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VISION STATEMENT

FLA enjoys public confidence through consistently superior professionalism, integrity and customer satisfaction.

MISSION STATEMENT

Our mission is to provide an environment of transparency and integrity in the regulation of firearms and ammunition used by Jamaican residents. We will do this by having highly trained, professional staff providing high quality service to our individual applicants, Dealers, Range Operators, Trainers, Security Companies and other customers. As a part of the national security infrastructure of Jamaica, we will also ensure that the integrity and completeness of our database of firearms records are maintained at high standards, and will also seek to maintain excellent communication with the other members of the national security infrastructure under the umbrella of the Ministry of National Security.

Strategic Objectives

- To provide a decision for new firearm applications within six - nine months.
- To process renewals and recertifications in less than one hour.
- To perform audits on security companies, dealers, ranges, gun clubs at least biennially.
- To ensure that there is adequate risk management systems to protect the authority's database of license records.
- To ensure the timely payment of and accounting for all fees due and payable to the FLA for the delivery of its services.
- To ensure consistent high levels of customer service for internal and external customers.
- To provide a regular forum to meet with our main stakeholders.

CORPORATE PROFILE

“There is hereby established for the purposes of this Act, a body to be known as the Firearm Licensing Authority” – Firearms Act, Part V, Section 26A. 1

FIREARM LICENSING AUTHORITY'S (FLA) HISTORY

Cabinet Decision 7/04 gave approval for the revision of the policy and procedures relating to the issuing and renewing of the firearm licenses, the establishment of the Firearm Licensing Authority for carrying out related functions, the allocation of funds for the acquisition of new technology for the operation of the Authority, and the issuance of the drafting instructions to the Chief Parliamentary Counsel to amend the Firearms Act accordingly.

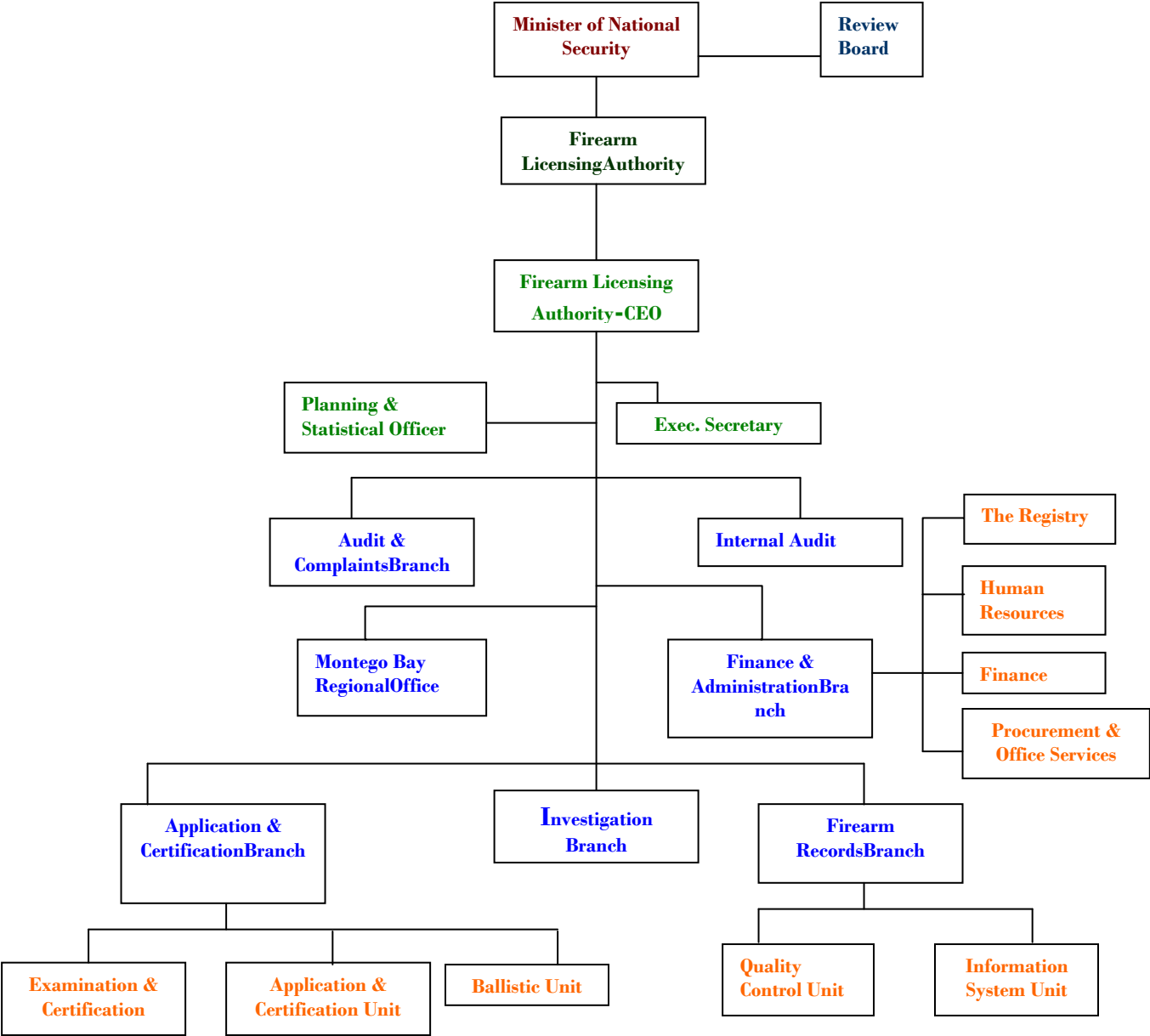
The Firearms Act in its previous form came into being in 1947 (revised 1967) in a vastly different environment than obtains today. Its objective was primarily to control the manufacture, sale, purchase, importation, exportation, transshipment, disposal, possession and use of firearms and ammunition.

Under the Act, individuals were permitted to own and use firearms and ammunition after applications to the Superintendent were approved. Unsuccessful applicants had the right to appeal to the Minister of National Security who would convene a hearing on the matter.

On March 1st, 2006 the Firearm Amendment Act (2005) came into operation, and with it, the Firearm Licensing Authority was established as a statutory organization within the Ministry of National Security.

The main objective of the new policy implemented through the Firearm Licensing Authority, is to improve the transparency in the process of granting firearm licences and the introduction of a regime that will allow for professional, careful and timely procedures to facilitate the application and issuance of firearm licences.

FLA'S ORGANIZATIONAL STRUCTURE



Message from Hon Peter Bunting MP, Minister of National Security



The Firearm Licensing Authority is one of the success stories of the Ministry of National Security. It has been transformed into an efficient and highly professional agency - one that is enabling qualified Jamaicans who desire to enhance their personal security by acquiring and carrying legal firearms to do so with greater ease.

The processing of applications is now being done in a much shorter time and in keeping with established criteria, sound judgment and fairness. The improvements have resulted in greater confidence in the organization and the quality of its service to the public. These improvements have led to the Authority placing first in the Public Sector Customer Service Competition for being ‘The Most Improved Customer Service Entity’ and second place as ‘The Best Customer Service Entity’.

Over the past year the Authority has handled nearly six thousand new applications and processed just over five thousand annual birthday renewals. Over six hundred private firearms that had been in the custody of the Police have been safely and properly destroyed ensuring that they will never fall into the wrong hands.

The FLA has embarked on a major project involving the marking of firearms with special identification codes in keeping with agreements made with the General Secretariat of the Organization of American States. This is an area in which the Authority is making a unique contribution to our efforts to regulate and monitor firearms and will enable the agency to trace all issued firearms for increased accountability.

The Authority is continuing to emphasize that the proper handling of firearms and its Safe Use and Handling Assessment requirements will become mandatory as of January 2016. In keeping with this emphasis, the FLA has also increased the number of certified trainers available to train private firearm holders in the proper use of their firearms.

This Annual Report enables the Authority to provide its stakeholders and the general public with an account of its stewardship, and to report on the accomplishments and challenges

of the previous year. I encourage members of the public to read the report and to provide the Authority with feedback so it can continue to improve its service and contribution to the country.

On behalf of the Ministry of National Security I wish to commend the Board and staff of the Authority for the outstanding work they continue to do in our shared mission of making Jamaica safe for all its citizens. We encourage you to build on the work that has been done and wish for the team continued success.

Sincerely,

Honorable Peter Bunting, MP

**FLA BOARD
(REFERRED TO AS THE 'AUTHORITY')**



Rear from Left: Mr. Gilbert Scott, JP (Deputy Chairman), Pastor Michael Harvey, PhD, JP

Front from Left: Justice (Ret'd) Marva McIntosh, Mr. Robert Gregory CD, JP (Chairman), SSP
(Ret'd) Rosalie McDonald-Barker

CORPORATE GOVERNANCE

FLA BOARD

The selection of the Board as stated in the Firearms Act is as follows:

“The Authority shall consist of the following persons-

(a) A person who has retired from the post of-

- (i) Director of Public Prosecutions; or
- (ii) Senior Civil Servant

(b) A retired Judge of the Court of Appeal or the Supreme Court;

(c) A retired Police Officer not below the rank of Senior Superintendent at the time of retirement;
and

(d) Two other persons who the Minister is satisfied are of high integrity and able to exercise sound judgment in fulfilling their responsibilities under this Act.”- Firearms Act Part V, Section 26 A. 1

REVIEW BOARD

The selection of the Review Board as stated in the Firearms Act is as follows:

The Review Board shall consist of-

a) a person who has served in the post of-

- (i) Director of Public Prosecutions or;
- (ii) A Senior member of staff of the Office of the Director of Public Prosecutions;

b) a person who has served as a Judge of the Court of Appeal or the Supreme Court;

a person who served as an Officer of the Jamaica Constabulary Force not below the rank of Superintendent

REVIEW BOARD



Professor Kent Pantry CD, QC- Chairman



The Honourable Mr. Justice Karl Harrison CD



Mr. Clarence Taylor, JP (Ret'd ACP)

The Review Board has received One Hundred and Sixty-Seven (167) appeals for the financial period 2014/2015.

Message FromThe Chairman – FLA BOARD



The year under review witnessed the FLA more deeply institutionalizing its role as an integral member of Jamaica’s National Security Infrastructure, under the coordinating leadership of the Ministry of National Security.

The Authority, in its concern for the national challenge posed by the high incidence of illegal firearms being used in criminal acts against Jamaican citizens, embarked on a strategy to deepen public awareness about the lawful safe use and handling of firearms. The strategy included the FLA encouraging all licensed firearm owners, to maintain their competence in the effective use and care of their firearms, by way of having at least an annual refresher session with a FLA approved Firearms Trainer. This year also witnessed the launch of what is to become the FLA’s annual Firearms Awareness Week.

This year, the Staff of the FLA was publicly recognized for their extraordinary performance by being awarded “The most improved customer service entity” within all of Jamaica’s Public Service. The Staff’s creative and sincere professionalism will continue to represent the FLA as the epitome of Jamaica’s aspired for 21st century Public Service culture.

The year under review was a year of progress and achievement for which the entire FLA Team is to be congratulated.

Sincerely

Robert L. Gregory CD, JP
Chairman, FLA

Message From The Chief Executive Officer



The Firearm Licensing Authority (FLA) continues to make tremendous progress in its overall operations. The fiscal year 2014 - 2015 has seen the authority enhancing service delivery through superior professionalism, integrity and superb customer satisfaction while strengthening public trust and confidence.

To attest to our vision the FLA was shortlisted as one of six (6) government agencies in the Public Sector Customer Service Competition under the categories of 'Most Improved Customer Service Entity' and "Most Creative/Innovative Entity'. This major achievement can be accredited to a productive, dedicated and engaged FLA staff.

Additionally, the authority was able to secure cabinet's approval for provision of private security guard services at our FLA locations and a second regional office, which will be in Mandeville to serve the central region of Jamaica.

Finally, the FLA staff welcomes another upcoming year as we continue to ensure harmonious relations with our customers and increase their expectations.

Sincerely,

Dr. Kenroy Wedderburn, JP
CEO, FLA

FLA'S ORGANIZATIONAL OVERVIEW

The Firearm Licensing Authority in order to effectively execute its mandate, has the support and commitment of employees assigned to its six (6) branches at the head office namely; General Administration, Finance & Administration, Applications and Certification, Investigations, Records & Information Systems, and Audit & Complaints, along with the Regional Office in Montego Bay. Each branch at the head office is guided by a Director and ably assisted by a cadre of competent and ambitious managers, who provide the requisite leadership quality, to motivate and inspire skilled and knowledgeable employees to fulfill the FLA's strategic objectives.

DIRECTORS



**From Left: Verona Lemonius, Letine Allen, Marsha Stephens and Venice Brown
Absent: Michael Dixon**

MANAGERS



From back row (L-R) Norville Davy, Gregg Gardner, Luscaine Hibbert, Kadeem Smith, Kimroy Scarlette, Haleem Anderson

From front row (L-R) Rasheeka Holt, Deidre Mullings, Camille Lawrence, Camille Lennox, Richieka Edwards

Absent: Kerry-Ann Pearson, Andrew Gordon, Cleveland Crooks, Stacy-Ann Lindsay, Nigel Hart, Milton Reid, Christina Ford, Kemon Wright

THE INVESTIGATION BRANCH



The Investigation Branch has the responsibility to produce comprehensive, quality driven and unbiased reports that can stand up to scrutiny, through persistent and thorough investigations, that are accurate and reliable and collected in a timely manner, while upholding the tenets of professionalism, integrity and customer satisfaction. This is done in collaboration with the Jamaica Constabulary Force and other external agencies. The aim is to foster the confidence enjoyed and provided by the FLA through transparent, critical, analytical, objective and impartial investigations; while upholding the tenets of the organization.

The branch has undergone several process reviews in a concerted effort to enhance productivity and advance the efficiency of the organization.

Highlights/Achievements:

- Thebranch submitted approximately five thousand eight hundred (5,800) new applications files to the FLA Board for Decision.
- The Regional Project and the Miscellaneous Project was implemented to increase productivity and improve efficiency.
- The branch is now on its way in becoming current with its new applications. As at August 2015, the total number of files within the department was one thousand one hundred and fifty six (1,156) when compared to three thousand one hundred and eighty two (3,182) for the previous year end. This represents a decline in the number of the files within the department by sixty four per cent (64%).
- The branch was the winner of FLA's poetry competition (FLA Strategic Retreat 2014) held at the Iberostar Hotel in September 2014.

THE AUDIT & COMPLAINTS BRANCH



The Audit and Complaints Branch is mandated to conduct frequent audits of ALL security companies, approved Ranges, Dealers, Trainers and Gunsmiths. The branch also investigates complaints by and against Licensed Firearm Holders.

As part of the audit process the team recommends policy changes to ensure more efficient controls in the discharge of FLA's mandate. Guidance is given to the security companies, approved range operators, dealers & trainers to increase compliance and adherence to the Firearm's Act and FLA regulations.

Highlights/Achievements

- New renewal procedure for security companies were developed and implemented for security guards and their principal operators. This accounted for the renewal for security guards being completed ahead of schedule for the first time. The audit period for the security companied was condensed to 2.5 months from 12 months.
- New procedure was developed and implemented to manage the complaints process.
- At least **80%**of staff confidence has been achieved.
- The fight against corruption. Significant in-roads were made into this area which leadto the resignation of two of the main players and the removal of at least one other.
- The branch developed two new software solutions to facilitate the renewal of security guards as well as the audit of security companies.

THE FIREARM RECORDS & INFORMATION SYSTEMS BRANCH



This branch has responsibility for the establishment and maintenance of all electronic records, all software systems, all computer hardware and network systems/devices, communication systems through Internet Protocol (IP) and Private Branch Exchange (PBX) telephone systems and the FLA website. Additionally, with increasing technological advances and the growth and development of the entity the responsibility of the Records and Information Branch is to provide leadership, guidance and support in the area of Information Technology.

Highlights/Achievements

- Comprehensive Statistical analysis of firearm data collected from Police divisions island wide.
- Implementation of a batch processing system on the Point of Sale which allows the accounts unit to process multiple renewal payment transactions. In upgrading this application there was a reduction in the turnaround time for processing security guards.
- A total of forty (40) computers were replaced and deployed within various departments.
- A specialized list was created to assist with contacting delinquent licence holders.

- A File Reconciliation Project was implemented to determine the status of files that were without a board decision.
- System applications were developed and various upgrades were made in different units.

THE FINANCE & ADMINISTRATION BRANCH



The objective of the Finance & Administration Branch is to ensure the efficient management of the human, financial and physical resources of the Firearm Licensing Authority (FLA). The Branch is responsible for the operations of four (4) units; Finance, Human Resources, Procurement & Office Services, and the Registry. This branch also provides support to the other branches and guidance to Senior Management in keeping with the strategic objectives and mandate of the Authority.

The team members within the Finance and Administration Branch actively participate in activities at the FLA and as such have represented throughout the year on committees such as: Events, Recommendation, Competence, Request for Proposal (RFP), Christmas Party and Annual Report just to name a few.

Highlights/Achievements

- **The Finance Unit** provides prudent management of the organization's finances to ensure viability of the Authority to meet the fiscal targets set by Ministry of Finance & the Public Service. A major achievement for this unit was the growing of the Authority's investment portfolio by 196% for the financial period where interest income targets were surpassed.

- **The Human Resources Unit** is committed to the development and well-being of the employees of the Firearm Licensing Authority. The goal is to recruit and retain personnel that possess the competencies and skills required for the Authority to implement its strategy and maximize efficiency. A major achievement for this unit is the increase efforts that were placed on developing the knowledge, skills and abilities of staff. As such, the unit continues to channel its resources into those initiatives that support employees professional development and expertise.

- **The Procurement and Office Services Unit** ensures the efficient distribution and use of the Authority's assets. Additionally, the unit provides critical support services, to include transportation and other ancillary services. A major achievement for this unit, is the revamping of the current security system and the changing of security guard services from Guardsman Ltd. to Quest Security Ltd.

- **The Registry** ensures the accurate and timely filing and retrieval of documents for all firearm holders and applicants. The Registry major achievement for this period was the reorganizing of the entire filing system (for A-Z) and completion of the backlog filing project ahead of the proposed target completion date.

THE APPLICATION & CERTIFICATION BRANCH



The first point of contact for most of the FLA's customers is the Application & Certification Branch which is comprised of the following units; Application Processing, Renewals, Firearm Examination and Ballistics. This branch is responsible for the collection and processing of applications. The Branch is vital to the first and final stages of the application process which includes conducting interviews, fingerprinting, administering firearm licence competence assessment, renewal and recertification of licences. The renewal section has obtained the organization objective of processing renewal with an average time of thirty (30) minutes.

Highlights/Achievements

- With the introduction of FLA collecting their own fees, this has further reduced our renewal processing time to twenty (20) minutes
- Interview processing time has reduced from thirty (30) minutes to a maximum of eight (8) minutes
- The branch revised its overall procedures to maximize customer service delivery in all areas

- Members of the branch attended an Annual Firearm Training at A&A Range where the Safe Use and Handling of firearms was reinforced
- A total of 580 firearms were marked by the Dot Peen process

GENERAL ADMINISTRATION BRANCH



The Chief Executive Officer and staff of the General Administration Department coordinate the activities of the other five (5) branches and the Regional Office work in tandem with the Board of the Authority and the Review Board in executing the functional responsibilities of the FLA as specified in the Firearms Act.

The branch has responsibility for ensuring that the operational plans of each branch are in line with the strategic objectives of the Authority. Additionally, they develop and ensure the effective monitoring & evaluation of each branch to ensure that targets are achieved, for the success of the Authority.

Internal Audit Unit: is responsible for the monitoring and evaluation of internal processes to ensure that the integrity and intended purposes of procedures are being maintained. Additionally, this branch provides support to senior management in recommending [as a result of audits] new or amended procedures that will assist in increasing efficiency and mitigating risk.

During the year the Internal Audit Unit completed Audit Inspections in the following areas listed below:

- Verification of Motor Vehicle Documents
- Revenue Collection
- Salaries and Expenditure

MONTEGO BAY - REGIONAL OFFICE



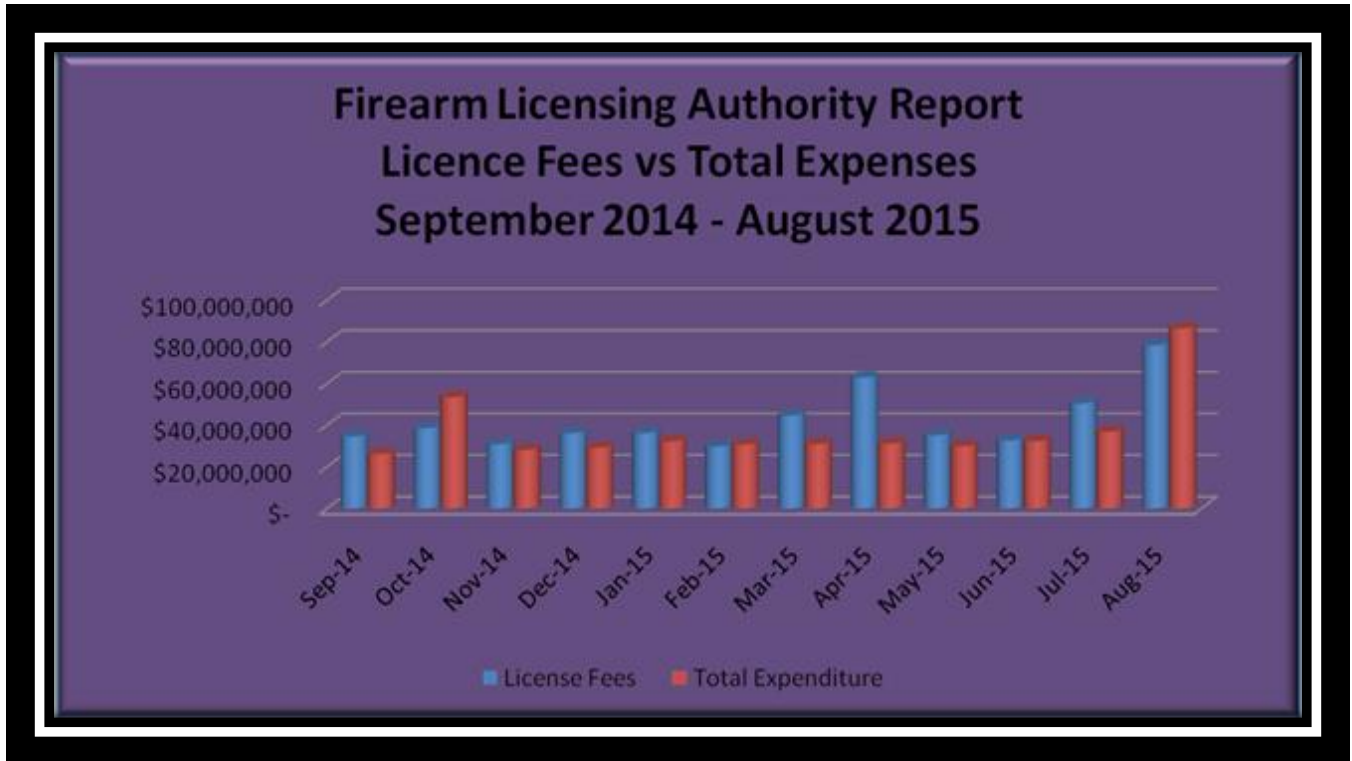
The Regional office was mandated to provide service to the western region with a view of increasing customer satisfaction. The members' of staff carries out specific functions, such as renewals, firearm examination, investigation, processing of new applications, licence fee collection and partial recertification.

The Regional Office continues to serve the public with superb customer service, going above and beyond to ensure that the customers' needs are met in a professional, timely and efficient manner in keeping with our vision statement.

Statistics data for the period under review shows:

- ✓ The processing of over 900 applications
- ✓ The processing of over 6,600 renewals
- ✓ Approximately over 870 new applications were received

REVIEW OF OPERATIONS



At the end of the financial year 2014/2015 the Firearm Licensing Authority made a net surplus of Seventy Two Million, Two Hundred and Twenty Nine Thousand and Eighteen Dollars (\$72,229,018). The Retained Earnings at the end of the financial year 2014/2015 was Two Hundred and Fifty Seven Million, Two Hundred and Twenty One Thousand and Five Hundred and Eighty Two Dollars (\$257,221,582).

Income for the Firearm Licensing Authority was generated from revenue received in respect of services with gazetted cost stated below

Core Services	Fees (September 2014 – August 2015)
Firearm User's Licence	\$12,000.00
Firearm User's (Employees) Certificate	\$5,000.00 (+\$500.00 per additional firearm)
Firearm User's (Special) Licence	\$12,000.00
Firearm User's (Restricted) License	\$6,000.00
Firearm Dealers' Licence	\$200,000.00
Gunsmith Licence	\$25,000.00
Appeal Fee	\$12,000.00

DIRECTORS COMPENSATION

Position of Director	Fees (\$)	Motor Vehicle Upkeep/Travelling or Value of Assignment of Motor Vehicle (\$)	Honoraria (\$)	All Other Compensation including Non-Cash Benefits as applicable (\$)	Total (\$)
Review Board – Chairman	1,200,000	N/A	N/A	N/A	1,200,000
Review Board – Members (2)	1,000,000	N/A	N/A	N/A	1,000,000
Board – Chairman	1,170,000	467,200	N/A	N/A	1,637,200
Board – Deputy Chairman	1,040,000	467,200	N/A	N/A	1,507,200
Board – Members (3)	910,500	467,200	N/A	N/A	1,377,700

Notes

- Where a non-cash benefit is received (e.g. government housing), the value of that benefit shall be quantified and stated in the appropriate column above.

SENIOR EXECUTIVE COMPENSATION

Position of Senior Executive	Year	Salary (\$)	Gratuity or Performance Incentive (\$)	Travelling Allowance or Value of Assignment of Motor Vehicle (\$)	Pension or Other Retirement Benefits (\$)	Other Allowances (\$)	Non-Cash Benefits (\$)	Total (\$)
Chief Executive Officer	2014/15	4,061,429	N/A	217,000	N/A	N/A	N/A	4,278,429
Director, Audit & Complaints	2014/15	2,707,288	N/A	1,005,361	N/A	N/A	N/A	3,712,649
Director, Investigations	2014/15	2,960,594	733,899	982,920	N/A	N/A	N/A	4,677,413
Director, Applications & Certification	2014/15	2,006,742	N/A	468,641	N/A	N/A	N/A	2,475,383
Director, Finance & Administration	2014/15	2,388,623	1,181,812 <i>(Two years Gratuity)</i>	516,727	N/A	N/A	N/A	4,087,162
Director, Records & Information Systems	2014/15	1,949,472	492,996	959,957	N/A	N/A	N/A	3,402,425

Notes

1. The Chief Executive Officer utilize a vehicle at a cost of \$ 6,661,480 which was acquired in August 2014.

OUR MAJOR ACCOMPLISHMENTS



The data below provides a snapshot of the main outputs of the Firearm Licensing Authority for the period, September 1, 2014 to August 31, 2015.

FIREARM USER'S LICENCE APPLICATIONS RECEIVED, APPROVED & DENIED

Month	Applications			
	Received	Processed	Approved	Denied
September 2014	433	431	369	0
October 2014	539	527	298	30
November 2014	387	384	175	35
December 2014	428	405	147	20
January 2015	517	499	418	25
February 2015	521	553	260	9
March 2015	471	440	363	53
April 2015	463	427	178	1
May 2015	572	561	401	91
June 2015	532	534	825	104
July 2015	534	501	285	46
August 2015	428	419	229	44
TOTAL	5,825	5,681	3,948	458

PUBLIC SECTOR CUSTOMER SERVICE COMPETITION

The FLA was shortlisted under the categories of 'Most Improved Customer Service Entity' and 'Most Creative/Innovative Entity'.

CABINET APPROVAL RE REGIONAL OFFICE

Cabinet Approval was granted on August 24, 2015 for the opening of a regional office in Mandeville.

FIREARM AWARENESS WEEK

The FLA had its first firearms awareness week (August 10- 14) in which there were FLA announcements and reminders via the radio and print media.

RENEWALS

In the year 2014/2015 The FLA processed Renewals for 28,387 licenses.

RECRUITMENT AND SELECTION

In an effort to continue on the path of fulfilling the key tenets of the FLA's Vision Statement, the Department embarked on recruitment and selection of candidates to fill the vacant positions on the new, approved organization structure, as well as replacing separated employees.

TRAINING AND DEVELOPMENT

Greater efforts are placed on developing the knowledge, skills and abilities of staff. As such, the Human Resource Unit has ensured that staff were exposed to several training courses, seminars, workshops and conferences.

During the period, several critical areas were of focus which has been impacting positively on job performance:

Professional Development Courses

- Government Accounting
- Report Writing
- Information Technology Audit
- Public Procurement Certification
- CPR & First Aid Requirements
- Financial for Non-Financial Managers

Seminars & Workshops

- ICAJ Taxation Seminar
- Avoiding Costly Mistakes when hiring and firing
- National Forum on Youth and Violence Prevention

Conference & Conventions

- Human Resource Management Association of Jamaica Conference
- Jamaica Employers Federation Convention
- National Conference on Cyber Security & Data Protection
- Jamaica Stock Exchange Investments and Capital Markets Conference
- Happy Conference

CUSTOMER SATISFACTION SURVEY

The FLA continues on a path of transformation which may be credited to the feedback we receive from our valued customers. The customer satisfaction survey is very instrumental because it reveals to us ways in which the FLA can improve its services and increase efficiency for ultimate customer satisfaction.

SOCIAL HIGHLIGHTS

MIXOLOGY



BACK TO SCHOOL



SECRETARY'S DAY



NETBALL TEAM



SECURITY COMPANIES MEETING





FIREARM LICENSING AUTHORITY

FINANCIAL STATEMENTS

AUGUST 31, 2015

FIREARM LICENSING AUTHORITY
Financial Statements
Year ended August 31, 2015

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AUDITOR GENERAL'S DEPARTMENT
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INDEPENDENT AUDIT REPORT

**To the Chief Executive Officer
The Firearm Licensing Authority**

Report on the Financial Statements

I have audited the accompanying Financial Statements of the Firearm Licensing Authority, set out on pages 1 to 15 which comprise the Balance Sheet as at August 31, 2015, Income and Expenditure Statement, 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 the 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 (INTOSAI). Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement. 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 Firearm Licensing Authority as at August 31, 2015, and of its financial performance, and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards.

Report on Additional Requirements of the Firearms 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


2015/12/23
Date

FIREARM LICENSING AUTHORITY
Statement of Financial Position
As at August 31, 2015

		<u>2015</u>	<u>2014</u>
	Note	\$	\$
NON-CURRENT ASSETS			
Property, plant and equipment	4	<u>122,292,179</u>	<u>141,437,323</u>
CURRENT ASSETS			
Inventory	5	3,414,083	3,585,701
Receivables and prepayments	6	5,795,753	4,208,020
Cash and cash equivalents	7	<u>245,522,539</u>	<u>126,525,211</u>
		<u>254,732,375</u>	<u>134,318,932</u>
CURRENT LIABILITIES			
Accounts payable and accruals	8	73,719,285	53,147,214
Employee benefits	9	<u>46,083,687</u>	<u>37,616,477</u>
		<u>119,802,972</u>	<u>90,763,691</u>
Net Current Assets		134,929,403	43,555,241
Total Assets		<u><u>257,221,582</u></u>	<u><u>184,992,564</u></u>
EQUITY			
Donated assets reserve		-	-
Retained earnings		<u>257,221,582</u>	<u>184,992,564</u>
		<u><u>257,221,582</u></u>	<u><u>184,992,564</u></u>

The accompanying notes on pages 5 - 15 form an integral part of the financial statements.

Approved for issue on behalf of the Firearm Licensing Authority on December 22, 2015 and signed on its behalf by:


Robert Gregory (Mr.)
Chairman of the Board


Kenroy Wedderburn (Dr.)
Chief Executive Officer

FIREARM LICENSING AUTHORITY
Statement of Financial Performance
For the year ended August 31, 2015

		<u>2015</u>	<u>2014</u>
	Note	\$	\$
Income			
Licence fees		510,250,971	338,812,679
Total Income		<u>510,250,971</u>	<u>338,812,679</u>
Expenses			
Staff emoluments	10	187,457,375	175,762,679
Property related expenses		7,970,063	8,288,785
Travelling		44,498,670	34,350,542
Office rental		22,895,200	31,623,936
Utilities		19,816,190	26,467,902
Board expenses		10,510,550	9,179,903
Security		22,163,238	21,884,741
Depreciation		40,176,495	24,275,334
Motor vehicles expenses		7,957,243	8,171,050
Software maintenance		1,119,305	775,757
Audit fees		206,353	206,353
Other expenses		37,541,425	28,417,462
Taxation		20,213,754	2,729,871
Total Expenses		<u>422,525,861</u>	<u>372,134,315</u>
Operating surplus		87,725,110	(33,321,636)
Interest income		9,503,908	7,684,162
(Loss)/gain on disposal			(6,481,914)
Miscellaneous income		0	29,000
Amortisation of donated asset reserve		0	2,059,296
Net operating (deficit)/surplus		<u>97,229,018</u>	<u>(30,031,092)</u>
Contribution to Accountant General		<u>(25,000,000)</u>	<u>-</u>
Net (deficit)/surplus		<u>72,229,018</u>	<u>(30,031,092)</u>

The accompanying notes on pages 5 - 15 form an integral part of the financial statements.

FIREARM LICENSING AUTHORITY
Statement of Changes in Equity
For the year ended August 31, 2015

	Retained Earnings \$	Donated Asset Reserve \$	Total \$
Balance as at August 31, 2013	215,023,656	1,045,833	216,069,489
Additions		1,013,463	1,013,463
Transfer from donated asset reserve		(2,059,296)	(2,059,296)
Deficit for the year	(30,031,092)	-	(30,031,092)
Balance as at August 31, 2014	184,992,564	-	184,992,564
Transfer from donated asset reserve	-	-	-
Surplus for the year	72,229,018	-	72,229,018
Balance as at August 31, 2015	257,221,582	-	257,221,582

The accompanying notes on pages 5 - 15 form an integral part of the financial statements.

FIREARM LICENSING AUTHORITY
Statement of Cash Flows
For the year ended August 31, 2015

	<u>2015</u>	<u>2014</u>
	\$	\$
Cash flows from operating activities		
Operating surplus/(deficit) for the year	72,229,018	(30,031,092)
Adjustments:		
Depreciation	40,176,495	24,275,334
Loss/(Gain) on disposal	-	6,481,914
Amortisation of donated assets reserve	-	(2,059,296)
(Increase)/decrease in current assets	(1,416,115)	23,560,578
Increase/(decrease) in current liabilities	29,039,281	39,864,412
Net cash provided by operating activities	<u>140,028,679</u>	<u>62,091,850</u>
Cash flows from investing activities		
Acquisition of assets	(21,031,351)	(91,454,074)
Grant Received		1,013,463
Net cash used in investing activities	<u>(21,031,351)</u>	<u>(90,440,611)</u>
Cash flows from financing activities	-	-
Net cash used in financing activities	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	118,997,328	(28,348,761)
Cash and cash equivalents beginning of year	<u>126,525,211</u>	<u>154,873,972</u>
Cash and cash equivalents at end of year	<u><u>245,522,539</u></u>	<u><u>126,525,211</u></u>

The accompanying notes on pages 5 - 15 form an integral part of the financial statements.

1. Identification

The Firearm Licensing Authority (FLA) was established in 2005 by an Act of Parliament as a statutory organization within the Ministry of National Security. The Act (1967 and amendments, Jamaica) to which the Authority complies allows the Authority to control the manufacture, sale, purchase, import, export, trans-shipment, disposal, possession and use of firearms and ammunition.

The functions of the Authority shall be –

- (a) to receive and consider applications for firearm licences, certificates or permits;
- (b) to grant or renew firearm licences, certificates or permits;
- (c) to revoke any firearm licence, certificate or permit granted under this Act;
- (d) to amend the terms of a firearm licence, certificate or permit;
- (e) to receive and investigate any complaint regarding a breach of a firearm licence, certificate or permit.

The Authority shall have the power to -

- (a) summon witnesses;
- (b) call for and examine documents; and
- (c) do all such other things as it considers necessary or expedient for the purpose of carrying out its functions under this Act.

The Authority is managed by a Board of Directors and a CEO, and reports to the Minister of National Security

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 International Public Sector Accounting Standards (IPSAS). IPSAS's are developed by the International Public Sector Accounting Standards Board (IPSASB), an independent standard setting Board of the International Federation of Accountants (IFAC). IPSASs are based on the International Financial Reporting Standards (IFRSs).
- ii. IPSAS deal with public sector reporting issues not dealt with in 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.

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

b) Basis of preparation

The financial statements are prepared under the historical cost convention, and are presented in Jamaican dollars (\$), which is the reporting currency of the Authority.

c) Significant accounting policies

i. Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at fair value. For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank, in hand, and short term deposits.

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 objective evidence that the entity will not be able to collect all amounts due according to the original terms of the receivables.

iii. Inventories

Inventories are recognized at cost at the date of purchase. These items are unused identification cards and materials to be used in the processing of licenses to be issued to firearm holders. Identification cards and materials that are consumed during the financial year are immediately recognized in the Statement of Financial Performance. Any write-off down to NRV and any inventory losses are also recognized as expenses when they occur.

iv. Accounts payable and accrued charges

These are stated at cost.

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

c) **Significant accounting policies (cont'd)**

v. **Property, plant and equipment**

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

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 Authority 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 value of each asset over the period of its expected useful life. Annual depreciation rates or period over which depreciation is charged are as follows:

		%
	Computers	20
	Furniture, Fixtures	10
Office Equipment	20	
	Motor Vehicles	20
	Leasehold Improvement	Duration of Lease

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

vi. **Employee benefits**

The Authority does not participate in any pension scheme as engagements with employees are on a contractual basis. Therefore employee benefits that are earned as a result of past or current service are recognized as follows:

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

c) **Significant accounting policies (cont'd)**vi. **Employee benefits**a. **General 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 recognized when the employee becomes entitled to the leave.

vii. **Provisions**

Provisions are recognized when the Authority 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.

viii. **Financial instruments**

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. The Authority's financial instruments at August 31, 2015 were receivables and payables.

At the date of the Statement of Financial Position, there were no impairment reviews by the Authority. This lack of review is not expected to have a material impact on the financial statements.

ix. **Revenue recognition**

License fees are recognised in the income statement whenever an application is approved by the Board of Directors and all requirements by the Authority have been met.

Interest income is recognized in the income statement for all interest bearing instruments on an accrual basis unless collectability is doubtful.

2. Statement of compliance, basis of preparation and significant accounting policies**c) Significant accounting policies (cont'd)****x. Donated assets reserve**

The cost of assets wholly or partly funded by an external donor agency (including Government of Jamaica) with no loan attached is credited to the donated assets reserve and written off to the income statement on a straight line basis over the expected useful life of the related asset.

xi. Income and other taxes and duties

Under section 12 of the Income Tax Act, the income of the Authority is exempt from income tax and property tax.

In addition it is exempt from stamp duties and transfer taxes, as well as customs duty and general consumption tax with respect to articles imported into the country or taken out of bond in Jamaica. The Authority is no longer exempt from paying General Consumption Tax effective June 1, 2014. The Authority has been designated a tax withholding entity (TWE) by the Ministry of Finance and is authorized to withhold payments of General Consumption Tax from its suppliers and remit amounts withheld by the last working day of the subsequent month.

3. Financial Risk Management

The Authority'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 Authority's overall risk management policies are established to identify and analyze risk exposure and to set appropriate risk limits and controls and to monitor risk and adherence limits. The risk management framework is based on guidelines set by management and seeks to minimize potential adverse effects on the Authority's financial performance.

a. Market risk

The Authority 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 Authority's exposure to market risks or the manner in which it manages and measures the risk.

3. Financial Risk Management (cont'd)

i. Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Authority will not be affected by this risk.

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. Income and operating cash flows are substantially independent of changes in market interest rates. The Authority's interest rate risk arises from deposits.

	2015	2014
	\$	\$
Cash and cash equivalents	237,694,178	80,423,755
	<u>237,694,178</u>	<u>80,423,755</u>

a. Liquidity risk

Liquidity risk is the risk that an organization will encounter difficulty in raising funds to meet its commitments associated with financial instruments. The risk is managed by maintaining sufficient cash and cash equivalent balances and periodical monitoring and reporting by the Finance Branch.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month, respectively, as these are key periods of liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

The tables below summaries the maturity profile of the Authority's financial liabilities at August 31, 2015 based on the contractual undiscounted payments.

3. Financial Risk Management (cont'd)

Financial Liabilities	2015			
	Carrying Amount \$	Contract Amount \$	Due within 3 months \$	Due within 1 year \$
Accounts payable and accruals	73,719,285	73,719,285	6,839,813	66,879,472
Provision for employee benefits	<u>46,083,688</u>	<u>46,083,688</u>	<u> </u>	<u>46,083,688</u>
	119,802,973	119,802,973	6,839,813	112,963,160
	<hr/>	<hr/>	<hr/>	<hr/>
Financial Liabilities	2014			
	Carrying Amount \$	Contract Amount \$	Due within 3 months \$	Due within 1 year \$
Accounts payable and accruals	53,147,214	53,147,214	1,598,621	51,548,593
Provision for employee benefits	<u>37,616,477</u>	<u>37,616,477</u>	<u> </u>	<u>37,616,477</u>
	90,763,691	90,763,691	1,598,621	89,165,070
	<hr/>	<hr/>	<hr/>	<hr/>

a. 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 Authority manages concentrations of credit risk by investing mainly in liquid securities, with counterparties that have high credit quality and Government of Jamaica securities. Accordingly, management does not expect any counterparty to fail to meet its obligations. Nonetheless the Authority has developed an investment policy that outlines the parameters of the investment of funds.

The Authority manages concentrations of credit risk by placing limits outlined in the investment policy which assigns limits for the percentage of the investment portfolio that can be invested in any one institution. The Authority has the following financial assets that are affected by credit risk:

3. Financial Risk Management (cont'd)**c. Credit risk**

	2015	2014
	\$	\$
Cash and cash equivalents	245,522,539	126,525,211
Accounts receivable (excluding prepayments)	<u>1,367,973</u>	<u>915,643</u>
	<u>246,890,512</u>	<u>127,440,854</u>

Property, Plant and Equipment

	Motor Vehicle	Office Equipment	Furniture and Fixtures	Computer hardware and software	Leasehold improvement (a)	Total
	\$	\$	\$	\$	\$	\$
Cost						
At 1 September 2014	20,261,480	58,289,989	6,281,187	16,584,759	88,421,566	189,838,981
Additions	-	8,251,193	1,847,478	6,574,068	4,358,612	21,031,351
Disposals	-	-	-	-	-	-
At August 31, 2015	<u>20,261,480</u>	<u>66,541,182</u>	<u>8,128,665</u>	<u>23,158,827</u>	<u>92,780,178</u>	<u>210,870,332</u>
Depreciation						
At 1 September 2014	11,360,000	16,429,488	1,296,960	7,289,695	12,025,515	48,401,658
Charge for the year	2,172,296	11,997,679	706,074	3,565,644	21,734,802	40,176,495
Disposal	-	-	-	-	-	-
At 31 August 2015	<u>13,532,296</u>	<u>28,427,167</u>	<u>2,003,034</u>	<u>10,855,339</u>	<u>33,760,317</u>	<u>88,578,153</u>
Net Book Value						
31 August 2015	<u>6,729,184</u>	<u>38,114,015</u>	<u>6,125,631</u>	<u>12,303,488</u>	<u>59,019,861</u>	<u>122,292,179</u>
31 August 2014	<u>8,901,480</u>	<u>41,860,501</u>	<u>4,984,227</u>	<u>9,295,064</u>	<u>76,396,051</u>	<u>141,437,323</u>

a. The Leasehold improvement represents modifications done to the offices at 91A Old Hope Road, Kingston 6 and the Regional office at Shop # 9 Bogue, City Centre, Montego Bay.

5.Inventory	2015	2014
	\$	\$
Consumables	<u>3,414,083</u>	<u>3,585,701</u>

6.Receivables and prepayments

	2015	2014
	\$	\$
Accounts Receivables	154,707	183,300
Other Receivables	-	390,534
Interest receivables	1,213,267	341,809
Prepaid Expenses	<u>4,427,779</u>	<u>3,292,377</u>
	<u>5,795,753</u>	<u>4,208,020</u>

7. Cash and cash equivalents

	2015	2014
	\$	\$
Investments (i)	237,694,178	80,423,555
Cash at Bank	<u>7,828,361</u>	<u>46,101,656</u>
	<u>245,522,539</u>	<u>126,525,211</u>

(i) These are short term deposits (30-365 days) at interest rates varying from 3.1% to 6.6% per annum.

8. Accounts payable and accruals

	2015	2014
	\$	\$
Accounts Payables	298,552	11,419,297
Other Payables	619,472	1,663,250
Accrued Expenses	4,711,462	1,598,621
GCT payables	1,829,799	3,874,046
Customer deposit	<u>66,260,000</u>	<u>34,592,000</u>
	<u>73,719,285</u>	<u>53,147,214</u>

i) Client deposits represent amounts held for license applications that are being processed and for failed applications where the applicant has not claimed a refund.

9. Employee benefits

	2015	2014
	\$	\$
Provision for gratuity	35,637,240	28,304,399
Provision for vacation leave	6,925,203	6,362,548
Provision for salary arrears	<u>3,521,244</u>	<u>2,949,530</u>
	<u>46,083,687</u>	<u>37,616,477</u>

10. Salaries & related costs

	2015	2014
	\$	\$
Salaries and wages	144,749,137	135,533,964
Gratuity	32,287,575	30,467,373
Vacation	2,305,013	2,474,754
Employer's statutory contribution	<u>8,115,651</u>	<u>7,286,588</u>
	<u>187,457,376</u>	<u>175,762,679</u>

10. Salaries & related costs (cont'd)

- a) Staff members are employed on contract for a period of three (3) years. Gratuity is twenty-five percent (25%) of salary earned during the contract period and is payable on the successful completion of the contract.
- b) At August 31, 2015 there were 137 (2014 – 139) employees on staff at the Authority, 34 (2014 – 37) of which were temporarily employed.
- c) **Executive Salaries:**

Executive Salaries:	Salary	Travelling	Gratuity	2015	2014
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	Total	Total
				<i>\$000</i>	<i>\$000</i>
Chief Executive Officer	4,061	217		4,278	5,012
Director of Finance & Administration	2,389	517	1,181	4,087	2,878
Director Records & Information System	1,949	960	493	3,402	2,486
Director Audit & Complaint	2,707	1,005		3,712	3,912
Director Application & Certification	2,007	469		2,476	2,878
Director Investigations	2,961	983	733	4,677	3,912

- i) The Chief Executive Officer utilizes a fully maintained motor vehicle effective August 2014.
- ii) Travelling allowance includes mileage claims.