



# ADMINISTRATOR-GENERAL'S DEPARTMENT

*"Securing Your Legacy"*

## ANNUAL REPORT

**2015/2016**



*Best Customer Service Entity 2015*



## **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.

## **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

February 27, 2017

Hon. Minister Delroy Chuck  
Minister of Justice  
61 Constant Spring Road  
Kingston 10

Dear Hon. 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 2015/2016.

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

# OVERVIEW OF THE CHIEF EXECUTIVE OFFICER



In the 2015/2016 financial year the Department accomplished several important milestones. These significant achievements included the award of the Best Customer Service Entity (single location), the Amendment to the Administrator-General's Act, the opening of an office in Montego Bay and the restructuring of the Organization.

Significant progress was also made in the procurement of the Trust and Estate Management System (TEMS) with the selection of a developer. The contract will be signed in the 2016/2017 financial year with development expected to commence immediately thereafter.

In recognition of the quality service delivered, the Administrator-General's Department became the proud recipient of the Prime Minister's Trophy for the Best Customer Service Entity (single location) in the Public Sector Customer Service Competition 2014/2015. This marked the third time that the Agency has received this prestigious award in seven instances that the competition has been held.

By virtue of the Amendment to the Administrator-General's Act, enacted in June 2015 the Administrator-General was empowered to issue an Instrument of Administration in intestate estates with minor beneficiaries. Such an instrument has the full legal effect in all respects and for all purposes as a Grant of Representation given to the AG by the Court. This allows for a shorter turn-around time from the date of an application to the date of issue of an Instrument of Administration.

The amending Act has also authorised the AG to issue Instruments of Distribution for assets of a primary estate where secondary and or tertiary beneficiaries of succeeding estates are able to prove their relationship to the primary deceased.

These legislative changes have allowed the Department to collect estate assets and begin the administration process at an earlier date. They also allow for processing of backlog cases in multigenerational estates with a view to closure.

The Western Regional Office was opened in Montego Bay in July 2015 to better serve beneficiaries and clients in the county of Cornwall. It facilitates processing of documents pertinent to estate administration, improves the management of estate properties and reduces cost to the estates in the region.

The Agency commenced the restructuring exercise in April 2015. Of the, sixteen employees were recruited during the year from the twenty-four new posts approved by the Ministry of Finance. The remaining eight will be recruited in the 2016/2017 financial year. The challenge faced in recruitment of the additional members of staff was the lack of office space to accommodate them. Negotiations are ongoing with the current landlord for the acquisition of additional space for rental.



The Agency achieved its twenty-two Key Performance Indicators (KPIs) set for the financial year. Achievement of these KPIs is a signal of the Department's commitment to honouring its obligation to its beneficiaries, clients and other stakeholders.

A total of 226 Grant of Letters of Administration were received from the Courts and 71 Instruments of Administration were issued by the Administrator-General. The number of Grants and Instruments received has helped the Department to collect estates assets and has also positively impacted the Agency's revenue which was increased by 15.5% over 2014/2015.

The Agency continued to be prudent in the management of its financial resources and at the end of the year, all financial targets including revenue, staff costs and the overall budget had positive variances.

The closure of estate files is the final output in the administration process and much emphasis was placed on closing these files during the year. Upon fully administering an estate, the assets are distributed to the proven beneficiaries and the case is closed. A total of 505 estates were closed during the year.

The Department's Public Education Campaign was enhanced with the employment of a Public Education Manager. This has brought specialised skills to our efforts in sensitising the public on the functions of the Administrator-General's Department and its role in the estate administration process.

The delivery of excellent customer service was high on the Department's agenda during the year. The Agency increased its efforts and provided prompt and professional service to the clients and ensured that beneficiaries were kept abreast of the progress of the respective matters.

I would like to express thanks to the members of staff who have worked hard to ensure that the Department met its objectives. Thanks also to the Ministry of Justice, the Ministry of Finance & the Public Service, the Advisory Board and all other stakeholders who have supported the work of the Department as it continues to execute its mandate.

The AGD impacts many Jamaican families both locally and overseas. With this in mind, the AGD team has reaffirmed its commitment to ensuring that its mandate is executed in an efficient and professional manner that will support the development of the country while consistently meeting its stated objectives.



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

## RECOGNISING OUR PEOPLE

The Administrator-General's Department has a team of ninety-six (96) devoted members of staff who have dedicated themselves to the service of the beneficiaries, clients and to the people of Jamaica in general. These talented persons enables the Agency to perform with efficiency, maintain high levels of customer service as it aims to secure the legacies of the beneficiaries.

The Department is led by the Administrator-General & Chief Executive Officer and her five Executives who are responsible for the strategic direction of the organisation. The fourteen Senior Managers and seventy-six staff members who make up the full staff complement, execute the daily activities within the Department. The competence and knowledge that reside in our cadre of staff has aided the Department in effectively carry-out its numerous functions.

As the work of the AGD is deeply entrenched in the law, more than fifty percent (50%) of the staff complement are either Attorneys-at-Law or trained Paralegals. These members are complemented by competent and highly trained team members in the areas of human resources, internal auditing, records management, information technology, property management and accounting.

The Department has a good retention record as sixty-four percent (64%) of its staff are in employment for in excess of five years. This has helped the Department to serves its clients with greater speed and efficiency as a result of the knowledge that resides in in the members.

During the year much emphasis was placed on training in order to ensure continuous development of staff and that they were equipped and had the flexibility to adapt to changes in the law, maintain good customer service and are empowered to continue to perform at a high level.

The AGD team pledges to continue executing its mandate in a manner that will enrich the lives of our beneficiaries as we continue to secure their legacies.

## The Executive Team



**Front row:** Lona Brown, Administrator-General & CEO; Andrew Gyles, Deputy Administrator-General  
**Back row:** Colin Ebanks, Human Resource & Administration; Ingrid Cole, Estate Administration;  
Patrick Wright, Finance & Planning; Kedia Delahaye, Legal Services (absent from photo)

**Lona Millicent Brown**, Administrator-General for Jamaica and Chief Executive Officer, is an Attorney with thirty-nine years at the Bar. She joined the AGD as Administrator-General in 1996 and was also appointed Chief Executive Officer in 1998.

Under her stewardship, the Department was transformed to one of the first Executive Agencies in Jamaica in 1999. She has converted the AGD into the customer-focused Department that was awarded the Public Sector Customer Service Competition Awards for Best Executive Agency and Best Customer Service Entity in 2003 and 2006; and the Prime Minister's Trophy for the Best Customer Service Entity 2015.



**Andrew Robin Gyles** joined the Administrator-General's Department in 1991 and has served in various capacity including Administrator-General for Jamaica, Deputy Administrator-General, Senior Legal Executive and Operations Executive.

An Attorney-at-Law for over thirty-nine years, Mr. Gyles is widely respected in the legal fraternity and is often consulted for advice on trust and estate related matters. In his twenty-five years at the Administrator-General's Department, he was instrumental in the reform of numerous pieces of Legislations impacting the Laws of Succession, including the latest amendment to the Administrator-General's Act in 2015.

**Patrick Wright** joined the Administrator-General's Department in 2000 as Trust Accounting Manager. He assumed the position of Finance and Asset Management Executive in 2008 and currently serves as the Finance and Planning Executive.

A Specialist in trust and estate accounting, he has served on many committees within the Department and throughout the Government service. Mr. Wright is very knowledgeable of all aspects of the Agency's operation and is responsible for the efficient management of the Agency's budget and the strategic management portfolio.

**Colin Ebanks** joined the AGD in May 2011 as the Human Resource and Administration Executive and played an instrumental role in the recent restructuring of the Department. Mr. Ebanks possesses a wealth of experience in the areas of staffing, performance management and strategic human resource management. He places great emphasis on training to ensure that the cadre of staff is competent and equipped to adequately undertake their functions.

**Ingrid Cole** is the Estate Administration Executive with responsibility for estate administration and property management. She joined the Administrator-General's Department in 2002 as a Case Attorney and was later promoted in 2015. Her area of expertise includes Conveyance, Succession Law, Corporate Law and Family Law.

Since becoming a member of the Department Miss Cole was very instrumental in reducing the level of backlog cases and has contributed significantly to the closure of over five thousand (5,000) backlog cases. She has also played a pivotal role in the Amendment to the AG's Act.

**Kedia Delahaye** joined the Administrator-General's Department in 2011 as a Legal Officer. She assumed the post of Senior Legal Executive (Acting) in 2015. Miss Delahaye is very knowledgeable in the areas of succession and trust law, property conveyance and civil and estate litigation.

She has successfully represented the Department in various matters in the Courts.

## Stalwarts Serving 20 Years & More



**Front row:** Andrew Gyles, Deputy Administrator-General; Lona Brown, Administrator-General & CEO; Carol Kiffen; Sophia Levy, Customer Service Officer

**Back row:** Hillary Dwyer, Senior Case Officer; Michelle Barrett-Pinto (Financial Accountant); Oliver Morris, Customer Service Officer; Shernet Morrel, Senior Trust Accounting Officer

The attainment of 20 years in any arena is no easy feat. The Administrator-General's Department has benefitted from the services of 11 members of staff who have each served the Department with distinction for 20 years and more.

These persons who are currently serving in a wide cross-section of the Department includes:

Lona Brown, Administrator-General & CEO – 20 years;

Kareene Pitter, Trust Accounting Officer – 21 years;

Michelle Barrett-Pinto–Financial Accountant - 21 years;

Carol Kiffen, Case Officer - 22 years;

Oliver Morris, Customer Service Officer – 22 years;

Shernet Morrel, Senior Trust Accounting Officer - 22 years;

Sherda Deacon, Office Attendant - 23 years;  
Andrew Gyles, Deputy Administrator-General – 25 years;

Vivienne Smythe, Senior Case Officer –26 years;

Hillary Dwyer, Senior Case Officer – 27 years;  
Sophia Levy, Customer Service Officer - 28 years.

The Department salutes these stalwarts who have helped the organisations in achieving its goals over these years and look forward to their continued dedication to the Department.

# Employee of the Year

## *Donovan Reid*



It gives us great pleasure to congratulate Donovan Reid, Senior Property Administrator, as the Agency's Employee of the Year for 2015/2016.

Donovan emerged winner ahead of his three worthy colleagues and the award fittingly reflects the high regard in which he is held by his colleagues.

Donovan joined the team in 2000 as a Property Administrator and in 2015 he was promoted to the post of Senior Property Administrator.

As a requirement of his job function, he travels on a weekly basis across the island to oversee the maintenance of properties, supervises Rent Collection Officers and meets with beneficiaries and external clients. He has a passion for his job and always executes his mandate with great alacrity.

Despite his responsibility as Senior Property Administrator does not prevent him from actively participating in a number of extracurricular activities at the Department. Mr. Reid is a Player/Coach for the AGD football team and also the Vice President of the Staff Relations Committee.

He is a hard worker whose commitment and dedication to the work of the Agency are unwavering. As testament to the quality employee, his colleagues selected him as Employee of the fourth quarter.

Mr. Sylvester Scott, Manager for Mr. Reid stated that he is a high performer who is very efficient in all the areas of his work. He further stated that he is an exemplary team player who earned the respect of all his team members.

The Agency congratulates Mr Donovan Reid on his well deserving selection as employee of year.

# THE DEPARTMENT

## Functions

The Administrator-General's Act in 1873 established the office of the Administrator-General's Department and the functions of the AG 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."*

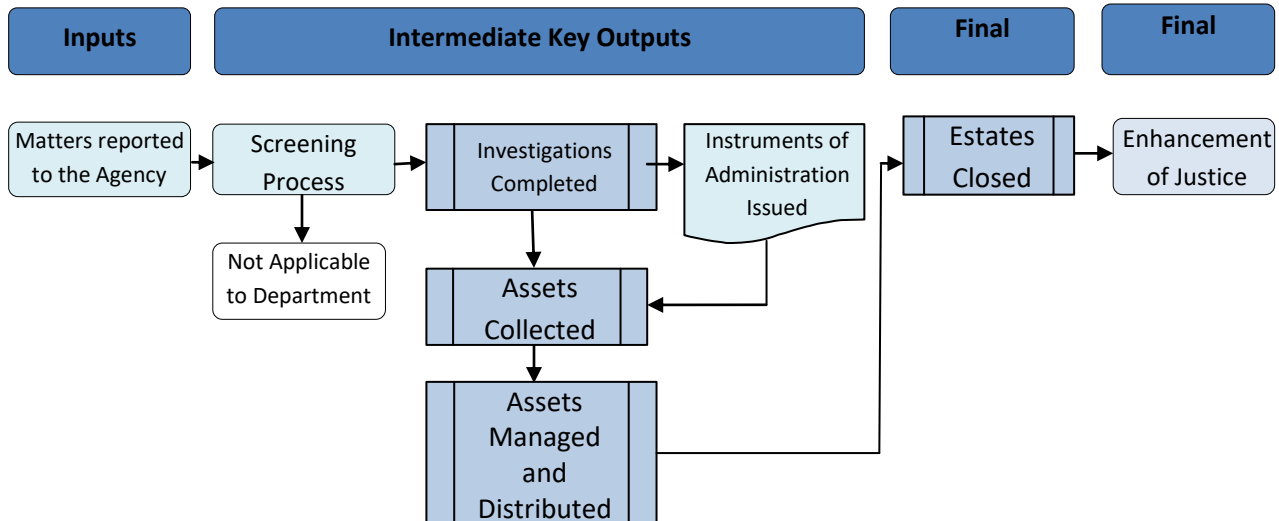
The laws that govern the operations of the Department requires the Administrator-General to administer estates where:

- 1) persons have died intestate (without a Will) leaving beneficiaries under the age of 18 years
- 2) persons have died intestate leaving only adult beneficiaries, the AG issues consent by issuing a Certificate of the Administrator-General
- 3) persons have died intestate and his/her estate consists solely of personalty valued less than One Hundred Thousand Dollars (\$100,000.00)
- 4) persons have died testate (leaving a Will) and:
  - a. the AG is appointed as Executor under a valid Will
  - b. a Testator did not appoint an Executor
  - c. the Executor died before the Testator
  - d. the Executor has renounced his/her executorship
- 5) a Court Order has been issued mandating that the Administrator-General extracts a Grant of Administration
- 6) a Court Order has been issued appointing the Administrator-General as the Trustee or Committee for a named beneficiary
- 7) the deceased persons were not survived by any eligible relatives and the residue of the estate will fall to the Crown as Bona Vacantia
- 8) testators name the AG as executor in respect to Charitable Trusts. There are Charitable Trusts dating back to the early 1900s.

## ESTATE ADMINISTRATION PROCESS

### Process Map

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



### Key Terms and Activities in Administration

#### Complete Form of Particular (FP)

A Form of Particulars, FP must be completed by the person reporting the death, or a relative of the deceased. An assessment is then done to ascertain whether the estate is one to be administered by the Administrator-General.

#### Commencement of Investigation

The information detailed on the completed FP will enable the Department to commence investigation to confirm the death, ownership of assets and to identify any relatives who may possibly be entitled to benefit from the distribution of the assets.

#### Proof of Death

The death of the intestate must be confirmed by way of an original Death Certificate or Affidavit in Proof of Death.



## **Proof of Relationship**

**Section 4 of the Intestates' Estates and Property Charges Act**, stipulates the category of relatives who are eligible to be recognised as beneficiaries, entitled to benefit from the estate, provided the requisite means of proof is received. Proof may be in the form of birth certificate, marriage certificate or a Court Order, depending on the relation being proven.

## **Small Estates**

**Section 53A of the Administrator-General's Act** provides that where an estate consists of personalty and does not exceed One Hundred Thousand Dollars (\$100,000.00), the AG may collect the assets falling to the estate without the need for obtaining a Grant of Administration.

## **Identifying and Collecting Estate Assets**

As Administrator of an estate, the AG has the legal authority, subject only to a decision of the Court, to hold and manage the assets, personalty and realty, of an estate for which the AG is named as the Administrator.

**Personalty:** The Department is required to make enquiries of institutions reportedly holding asset(s) on behalf of the deceased's estate, after receipt of the Grant of Administration, to ascertain whether the proceeds are payable to the estate or a named beneficiary. An assessment is done thereafter to determine whether the matter is a small estate or if it requires an application for a Grant of Administration to collect the asset(s).

**Realty:** Where there is realty involved in the estate, a copy of the title, property tax receipt from Tax Administration Jamaica, with the deceased's name endorsed thereon as the owner, or conveyance is requested to confirm that the intestate has an interest in the property. Formal possession by the Department is done as soon as the Grant is received.

## **Instrument of Administration and Letters Administration**

After investigation is completed, an application is made to the Administrator-General for an Instrument of Administration or to the Courts for a Letter of Administration, which gives the AG legal authority to administer estates.

## **Fatal Accident Proceeds**

Legal action must be taken to recover proceeds from fatal accidents within a specific period as required under the *Fatal Accident Act* and the *Law Reform (Miscellaneous Provisions) Act* which provide the basis for the grant of an award of damages for wrongful death.

### **Funeral Expenses**

Funeral expenses are the first charge against an estate. Therefore, it is the duty of the Department to honour the claim for funeral expenses, subject to the availability of funds. The duly completed claim form and the original receipts for funeral expenses from the funeral home with the claimant's name endorsed as payee are to be submitted for processing the claim for funeral expenses. Funeral expenses may be settled before the deceased is buried.

### **Managing Estate Assets**

Upon collection of the assets, the Department has a responsibility to manage the assets of the estates in administration to the benefit of the beneficiaries and creditors. Managing the assets includes investing estate funds in prescribed instruments; maintaining properties, collecting rent and monitoring businesses.

### **Distribution of Estate Assets**

Upon completion of a matter, the Department distributes the assets of the estates to adult beneficiaries and retains minor beneficiaries' entitlements until they attain the age of majority. Adult beneficiaries may experience delays in receiving their entitlement until the last minor has attained the age of majority, depending on the type of asset.

### **Closure of Estate Files**

Upon fully administering an estate, the assets are distributed to the proven beneficiaries and the case is then considered closed.

Closure is sometimes impeded by the difficulties in locating proven beneficiaries. However, all attempts are usually made to locate these beneficiaries. Where it proves to be unsuccessful, cash assets are sent to the Consolidated Funds as unclaimed balances. If however, estate consists of real properties, it will result in delays in bringing the matter to closure as the Department seeks to locate these beneficiaries. Where there are no proven beneficiaries and the estate consists of property, it is transferred to the Commissioner of Lands as bona vacantia.

# MAIN FOCUS FOR THE YEAR

During this financial year, the main areas of focus for the Agency were: (i) the amendment of the Administrator-General's Act; (ii) the Restructuring of the Department; (iii) the procurement of a Trust and Estate Management System; (iv) the opening of an office in Montego Bay; (v) the establishment of an Enquiry Section and (vi) the Public Education Campaign.

## (I) AMENDMENT TO THE ADMINISTRATOR-GENERAL'S ACT

An ACT to Amend the Administrator-General's Act and other pieces of legislations to effect reform of the law relating to the administration of estates; were enacted on June 26, 2015.

The amended Act empowers the Administrator-General to issue Instruments of Administration (IA) which: *'shall have full legal effect in all respects and for all purposes as a grant of representation made to the Administrator-General by the Court'*.

The AG must give a 30 day notice to the Supreme Court of the AG's intention to issue an IA for the Court to state whether there is an application before the Court or a Grant was already made in the estate.

The AG has also been authorised to issue Instrument of Distribution for assets of a primary estate provided that secondary and or tertiary beneficiaries of succeeding estates are able to prove their relationship to the primary deceased.

These legislative changes have allowed the Department to collect estate assets and begin the administration process at an earlier date. They also allow for processing of backlog cases in multigenerational estates with a view to closure.

## (II) RESTRUCTURING OF THE DEPARTMENT

The Agency continued to execute the organizational restructuring as approved by the Ministry of Finance & the Public Service. The recruitment of an Estate Administration Executive, Public Education Manager, additional Paralegals and Property Administrators has positioned the Agency to increase its output, generate additional revenue and more quickly address challenges in estate administration.

There were some changes made to the organizational structure with posts being reassigned to new Sections and additional responsibilities given to other posts. This plays a key role in the ability of the Agency to meet its objectives: to increase levels of productivity, generate greater revenue and manage estates effectively. This will ultimately result in higher levels of output in all areas of the Agency's operation.

The revamping of job descriptions, changes in areas of responsibility and a greater emphasis on individual productivity were part of the restructuring exercise. The performance management system was reviewed and redesigned to improve target creation and measurement.

### **(III) PROCUREMENT OF TRUST AND ESTATE MANAGEMENT SYSTEM (TEMS)**

During the year, much progress was made in the procurement of a software developer for the Trust and Estate Management System (TEMS).

The Department partnered with eGov Jamaica Limited (eGov) for management of the procurement process using the Limited Tender methodology. In April 2015, tender documents were issued to six pre-qualified bidders. Responses to the Request for Proposal (RFP) were received from three of the vendors.

The evaluation of the vendors' proposals was conducted and a preferred bidder was identified. Submission was then made to the National Contract Commission (NCC) and endorsement was received on February 8, 2016. Cabinet approval was received February 15, 2016 for the procurement and implementation of TEMS.

As at March 31, 2016, negotiation with the selected supplier was underway and contracting should be completed in early 2016/2017. The development will be done on a modular basis and the implementation process is expected to take approximately fifteen months.

### **(IV) OPENING OF AN OFFICE IN MONTEGO BAY**

In keeping with its vision to continuously improve service delivery to its clients, the AGD opened its Montego Bay office in July 2015, bringing its services closer to beneficiaries, clients and residents of Western Jamaica. The office is staffed with two Property Officers and one Case Officer.

The office has enhanced the Agency's ability to make property visits and process documents relevant to estate administration within a shorter timeframe. This has resulted in significant improvement in the facilitation of the estate administration process and the management of the property portfolio in the region.

Estates are now benefitting from savings in costs associated with property visits as Officers in Montego Bay conduct property inspections and undertake formal possession of estate properties without the need for Officers to travel from Kingston.



*Staff members of the Montego Bay office*

## **(V) ESTABLISHMENT OF AN ENQUIRY SECTION**

Over the years the Department has been faced with numerous challenges in obtaining the required documents to support application for Instruments of Administration or Letters of Administration in a timely manner. Case Officers with responsibility for the actual estate administration were also responsible for undertaking the investigation process which involves constant communication and follow-up with beneficiaries, financial and government institutions.

In an effort to tackle these issues, an Enquiry Section, with Officers dedicated solely to the investigation process, was established in the last quarter of the year. This Section is responsible for completing investigation and referring matters for the issuing of Instruments of Administration, before the actual administration process begins.

The Agency will continue to improve partnerships with government organisations and financial institutions to facilitate the submission of important documents and critical information necessary for the issuing of Instruments of Administration or Letters of Administration.

## **(VI) PUBLIC EDUCATION**

During the year public education continued to be a main focus of the Department. This was facilitated through presentations within various private and public sector organisations, interviews on radio, television as well as advertising in the print and electronic media.

Presentations were made at a number of workshops and seminars organised by public and private sector entities, church groups and other organisations. The Department also participated in the 6<sup>th</sup> Biennial Jamaica Diaspora Conference 2015 at the Montego Bay Convention Centre. There were over 2000 local and international participants at the conference many of whom visited the AGD's information service booth and enquired about the role and services of the Department.

In January 2016, the Agency welcomed its first Public Education Manager, a post included in the restructuring of the organisation. The Agency benefitted from the experience and expertise of the new manager as she introduced new ideas and perspectives through a revised communication plan.

The Agency's website was consistently reviewed and updated and is now designed to facilitate 'Notices of Intent to Distribute Assets in Multi-generational Estates'.

The AG, Mrs. Lona Brown and the Estate Administration Executive, Miss Ingrid Cole journeyed to England to attend the Diaspora Surgeries organised by the Jamaican High Commissioner during the third quarter. The Department made presentations and provided information to persons in London, Birmingham and Manchester and was also a part of a live broadcast from England.



# HIGHLIGHTS OF PERFORMANCE

In the 2016/2017 financial year, there will be significant increase in the public education campaign as the Department aims to improve visibility and ensure that the public is made aware of its role in the estate administration process.

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

During the 2015/2016 financial year, the Agency began applying weights to its targets based on the significance of each KPI to the overall performance of the organisation and also based on the level of activity that goes into the final output.

The performance evaluation will be based on each KPI satisfying the performance criteria while taking the relevant weight into consideration.

## 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 1: Complete Investigations for 90% of the cases from date of receipt of Form of Particulars reporting death**

The Agency investigates all reported matters to ascertain and confirm proof of death of the deceased, the existence of any assets and any minor beneficiaries. For the year, a total of two hundred and seventy-eight (278) new matters were reported to the Agency.

It took an average of 10.89 weeks to complete investigation and refer matters with the relevant documents for an application to be made to the Court for Grant of Letters of Administration, against

a target of 16 weeks. This represented a positive variance of 31.94% above target. Since the amendments were made to the AG's Act in the first quarter, all matters with minors were referred internally for Instruments of Administration while only matters without minors were referred to the Courts for Letters of Administration.

There is still a need for information to be provided by the beneficiaries in a more timely manner to facilitate a reduction in the timeframe for the issuing of IAs.

### **KPI 3: Number of Grants of Letters of Administration Received**

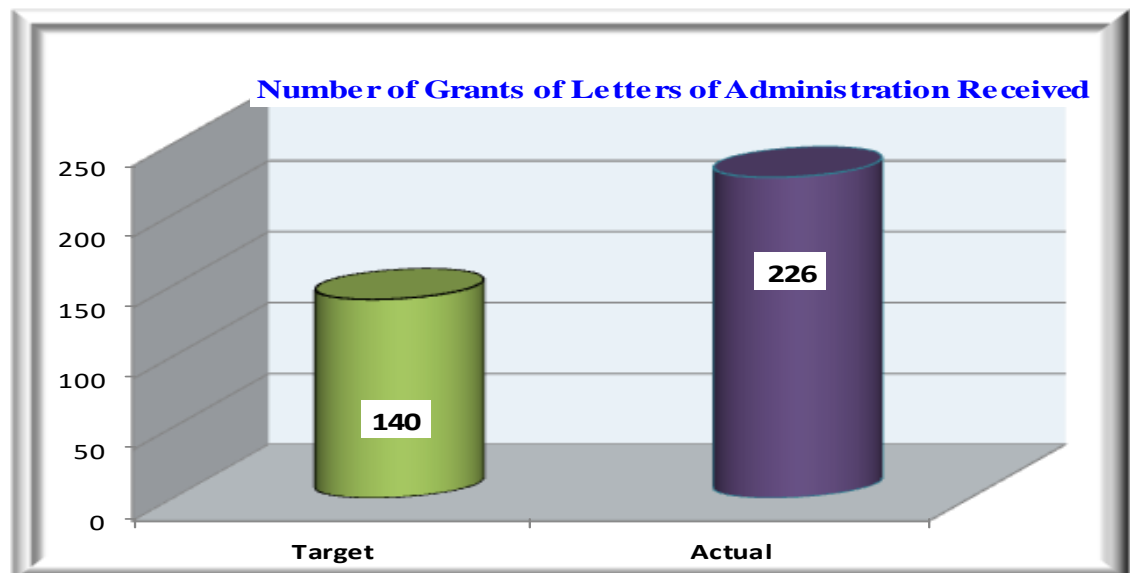
During the year, the Department received a total of 226 Grants of Letters of Administration from the Courts against a target of 140. This resulted in a positive variance of 61.43%.

A total of 71 Instruments of Administration were also issued by the AG.

The LAs received during the year related to matters that were outstanding from previous years while the IAs that were

issued were for applications made during the year.

This performance was attributable to the continuous efforts by the Department to follow-up with the Courts and also the good relationships that were formed as a result. At the end of the year, there were 175 outstanding applications for Letters of Administration in the Courts.



### **KPI 5: Time taken within 90% of the estates to take formal possession from date of receipt of Grant of Letters of Administration**

Formal possession is the act of taking charge of properties belonging to estates. Having obtained the Grant, the AG is vested with legal authority to take formal possession and may enter into rental agreements, initiate action to recover rental arrears, pay insurance and property taxes, as well as effect repairs.

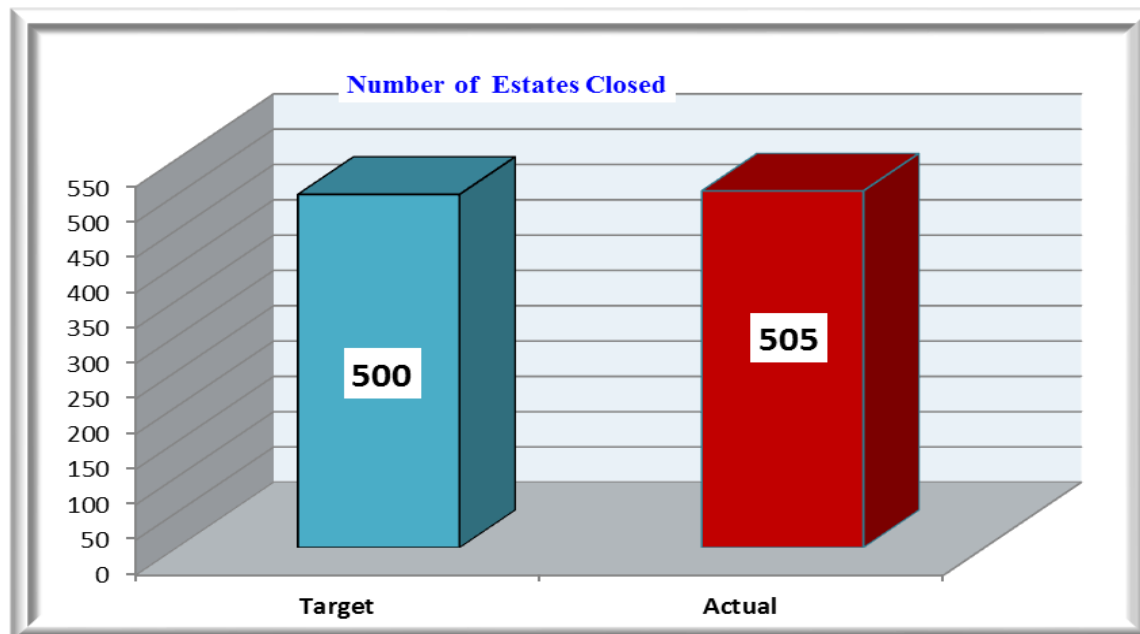
For the period, formal possession was taken in 95.74% of reported properties within 2.5 weeks after receiving a Letter of Administration or Instrument of Administration. This is a positive variance of 6.38% above the target of 90% within 2.5 weeks.

## KPI 6: Number of estates closed

The closure of estate files is the final output in the administration process and signifies that all the assets that form a part of the estate have been distributed to beneficiaries. This is a crucial objective of

the Agency as it facilitates the transfer of wealth to proven beneficiaries.

During the year, the agency closed a total of 505 estate files against a target of 500.



## STRATEGIC OBJECTIVE TWO:

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

The main assets of estates that are managed by the Department are cash, real properties, and shares.

There are currently over 4,000 estate properties, valued at over \$20 billion in the property portfolio. Approximately 2000 of these are improved (with

buildings), of which 515 are deemed to be insurable. The Agency manages an investment portfolio of \$2.256 billion invested in secured government instruments. There were also twenty businesses being monitored by the Department.

### KPI 7: Number of estate accounts completed

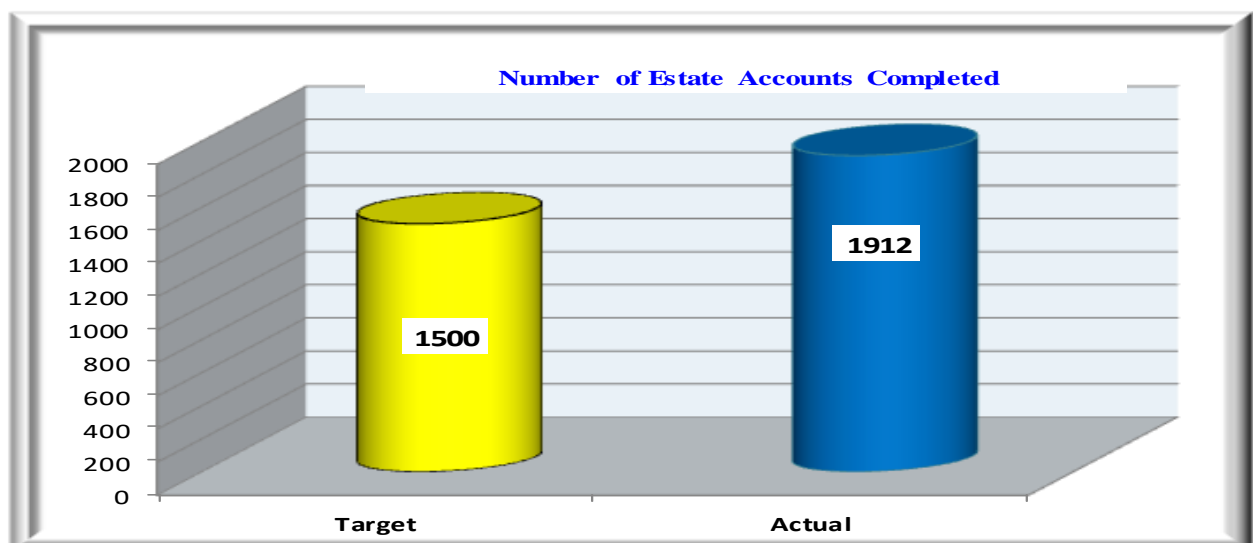
Statements of Accounts are prepared in order to ascertain the financial position of each estate and particularly before the final distribution is made to beneficiaries.

For the year under review, a total of 1,912 accounts were completed. This was 27.46% above the target of 1,500.

The trust accounting process which facilitates the preparation of statement of

accounts is a manual one. Transactions are manually updated on a daily basis.

The Trust and Estate Administration Software (TEMS) which is slated to commence development in 2016/2017 will automate the accounting processes resulting in all estate accounts being maintained with up-to-date and real-time records.

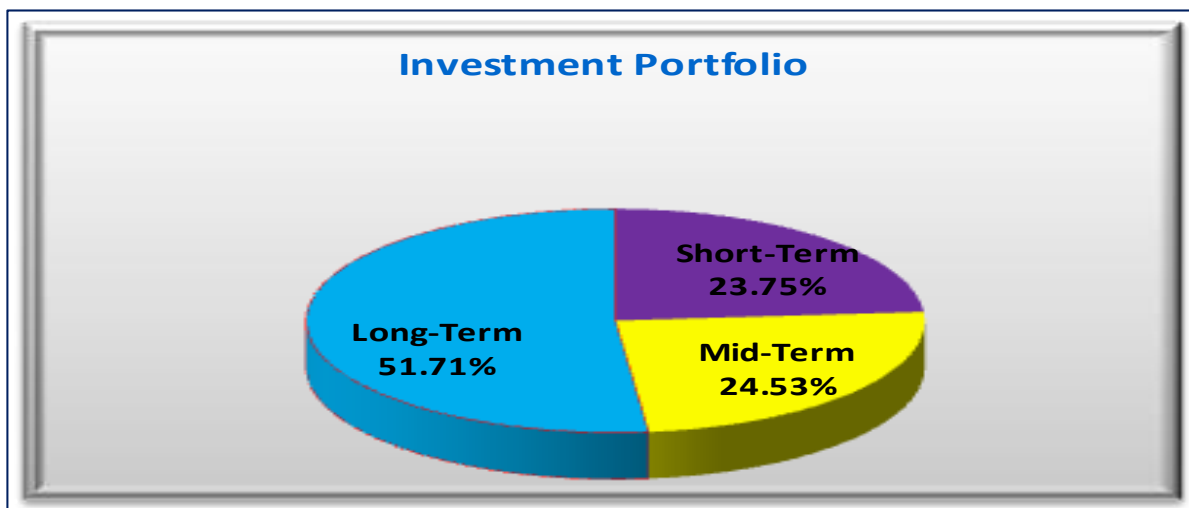


### KPI 8: Average percentage return on estate funds invested

The Administrator-General's Act provides that estate funds must be invested in secure instruments thereby eliminating the risk of loss. During the year, estate funds were invested under the government's NDX and JDX programmes.

The average percentage return on investment on estate funds was 6.63% for the year, against a target of 6±2%.

Payments to beneficiaries and estate expenses during the year amounted to \$496.72M.



#### **KPI 10: Percentage of insurable properties insured by renewal date**

As a means of securing the assets of estates against possible risks, it is the policy of the AGD to insure all estate properties that are deemed insurable, subject to the availability of funds in the respective estates.

May 31, 2015. Additionally, all new insurable properties received after the renewal date was subsequently insured where funds were available. This has resulted in a 100% achievement of this target.

All insurable properties with funds were insured by the renewal date on

#### **STRATEGIC OBJECTIVE FOUR:**

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

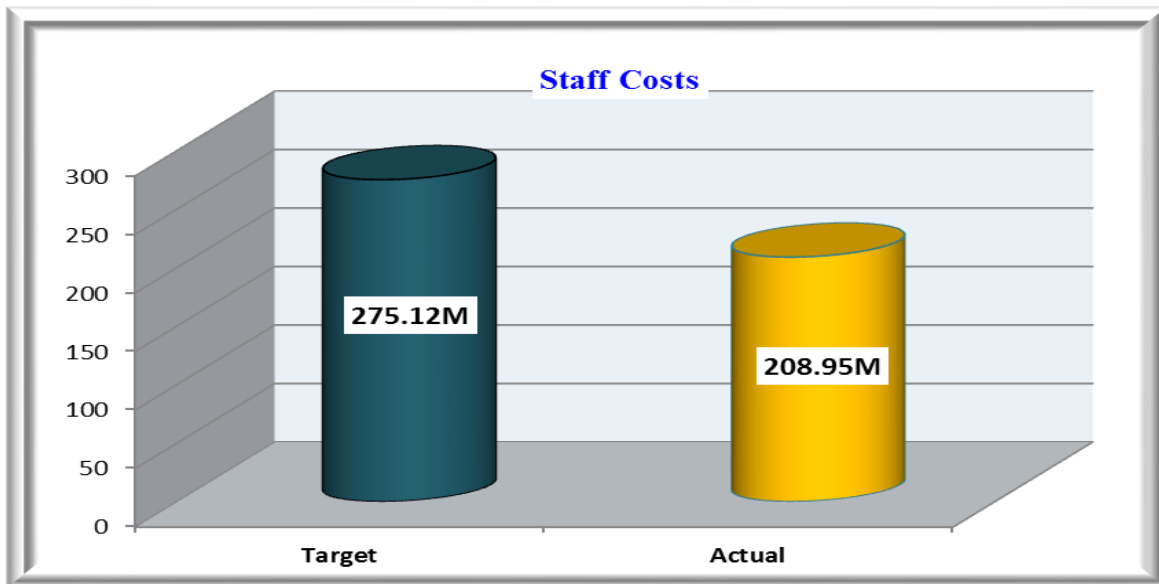
#### **KPI 12: Staff Costs Managed within Budget**

Staff costs represent a combination of all salary-related items including travel and subsistence payments. For the period, a total \$208.95M was spent on staff related costs, 18.40% below the budgeted amount of \$275.12M.

Provision was made for a 28% increase in the staff complement (24 additional staff),

consequent on the restructuring exercise in 2014/2015; however, only sixteen (16) of the approved posts were filled during the year. Additionally, amounts budgeted for lump sum payments including incentive, increment and gratuity, were not utilized during the year.

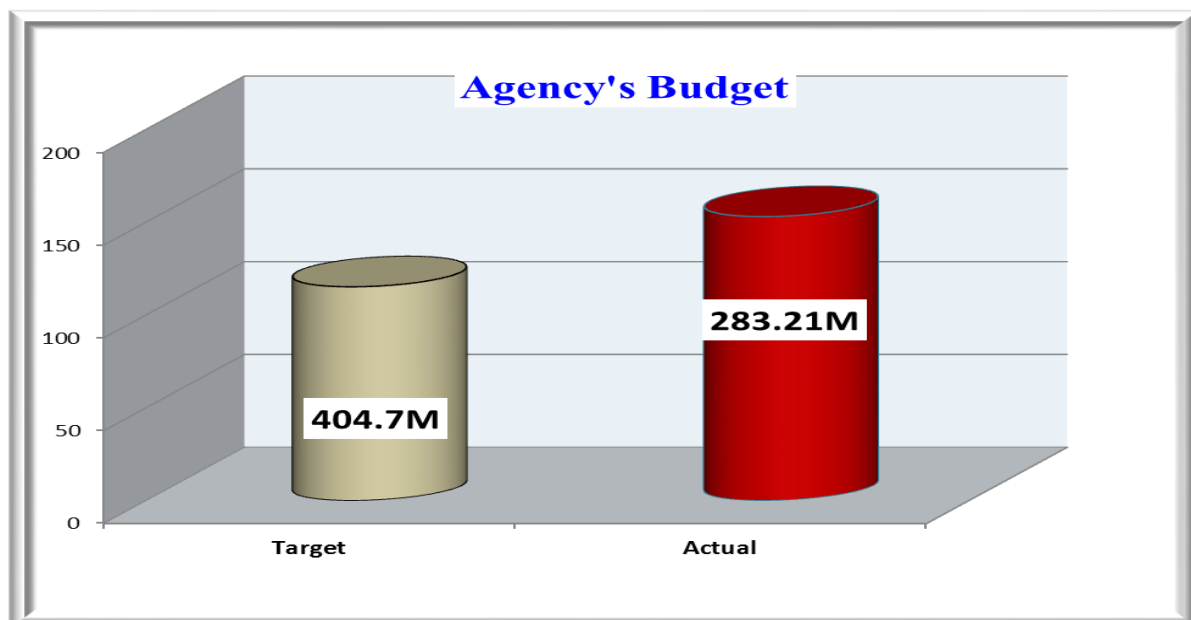




**KPI 13: Agency's budget managed effectively**

For the year a total of \$283.21M was spent from a budget of \$404.7M. This 30% positive variance was as a result of funds budgeted for the procurement of

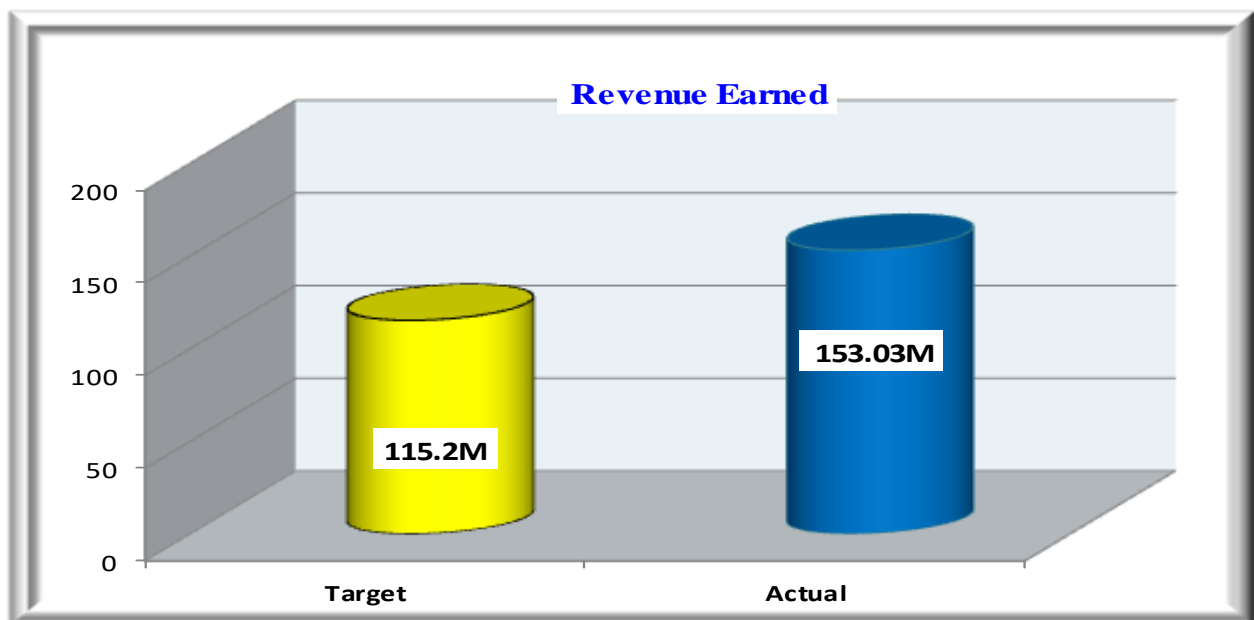
TEMS and also compensation related expenses that were deferred to the 2016/2017 financial year.



#### KPI 14: Revenue Earned

Revenue collected for the year amounted to \$153.03M against a budget of \$115.2M. Total revenue earned was \$175.85M, however, due to some estates not having the funds to settle their costs resulting in an increase in the accounts receivable from

estates by \$22.82M. The positive variance was attributable to an improvement in the inflow in legal fees resulting from an increase in the number of Instruments of Administration and Letters of Administration that were granted.



#### KPI 15: Business Plan to be submitted to the Ministry of Justice

The Agency's Strategic Business Plan outlines the strategic direction and defines key objectives for the next three years.

The Plan for the 2016/2017 – 2018/2019 financial years was submitted to the

Ministry of Justice on November 30, 2015. Contained in the Plan are the Department's Strategic objectives and the Key Performance Indicators for the period.

## **STRATEGIC OBJECTIVE FIVE:**

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

### **KPI 16: PROCURE SERVICES OF ESTATE MANAGEMENT SOFTWARE DEVELOPER**

During the year the Agency executed all the procurement processes required for the acquisition of a suitable supplier for the Department's Trust and Estate Management System.

The procurement process commenced in April 2015 and Cabinet approval was received in February 2016. The procurement process was completed on March 31, 2016.

### **KPI 18: Maintain backup of 95% of the Agency's approved data-set**

The Agency, during the year, took the necessary steps in ensuring that its data was preserved and could easily be retrieved in the event of equipment failure or other eventualities.

In order to facilitate business continuity, all the Agency's databases were backed-up in accordance with an established schedule. Data was backed-up daily utilizing three different media, namely; onsite, off-site and cloud technology.

## **STRATEGIC OBJECTIVE SIX:**

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

### **KPI 19: Percentage of Staff receiving an Average of 3 Hours Training**

As the operation of the Agency is very specialized and requires technical skills in most areas; continuous training of staff is necessary to ensure that they are equipped with the right skillsets for the effective execution of their duties.

Training was conducted in the areas of Leadership, Laws of Succession, Accounting, Information Technology and Change Management. Members of staff also benefitted from workshops organized by the Ministry of Justice.

During the year, a total of 86.5% of staff received at least three (3) hours training against a target of 70%.

#### **KPI 20: Complete Staff Satisfaction Survey**

The Agency used the staff satisfaction survey, during the year, as tool to measure the level of employee engagement and to get the opinion of members of staff.

The survey was completed on January 27, 2016 in comparison to the stated timeframe of January 29, 2016.

The results of the survey will be used in the human resource management planning.

#### **KPI 21: Annual Performance Appraisals for Employees**

The timely evaluation of performance enables the Agency to assess the achievement of staff, identify the training needs and provide opportunities for

management intervention to address deficiencies in technical competences. All the annual performance appraisals for employees were submitted by July 31, 2015 as targeted.

### ***ADMINISTRATION***

#### **KPI 19: Renew the Agency's Insurance Policy**

In order to provide protection against risks, the Agency's had a target to renew its insurance policy for its assets by April 30, 2015. The policy was renewed on the

stated date. All fixed assets received during the year were insured immediately after acquisition.

## **Best Customer Service Entity 2015** *(Single Location)*

The Agency's commitment to excellent customer service delivery resulted in it earning the Prime Minister's award for 2014/2015 for the Best Customer Service Entity for a Single Location in the Public Sector Customer Service Competition held in October 2015. This is the third time the Department has received the award since the inception of the biennial competition in 1994.

The Agency was very proud to be the recipient of this prestigious award and reaffirmed its commitment to the delivery of excellent service in all areas of its operation.

At the AGD, we believe that service excellence is critical to the success of our organisation and our aim is to remain a service-oriented and focused Department while consistently improving the quality of service-delivery in meeting the demands of the people it serves.

At the AGD, we maintain a customer-focused culture and the staff is trained and equipped to deliver efficient and professional service on a consistent basis. Through the administering of Customer Service Questionnaires and Suggestion Forms, we utilize the feedback of our client's to measure the quality of the services rendered and use the information garnered as an indicator of areas in which further improvements are necessary.

During the year the Agency served in excess of twenty-five thousand (25,000) client contacts, at least sixty percent (60%) of which were face-to-face while the remaining forty percent (40%) were over the telephone.

In keeping with the standards as set out in our customer service charter, clients are served within ten minutes of their arrival, telephones are answered promptly, while requests from beneficiaries for advances are processed and cheques prepared and issued within two hours.

In addition to the administration of estates, the Agency also assist dependents in accessing funds from financial institutions for funeral expenses and facilitates the transfer of motor vehicles to spouses.

The Agency endeavours to foster an environment of professionalism, confidentiality, transparency, courtesy and respect and was rewarded with an index of customer satisfaction of ninety-five percent (95%) for the year.

We will continue with our initiatives to ensure that our beneficiaries, clients and other stakeholders are provided with the level of service that they deserve in order to raise the bar to a higher level and exceed their expectation.



# *2015 Public Sector*





# *Awards Ceremony*



# APPENDICES

## APPENDIX I

### RESULTS OF KEY PERFORMANCE INDICATORS

Indicator	Year	Weights	Unaudited
	2015/2016		Results
STRATEGIC OBJECTIVE 1:			
Assess the entitlement and provide timely distribution of assets to beneficiaries and creditors to expedite closure of estates and improve customer satisfaction.			
Investigations Completed			
1. <i>Speed</i> : Complete investigations for <b>90%</b> of the cases from date of receipt of Form of Particulars reporting death	<i>16 weeks</i>	<i>3</i>	<b>10.89 weeks</b>
Letters of Administration			
2. <i>Speed</i> : Percentage of applications for Grants of Letters of Administration filed within 15 working days from date of referral.	<i>85% within 15 working days</i>	<i>5</i>	<b>100% within 15 working days</b>
3. <i>Volume</i> : Number of Grants of Letters of Administration received	<i>140</i>	<i>5</i>	<b>226 LAs &amp; 71 IAs</b>
Assets Collected			
4. <i>Speed</i> : Time taken within 90% of the estates to submit request to institution for each confirmed cash asset from date of receipt of Grant of Letters of Administration	<i>2 weeks</i>	<i>3</i>	<b>98.37% within 2 weeks</b>



5. <b>Speed:</b> Time taken within 90% of the estates to take formal possession from date of receipt of Grant of Letters of Administration	2.5 weeks	3	95.74% within 2.5 weeks
<b>Estates Closed</b>			
6. <b>Volume:</b> Number of cases closed	500	10	505
<b>Trust Accounting</b>			
7. <b>Volume:</b> Number of estate accounts completed	1,500	8	1912
<b>STRATEGIC OBJECTIVE 2:</b> <i>Optimize the net worth of each estate within the law to maximize the value that will accrue to beneficiaries.</i>			
<b>Investment</b>			
8. <b>Quality:</b> Average percentage return on Investment (Estate Funds)	6±2%	4	6.63%
<b>Property</b>			
9. <b>Efficiency:</b> Percentage of tenants against whom action taken to recover rent by the end of the third month in arrears	95%	3	97%
10. <b>Efficiency:</b> Percentage of existing insurable properties insured by the renewal date (based on availability of funds)	95%	5	100%
<b>STRATEGIC OBJECTIVE 3:</b> <i>Review the effectiveness of legislation and make recommendations for amendments to further enable achievement of the Agency's objectives.</i>			
<b>Legal Reform</b>			
11. <b>Efficiency:</b> Review and submit recommendations to amend relevant legislation	Oct-30	3	Submitted October 30

**STRATEGIC OBJECTIVE 4:**

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

**Finance**

12. <b>Efficiency:</b> Staff costs managed within budget	<b>\$275.12M</b>	<b>3</b>	<b>\$208.95M</b>
13. <b>Efficiency:</b> Agency's budget managed effectively	<b>\$404.700M</b>	<b>6</b>	<b>\$283.21M</b>
14. <b>Volume:</b> Revenue Earned	<b>\$115.200M</b>	<b>6</b>	<b>\$153.03M</b>

**Corporate Affairs**

15. <b>Efficiency:</b> Business Plan to be submitted to the Ministry of Justice	<b>Nov-30</b>	<b>5</b>	<b>Submitted November 30</b>
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**STRATEGIC OBJECTIVE 5:**

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

**Information technology**

16. <b>Efficiency:</b> Procure services of estate management software developer ( <i>Actual procurement based on availability of funds</i> )	<b>Mar-31</b>	<b>6</b>	<b>Mar-31</b>
17. <b>Efficiency:</b> Review and make recommendations for Information and Communications Technology (ICT) infrastructure improvement	<b>Report to be submitted by October 14</b>	<b>3</b>	<b>Submitted October 14</b>
18. <b>Efficiency:</b> Maintain backup of 95% of the Agency's approved data set	<b>Daily or within one (1) working day of notification of failure</b>	<b>4</b>	<b>100%</b>

**STRATEGIC OBJECTIVE 6:**

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

**Human Resource**

19. <b>Quality:</b> Percentage of staff receiving an average of 3 hours training	<b>70%</b>	<b>4</b>	<b>86.50%</b>
20. <b>Efficiency:</b> Complete staff satisfaction survey	<b>Jan-29</b>	<b>3</b>	<b>Jan-27</b>
21. <b>Efficiency:</b> Complete annual performance appraisals for employees	<b>Jul-31</b>	<b>4</b>	<b>Jul-31</b>

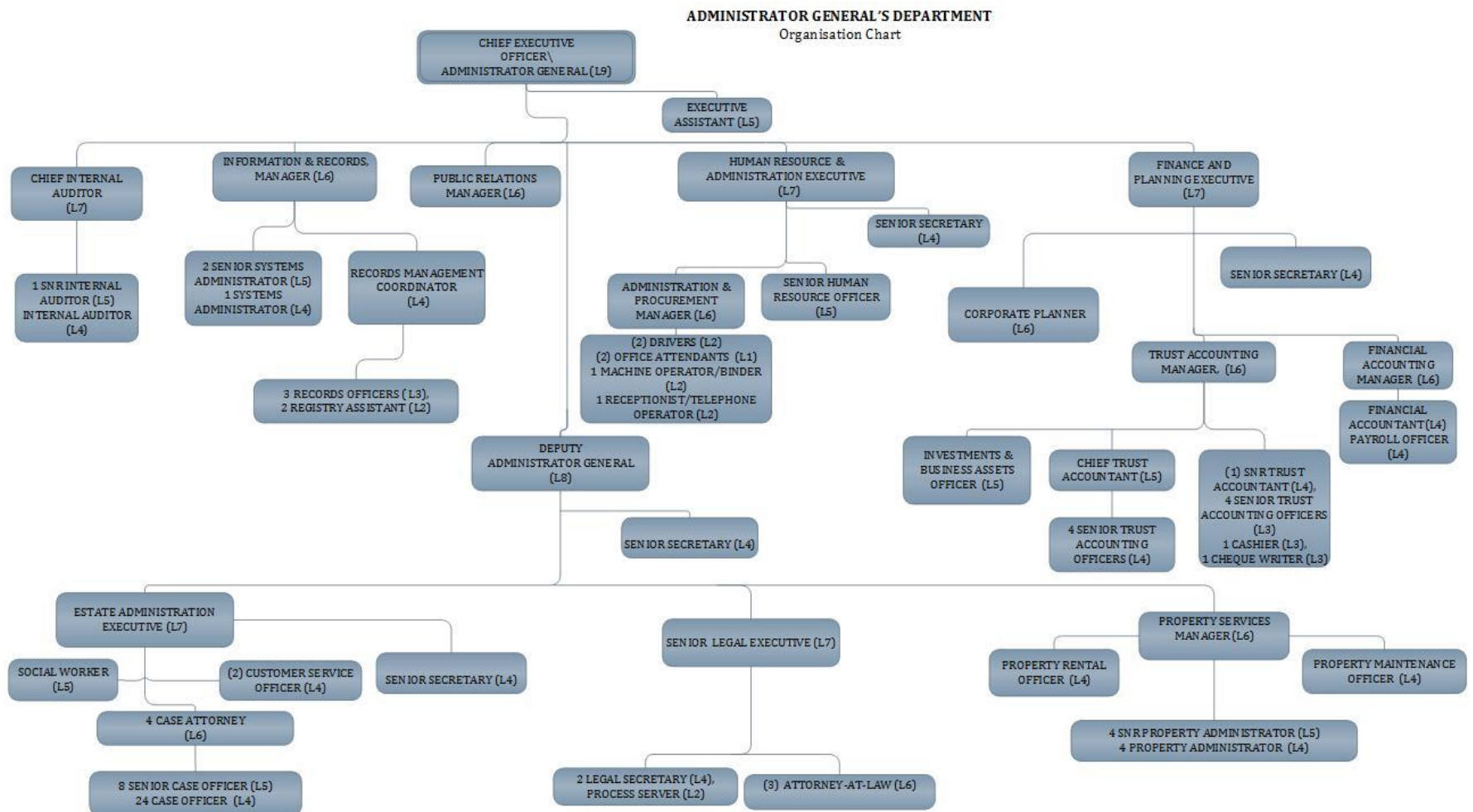
**Administration**

22. <b>Efficiency:</b> Renew the Agency's insurance policy	<b>Apr-30</b>	<b>4</b>	<b>Apr-30</b>
		<b>100</b>	



## APPENDIX II

### AGD's Organisational Structure



## **APPENDIX III**

**ADMINISTRATOR-GENERAL'S DEPARTMENT**

**FINANCIAL STATEMENTS**

**MARCH 2016**

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**Administrator General's Department**

**March 31, 2016**

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Independent Auditor's Report	
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Statement of Financial Performance	2
Statement of Changes in Equity	3
Statement of Cash flows	4
Notes to the Financial Statements	5 – 15
Statement of Internal Control	16



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:-

AUDITOR GENERAL'S DEPARTMENT  
40 Knutsford Boulevard  
P.O. BOX 455  
KINGSTON 5  
JAMAICA

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

## **INDEPENDENT AUDITOR'S REPORT**

**To the Chief Executive Officer/Administrator General  
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 15, which comprise the Statement of Financial Position as at March 31, 2016, Statement of Financial Performance, 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, 2016, and of its Statement of Financial Performance, 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

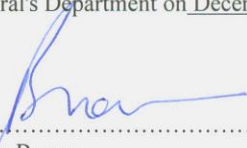
2016/2/21.....  
Date

**ADMINISTRATOR GENERAL'S DEPARTMENT**  
**Statement of Financial Position**  
**As at March 31, 2016**

	<u>Notes</u>	<u>2016</u> \$	<u>2015</u> \$
<b>Non-current assets</b>			
Property, plant and equipment	4	18,307,518	8,671,679
		<u>18,307,518</u>	<u>8,671,679</u>
<b>Current assets</b>			
Trade and other receivables	5	53,267,961	47,158,140
Prepayments		2,844,697	2,592,743
Cash and cash equivalents	6	211,336,330	146,076,262
		<u>267,448,988</u>	<u>195,827,145</u>
<b>Current liabilities</b>			
Payables and accruals	7	70,552,109	65,625,339
Employee benefits	8	47,487,088	31,245,686
		<u>118,039,197</u>	<u>96,871,025</u>
<b>Net current assets</b>		<u>149,409,791</u>	<u>98,956,120</u>
<b>Total assets</b>		<u>167,717,309</u>	<u>107,627,799</u>
<b>Non-current liabilities</b>			
<b>Equity</b>			
Capital (GOJ Investment)	9	1,855,200	1,855,200
General reserve		165,862,109	105,772,599
Total equity and reserve		<u>167,717,309</u>	<u>107,627,799</u>
<b>Total equity and liabilities</b>		<u>167,717,309</u>	<u>107,627,799</u>

Approved for issue on behalf of the Administrator General's Department on December 6, 2016  
and signed on its behalf by:

  
.....  
Mr. Patrick Wright  
**Finance and Planning Executive**

  
.....  
Mrs. Lona Brown  
**Administrator General & Chief Executive Officer**

**ADMINISTRATOR GENERAL'S DEPARTMENT**  
**Statement of Income and Expenditure**  
**Year ended March 31, 2016**

	Notes	<u>2016</u>	<u>2015</u>
INCOME		(\$)	(\$)
Investment fees		66,326,117	63,075,611
6% Commissions		29,401,633	34,540,463
Property management fees		676,234	644,295
Administration fees		1,726,520	1,723,500
Legal fees		77,716,715	59,702,638
<b>Total income</b>		<u><b>175,847,219</b></u>	<u><b>159,686,507</b></u>
<b>EXPENDITURE</b>			
Staff costs	10	220,047,537	194,512,363
Travel expense and subsistence		6,250,126	2,361,044
Goods and services	11	29,238,163	25,014,442
Premises related services	12	18,947,442	18,441,901
Public utilities	13	6,763,286	7,770,650
Depreciation charges	4	4,368,767	3,644,450
Other cost	14	20,998,602	8,095,793
<b>Total operating expenses</b>		<u><b>306,613,923</b></u>	<u><b>259,840,643</b></u>
<b>Operating deficit</b>		<u><b>(130,766,704)</b></u>	<u><b>(100,154,136)</b></u>
Income - Revolving Fund and Transport		3,922,576	4,373,189
Management fees		(1,151,805)	(783,131)
Interest income		7,165,952	6,037,265
<b>Net deficit before GOJ Financing</b>		<u><b>(120,829,981)</b></u>	<u><b>(90,526,813)</b></u>
GOJ financing from Consolidated Fund		241,009,000	190,948,305
<b>Net surplus after GOJ financing</b>		<u><b>120,179,019</b></u>	<u><b>100,421,492</b></u>
50% Net surplus to Consolidated Fund	7(a)	(60,089,509)	(50,210,746)
<b>Net (deficit)/surplus</b>		<u><u><b>60,089,510</b></u></u>	<u><u><b>50,210,746</b></u></u>



**ADMINISTRATOR GENERAL'S DEPARTMENT**  
**Statement of Changes in Equity**  
**Year ended March 31, 2016**

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	<b>Capital (GOJ Investment)</b>	<b>General Reserve</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance as at March 31, 2014	1,855,200	55,561,853	57,417,053
Net Surplus for the year	-	50,210,746	50,210,746
	<hr/>	<hr/>	<hr/>
Balance as at March 31, 2015	<b>1,855,200</b>	<b>105,772,599</b>	<b>107,627,799</b>
Net Surplus for the year	-	60,089,510	60,089,510
	<hr/>	<hr/>	<hr/>
Balance as at March 31, 2016	<b>1,855,200</b>	<b>165,862,109</b>	<b>167,717,309</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**ADMINISTRATOR GENERAL'S DEPARTMENT**  
**Statement of Cash Flows**  
**Year ended March 31, 2016**

	<b>Note</b>	<b><u>2016</u></b>	<b><u>2015</u></b>
<b>Cash flows from operating activities:</b>		\$	\$
Deficit for the year before GOJ financing		(120,829,981)	(90,526,813)
Recurrent financing from Consolidated Fund		241,009,000	190,948,305
(Deficit)/Surplus for the year after GOJ financing		<u>120,179,019</u>	<u>100,421,492</u>
50% net surplus to Consolidated Fund		(60,089,509)	(50,210,746)
<b>Net (deficit)/surplus</b>		<b><u>60,089,510</u></b>	<b><u>50,210,746</u></b>
<b>Adjustments:</b>			
Depreciation		4,368,767	3,644,450
(Profit)/ Loss on sale of fixed assets		-	-
(Increase)/decrease in receivables		(6,361,775)	(24,694,599)
Increase/(decrease) in current liabilities		21,168,172	50,878,765
Increase/(decrease) in non-current liabilities		-	(1,595,312)
Transfer from Donated Assets Reserve		-	-
<b>Net cash used in operating activities</b>		<b><u>79,264,674</u></b>	<b><u>78,444,051</u></b>
<b>Cash flows from investing activities:</b>			
Capital expenditure	(4)	(14,004,606)	(1,944,965)
Proceeds from sale of fixed assets		-	-
<b>Net cash used in investing activities</b>		<b><u>(14,004,606)</u></b>	<b><u>(1,944,965)</u></b>
<b>Cash flows from financing activities</b>			
<b>Net cash flows from financing activities</b>		<b><u>-</u></b>	<b><u>-</u></b>
<b>Decrease in cash and cash equivalents</b>		<b>65,260,068</b>	<b>76,499,086</b>
Cash and cash equivalents at beginning of year		146,076,262	69,577,176
<b>Cash and cash equivalents at end of year</b>		<b><u>211,336,330</u></b>	<b><u>146,076,262</u></b>

**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

- i. These financial statements have been prepared in accordance with the requirements of the Financial Instructions to Executive Agencies. These instructions require the application of Generally Accepted Accounting Principles which is based on International Public Sector Accounting Standards (IPSAS). IPSAS's are developed by the International Public Sector Accounting Standards Board. The IPSAS Board is an independent board of the International Federation of the Accountants. IPSAS's are based on International Financial Reporting Standards (IFRSs).
- ii. IPSAS deals with public sector reporting issues that are not addressed by 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

- 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.

**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.

As per decision of Chief Executive Board on May 18, 2012, provision is made for 100% of Legal Fees receivable for more than six months.

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.

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

c) Significant accounting policies (Cont'd)

v. Employee benefits

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.

The Agency participates in a Defined Contribution Pension Scheme for its employees which is administered by the National Commercial Bank Insurance Company Limited. The fund was established in the financial year ended 2003 and is funded by contributions from employees and employer. The employees contribute at a mandatory rate of 5%; while the entity makes a matching contribution. The Agency contributes 7.5% for employees who have attained five (5) years but less than ten (10) years enrollment in the scheme and 10% for employees who are enrolled for ten (10) years and over. The Agency's net liability in respect of the defined contribution plan is recognized only if the contribution paid during the year is less than the contribution required.

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, 2016 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 & June 2015) 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.

## 2. 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. 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>2016</u>	<u>2015</u>
	\$	\$
Financial asset – investment in EAIF	<u>118,319,899</u>	<u>110,998,329</u>

### 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.

3. Financial Risk Management (cont'd)

b. Liquidity risk

<u>Financial liabilities</u>	Carrying amount	Contractual amount	Due within 3 months	Due within 1 year
	\$	\$	\$	\$
Payables and accruals	70,552,109	70,552,109	64,837,325	5,714,784
Employee benefits	47,487,088	47,487,088	-	47,487,088
<b>At March 31, 2016</b>	<b>118,039,197</b>	<b>118,039,197</b>	<b>64,837,325</b>	<b>53,201,872</b>

<u>Financial liabilities</u>	Carrying amount	Contractual amount	Due within 3 months	Due within 1 year
	\$	\$	\$	\$
Payables and accruals	65,625,339	65,625,339	61,212,361	4,412,978
Employee benefits	31,245,686	31,245,686	-	31,245,686
<b>As At March 31, 2015</b>	<b>96,871,025</b>	<b>96,871,025</b>	<b>61,212,361</b>	<b>35,658,664</b>

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>2016</u>	<u>2015</u>
	\$	\$
Cash and cash equivalents	<u>211,336,330</u>	<u>146,076,262</u>
Trade and other receivables	<u>53,267,961</u>	<u>47,158,140</u>



**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, 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.

**4. Property, plant and equipment**

Property, plant and equipment are broken down as follows:

	<b>Computers</b>	<b>Furniture and fittings</b>	<b>Motor vehicles</b>	<b>Office equipment</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Cost/valuation:</b>					
At April 1, 2015	22,643,961	14,746,962	9,392,385	4,356,146	51,139,454
Additions	5,368,701	2,869,025	3,777,150	1,989,430	14,004,606
Adjustment	(553,505)	(187,968)	-	12,384	(729,089)
Disposals	-	-	-	-	-
At March 31, 2016	27,459,457	17,428,019	13,169,535	6,357,960	64,414,971
<b>Depreciation:</b>					
At April 1, 2015	19,953,136	12,315,161	6,444,090	3,755,388	42,467,775
Charge for the year	1,929,173	615,923	1,479,533	344,138	4,368,767
Adjustment	(553,505)	(187,968)	-	12,384	(729,089)
<b>Disposals</b>	-	-	-	-	-
At March 31, 2016	21,328,804	12,743,116	7,923,623	4,111,910	46,107,453
<b>Net book value:</b>					
March 31, 2016	<b>6,130,653</b>	<b>4,684,903</b>	<b>5,245,912</b>	<b>2,246,050</b>	<b>18,307,518</b>
March 31, 2015	<b>2,690,826</b>	<b>2,431,801</b>	<b>2,948,295</b>	<b>600,758</b>	<b>8,671,679</b>

**5. Trade and other receivables**

	<u>2016</u>	<u>2015</u>
	\$	\$
Estate-related fees (i)	131,359,175	107,419,798
Less: impairment allowance	<u>(89,797,306)</u>	<u>(68,798,704)</u>
	41,561,869	38,621,094
Interest receivable	779,947	1,007,487
Staff loans	5,608,190	6,884,134
Other receivables	<u>5,317,955</u>	<u>645,425</u>
	<b><u>53,267,961</u></b>	<b><u>47,158,140</u></b>

**5(i) Estate-related Fees**

	<u>2016</u>	<u>2015</u>
	\$	\$
Legal fees	122,936,740	98,060,385
Less: impairment allowance	<u>(89,797,306)</u>	<u>(68,798,704)</u>
	33,139,434	29,261,681
Transport and Revolving	782,900	740,540
6% commission payments	743,379	2,322,008
6% commission rent	228,036	209,153
6% commission interest	746,903	701,114
Administration fees	136,750	175,250
Property management fees	20,592	63,198
0.75% Investment fees	<u>5,763,875</u>	<u>5,148,173</u>
	<b><u>41,561,869</u></b>	<b><u>38,621,117</u></b>

As at March 31, 2016 legal fees of \$89,797,306 (2015, \$68,798,704) were impaired and fully provided for.

**6. Cash and cash equivalents**

The cash and cash equivalents balance is comprised as follows:

	<u>2016</u>	<u>2015</u>
	\$	\$
Cash at bank and in hand	93,016,430	35,077,933
Investments	118,319,900	110,998,329
	<b><u>211,336,330</u></b>	<b><u>146,076,262</u></b>

The investments represent short-term deposits invested in the Executive Agency Investment Funds (from 60 days to 91 days) at interest rates ranging from 3.6% to 6.2%.

## 7. Payables and accruals

	<u>2016</u>	<u>2015</u>
	\$	\$
50% Net surplus owed to Accountant General (a)	60,089,509	51,130,580
Statutory deductions	288,933	1,759,879
Management fees	5,564,783	4,412,978
Accrued expenses	2,753,229	1,117,506
General Consumption Tax	1,351,886	4,498,815
Estate Payable	503,769	2,705,581
	<u>70,552,109</u>	<u>65,625,339</u>

### a. 50% Net surplus to Consolidated Fund

This represents fifty percent (50%) of the surplus payable to the Consolidated Fund as at March 31, 2016 in accordance with the Financial Instructions to Executive Agencies issued by the Ministry of Finance.

	<u>2016</u>	<u>2015</u>
	\$	\$
Amount payable as at April 1	51,130,580	2,156,379
Current amount	60,089,509	50,210,746
Amount disbursed	<u>(51,130,580)</u>	<u>(1,236,545)</u>
Amount payable as at March 31	<u>60,089,509</u>	<u>51,130,580</u>

## 8. Employee benefits

	<u>2016</u>	<u>2015</u>
	\$	\$
Provision for vacation leave	10,306,683	11,082,530
Provision for incentive	25,800,000	12,800,000
Salary arrears	405,921	404,932
Gratuity	10,974,483	6,958,224
	<u>47,487,088</u>	<u>31,245,686</u>

## 9. 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.

**10. Staff costs**

	<u>2016 \$</u>	<u>2015 \$</u>
Salaries and wages	205,022,719	180,950,221
Statutory and other contributions (i)	15,024,818	13,562,142
	<u>220,047,537</u>	<u>194,512,363</u>

(i) During the financial year the Agency contribution to the Executive Agency Pension Scheme amounted to:

	<u>2016</u>	<u>2015</u>
	\$	\$
	<u>6,410,991</u>	<u>5,645,204</u>

b. Salary range

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

<u>Salary Range (\$)</u>	<u>Number of employees</u>
2,000,000.00 – 2,250,000.00	5
2,250,000.00 – 2,500,000.00	6
2,500,000.00 – 2,750,000.00	2
2,750,000.00 – 3,000,000.00	1
3,000,000.00 – 3,250,000.00	5
3,250,000.00 – 3,500,000.00	1
3,500,000.00 – 3,750,000.00	5
4,500,000.00 – 4,750,000.00	1
4,750,000.00 – 5,000,000.00	3
5,000,000.00 – 5,250,000.00	0
5,250,000.00 – 5,500,000.00	1
5,750,000.00 – 6,000,000.00	1
6,500,000.00 – 6,750,000.00	0
6,750,000.00 – 7,000,000.00	0
7,000,000.00 – 7,250,000.00	<u>1</u>
Total	<u>32</u>

**10. Staff costs (cont'd)****c. Remuneration of Key Management Personnel**

Position	Salary	Gratuity and performance incentive	Travelling allowance	Allowances	Total 2016	Total 2015
	\$	\$	\$	\$	\$	\$
C.E.O/Administrator General	6,323,097	-	609,828	383,364	7,316,289	11,221,013
Deputy Administrator General	4,412,326	-	1,219,656	362,364	5,994,346	9,276,730
Senior Legal Executive	2,664,990	-	1,219,656	362,364	4,247,010	4,993,135
Human Resource and Administration	3,644,000	-	1,219,656	-	4,863,656	7,265,905
Chief Internal Auditor	3,298,000	-	1,219,656	-	4,517,656	-
Estate Administration Executive	3,398,000	-	1,219,656	362,364	4,980,020	-
Finance and Asset Management	4,042,353	-	1,219,656	-	5,262,009	6,342,767
<b>Total</b>	<b>27,782,766</b>	<b>-</b>	<b>7,927,764</b>	<b>1,470,456</b>	<b>37,180,986</b>	<b>39,099,550</b>

**Key performance indicators (KPI)**

At the date of the financial position the KPI for the financial year was not revised by the Chief Internal Auditor for inclusion in the financial statements. However, the KPI will be included in the Agency's Annual Report.

**11. Goods and services**

	<b><u>2016</u></b>	<b><u>2015</u></b>
	\$	\$
Repairs and maintenance	2,577,474	2,011,801
Consultancy	2,078,472	3,402,484
Stationery	1,206,551	1,206,551
Insurance	706,162	993,226
Maintenance of computer hardware and software	5,247,941	4,478,842
Operating expenses	11,845,049	8,230,923
Audit fees	172,500	172,500
General Consumption Tax	5,404,014	4,518,115
	<b><u>29,238,163</u></b>	<b><u>25,014,442</u></b>

**12. Premises related expenses**

	<u>2016</u>	<u>2015</u>
	\$	\$
Rental of building	16,999,142	16,526,801
Rental of parking space	1,948,300	1,915,100
	<u>18,947,442</u>	<u>18,441,901</u>

**13. Public utilities**

	<u>2016</u>	<u>2015</u>
	\$	\$
Electricity	3,748,386	5,161,760
Telephone voice	781,331	744,346
Telephone cellular	148,287	108,949
Telephone fax	49,833	38,869
Internet charges	924,733	720,179
Data Back up and Hosting	1,110,716	996,547
	<u>6,763,286</u>	<u>7,770,650</u>

**14. Other cost**

	<u>2016</u>	<u>2015</u>
	\$	\$
Impairment of receivable	<u>20,998,602</u>	<u>8,095,793</u>

**15. Procurement Information**

<u>Expenditure range \$</u>	<u>Number of Suppliers</u>	<u>Total Value (\$)</u>
500,000-1,000,000	2	<u>1,346,418.87</u>

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.



## **APPENDIX IV**

### **COMPENSATION FOR MEMBERS OF THE ADVISORY BOARD**

**For the year ended 31/03/2016**

<b>Name of Member of Advisory Board</b>	<b>Year</b>	<b>Total Allowance (\$)</b>
<b>WHITE, Rennard (Chairman)</b>	2015/2016	<b>37,500.00</b>
<b>ALDRED, Marlene</b>	2015/2016	<b>22,500.00</b>
<b>PHILLIP, Rose</b>	2015/2016	<b>22,500.00</b>
<b>PRATT, Henry</b>	2015/2016	<b>22,500.00</b>
<b>WINT MCKENZIE, Marie</b>	2015/2016	<b>22,500.00</b>
<b>TOTAL PAYMENT</b>	2015/2016	<b>127,500.00</b>

## CORPORATE INFORMATION

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