of Income and Expenditure
Year ended March 31, 2014

	(120,509,839)	(110,868,754)
Profit/ (Loss) on disposal of fixed assets	(38,643)	552,452
Funding from Revolving Fund and Transport A/C	5,201,646	4,099,488
Management fees	(520,856)	(1,031,818)
Interest income	3,796,277	3,576,866
Other income	-	-
Donated asset amortization	-	-
Net deficit before GOJ Financing	(112,071,415)	(103,671,766)
GOJ financing from Consolidated Fund	113,761,000	113,913,000
Net (deficit)/surplus after GOJ financing	1,689,585	10,241,234
50% Net surplus to Consolidated Fund	(844,792)	(393,955)
Net (deficit)/surplus	<u>844,793</u>	<u>9,847,279</u>

The accompanying notes on pages 5 - 14 form an integral part of the Financial Statements

ADMINISTRATOR GENERAL'S DEPARTMENT
Statement of Changes in Equity
Year ended March 31, 2014

	Capital (GOJ Investmen t)	General Reserve	Total
	\$	\$	\$
Balance as at March 31, 2012	1,855,200	44,869,781	46,724,981
Net surplus for the year	-	9,847,279	9,847,279
Balance as at March 31, 2013	1,855,200	54,717,060	56,572,260
Net surplus for the year	-	844,793	844,793
Balance as at March 31, 2014	<u>1,855,200</u>	<u>55,561,853</u>	<u>57,417,053</u>

The accompanying notes on pages 5 - 14 form an integral part of the Financial Statements

ADMINISTRATOR GENERAL'S DEPARTMENT
Statement of Changes in Equity
Year ended March 31, 2014

ADMINISTRATOR GENERAL'S DEPARTMENT
Statement of Cash Flows
Year ended March 31, 2014

	<u>2014</u> \$	<u>2013</u> \$
Cash flows from operating activities:		
Deficit for the year before GOJ financing	(112,071,415)	(103,671,766)
Recurrent financing from Consolidated Fund	<u>113,761,000</u>	<u>113,913,000</u>
(Deficit)/Surplus for the year after GOJ financing	1,689,585	10,241,234
50% net surplus to Consolidated Fund	<u>(844,792)</u>	<u>(393,955)</u>
Net (deficit)/surplus	844,793	9,847,279
Adjustments:		
Depreciation	3,015,642	3,107,322
(Profit)/ Loss on sale of fixed assets	38,643	(552,452)
(Increase)/decrease in receivables	(303,185)	(4,025,775)
Increase/(decrease) in current liabilities	2,046,513	8,196,799
Increase/(decrease) in non-current liabilities	(2,200,853)	(7,937,582)
Transfer from Donated Assets Reserve	<u>-</u>	<u>-</u>
Net cash used in operating activities	<u>3,441,553</u>	<u>8,635,591</u>
Cash flows from investing activities:		
Capital expenditure	(3,077,057)	(5,544,422)
Proceeds from sale of fixed assets	<u>1,000</u>	<u>582,332</u>
Net cash used in investing activities	<u>(3,076,057)</u>	<u>(4,962,090)</u>
Cash flows from financing activities		
	<u>-</u>	<u>-</u>
Net cash flows from financing		

ADMINISTRATOR GENERAL'S DEPARTMENT
Statement of Cash Flows
Year ended March 31, 2014

activities	-	-
Decrease in cash and cash equivalents	365,496	3,673,501
Cash and cash equivalents at beginning of year	69,211,680	65,538,179
Cash and cash equivalents at end of year	69,577,176	69,211,680

The accompanying notes on pages 5 - 14 form an integral part of the Financial Statements

ADMINISTRATOR GENERAL'S DEPARTMENT
Notes to the Financial Statements
Year ended March 31, 2014

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). These instructions require the application of 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). The IPSAS Board is an independent board of the International Federation of the Accountants (IFAC). IPSAS's are based on International Financial Reporting Standards.

IPSAS deals with public sector reporting issues not dealt within IFRSs. 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 ongoing 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

ADMINISTRATOR GENERAL'S DEPARTMENT
Notes to the Financial Statements
Year ended March 31, 2014

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.

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 %
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ADMINISTRATOR GENERAL'S DEPARTMENT
Notes to the Financial Statements
Year ended March 31, 2014

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.

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, 2014 were receivables and payables.

viii. Income

ADMINISTRATOR GENERAL'S DEPARTMENT
Notes to the Financial Statements
Year ended March 31, 2014

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.

3. Property, plant and equipment

Property, plant and equipment are broken down as follows:

	Computer s	Furniture and fittings	Motor vehicles	Office equipment	Total
	\$	\$	\$	\$	\$
Cost/valuation:					
At April 1, 2013	18,443,950	14,360,145	9,392,385	4,083,855	46,280,335
Additions	2,809,584	184,980		82,493	3,077,057
Disposals		(130,715)			(130,715)
	21,253,53				49,226,67
At March 31, 2014	4	14,414,410	9,392,385	4,166,348	7
Depreciation:					
At April 1, 2013	17,170,486	11,667,760	3,818,482	3,274,213	35,930,941
Charge for the year	1,078,407	399,584	1,312,804	224,847	3,015,642
Disposals		(91,071)			(91,071)
	18,248,89				38,855,51
At March 31, 2014	3	11,976,273	5,131,286	3,499,059	2
Net book value:					
March 31, 2014	3,004,641	2,438,137	4,261,098	667,289	10,371,165
March 31, 2013	1,273,464	2,692,385	5,573,903	809,642	10,349,394

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Year ended March 31, 2014

4. Trade and other receivables

	<u>2014</u>	<u>2013</u>
	\$	\$
Interest receivable	268,684	1,004,295
Estate-related fees	77,534,704	55,277,209
Staff loans	4,111,028	3,025,201
Other receivables	1,408,537	222,556
Provision for doubtful debts	<u>(60,702,911)</u>	<u>(36,752,593)</u>
	<u>22,620,042</u>	<u>22,776,668</u>

5. Cash and cash equivalents

The cash and cash equivalents balance is comprised as follows:

	<u>2014</u>	<u>2013</u>
	\$	\$
Cash at bank and in hand	13,831,058	17,967,161
Investment in Executive Agencies		
Investment Fund (EAIF)	<u>55,746,118</u>	<u>51,244,519</u>
	<u>69,577,176</u>	<u>69,211,680</u>

The investments in EAIF are short-term deposits (from 30 days to 180 days) at interest rates ranging from 6.10% to 8.50%.

6. Payables and accruals

	<u>2014</u>	<u>2013</u>
	\$	\$
Amounts owed to Accountant General	2,156,379	1,705,541
Statutory deductions payable	2,281,736	1,937,289
Management fees payable	3,629,846	3,108,991
Accrued expenses	1,689,949	1,209,243

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Audit fees		172,500
	<u>9,757,910</u>	<u>8,133,564</u>

7. Employee benefits

	<u>2014</u>	<u>2013</u>
	\$	\$
Provision for vacation leave	10,626,332	10,324,013
Provision for incentive	12,000,000	11,500,000
Salary arrears	3,533,332	8,980,881
Gratuity	<u>10,074,686</u>	<u>5,007,289</u>
Current liabilities (a)	36,234,350	35,812,183
Non-current liabilities:		
Provision for gratuity (b)	<u>1,595,312</u>	<u>3,796,166</u>
	<u>37,829,662</u>	<u>39,608,349</u>

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

	<u>2014</u>	<u>2013</u>
	\$	\$
Salaries and wages	172,706,575	169,201,864
Statutory and other contributions	<u>15,035,417</u>	<u>11,726,107</u>
	<u>187,741,992</u>	<u>180,927,971</u>

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:

ADMINISTRATOR GENERAL'S DEPARTMENT
Notes to the Financial Statements
Year ended March 31, 2014

<u>Salary Range (\$)</u>	<u>Number of employee s</u>
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	1
3,000,000.00 - 3,250,000.00	3
3,250,000.00 - 3,500,000.00	2
3,500,000.00 - 3,750,000.00	4
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	1
4,500,000.00 - 4,750,000.00	0
4,750,000.00 - 5,500,000.00	1
5,500,000.00 - 6,500,000.00	2
6,500,000.00 - 6,750,000.00	0
6,750,000.00 - 8,500,000.00	1
Total	22

Staff costs (cont'd)

Position	Salary \$	Gratuity and performance incentive \$	Travelling allowance \$	Allowances \$	Total 2014 \$
C.E.O/Administrator General	5,909,765	1,797,268	487,860	349,601	8,544,494
Deputy Administrator General	4,228,403	371,373	975,720	438,377	6,013,873
Operations Executive	3,318,750	267,120	975,720	328,601	4,890,191
Human Resource & Administration	3,326,833	252,227	975,720		4,554,780

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Notes to the Financial Statements
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Finance & Asset Management	3,856,838	1,209,431	975,720		6,041,989
Total	20,640,589	3,897,419	4,390,740	1,116,579	30,045,327

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. The following amount is payable to the consolidated fund:

	<u>2014</u>	<u>2013</u>
	\$	\$
Surplus payable for the year	844,792	5,120,617
Excess payments in prior years	-	(4,726,662)
	<u>844,792</u>	<u>393,955</u>

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. Market risk

The Agency takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates. Market risk exposures are measured using sensitivity analysis.

ADMINISTRATOR GENERAL'S DEPARTMENT
Notes to the Financial Statements
Year ended March 31, 2014

There has been no change to the Agency's exposure to market risks or the manner in which it manages and measures the risk.

i. Currency risk

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

ii. 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:

	<u>2014</u>	<u>2013</u>
	\$	\$
Financial asset – investment in EAIF	<u>55,746,118</u>	<u>51,244,519</u>

11. Financial Risk Management (cont'd)

b. 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.

	<u>2014</u>			
<u>Financial liabilities</u>	<u>Carrying amount</u>	<u>Contractual amount</u>	<u>Due within 3 months</u>	<u>Due within 1</u>

ADMINISTRATOR GENERAL'S DEPARTMENT
Notes to the Financial Statements
Year ended March 31, 2014

				year
	\$	\$	\$	\$
Payables and accruals	9,757,910	9,757,910	6,128,064	3,629,846
Employee benefits	37,829,662	37,829,662	12,564,351	23,669,999
At March 31	47,587,573	47,587,573	18,692,415	27,299,845

2013

<u>Financial liabilities</u>	Carrying amount	Contractual amount	Due within 3 months	Due within 1 year
	\$	\$	\$	\$
Payables and accruals	8,133,564	8,133,564	3,320,773	4,812,791
Employee benefits	39,608,349	39,608,349	13,206,019	22,606,164
At March 31	47,741,813	47,741,813	16,526,792	27,418,955

c. 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:

	<u>2014</u>	<u>2013</u>
	\$	\$
Cash and cash equivalents	69,577,176	69,211,680
Accounts receivable	<u>22,620,042</u>	<u>22,776,668</u>

11. Financial Risk Management (cont'd)

d. 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,

ADMINISTRATOR GENERAL'S DEPARTMENT
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separation of duties, appropriate training, adherence to implemented policies, effective internal audits and prompt corrective action to weaknesses identified and a continuing review and update of policies. Close management oversight underpins these activities.

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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
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Year ended March 31, 2014

Administrator-General's Department

SENIOR EXECUTIVE COMPENSATION

For the year ended 31/03/2014

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	2013/2014	5,909,765	1,797,268	487,860	349,601	8,544,494
Deputy Administrator-General	2013/2014	4,228,403	371,373	975,720	438,377	6,013,873
Senior Legal Executive (formerly Operations Executive)	2013/2014	3,318,750	267,120	975,720	328,601	4,890,191
Human Resource & Administration Executive	2013/2014	3,326,833	252,227	975,720	-	4,554,780
Finance and Asset Management Executive	2013/2014	3,856,838	1,209,431	975,720	-	6,041,989

ADDENDUM

Administrator-General's Department COMPENSATION PAID TO MEMBERS OF THE ADVISORY BOARD

For the year ended 31/03/2014

Name of Member of Advisory Board	Year	Total Allowance (\$)
WHITE, Rennard (Chairman)	2013/2014	37,500.00
ALDRED, Marlene	2013/2014	15,000.00
LONG, Tracey Ann	2013/2014	15,000.00
PHILLIP, Rose	2013/2014	26,000.00
PRATT, Henry	2013/2014	29,500.00
WILKINS, Nadine	2013/2014	7,500.00
WINT MCKENZIE, Marie	2013/2014	15,000.00

CORPORATE INFORMATION

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