

MINISTRY PAPER #4/10
FISCAL SERVICES LIMITED
ANNUAL REPORT
FOR FINANCIAL YEAR ENDED MARCH 31, 2009

INTRODUCTION

1. The matter for tabling in the Honourable Houses of Parliament is the Annual Report for Fiscal Services Limited (FSL) for the financial year ended March 31, 2009.

OVERVIEW

2. FSL was incorporated in Jamaica under the Companies Act as a limited liability company on April 15, 1985 but commenced operations in April 1986. The Entity provides a full range of computer services to the Ministry of Finance and the Public Service (MFPS), chiefly its revenue departments and other government entities. Services include software & hardware development, network communication, quality assurance and testing, and technical support. Costs, including capital requirements, are funded primarily by the Government via subventions and grant allocations.

DISCLOSURES

Auditors' Report

3. The Auditors, PricewaterhouseCoopers (PwC), indicated that their audit of the Company's financial statements for 2008/09 was conducted in accordance with International Standards on Auditing. PwC noted that the financial statements were prepared in accordance with International Financial Reporting Standards and complied with the provisions of the Jamaica Companies Act. The auditors also indicated that proper accounting records were kept and that the financial statements prepared give a true and fair view of the financial position of the Company as at March 31, 2009.

Compensation to Senior Executives

4. Pursuant to the Second Schedule (Part 1) of the Public Bodies Management and Accountability (2001), Act, details of the compensation packages for senior executives are included in the Annual Report. Appendix 1 attached shows that the compensation package paid to the executive management team amounted to \$45.54 million for 2008/9, and accounted for approximately 8.63% of staff costs. Individual packages ranged from \$3.03 million to \$9.38 million paid to the Managing Director.

OPERATIONAL HIGHLIGHTS

5. During the year, FSL continued the development of systems and the provision of support services that facilitated communication access for all locations of Revenue Services Departments

(RSD) across the island. A number of systems were implemented, while others were enhanced to increase operational efficiencies.

The following are highlights on project activities.

Tax Reminder System	The system was developed to advise the Tax Administration's Clients (Taxpayers), via text messages, of issues, events or transactions requiring their attention. During the review period FSL completed the first phase of the system, including reminder notices in relation to GCT returns, motor vehicle registrations and certificates of fitness. The tender process to select the service provider for the delivery of the text messages was finalized during the year and the facility became available at the end of June 2009.
E-Filing & E-payment Systems	The successful deployment of the first phase of the E-filing system during the third quarter of the fiscal year is seen as a major achievement. This system is accessible by taxpayers through Tax Administration's Tax Portal and allows them to submit GCT and SCT returns over the internet in a safe and secure environment.
Ministry of Energy, Mining & Telecommunication's (MEMT) Cashiering System (MICASH)	The MICASH was developed for the MEMT in the financial year. The primary objective of the system is to expedite the cashiering process through the use of automated facilities. This includes, receipt printing (and reprinting), payment cancellation and refunds, cashier start-up and end-of-day close-off and balancing and security features incorporating supervisor overrides.
Automated Motor Vehicle System (AMVS)	This system was designed to capture data on motor vehicles and their owners; facilitate the production of titles for motor vehicles; provide reporting information as needed; facilitate easy identification and location of a vehicle by owner's name, TRN, chassis number, or licence plate; among other things. A number of enhancements were implemented to further improve the interface with the Customs and the cashiering systems. Activities were also in progress to define and analyse requirements for a new motor vehicle title printing solution.
Integrated Computerized Tax Administration System (ICTAS)	Development of the ICTAS began in 1998 – under the Government's Tax Administration Reform Programme (TAXARP). The system essentially seeks to provide a single integrated facility for tax type registration, taxpayer and revenue accounting, payments and returns processing, compliance and delinquency control, taxpayer classification, audit, assessment and case management. A major system enhancement was developed and implemented in relation to the "2008/09 Tax Amnesty". Also full migration of the system to a new operating system (Linux) and current data base management system (Informix) were achieved.

License Management Information System (LMIS)	The objectives of the LMIS Release 1 include expediting the delivery and processing time for Licences; improving data integrity and consistency within and between the motor vehicle data maintained by the Collectorates and that of the LMIS; improved operational efficiencies and controls in the processing of road licences applications and the accounting for fees collected. Use of the systems at all Transport Authority sites are reaping benefits and during the year FSL developed and successfully implemented the "online payment and application submission module". This will facilitate applicants for Commercial Carrier (CC) licences being able to submit applications and effect payments via the internet.
Antigua & Barbuda Customs Automated Services System (ABCASE)	The project was launched on June 30, 2008. The major benefits to be realized by the Antigua & Barbuda Government include: an increase in the use of automation to capture customs warrants data and payments, immediate reconciliation between warrants processed and payments received, a reduction in the amount of data required to be entered by Customs Officers, which will result in the reduction in time taken to process and clear goods. The system will also allow for the application of a fast-track stream to reduce the need for inspections of compliant importers/brokers as determined by Customs officials, a reduction of paper usage in the process and provision of a means of predictability and transparency in the customs valuation, assessment and clearing process.

FINANCIAL HIGHLIGHTS

Table 2: Financial Highlights

\$m

Particulars	2008/09 [a]	2007/08 [b]	Change	
			[a-b] \$	(%)
Subvention & Grant	998.17	865.97	132.21	15
Other Income	52.54	41.36	11.18	27
Total Income	1,050.71	907.32	143.38	16
Total Expenses	-1,009.26	-879.05	-130.21	15
Surplus/(Deficit) after Tax	30.12	18.13	11.99	66

13. Table 1 indicates that FSL realized an after tax surplus of \$30.12 million, an improvement of \$11.99 million on the \$18.13 million earned for the 2007/08 financial year. This resulted due to a net increase in operational subvention and grant funding of \$132.21 million compared to the prior year.

Income and Expenditure

14. FSL's major sources of income are operational subvention and grants (for projects), from the MFPS, which accounted for approximately 95% of the entity's total income for the year. Of note, a net increase of \$143.38 million or 16% in total income to \$1,050.71 million was recorded, up from \$907.32 million generated for 2007/08. The major contributor to this revenue growth was subvention, which rose by \$162.6 million or 23%, as additional funds were allocated based on projected increases in staff emoluments and other approved costs. Conversely, grant income decreased by \$30.39 million or 17.57% in line with a contractual arrangement, resulting in a net increase of \$132.21 million or 15%.

15. Table 1 also shows that total expenses increased by \$130.21 million or 15% due chiefly to a rise of \$163.50 million in administrative costs and a decrease of \$33.30 million in project disbursements. The major contributing factor to the increase in administrative expenses was a rise of \$90.57 million or 20.71% in staff cost, resulting from salary adjustments, as well as increment payments based on performance. This occurred notwithstanding a fall in the staff complement to 215 at the end of 2008/09, from 224 in 2007/08.

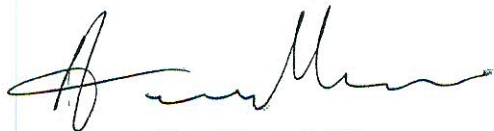
16. The decrease in project expenses occurred as fees for software licences fell by \$63.91 million. This was in accordance with contractual arrangements entered in 2007/08, whereby fees are incurred in four tranches over a two-year period, with three payments due in the first year and the balance in the second year.

Balance Sheet

17. There was a minimal increase of \$3.79 million in total assets to \$405 million of which the major contributing factor was an increase in cash and short-term deposits, which grew to \$106.96 million from \$82.29 million. Consequently, working capital also increased from \$122.57 million to \$145.85 million at the end of the year, indicating an improvement in FSL's liquidity position.

CONCLUSION

18. For 2008/09, FSL continued to maintain information systems infrastructure and provide support services to the revenue departments and other government agencies. During the period, several systems were implemented, while others were enhanced to increase operational efficiencies. These activities are expected to facilitate improvement in Government's revenue collection, widen the tax base and enhance compliance.



Audley Shaw, M.P.
Minister of Finance and the Public Service
December 13, 2009

FISCAL SERVICES LIMITED
COMPENSATION PACKAGE OF SENIOR EXECUTIVES
YEAR ENDED MARCH 31, 2009

2009	BASIC SALARIES	LAUNDRY	SUB. TOTAL	UPKEEP	CLOTHING ALLW.	CAR WASH	OTHER	GRATUITY	SECURITY	SUB TOTAL	GRAND TOTAL
Managing Director	5,281,375		5,281,375	796,500		1,000	1,100,654	1,398,837	798,300	4,095,291	9,376,666
Senior Director - Technical Services	5,390,625	19,624	5,410,249	796,500	34,500	2,800	657,196	1,301,231		2,792,227	8,202,476
Senior Director - Software Engineer	4,042,969	19,624	4,062,593	597,375	34,500		348,554	1,259,766		2,240,195	6,302,788
Director - HRM	2,525,710	2,379	2,528,088	96,545	10,350	3,000	121,693	266,690		498,279	3,026,367
Director - Finance, Planning & Admin.	4,728,511	19,624	4,748,135	796,500	34,500	3,040	529,974	816,483		2,180,497	6,928,633
Director, e-Government	5,390,625	19,624	5,410,249	796,500	34,500		635,233	1,215,820		2,682,053	8,092,302
Internal Audit	2,694,493	19,624	2,714,117	537,060	34,500	900	325,187			897,647	3,611,764
	30,054,307	100,500	30,154,807	4,416,980	182,850	10,740	3,718,489	6,258,828	798,300	15,386,187	45,540,995

NB: Other includes health insurance, group life and statutory deductions paid on behalf of directors.