

*Report of the Director of Audit on the Public Accounts Of
St. Vincent and the Grenadines for the Period
1st January 2009 to 31st December 2010*

INTRODUCTION

1.1

The Director of Audit is the constitutionally appointed auditor of all Government departments, authorities of Government, courts of law, and other offices and commissions established by the Constitution of St. Vincent and the Grenadines. This Report summarises the findings and conclusions of the audit of the Public Accounts for the years ending 31st December 2009 and 31st December 2010. The main purpose of the audit is to obtain the necessary information for the issuing of an opinion on the accounts and provide Parliament with the assurance that the funds appropriated by Parliament have been applied to the purposes intended.

1.2

I have examined the accounts of the Ministries and Departments of the Government of Saint Vincent and the Grenadines and the Financial Statements of the Accountant General for the years ended 31st December 2009 and 31st December 2010 in accordance with Section 75 (4) of the Constitution of St. Vincent and the Grenadines, (CAP 10) the Finance Administration Act 2004, (CAP 252) and the Audit Act 2005 (CAP 245) of the Laws of St. Vincent and the Grenadines, (Revised Edition, 2009).

1.3

This Report is prepared for laying in the House of Assembly pursuant to Section 75 (4) of the schedule to the Constitution of St. Vincent and the Grenadines, (CAP 10) of the Laws of St. Vincent and the Grenadines, (Revised Edition 2009).

1.4

The Report on the accounts for the year ended December 31st 2008 was tabled in the House of Assembly on 5th April 2011.

AUDIT MANDATE

1.5

Section 75 subsection 2 of the Constitution of St. Vincent and the Grenadines (CAP 10) Laws of Saint Vincent and the Grenadines (Revised Edition 2009), requires the Director of Audit, at least once in every year to audit and report on the Public Accounts of St. Vincent and the Grenadines, the accounts of all courts of law in St. Vincent and the Grenadines, the accounts of every commission and the accounts of the Clerk of the House. The Finance Administration Act (CAP 252) sets out the accounts and statements which the Accountant General is required to submit to the Director of Audit and the time frame within which the accounts are to be submitted.

1.6

The Director of Audit is authorised to have access to all books, records, returns, reports and other documents, which, in *her* opinion, relate to any of the accounts referred to in Section 75 (2) of the Constitution of St. Vincent and the Grenadines, and section 19 of the Audit Act 2009. The Director of Audit is the independent auditor of Government, acting on behalf of the taxpayer, through Parliament and it is on *her* investigation that Parliament has to rely for assurance about the fairness and regularity of the Public Accounts. The Constitution sets out to address the independence of the Director of Audit in Section 75 (7) which states; "*in the exercise of her functions under subsection 2, 3, 4 and 5, the Director of Audit shall not be subject to the direction or control of any other person or authority.*"

SCOPE OF AUDIT

1.7

The preparation of the Financial Statements is the responsibility of the Accountant General, the Government's Chief Accounting Officer. It is the responsibility of the Director of Audit to form an independent opinion on the Public Accounts based on the audits carried out by her Office.

1.8

The audits were conducted in accordance with Section 75 of the Constitution of St. Vincent and the Grenadines, (CAP 10), Section 10 of the Finance Administration Act 2004 and the Audit Act 2005 (CAP 245). An audit does not absolve the Accounting Officers of their responsibility to ensure that adequate internal controls are in place in their Ministry or Department to safeguard the assets and other resources against fraud and irregularities. They must ensure that the Financial and other Regulations are complied with.

1.9

The audits were not designed to disclose every error in the accounts but to ascertain whether the accounts were kept using acceptable systems, were punctually and properly posted, that checks against irregularities and fraud were adequate and effective to give reasonable assurance that the financial statements are free of material misstatements. The Audit Report covers only matters which have been examined by the Audit Office. It does not draw conclusions upon matters not examined.

1.10

Provided at the end of this Report is my opinion on the Financial Statements of the Government for the years ended 31st December 2009 and 31st December 2010 along with the Financial Statements.

GENERAL ISSUES

PROGRAMME OF WORK

1.11 All the audit activities planned for the years 2009 and 2010 were not completed due to inadequate human and financial resources.

1.12 The records of the Ministries and Departments have been examined as far as was possible and a number of Cash and Out district surveys were conducted at the Revenue Offices both on the mainland and in the Grenadines. Audits were also conducted at the Overseas Missions and Consulates.

1.13 Two special audits were undertaken by the Audit Office covering the periods shown

- CUBAN INTEGRATED HEALTH PROGRAMME - January 2007 – April 2010
- AGRICULTURE DIVERSIFICATION FUND PROGRAMME - January 2008 – December 2010

1.14 The mandate of the Audit Office has been extended to include the audit of Statutory Bodies and Government controlled companies. Due to the lack of adequately trained and qualified personnel on staff, the Office was unable to audit any of these Statutory Bodies. Private sector accounting firms were engaged to conduct the audit on behalf of the Audit Office for the following Statutory Bodies.

- St. Vincent and the Grenadines Postal Corporation.
- International Financial Services Authority.
- St. Vincent and the Grenadines Bureau of Standards.

PUBLIC ACCOUNTS COMMITTEE

1.15

Section (76) of the Constitution of St. Vincent and the Grenadines provides for the appointment of a Public Accounts Committee. The House of Assembly, at a meeting on 5th December 2009 and 29th January, 2010 appointed the Public Accounts Committee for the years 2009 and 2010 respectively.

1.16

The Public Accounts Committee is required to consider the accounts in conjunction with the Report of the Director of Audit and in particular to report to the House:-

- (a) in the case of any excess or unauthorised expenditure of public funds, the reasons for such expenditure and
- (b) measures it considers necessary in order to ensure that public funds are properly spent.

1.17

On 3rd November 2011, the Committee met to consider the Director of Audit Report 2008. The committee indicated that subsequent meetings would be held to continue its review of the Director of Audit's Report 2008. I am not aware of the convening of any subsequent meetings.

1.18

The role of the Public Accounts Committee is critical to the Governments accountability cycle. Therefore, the non-functioning of the Committee could result in the weakening of Parliamentary control and is a source of frustration of the audit exercise as Permanent Secretaries and Heads of Departments are not called to account for their stewardship.

NON- COMPLIANCE**1.19**

As highlighted in previous reports there are several systems and procedures which have not been maintained by the relevant Accounting Officers. The following are examples:-

Arrears of Revenue**1.20**

No annual returns of arrears of revenue nor monthly reports of recovery of arrears of revenue were submitted by the Heads of Departments who are responsible for the collection of revenue as required by Regulation 99 - Finance Regulation 2009. This is an area that needs urgent attention as Government should be in a position to know the outstanding arrears. The Accountant General should take actions to ensure that Annual Returns and Reports are received.

Half –yearly Return of Receipt Books**1.21**

Half-yearly Returns of Receipt Books have not been submitted by revenue collecting departments as required by Regulation 47 - Finance Regulation 2009. The Accountant General must insist that these returns are provided as required by the regulation.

Stores Tabular Summary**1.22**

No Stores Tabular Summary has been submitted for the Public Works Department Unallocated Stores as required by the Store Rule 91.

Motor Vehicle Log Books and Garage Register

1.23 Vehicle Log Books and Garage Registers are intended to capture data that can be used to assess the economy and efficiency of the vehicles operated by the various Ministries and Departments. The proper maintenance of the records can also aid in the control of the use of the vehicles and further reduce the incidence of misuse of the asset. Several of the Ministries and Departments have ignored the use of these records.

Equipment Ledger and Inventories

1.24 The Store Rules nos 48-51 set out the format and the process of accounting for equipment and furniture. These records are very important for the accounting of assets which, in some instances are costly, and are at a high risk for misappropriation. In the absence of these vital records it is impossible to ascertain that all of the assets that were purchased for use in the Ministry or Department are still at hand. In spite of numerous queries and reports, the Accounting Officers in many Ministries continue to flout the rules.

1.25 Table 1 shows the status of the Equipment Ledger and Inventory at the various Ministries and Departments at the end of the financial years 2009 and 2010.

Table 1

Ministry/Department	2009	2010
Ministry of Agriculture	Not maintained	Not maintained
Ministry of National Security	Equipment Ledger (not maintained) Inventory (maintained)	Equipment Ledger (not maintained) Inventory (maintained)
Ministry of Education	Not maintained	Not maintained
Ministry of Transport	Not maintained	Not maintained

Ministry/Department	2009	2010
Ministry of National Mobilisation	Maintained	Not maintained
Ministry of Foreign Affairs	Maintained	Not maintained
Magistrate	Not maintained	Not maintained
Office of Prime Minister	Not maintained	Not maintained
Ministry of Health	Not maintained	Not maintained
Ministry of Housing	Not maintained	Not maintained
Service Commissions Department	Not maintained	Not maintained
Ministry of Tourism	Maintained	Maintained
Family Court	Not maintained	Maintained
Magistrates	Not maintained	Not maintained

IMPRESTS

1.26

Section 33(2) of the Financial Administration Act 2004 states that an officer to whom an imprest has been issued shall retire that imprest not later than the end of the financial year in which the imprest was issued or if some earlier date is specified in the imprest warrant or by the Accountant General.

1.27

Several Accounting Officers have failed to comply with the requirements of the Act resulting in the under reporting of expenditure by the defaulting Ministries.

1.28

I am not aware of any Accounting Officer being held accountable for contravening the aforementioned rule. Section 33 (2), outlines the actions that may be taken in such instances.

1.29

Twenty-five (25) Imprests Accounts remained outstanding at 31st December 2009. Six (6) had credit balances totalling \$109,987.82 and nineteen (19) showed debit balances of \$336,213.84, producing a net debit balance of \$226,225.87.

1.30

There were nineteen (19) Imprest Accounts that were outstanding at 31st December 2010, Seven (7) bore debit balances and twelve (12) showed credit balances of \$315,825.55 and \$111,266.48 respectively resulting in a net debit balance of \$204,559.17.

1.31

Details of the outstanding Imprests for the years 2009 and 2010 are outlined in Tables 1.1 and 1.2.

Active Imprests 2009

Table 1.1

MINISTRY/DEPARTMENT	NO	BALANCE	
		DR	CR
<i>Registry, High Court</i>	2	5,108.82	
<i>Magistrates</i>	2	1,184.03	18.00
<i>Commissioner of Police</i>	3	14,190.66	3,217.29
<i>Treasury</i>	1		27,800.63
<i>Social Welfare</i>	1	233,922.96	
<i>Permanent Secretary, Housing</i>	1		45,000.00
<i>Permanent Secretary, Education</i>	6	12,777.00	1.00
<i>Permanent Secretary, Health</i>	4	65,271.28	
<i>Permanent Secretary, Trade</i>	1		33,950.90
<i>Superintendent of Prisons</i>		311.17	
<i>Director of Planning</i>	1	3,000.00	
<i>Permanent Secretary, Transport</i>	2	116.00	
<i>Comptroller of Customs</i>	1	331.92	
TOTAL	25	336,213.84	109,987.82

Active Imprest 2010

Table 1.2

MINISTRY/DEPARTMENT	NO	BALANCE	
		DR	CR
<i>Magistrates</i>	1	1,184.03	
<i>Commissioner of Police</i>	2	13,929.58	3,217.29
<i>Treasury</i>	1		27,814.63
<i>Social Welfare</i>	1	233,922.96	
<i>Permanent Secretary, Housing</i>	1		45,000.00
<i>Permanent Secretary, Education</i>	5	12,777.00	
<i>Permanent Secretary, Health</i>	3	50,895.98	1,283.66

MINISTRY/DEPARTMENT	NO	BALANCE	
		DR	CR
<i>Permanent Secretary, Trade</i>	2		33,950.90
<i>Director, Planning</i>	1	3,000.00	
<i>Permanent Secretary, Transport</i>	2	116.00	
TOTAL	19	315,825.55	111,266.48

VIREMENT WARRANTS

1.32 Sixty one (61) Virement Warrants in the sum of \$1,967,330.49 were approved in respect of the year ended 31st December 2009 as compared with ninety-three (93) Virement Warrants totalling \$2,306,993.33 in 2010.

SPECIAL WARRANTS

1.33 In accordance with Section 28 of the Finance Administration Act 2004, the Minister of Finance may after the Appropriation Act for the financial year has come into force, approve special warrants authorizing the issue from the public fund, such sums which may be required to defray unforeseen expenditure not provided for or not sufficiently provided for in anticipation of approval of the expenditure in a Supplementary Appropriation Act.

1.34 The Act states that the aggregate of the amounts authorized by special warrants issued under this section in the financial year and not approved in a Supplementary Appropriation Act shall not exceed the amount fixed by resolution of the House of Assembly.

1.35 The Act further states that a special warrant may be issued so long as the amount in the Contingencies fund does not exceed the amount fixed by resolution of the House of Assembly for the Contingencies Fund.

1.36 I am not aware of any resolution fixed by the House of Assembly for this purpose neither the establishment of any Contingencies Fund.

1.37

One hundred and one (101) Special Warrants totalling \$90,605,309.48 were approved by the Minister of Finance during the financial year 2009. This was approximately an eight percent (8%) increase of the original budget. A total of \$80,744,475.00 was covered by Supplementary Appropriation, leaving a balance of \$9,860,834.48 for which no Supplementary Appropriation was seen.

1.38

In the financial year 2010, sixty nine (69) Special Warrants totalling \$16,726,820.85 were approved. Expenditure totalling \$11,251,471.00 was covered by Supplementary Appropriation.

1.39

Further, Supplementary Appropriation Act 25/2011 was passed, authorising capital expenditure of \$45,999,208.00 under the Ministry of Finance.

OVERSPENDING**1.40**

The Funds Exception module in the SMARTSTREAM accounting programme is a control mechanism used to prevent excess spending on object codes and programmes by Accounting Officers. Personal Emoluments and Allowances are not subjected to this control mechanism.

1.41

However, an analysis of the Detailed Statement of Expenditure prepared by the Accountant General's Office for financial years 2009 and 2010 revealed that a total of \$5,226,864.55 and \$8,764,485.26 respectively was overspent on object codes and programmes. Accounting Officers need to exercise prudence in their spending to avoid over expenditure.

1.42

It appears that this control was overwritten to allow for excess spending on programmes where there were insufficient funds. Accounting Officers should ensure that funds are available before making commitments and be good stewards in the administering of their programmes. In instances where goods and services are required and there are insufficient

funds the requisite applications should be made and approval received before funds are committed.

1.43

Details of the over expenditure is shown at paragraphs 2.67 and 2.89.

STATEMENT OF LOSSES

1.44

A Statement of Losses due to fraud, theft, overpayment of salaries, and abandonment of post or negligence since the date of last Audit Report is found at Appendix III.

1.45

Accounting Officers need to be more vigilant to the issue of abandonment of post. It was noted that some Ministries and Departments are tardy in the reporting of non appearance of employees.

DEBT WRITE OFF

1.46

Section 17 (1) of the Finance Administration Act 2004, (CAP 252) states, inter alia, the designated authority may by certificate write off all or part of a debt or obligation due to the Government that the designated authority considers to be uncollectible or the collection of which the designated authority considers not to be cost effective.

1.47

In March 2010, the Minister of Finance authorised the writing off of debt totalling \$10,338,612.50. The amounts written off represented advances and imprests that remained on the books for several years.

Advances	\$10,087,908.96
Imprests	\$250,703.54
TOTAL	<u>\$10,338,612.50</u>

1.48**DEBT REPAYMENT**

During 2009, approval was granted for the issue of a \$50 million Bond to refinance outstanding Public Debts owed by the under-mentioned institutions.

Overdraft due by SVGBA	\$7,330,000.00
Loan due by SVGBA	\$7,030,000.00
Overdraft due by GESCO	\$4,750,000.00
Loan due by GESCO	\$1,980,000.00
Overdraft balance due by KTB	\$3,000,000.00
Accountant General Current Account	\$1,016,096.00
Consolidated Overdraft Loan	<u>\$24,893,904.00</u>
	<u>\$50,000,000.00</u>

1.49

The Audit Office was not in possession of any documents in relation to the outstanding balances and, therefore, cannot vouch for the correctness of the figures.

DEVELOPMENT PROGRAMME**1.50**

The Development Programme Account was set up at the National Commercial Bank in 2010. This account was established in accordance with Section 14 of the Finance Administration Act 2004, for the purpose of financing the capital development programme of the Government during the year. Amounts totalling \$42,700,000.00 and \$460,114.14 were transferred from the Accountant General's Current Account and the Reserve Fund respectively. The balance on the account as at 31 December 2010 was \$1,773,753.30.

AUDIT QUERIES**1.51**

Audit Queries are issued to Accounting Officers highlighting shortcomings or irregularities detected during the course of the audit conducted at the Ministries and Departments. Queries provide the Ministries and Departments with an opportunity to clarify the issues raised by the Audit Office, to express their views on the matters in question and to make adjustments where necessary.

1.52

The response to these queries has not been favourable over the years since most Departments and Ministries fail to respond to these queries. This does not augur well for the Public Service since not only are responses to queries not forthcoming but the same issues persist perennially and have to be reported upon in the Director of Audit's Report.

1.53

Accounting Officers need to respond to audit queries in a timely manner and ensure that systems are implemented to correct shortcomings identified instead of waiting until some fraudulent activity takes place before they act. A list of outstanding queries is found at Appendix I.

CHAPTER 2

FINANCIAL STATEMENTS ON THE PUBLIC ACCOUNTS

2.1

Section 49 of the Finance Administration Act 2004 (CAP 252) requires that within four (4) months after the end of each financial year, the Accountant General shall prepare, certify and submit to the Director of Audit as many copies as the Director of Audit may require of the Public Accounts of St Vincent and the Grenadines for the financial year. The Financial Statements of the Accountant General for the years ended December 31, 2009 and December 31, 2010 were submitted to the St Vincent and the Grenadines Audit Office as follows:-

Table 2

NAME	DATE RECEIVED	
	2009	2010
Annual Abstract Account	02/05/2010	23/08/2011
Statement of Revenue under Detail Accounts	04/05/2010	23/08/2011
Statement of Expenditure under Detail Accounts	04/05/2010	23/08/2011
Statement of Advances	04/05/2010	23/08/2011
Statement of General Deposits	04/05/2010	23/08/2011
Statement of Assets and Liabilities	10/06/2010	23/08/2011
Statement of Public Debt	10/06/2010	23/08/2011
Statement of Investment	10/09/2010	23/08/2011

2.2

During the years under review, the Accountant General’s Office and a CARTAC Advisor were involved in a project to “tidy up” the Accounting Division (Treasury) accounts. In the process, several adjustments were made to the Accounting Division (Treasury) accounts. However, in several instances the narrative in the accounts was insufficient or unclear to determine the purpose and validity of the transactions.

**STATEMENT OF DETAILED REVENUE****2.3**

The Statement of Revenue consists of Recurrent and Capital Revenue which are classified by accounts. The recurrent revenue is comprised of eight (8) categories while Capital Revenue is derived from Local Revenue, Grants and Loans.

2009

RECURRENT REVENUE

2.4

Recurrent revenue is further categorised as Tax Revenue and Non Tax Revenue as shown in Table 2.1

Table 2.1

TYPE	DESCRIPTION
Tax Revenue	Taxes on Income and Profits
	Taxes on Property
	Taxes on International Trade and Transactions
	Taxes on Domestic Goods and Transactions
Non Tax Revenue	Licenses
	Fees, Fines, Permits
	Interest Rent, Dividend
	Other Revenue

TAX REVENUE

2.5

Tax Revenue contributed 88% of Actual Recurrent Revenue made up as follows:

Table 2.2

TYPE	AMOUNT (\$)	%
Taxes on Income & Profit	110,353,509.00	23.4
Taxes on Property	2,715,484.43	0.6
Taxes on International Trade and Transaction	192,243,902.85	41
Taxes on Domestic Goods and Transaction	105,137,723.47	23
TOTAL	410,450,619.75	88

2.6

Comparison of actual revenue collected for 2009 with comparative figures for 2008 under each of the Tax Revenue categories are shown in Table 2.3.

Table 2.3

TYPE	ACTUAL 2009	ACTUAL 2008
Taxes on Income & Profits	110,353,509.00	110,391,732.11
Taxes on Property	2,715,484.43	2,203,803.19
Taxes on International Trade and Transaction	192,243,902.85	188,623,071.31
Taxes on Domestic Goods and Transaction	105,137,723.47	119,316,364.54
TOTAL	410,450,619.74	420,534,971.15

Taxes on Income and Profits

2.7

Each category under Taxes on Income and Profits exceeded their estimates. A total of \$110,353,509.00 was recorded as revenue, surpassing the estimated collection by \$5,853,509.00 as reflected in Table 2.4.

Table 2.4

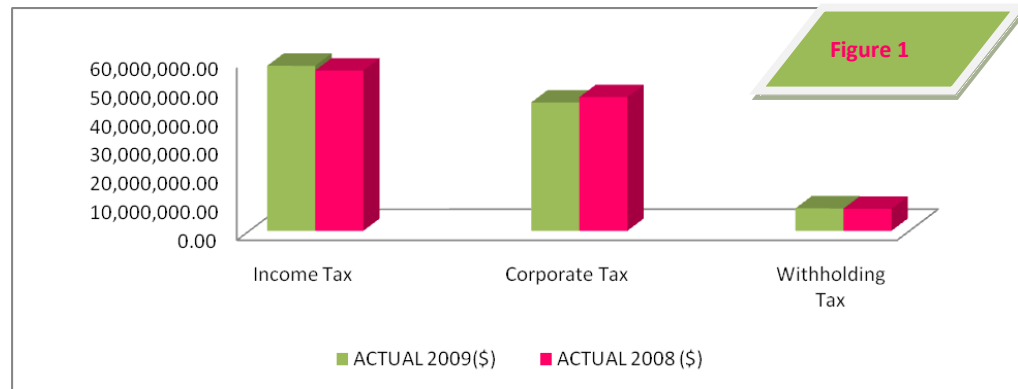
ITEM	ESTIMATES (\$)	ACTUAL (\$)	EXCESS (\$)
Income Tax	53,000,000.00	57,635,246.49	4,635,246.49
Corporate Tax	44,000,000.00	44,858,822.32	858,822.32
Withholding Tax	7,500,000.00	7,859,440.10	359,440.19
TOTAL	104,500,000.00	110,353,509.00	(5,853,509.00)

2.8

There was a decrease of \$1,832,254.10 in the amount collected as Corporate Taxes, and an increase of \$1,642,583.94 and \$151,446.96 in Income Tax and Withholding Tax respectively in 2009, resulting in a net decrease of \$38,233.11 when compared with recorded revenue for 2008. Table 2.5 shows comparative figures.

Table 2.5

ITEM	ACTUAL 2009(\$)	ACTUAL 2008 (\$)	EXCESS (\$)
Income Tax	57,635,246.49	55,992,662.55	1,642,583.94
Corporate Tax	44,858,822.32	46,691,076.42	(1,832,254.10)
Withholding Tax	7,859,440.10	7,707,993.14	151,446.96
TOTAL	110,353,509.00	110,391,732.11	(38,233.11)



Taxes on International Trade and Transactions

2.9

A total of \$192,243,902.85 was collected on Taxes on International Trade and Transactions during 2009. This amount exceeded its estimated collection of \$189,754,400.00 by \$2,489,502.85. No International Telecom charges were recorded for the financial year under review.

2.10

Six (6) items fell short of their projections by a total of \$7,692,582.14 whereas two (2) items realized revenue of \$10,182,084.99 in excess of their estimated revenue. Notable among these collections is the short collection by \$5,641,409.05 on VAT and the excess of \$9,871,584.99 on the projection on Excise Duty.

2.11

Comparison of revenue collected for the years 2008 and 2009 is shown in Table 2.6.

Table 2.6

ITEM	ACTUAL 2009 (\$)	ACTUAL 2008 (\$)
Import Duty	46,153,160.66	45,586,049.07
Consumption Duties – Import	0.00	465,220.75
Customs Service Charge	31,555,143.60	30,814,419.23
International Telecom Charges	-	17,966.79
Travel Tax	1,061,508.45	1,257,605.78
Direct Entry Tax	33,414.20	47,925.00
Vehicle Surcharge	3,810,500.00	3,694,858.25
Excise Duty	29,271,584.99	20,738,781.43
VAT	80,358,590.95	86,000,245.01
TOTAL	192,243,902.85	188,623,071.31

2.12 There was approximately 2 % increase over the 2008 collections of \$188,623,071.

Taxes on Domestic Goods and Transactions

2.13 The actual Revenue collected Taxes on Domestic Goods and Transactions was \$105,137,723.47. This was a shortfall of \$17,843,276.53 from its estimated collection of \$122,981,000.00. There was a shortfall of collections for each item in this category. The 2009 collection was \$14,178,641.07 less than the revenue collected in 2008.

Table 2.7

NARRATIVE	ACTUAL 2009 (\$)	ACTUAL 2008 (\$)
Stamp Duty	18,736,585.94	29,157,932.78
Excise Duties	3,729,589.05	4,180,622.72
Insurance Premium	3,602,704.38	3,809,652.51
Hotel Turn Over Tax	-	19,675.53
Interest Levy	10,441,154.32	10,315,485.27
Airport Service Charge	3,793,297.00	4,286,245.00
Telecommunication Surcharge	-	4,205.72
VAT	64,834,392.76	67,542,545.01
TOTAL	105,137,723.47	119,316,364.54

Taxes on Property

2.14 Taxes on property contributed \$2,715,484.43 of actual Recurrent Revenue. This category fell short of its estimate of \$2,750,000.00 by \$34,515.57. However, this was an increase of \$511,681.24 of revenue collected in 2008. Comparative figures for 2008 and 2009 are shown in Table 2.8.

Table 2.8

NARRATIVE	ACTUAL 2009 (\$)	ACTUAL 2008 (\$)
Property Tax	2,543,376.17	2,031,837.83
Estate and Succession Duty	172,108.26	171,965.36
TOTAL	2,715,484.43	2,203,803.19

NON-TAX REVENUE

2.15

The Non-Tax revenue items contributed 12% of the recurrent revenue comprised as reflected in Table 2.9.

Table 2.9

ITEMS	ACTUAL(\$)	%
Licenses	22,015,813.76	5
Fees, Fines & Permits	18,940,622.91	4
Interest, Rent & Dividends	10,042,570.02	2
Other Revenue	4,918,783.33	1
TOTAL	55,917,790.02	12

Licenses

2.16

There are thirteen (13) items categorised under Licenses. Five (5) of which exceeded their estimates a total of \$682,198.41. The remaining eight (8) items recorded a total shortfall of \$6,660,384.65. This resulted in a net shortfall of \$5,978,186.24. There was a shortfall in collection of Alien’s Land Holding Licence by more than 50%.

Fees, Fines & Permits

2.17

Eight (8) items recorded revenue above their estimates for a total of \$537,368.50, while the remaining thirteen (13) items recorded a total shortfall of \$1,395,945.59, resulting in a net shortfall of \$858,577.09.

2.18

According to the Statement of Revenue, \$81,178.54 in excess of estimated collection was recorded for Hospital fees, while Radiology (x-Ray) Fees and Hospital Laboratory Fees fell short of their projections by \$960.00 and \$13,327.65 respectively. However, an audit of the records at the Milton Cato Memorial Hospital indicated that a high percentage of fees

inclusive of Hospital Radiology (X-Ray) Fees and Hospital Laboratory Fees remained outstanding.

2.19

NAVCOM charges and Landing Dues - Aircraft, fell short of their collection by \$103,561.94 and \$64,598.01 respectively, yet Aircraft operators continue to operate out of the various airports in St Vincent and the Grenadines without settling their arrears.

Interest, Rent & Dividends

2.20

The total collection of \$10,042,570.02 exceeded the estimate of \$8,873,100.00 by \$1,169,470.02. Five (5) items recorded revenue below their estimated projection by \$1,814,051.47 while five (5) items exceeded their estimated projection of \$2,983,521.49. One (1) item recorded nil revenue.

Other Revenue

2.21

The total collections from other revenue failed to realise its estimated collection of \$7,923,080.00 falling short by \$3,004,296.67. Three (3) items exceeded projections by \$1,356,011.78 while eight (8) items recorded shortfall of \$4,360,308.45. One (1) item recorded nil revenue. The revenue of \$1,086,489.28 collected for the sale of passports represented 22% of Other Revenue collected.

2.22

Table 2.10 shows non-tax revenue collected in 2009 with comparative figures for 2008.

Table 2.10

NARRATIVE	ACTUAL 2009 (\$)	ACTUAL 2008 (\$)
Licenses	22,015,813.76	27,339,774.87
Fees, Fines & Permits	18,940,622.91	18,186,255.71
Interest, Rent & Dividends	10,042,570.02	11,574,675.50
Other Revenue	4,918,783.33	11,832,202.36
TOTAL	55,917,790.02	68,932,908.44

CAPITAL REVENUE

2.23

Capital Revenue was to be derived from Local Revenue, (which included Sale of Assets and Sale of Lands), Development Bonds, Grants and Loans (Bilateral and Multilateral),

2.24

During 2009, a total of \$179,212,241.58 was recorded as capital receipts, falling short of the estimated revenue of \$266,329,311.00 by \$87,117,069.50. No funding was received from eleven (11) sources. Revenue recorded for 2009 was \$70,505,466.10 in excess of that received for 2008.

2.25

Table 2.11 shows the accounts to which no amounts were credited:

Table 2.11

ACCOUNTS	DESCRIPTION	ESTIMATES (\$)
21101-1031	Sale of Assets	10.00
22001-1031	Local Revenue	71,636,081.00
22201-2144	Grant – CDB	1,000,000.00
22201-2164	Grant - PAHO	250,000.00
22201-2175	Grants – T&T	10,500,000.00
22201-2185	Grants – Cuba	10.00
22201-3674	Grants – UN	600,000.00
22201-3684	Grants – GEF	1,000,000.00
22201-3714	Grants – FAO	10.00
22301-2197	Loans – Venezuela	6,180,000.00
22301-3277	Loans - Taiwan	10.00
TOTAL		91,166,121.00

2.26

Capital Revenue in excess of estimates was received from eight (8) sources as highlighted in the Table 2.12.

Table 2.12

ACCOUNTS	DESCRIPTION	ESTIMATES (\$)	ACTUAL (\$)	EXCESS (\$)
21001-1011	Sale of Land	1,000,000.00	1,465,552.83	465,552.83
22201-2195	Grant-Venezuela	1,500,000.00	5,581,962.99	4,081,962.99
22201-3275	Grant – ROC	19,260,000.00	24,353,306.40	5,093,306.40
22201-3365	Grant – Libya	0.00	1,721,997.60	1,721,997.60
22201-3506	Grant – IBRD	0.00	554,121.66	554,121.66
22201-3604	Grant – E.U	37,933,000.00	44,726,876.38	6,793,876.38
22301-3996	Loans – Other External Loans	28,255,040.00	49,692,881.05	21,437,841.05
22302-1003	Development Bonds	0.00	5,056,632.03	5,056,632.03
TOTAL		87,948,040.00	133,153,330.94	45,205,290.94

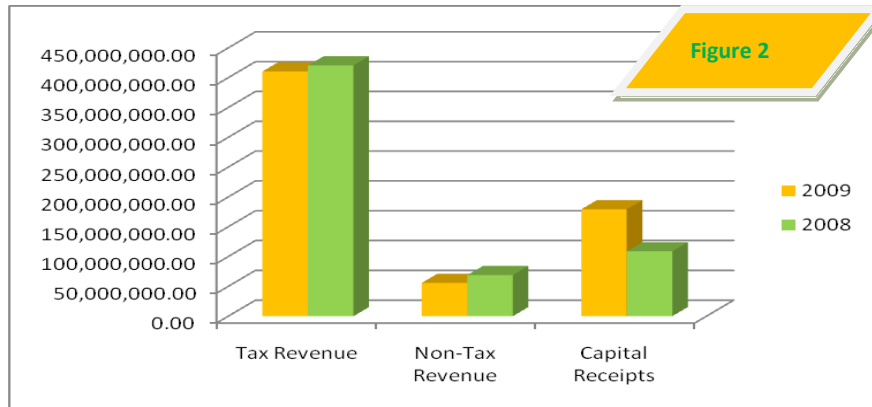
2.27

Comparison between Classifications

Table 2.13 and Figure 2 shows revenue according to classification collected for the financial year 2009 with comparative figures for the financial year 2008.

Table 2.13

CLASSIFICATION	ACTUAL 2009	ACTUAL 2008
Tax Revenue	410,450,619.75	420,534,971.15
Non-Tax Revenue	55,917,790.02	68,932,908.44
Capital Receipts	179,212,241.58	108,706,775.48
TOTAL	645,580,651.35	598,174,655.07



2.28

The figures for the financial years 2008 and 2009 displayed in the preceding table when compared revealed that:

- There was an overall increase of \$47,405,996.28 in revenue collected during the financial year.
- Tax Revenue was reduced by \$10,084,351.40
- Non-Tax Revenue was reduced by \$13,015,118.42
- Capital receipts increased by \$70,505.466.10

2010

RECURRENT REVENUE

TAX REVENUE

2.29

Tax Revenue contributed 80.8% of actual recurrent revenue as shown in Table 2.14 hereunder:

Table 2.14

TYPE	AMOUNT (\$)	%
Taxes on Income & Profit	108,810,124.07	22.2
Taxes on Property	2,902,018.07	0.59
Taxes on International Trade and Transaction	178,428,026.34	36.4
Taxes on Domestic Goods and Transaction	105,933,091.89	21.6
TOTAL	396,073,260.37	80.8

2.30

Table 2.15 below shows a comparison of Actual Revenue collected as Tax Revenue for 2010 with comparative figures for 2009.

Table 2.15

TYPE	ACTUAL 2010	ACTUAL 2009	DECREASE
Taxes on Income & Profit	108,810,124.07	110,353,509.00	-1,543,384.93
Taxes on Property	2,902,018.07	2,715,484.43	186,533.64
Taxes on International Trade and Transaction	178,428,026.34	192,243,902.85	-13,815,876.51
Taxes on Domestic Goods and Transaction	105,933,091.89	105,137,723.47	795,368.42
TOTAL	396,073,260.37	410,450,619.75	-14,377,359.36

Taxes on Income and Profit

2.31

Table 2.16 shows that revenue collected for Taxes on Income and Profit fell short of estimated collections of \$114,000,000.00 in 2010 by \$5,189,875.93.

Table 2.16

ITEM	ESTIMATES(\$)	ACTUAL (\$)	SHORTFALL (\$)
Income Tax	61,000,000.00	61,690,124.63	-690,124.63
Corporate Tax	45,000,000.00	40,026,410.52	4,973,589.48
Withholding Tax	8,000,000.00	7,093,588.92	906,411.08
TOTAL	114,000,000.00	108,810,124.07	5,189,875.93

2.32

It could not be ascertained what percentage of the 2009 and 2010 collections were attributable to tax arrears of prior years, as no Statement of Arrears of Revenue was received.

2.33

A comparison of the year 2010 revenue collections with revenue recorded for 2009 is shown in Table 2.17.

Table 2.17

ITEM	ACTUAL (2010)	ACTUAL (2009\$)	EXCESS (\$)
Income Tax	61,690,124.63	57,635,246.41	4,054,878.22
Corporate Tax	40,026,410.52	44,858,822.32	(4,832,411.80)
Withholding Tax	7,093,588.92	7,859,440.10	765,851.18
TOTAL	108,810,124.07	110,353,509.00	1,543,384.93

Taxes on International Trade and Transaction

2.34

Actual collections for Taxes on International Trade and Transaction totalled \$178,428,026.34 but fell short of its estimated revenue by \$6,811,973.66.

2.35

Six (6) of the seven (7) items under this category, fell short of their projections by a total of \$8,967,420.76. Revenue collected for import duty was the only item that exceeded its estimates, realising an excess collection of \$2,155,447.104.

2.36

Table 2.18 shows a comparison of the collections for financial year 2010 with the previous year's collection of \$192,243,902.85 indicating a decrease in collections of \$13,815,876.51.

Table 2.18

ITEM	ACTUAL 2010 (\$)	ACTUAL 2009 (\$)
Import Duty	48,155,447.10	46,153,160.66
Customs Service Charge	29,298,666.40	31,555,143.60
Travel Tax	827,970.80	1,061,508.45
Direct Entry Tax	36,577.00	33,414.20
Vehicle Surcharge	3,478,275.14	3,810,500.00
Excise Duty	22,520,658.12	29,271,584.99
VAT	74,110,431.78	80,358,590.95
TOTAL	178,428,026.34	192,243,902.85

Taxes on Domestic Goods and Transactions

2.37

Taxes on Domestic Goods and Transactions contributed \$105,933,091.89 of actual recurrent revenue resulting in a short collection of its estimate of \$119,300,000.00 by \$13,366,908. However, this was an increase of \$795,368.42 in the Revenue collected for 2009. Actual collections for 2010 compared with actual collections for 2009 are shown in Table 2.19.

Table 2.19

NARRATIVE	ACTUAL 2010 (\$)	ACTUAL 2009 (\$)
Stamp Duty	22,676,272.24	18,736,585.94
Excise Duties	4,149,275.33	3,729,589.05
Insurance Premium	3,793,640.77	3,602,704.38
Interest Levy	9,063,898.72	10,441,154.32
Airport Service Charge	3,715,773.50	3,793,297.00
VAT	62,534,231.33	64,834,392.76
TOTAL	105,933,091.89	105,137,723.47

Taxes on Property

2.38

The actual revenue of \$862,639.12 collected on Estate and Succession Duty exceeded its estimates by \$662,639.12 whereas Property Tax fell short of its estimated collections of \$2,650,000.00 by \$610,621.05, resulting in a net increase of \$52,018.07. The revenue collected under this category for the financial year 2010 exceeded that collected for the

previous financial year by \$186,533.64. Table 2.20 shows actual collections for the years 2009 and 2010.

Table 2.20

NARRATIVE	ACTUAL 2010 (\$)	ACTUAL 2009 (\$)
Property Tax	2,039,378.95	2,543,376.17
Estate and Succession Duty	862,639.12	172,108.26
TOTAL	2,902,018.07	2,715,484.43

NON-TAX REVENUE

2.39

The Non-Tax revenue items contributed 19.2% of the Recurrent Revenue comprised as follows:

Table 2.21

ITEMS	ESTIMATE (\$)	ACTUAL (\$)	%
Licenses	28,795,000.00	25,400,169.35	5.2
Fees, Fines & Permits	21,304,200.00	21,400,583.38	4.4
Interest, Rent & Dividends	8,604,100.00	13,502,772.52	2.8
Other Revenue	22,352,700.00	33,581,078.71	6.9
TOTAL	81,056,000.00	93,884,603.96	19.2

Licenses

2.40

There was a net shortfall of \$3,394,830.65 in revenue collected for Licenses as a result of short collection of \$4,988,893.92 on eight (8) heads and excess of collection of \$1,594,063.27 on five (5) heads.

Fees, Fines & Permits

2.41

Sixteen (16) items recorded revenue of \$3,697,974.57 below their estimates, while five (5) realised revenue of \$3,794,357.95 in excess of their estimates, and two (2) items registered nil revenue resulting in a net increase of \$96,383.38 for the year 2010.

2.42

Interest, Rent & Dividends

The total collection of \$13,502,772.52 exceeded the estimate of \$8,604,100.00 by \$4,898,672.52. Four (4) items recorded a shortfall of \$620,556.51, while five (5) items exceeded their estimated projection by \$5,519,229.03. One (1) item recorded nil revenue.

2.43

Other Revenue

The total collections from other revenue exceeded its estimated collection in 2010 by \$11,228,378.71. Three (3) items realised revenue in excess of the estimates, totalling \$12,750,162.04 while eight (8) recorded a shortfall of \$1,521,783.33. There was a significant increase of \$28,662,295.38 in Other Revenue for 2010 over that collected for 2009.

2.44

Table 2.22 shows non tax revenue collected in 2010 with comparative figures for 2009, indicating an increase of \$37,966,813.94 in the 2010 collections.

Table 2.22

NARRATIVE	ACTUAL 2010 (\$)	ACTUAL 2009 (\$)
Licenses	25,400,169.35	22,015,813.76
Fees, Fines & Permits	21,400,583.38	18,940,622.91
Interest, Rent & Dividends	13,502,772.52	10,042,570.02
Other Revenue	33,581,078.71	4,918,783.33
TOTAL	93,884,603.96	55,917,790.02

CAPITAL REVENUE

2.45

A total of \$294,512,185.14 was received as capital revenue. There were six (6) funding sources from which no revenue was collected. Table 2.23 shows the accounts to which no capital revenue were credited.

Table 2.23

ACCOUNTS	DESCRIPTION	ESTIMATES (\$)
22201-2175	Grants – Trinidad	6,000,000.00
22201-2195	Grants – Venezuela	3,656,540.00
22201-3674	Grants – UN	200,000.00
22201-3746	Grants – FAO	20,000,000.00
22301-3996	Loans – Venezuela	37,905,050.00
22301-3277	Loans – ROC/Taiwan	20,350,000.00
TOTAL		88,111,590.00

2.46

Capital Revenue in excess of estimates was received from five (5) sources as highlighted in in Table 2.24.

Table 2.24

ACCOUNTS	DESCRIPTION	ESTIMATES	ACTUAL	EXCESS
21001-1011	Sale of Land	0.00	881,836.06	881,836.06
21101-1031	Sale of Asset	0.00	69,993,204.00	69,993,204.00
22201-2164	PAHO	100,000.00	148,272.15	48,272.15
22201-3995	Grants – Other External	0.00	185,416.24	185,416.24
22301-2145	Loans – CDB	3,900,000.00	134,945,224.30	131,045,224.30
TOTAL		4,000,000.00	206,153,952.75	202,153,952.75

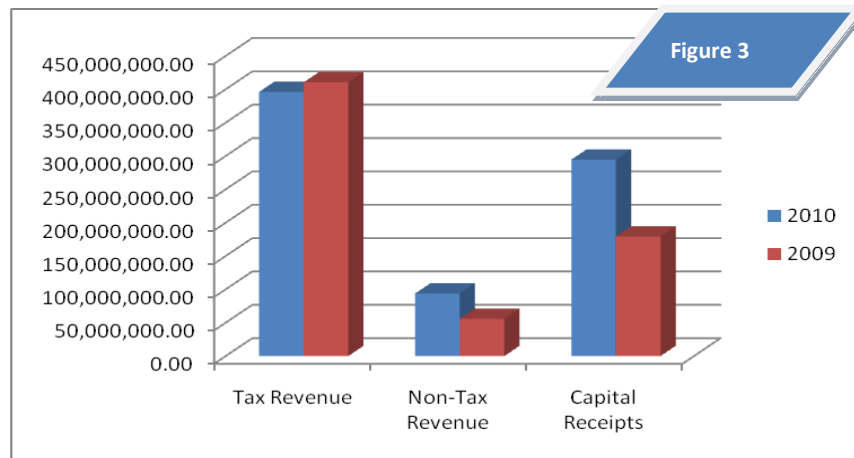
Comparison between Classifications

2.47

Table 2.25 and Figure 3 shows revenue collected for the financial year 2010 by classification with comparative figure for the financial year 2009.

Table 2.25

CLASSIFICATION	ACTUAL 2010	ACTUAL 2009
Tax Revenue	396,073,260.37	410,450,619.75
Non-Tax Revenue	93,884,603.96	55,917,790.02
Capital Receipts	294,512,185.19	179,212,241.58
TOTAL	784,470,049.52	645,580,651.35



2.48

A comparison of the revenue collected for the financial years 2009 and 2010 showed that:

- There was an overall increase of \$138,889,398.17 in revenue collected during the financial year.
- Tax Revenue was reduced by \$14,377,359.38
- Non-Tax Revenue was increased by \$37,966,813.94
- Capital receipts increased by \$115,299,943.61

STATEMENT OF DETAILED EXPENDITURE**2.49**

The 2008 Appropriation Act was passed on 5th December 2008 and authorized expenditure of \$553,597,781.00 on recurrent expenditure and \$197,306,295.00 on capital expenditure totaling \$750,904,076.00 for the financial year 2009.

2.50

The revised budget totaled \$862,459,927.00 (capital \$260,872,487.00, and recurrent \$601,587,440.00), recording an increase of \$111,555,851.00.

2.51

The 2010 Appropriation Act was passed on 29th January 2010, authorising expenditure of \$913,322,465.00, of which \$610,021,850.00 represented recurrent expenditure and \$303,300,615.00 represented capital expenditure.

2.52

The revised estimates totaled \$975,591,522.55 (capital \$309,894,125.31), and recurrent \$665,697,397.24), showing an increase in expenditure of \$62,269,057.55.

2.53

The difference between the amounts approved for recurrent expenditure by the Appropriation Act and that reflected in the Estimates for the financial years 2009 and 2010 was attributable to the Governor General's Emoluments which is provided by the Governor General's Emoluments and Pensions Act.

2009**RECURRENT EXPENDITURE**

2.54 There were one hundred and twenty (120) items in the recurrent budget estimates under which no expenditure was recorded in the accounts. The provision of \$1,389,483.10 remained unspent.

2.55 A total of \$60,498,642.92 less than the revised estimates was spent in financial year 2009.

EXPENDITURE BY MINISTRIES AND DEPARTMENTS*Autonomous Departments*

2.56 The Autonomous Departments which consist of eleven (11) Offices, spent \$22,432,706.98 of their allocation of \$22, 802,943.00.

2.57 The Service Commissions Department incurred the highest expenditure of the Autonomous Departments, recording a total of \$12,138,307.30, representing 54% of the total expenditure of the Autonomous Departments. This was \$1,062,649.30 in excess of its revised budget. The contributors to the over expenditure were Personal Emoluments and Allowances, with expenditure levels of \$943,005.62 and \$237,005.65 respectively.

Ministries

2.58 The fifteen (15) Ministries expended \$518,656,090.09 of their combined allocation of \$578,784,497.00.

Ministry of Finance and Planning

2.59

The Ministry of Finance and Planning incurred the highest expenditure of the Ministries. The Ministry had a revised budget of \$218,301,638.00 as compared with \$202,785,246.00 in 2008. The expenditure level was \$197,927,622.87, an increase of \$15,080,648.96 from the 2008 expenditure.

i. Servicing of Debt

2.60

Servicing of External Debt of \$69,492,370.02 was the Ministry's largest programme. This represented 35% of the Ministry's actual recurrent expenditure and consisted of the payment of external interest of \$22,583,029.62 and External Amortization of \$46,909,340.40.

2.61

The Ministry's second largest programme was the Servicing of Internal Debt with expenditure of \$52,865,348.80 representing 26.7% of the Ministry's actual recurrent expenditure. Servicing of Internal Debt consisted of Domestic Interest of \$28,436,113.80, Sinking Fund Contribution of \$6,000,000.00 and Domestic Amortization of \$18,429,235.00.

ii. Pension and Retirement Benefits

2.62

The Pension and Retirement Benefits expenditure of \$30,681,580.49 exceeded its budget by \$843,870.49. However, this was a reduction from the 2008 expenditure which exceeded its budget by \$2,773,832.66.

Ministry of Health and the Environment

2.63

The Ministry of Health and the Environment recorded expenditure of \$53,168,720.86 which represented 9.8% of the total recurrent expenditure. The Ministry recorded a savings of \$4,492,023.14 from the budgeted amount which is an increased saving of \$1,094,500.18 from 2008.

Ministry of National Security

2.64

The Ministry of National Security spent a total of \$46,838,771.45 from a budget of \$49,669,419.00 contributing to 8.7% of the total recurrent expenditure.

Ministry of Transport and Works

2.65

The Ministry of Transport and Works recorded expenditure of \$32,072,090.60 representing 6% of the recurrent expenditure. The maintenance and repairs of roads and drains was the highest contributor to the expenditure, incurred \$10,000,998.68 which represented 31% of the Ministry's expenditure.

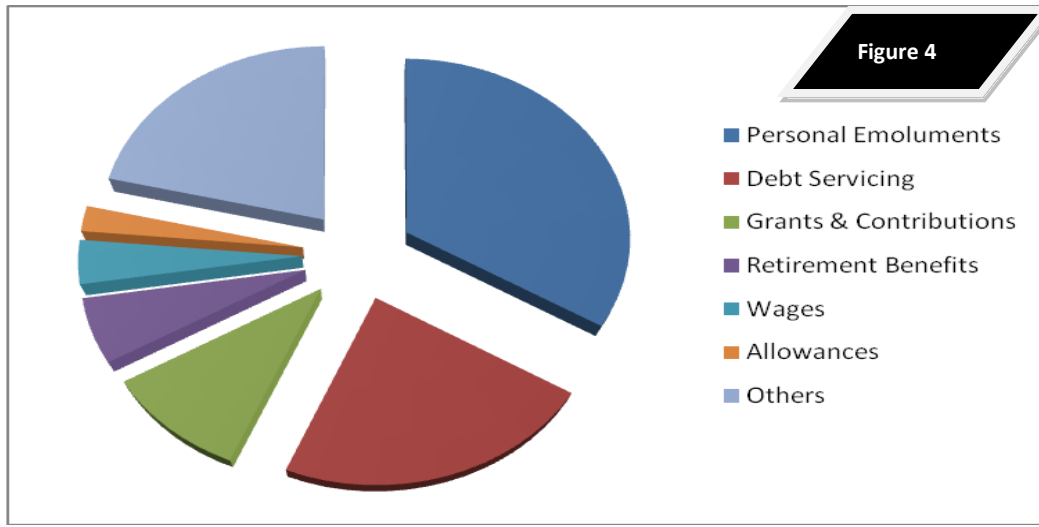
EXPENDITURE BY CLASSIFICATION

2.66

An analysis of expenditure by classification is shown in Table 2.26 and illustrated in Figure 4. Personal Emoluments accounted for the largest expenditure of \$181,156,082.83. This was followed by Debt Servicing of \$122,357,718.82.

Table 2.26

CLASSIFICATION	EXPENDITURE (\$)	%
Personal Emoluments	181,156,082.83	34
Debt Servicing	122,357,718.82	23
Grants & Contributions	55,202,182.56	10.3
Retirement Benefits	32,689,828.97	6
Wages	20,736,228.96	4
Allowances	12,432,777.82	2.3
Others	116,513,977.11	21.5
TOTAL	541,088,797.07	100



OVER EXPENDITURE

2.67

Table 2.27 shows the Ministries and Departments which incurred expenditure in excess of their budgets on object codes.

Table 2.27

MINISTRY	OBJECT CODE	EXCESS
Governor General - Office	Personal Emoluments	2,893.00
House of Assembly	Personal Emoluments	74,363.95
Service Commissions	Personal Emoluments	943,005.62
Service Commissions	Allowances	237,005.65
CIPO	Personal Emoluments	7,342.68
Office of the Prime Minister - RIDU	Personal Emoluments	6,744.00
Ministry of Finance and Planning - Customs and Excise	Sundry Expenses	64.50
Ministry of Finance and Planning - IRD	Sundry Expenses	670.00
Ministry of Finance and Planning - Accounting Division	Retiring Benefits	13,369.01
Ministry of Finance and Planning - General Admission	Retiring Benefits	843,870.49
Ministry of National Mobilisation - Sports Division	Allowances	3,040.00
Ministry of Education - General Administration	Allowances	407.62
Ministry of Education - Primary Education	Personal Emoluments	357,094.76
Ministry of Education - Primary Education	Allowances	76,362.81
Ministry of Education - St. Vincent Grammar School	Allowances	7,581.79
Ministry of Education - Girls High School	Allowances	23,317.02
Ministry of Education - Rural Secondary Schools	Allowances	82,585.42
Ministry of Education - Multi Purpose Centres	Personal Emoluments	68,200.84
Ministry of Education - Bethel High School	Allowances	116.19
Ministry of Education - School for Children with Special Needs	Allowances	2,238.67
Ministry of Education - Feeding Programme	Personal Emoluments	401.40

MINISTRY	OBJECT CODE	EXCESS
Ministry of National Security - General Admission	Personal Emoluments	175,402.91
Ministry of National Security - General Admission	Sundry Expenses	3,070.66
Ministry of National Security - Southern Grenadines Administration	Allowances	9,049.19
Ministry of National Security - Police General Administration	Personal Emoluments	1,316,886.20
Ministry of National Security - Police General Administration	Allowances	48,408.71
Ministry of National Security - Fire	Personal Emoluments	102,185.62
Ministry of National Security - Passport and Immigration Department	Allowances	14,579.53
Ministry of Agriculture Planning Unit	Allowances	267.91
Ministry of Rural Transformation - General Administration	Personal Emoluments	81,371.45
Ministry of Rural Transformation - General Administration	Allowances	7,197.00
Ministry of Transport - General Administration	Allowances	5,494.25
Ministry of Transport - Public Works Administration	Allowances	21,844.00
Ministry of Transport - Electrical Inspectorate	Personal Emoluments	4,193.23
Ministry of Transport - M'tce of Furniture and Fittings	Sundry Expenses	64,415.33
Ministry of Transport - M'tce & Repairs for Roads an Drains	Maintenance Services	116,667.33
Ministry of Health - Cen tral Pharmaceuticals	Personal Emoluments	29,478.91
Ministry of Health - Milton Cato Memorial	Allowances	159,400.42
Ministry of Health - Lewis Punnett Home	Allowances	10,178.82
Ministry of Health - Rural Hospital and Health Centres	Personal Emoluments	5,685.80
Ministry of Health - Nutritional Support Unit	Personal Emoluments	1,785.21
Ministry of Housing - General Administration	Allowances	31,199.52
Ministry of Foreign Affairs - New York Mission	Personal Emoluments	30,322.07
Ministry of Foreign Affairs - New York Mission	Communication Expenses	14,219.82
Ministry of Foreign Affairs - New York Mission	Sundry Expenses	1,413.46
Ministry of Foreign Affairs - Washington Mission	Personal Emoluments	34,560.45
Ministry of Foreign Affairs - Washington Mission	Local Travel and Subsistence	3,725.93
Ministry of Foreign Affairs - Washington Mission	Sundry Expenses	407.44
Ministry of Foreign Affairs - High Commission London	Personal Emoluments	7,659.21
Ministry of Foreign Affairs - High Commission London	Allowances	52,967.60
Ministry of Foreign Affairs - High Commission London	Rental of Assets	996.40
Ministry of Foreign Affairs - New York Consulate	Rental of Assets	4,592.19
Ministry of Foreign Affairs - New York Consulate	Insurance	12,756.13
Ministry of Foreign Affairs - New York Consulate	Sundry Expenses	195.81
Ministry of Foreign Affairs - Embassy of SVG Cuba	international Travel and Subsistence	17,159.76
Ministry of Foreign Affairs - Embassy of SVG Cuba	Hosting and Entertainment	5,537.58
Ministry of Tourism - General Administration	Personal Emoluments	6,574.70
Ministry of Tourism - Tourism Administration	Personal Emoluments	32,953.22
Ministry of Tourism - Overseas Representative - New York	Advertising and Promotion	28,549.90
Ministry of Tourism - Overseas Representative - London	Supplies and Materials	8,806.00
Ministry of Tourism - Overseas Representative - Toronto	Advertising and Promotion	4,029.46
		5,226,864.55

CAPITAL EXPENDITURE

2.68 The revised capital expenditure for financial year 2009 of \$260,872,487.00 was to be financed by revenue derived from; Revenue, Local and External Loans and External Grants. Actual expenditure incurred amounted to \$130,008,223.01, 49.8 % of the current year’s budget. This was a decrease in spending of \$962,119.01 or 0.73% over the 2008 level of expenditure.

2.69 An examination of capital expenditure indicated that eighty four (84) projects with a total estimated expenditure of \$52,363,881.00 were not executed as planned.

2.70 Table 2.28 shows the expenditure incurred according to Ministry in absolute and percentage terms.

Table 2.28

	MINISTRY	ESTIMATE	ACTUAL	VARIANCE	%
10	Prime Minister	8,420,356.00	5,310,537.56	3,109,818.44	4%
20	Ministry of Finance	10,353,808.00	6,563,283.96	3,790,524.04	5%
30	Ministry of National Mobilisation	19,285,963.00	17,441,720.86	1,844,242.14	13%
35	Ministry of Education	42,005,593.00	24,221,178.18	17,784,414.82	19%
40	Ministry of National Security	38,994,752.00	19,032,138.88	19,962,613.12	15%
45	Ministry of Agriculture, Forestry & Fisheries	18,284,983.00	4,746,400.36	13,538,582.64	4%
50	Ministry of Rural Transformation	8,416,000.00	2,920,565.81	5,495,434.19	2%
55	Ministry of Transport and Works	54,369,808.00	20,736,215.71	33,633,592.29	16%
60	Ministry of Urban Development	2,065,010.00	1,251,962.25	813,047.75	1%
65	Ministry of Health and the Environment	13,947,060.00	6,086,181.06	7,860,878.94	5%
70	Ministry of Housing	7,876,112.00	2,444,801.73	5,431,310.27	2%
75	Ministry of Legal Affairs	1,413,055.00	1,364,539.61	48,515.39	1%
80	Ministry of Telecommunications	14,720,000.00	1,789,161.55	12,930,838.45	1%
85	Ministry of Foreign Affairs	4,177,025.00	-	4,177,025.00	0%
90	Ministry of Tourism	16,542,962.00	16,099,535.49	443,426.51	12%
	TOTAL	260,872,487.00	130,008,223.01	130,863,663.99	100%

EXPENDITURE BY SOURCE

2.71 Capital expenditure with comparative revenue according to Funding Source were as follows:-

Table 2.29

SOURCE	ESTIMATED (\$)	EXPENDITURE (\$)	REVENUE (\$)
Local Revenue	3,669,130.00	1,366,802.95	1,465,552.83
Grants – CDB	1,000,000.00	1,000,000.00	0.00
Grants – PAHO	250,000.00	232,998.42	0.00
Grants – Trinidad & Tobago	10,500,000.00	2,827,234.94	0.00
Grants – Cuba	10.00	0.00	0.00
Grants – Venezuela	4,411,963.00	2,828,941.60	5,581,962.99
Grants – ROC/Taiwan	21,255,346.00	13,087,457.53	24,353,306.40
Grants – Libya	0.00	0.00	1,721,997.60
Grants – IBRD	0.00	0.00	554,121,.66
Grants – EU	73,688,152.00	40,373,004.57	44,726,876.38
Grants – UNESCO	250,000.00	0.00	0.00
Grants – GEF	1,000,000.00	0.00	0.00
Grants – FAO	10.00	0.00	0.00
Loans – Local	91,571,198.00	47,266,038.19	40,999,995.00
Loans – CDB	8,012,828.00	4,414,278.49	4,341,054.72
Loans – Venezuela	6,180,000.00	0.00	0.00
Loans – IBRD	4,000,000.00	1,237,512.45	717,860.92
Loans - UNDP	350,000.00	0.00	0.00
Loans – Other External	34,733,840.00	15,373,953.87	49,692,881.05
Loans – GOSVG Dev. Bonds	0.00	0.00	5,056,632.03
TOTAL	260,872,487.00	130,008,223.01	179,212,241.58

2.72

A comparison of actual expenditure for the years 2008 and 2009 are shown hereunder in Table 2.30:-

Table 2.30

MINISTRY	2009 (\$)	2008 (\$)
Office of the Prime Minister	5,310,537.56	3,127,263.39
Ministry of Finance and Planning	6,563,283.96	93,330,213.80
Ministry of National Mobilisation	17,441,720.86	767,224.10
Ministry of Education	24,221,178.18	37,238,336.05
Ministry of National Security	19,032,138.88	23,043,504.98
Ministry of Agriculture etc.	4,746,400.36	4,105,840.63
Ministry of Rural Transformation etc	2,920,565.81	1,936,787.92
Ministry of Transport & Works	20,736,215.71	30,973,169.60
Ministry of Urban Development etc.	1,251,962.25	1,157,510.28
Ministry of Health & the Environment	6,086,181.06	7,047,097.49
Ministry of Housing	2,444,801.73	3,028,033.48

MINISTRY	2009 (\$)	2008 (\$)
Ministry of Legal Affairs	1,364,539.61	138,394.52
Ministry of Telecommunication etc.	1,789,161.55	1,703,244.22
Ministry of Foreign Affairs	-	74,700.00
Ministry of Tourism	16,099,535.49	7,299,048.56
TOTAL	130,008,223.01	130,970,342.02


2010**RECURRENT EXPENDITURE**

2.73

According to the Estimates of Revenue and Expenditure 2010 a total of \$610,174,865.00 was recorded as recurrent expenditure. However, a total of \$610,174,878.00 was recorded on the statement given a difference of \$13.00.

2.74

The revised estimated recurrent expenditure for 2010, was \$665,697,397.24, while the actual expenditure recorded was \$602,637,764.91, resulting in savings of \$63,059, 632.33. This amount represented 9.5 % of the revised estimates.

EXPENDITURE BY MINISTRIES AND DEPARTMENTS***Autonomous Departments***

2.75

The Autonomous Departments were allocated a revised budget of \$24,889,348.00 to meet their recurrent expenditure for 2010. The actual expenditure incurred by their departments was \$23,693,592.71, indicating a savings of \$1,195,755.29. Expenditure of \$13,185,567.35 was incurred by the Service Commissions Department. This was approximately 55.6 % of the actual expenditure incurred by the Autonomous Departments.

Ministries**Ministry of Finance and Economic Planning**

2.76

The Ministry of Finance and Planning accounted for 44.3% of the total recurrent expenditure which is the highest of all the Ministries. One (1) new programme, the Internal

Audit Department, was introduced. However, the programme recorded nil expenditure for the financial year.

i. Servicing of Debt

2.77

Servicing of External Debt continues to represent the Ministry's largest programme. This program accounted for \$71,729,499.60 or 26.8% of the Ministry's actual recurrent expenditure.

2.78

Payments for the Servicing of Internal Debt of \$64,812,424.99 were comprised of Domestic Interest-\$33,852,264.74, Sinking Fund contributions-\$12,000,000 and Domestic Amortization - \$18,960,160.25.

ii. Pension and Retirement Benefits

2.79

Expenditure on Pensions and Retirement benefits was \$35,456,214.97, showing an excess of \$4,756,214.97 over the revised estimates of \$30,700,000.00, and an increase of \$3,912,344.48 over the 2009 expenditure.

Customs and Excise

2.80

The Customs and Excise Department recorded expenditure of \$7,848,918.10 from a budget of \$8,323,063.00, realising a net savings of \$474,144.90.

Inland Revenue

2.81

The Inland Revenue Department spent \$6,707,513.87, approximately 83% of its revised budget of \$8,054,464.00, as compared to 93% of the previous year's budget.

Ministry of Education

2.82

The Ministry had a revised budget of \$104,738,277.00 for the operation of its twenty-one (21) programmes. Actual expenditure was \$94,277,387.51 contributing to a net savings of

\$10,460,889.50. One (1) programme the Multi-Purpose Centres overspent its estimates of \$2,007,977.00 by \$316,208.27.

Ministry of National Security

2.83

The Ministry of National Security spent a total of \$49,632,770.62 from a revised budget of \$53,754,422.00. This represented 8% of the 2010 recurrent expenditure.

Ministry of Agriculture, Forestry and Fisheries

2.84

A total of \$17,788,097.00 was allocated for the Ministry's recurrent expenditure for its thirteen (13) programmes. The actual expenditure was \$14,738,166.90 which represented 2.4% of the total actual recurrent expenditure. The Ministry incurred net savings on its budget.

Ministry of Health and the Environment

2.85

The Ministry of Health and the Environment recorded expenditure of \$55,396,517.62 which represented 9.2 % of the total recurrent expenditure realising net savings of \$6,171,018.38 from its estimated expenditure of \$61,567,536.00. The 2010 expenditure was an increase of \$2,227,796.76 over the 2009 expenditure.

Ministry of Telecommunications, Science

2.86

The Ministry of Telecommunication was allocated \$5,048,248.00 for the operation of its programmes. Actual expenditure recorded was \$3,757,099.45, contributing to an overall savings of \$1,291,148.55.

2.87

Ministry of Foreign Affairs, Commerce and Trade

The Ministry of Foreign Affairs, Commerce and Trade, from its allocation of \$10,549,885.00, spent \$8,413,068.15 on its programmes, recording a savings of \$2,136,816.85. The Washington Mission, High Commission London and Toronto Consulate, overspent their Personal Emoluments vote but maintained a net savings on their programme.

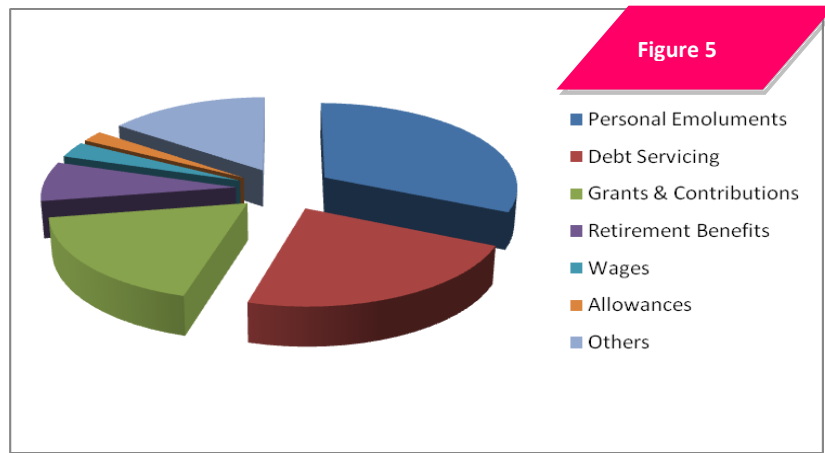
2.88

EXPENDITURE BY CLASSIFICATION

An analysis of expenditure by classification is shown in the Table 2.31 and Figure 5 Personal Emoluments accounted for the largest expenditure of \$191,097,076.54, followed by Debt Servicing of \$136,541,924.50.

Table 2.31

CLASSIFICATION	EXPENDITURE (\$)	%
Personal Emoluments	191,097,076.54	31.7
Debt Servicing	136,541,924.50	22.7
Grants & Contributions	108,200,313.17	18
Retirement Benefits	45,283,011.59	7.5
Wages	17,911,420.86	3
Allowances	12,655,393.66	2.1
Others	90,815,922.84	15
TOTAL	602,637,764.91	100



OVER EXPENDITURE

2.89

Table 2.32 shows the Ministries and Departments which incurred expenditure in excess on object codes.

Table 2.32

MINISTRY	OBJECT CODE	EXCESS
Governor General Office	Personal Emoluments	9,555.15
Service Commissions	Personal Emoluments	1,558,114.33
Service Commissions	Allowances	450,000.45
CIPO	Personal Emoluments	6,810.52
Office of the Prime Minister	Personal Emoluments	4,153.81
Ministry of Finance and Planning - Budget Research & Policy Division	Allowances	811.63
Ministry of Finance and Planning - Accounting Division	Retiring Benefits	4,756,214.97
Ministry of National Mobilisation - General Admission	Personal Emoluments	64,594.89
Ministry of National Mobilisation - Community Development Div	Personal Emoluments	6,646.14
Ministry of National Mobilisation - Youth Affairs	Personal Emoluments	10,015.02
Ministry of National Mobilisation - Sport Division	Wages	568.36
Ministry of Education - General Administration	Allowances	3,394.03
Ministry of Education - Primary Education	Allowances	7,923.95
Ministry of Education - Girls High School	Allowances	3,124.08
Ministry of Education - Rural Secondary Schools	Allowances	2,748.05
Ministry of Education - Multi Purpose Centres	Personal Emoluments	361,100.13
Ministry of Education - School for Children with Special Needs	Allowances	490.31
Ministry of Education - School Feeding Programme	Personal Emoluments	843.34
Ministry of National Security - General Administration	Personal Emoluments	72,833.29
Ministry of National Security - Public Sector Reform Division	Personal Emoluments	8,104.93
Ministry of National Security - Police General Administration	Allowances	206,914.46
Ministry of National Security - Police General Administration	Training	63,693.98
Ministry of National Security - Fire	Personal Emoluments	138,751.89
Ministry of National Security - Passport and Immigration Department	Allowances	22,920.32
Ministry of Agriculture - General Administration	Personal Emoluments	17,047.33
Ministry of Agriculture - Administration	Personal Emoluments	17,831.49
Ministry of Agriculture - Extension and Advisory Service	Personal Emoluments	99,155.87
Ministry of Transport - General Administration	Sundry Expenses	284,162.55
Ministry of Transport - Public Works Administration	Allowances	81,825.00
Ministry of Transport - Project Management	Personal Emoluments	214,901.50
Ministry of Health - Medical Administration	Personal Emoluments	18,312.03
Ministry of Health - Lewis Punnett Home	Allowances	8,494.54
Ministry of Health - Mental Health Center	Allowances	4,385.00
Ministry of Health - Nutritional Support Unit	Personal Emoluments	2,576.90
Ministry of Housing - General Administration	Personal Emoluments	9,078.27
Ministry of Housing - General Administration	Allowances	7,344.82
Ministry of Housing - Land Management	Personal Emoluments	16,099.32
Ministry of Housing - Physical Planning Unit	Training	789.36
Ministry of Telecommunication etc. Trade General Administration	Personal Emoluments	22,078.03
Ministry of Telecommunication etc. Trade General Administration	Allowances	8,065.00
Ministry of Telecommunications etc. Bureau of Standards	Personal Emoluments	40,713.00
Ministry of Telecommunications etc. Bureau of Standards	Advertising and Promotion	135.75
Ministry of Telecommunications Etc. Science and Technology	Personal Emoluments	4,588.74
Ministry of Foreign Affairs - General Administration	Allowances	4,237.70
Ministry of Foreign Affairs - Washington Mission	Personal Emoluments	631.69
Ministry of Foreign Affairs - High Commission London	Personal Emoluments	17,112.13
Ministry of Foreign Affairs - High Commission London	Supplies and Materials	3,236.19
Ministry of Foreign Affairs - Toronto Consulate	Personal Emoluments	23,435.58
Ministry of Tourism - Tourism Administration	Personal Emoluments	97,919.44
		8,764,485.26

2.90

Table 2.33 shows comparative expenditure for 2009 and 2010. Expenditure in terms of percentage for 2010 is also reflected.

Table 2.33

MINISTRY/ DEPARTMENT	ACTUAL 2010	ACTUAL 2009	% OF 2010 EXPENDITURE
Autonomous Departments	23,693,592.71	22,432,706.98	3.9
Office of the Prime Minister	9,125,063.02	11,454,254.71	1.5
Ministry of Finance and Economic Planning	267,112,667.22	197,927,622.87	44.3
Ministry of National Mobilisation	20,352,803.99	20,387,030.74	3.4
Ministry of Education	94,277,387.51	96,187,618.57	15.6
Ministry of National Security	49,632,770.62	46,838,771.45	8.2
Ministry of Agriculture, Forestry and Fisheries	14,738,166.90	13,810,278.77	2.4
Ministry of Rural Transformation, Information etc	3,217,436.59	3,560,537.19	0.53
Ministry of Transport and Works	26,343,316.45	32,072,090.60	4.4
Ministry of Urban Development	3,804,842.34	3,618,305.24	0.63
Ministry of Health	55,396,517.62	53,168,720.86	9.2
Ministry of Housing	7,145,393.21	6,728,255.95	1.2
Ministry of Legal Affairs	2,565,095.06	3,150,289.56	0.4
Ministry of Telecommunications	4,617,589.58	3,757,099.45	0.8
Ministry of Foreign Affairs	8,413,068.15	8,466,016.47	1.4
Ministry of Tourism	12,202,053.94	17,549,197.66	2
TOTAL	602,637,764.91	541,088,797.07	100

CAPITAL EXPENDITURE

2.91

Actual expenditure incurred amounted to \$83,515,833.72, which represented 26 % of the 2010 budget. This resulted in a decrease in spending of \$46,492,989.89 or 64.2% less than the 2009 expenditure.

2.92

Capital expenditure incurred according to Ministries in absolute and percentage terms for the period under review is shown in Table 2.34.

Table 2.34

MINISTRY/DEPARTMENT	ESTIMATES	ACTUAL	VARIANCE	%
Autonomous Departments				
Office of the Prime Minister	4,570,040.00	611,321.17	3,958,718.83	1%
Ministry of Finance and Economic Planning	49,892,362.00	2,911,456.28	46,980,905.72	3%
Ministry of National Mobilisation	7,835,277.00	3,946,006.19	3,889,270.81	5%
Ministry of Education	27,671,947.00	11,102,297.99	16,569,649.01	13%
Ministry of National Security	99,750,540.00	39,334,962.49	60,415,577.51	47%
Ministry of Agriculture, Forestry and Fisheries	10,442,050.00	3,638,118.36	6,803,931.64	4%
Ministry of Rural Transformation, Information etc	14,179,041.00	6,052,682.93	8,126,358.07	7%
Ministry of Transport and Works	38,920,040.00	2,605,430.41	36,314,609.59	3%
Ministry of Urban Development	1,834,010.00	1,380,079.77	453,930.23	2%
Ministry of Health	21,870,170.31	8,355,182.92	13,514,987.39	10%
Ministry of Housing	10,660,000.00	1,237,267.00	9,422,733.00	1%
Ministry of Legal Affairs	410,000.00	106,441.34	303,558.66	0%
Ministry of Telecommunications	12,394,960.00	888,761.62	11,506,198.38	1%
Ministry of Foreign Affairs	60,510.00	26,173.75	34,336.25	0%
Ministry of Tourism	9,403,178.00	1,319,651.50	8,083,526.50	2%
TOTAL	309,894,125.31	83,515,833.72	226,378,291.59	100%

2.93

Table 2.35 highlights Capital expenditure with comparative revenue according to funding source.

Expenditure by source

Table 2.35

SOURCE	ESTIMATED (\$)	EXPENDITURE (\$)	REVENUE (\$)
Sale of Land			881,836.06
Sale of Assets			69,993,204.00
Local Revenue	10,280,535.00	3,062,035.69	33,293.57
Grants – Other Capital Receipts			
Grants – CDB	7,547,000.00	4,949,000.00	3,535,268.78
Grants – PAHO	147,700.31	144,704.41	148,272.15
Grants – Trinidad & Tobago	6,000,000.00	632,591.40	-
Grants – Cuba	-	-	-
Grants – Venezuela	3,753,267.00	934,359.09	-
Grants – ROC/Taiwan	19,017,825.00	4,838,662.47	13,542,423.63
Grants – Libya	-	-	-
Grants – IBRD	-	-	-
Grants – EU	27,632,465.00	3,818,647.32	10,785,570.67
Grants-UNDP	100,000.00	-	-
Grants – UN	100,000.00	-	-
Grants – GEF	2,413,000.00	99,501.74	99,501.74
Grants – FAO	-	-	-
Loans – Local	81,785,478.00	15,525,077.37	500,000.00
Loans – CDB	3,926,212.00	1,258,994.30	134,945,224.30
Loans-IMF	20,000,000.00	-	-
Loans – Venezuela	59,300,000.00	33,500,000.00	53,999,995.00
Loans – ROC/Taiwan	21,350,000.00	2,473,811.43	-
Loans – IBRD	9,200,000.00	5,862,179.05	5,862,179.05
Grants-Other External	185,583.00	185,416.24	185,416.24
Loans – Other External	37,155,060.00	6,230,853.21	-
Loans – GOSVG Dev. Bonds	-	-	-
TOTAL	309,894,125.31	83,515,833.72	294,512,185.19

STATEMENT OF ANNUAL ABSTRACT

2009

RECURRENT BUDGET

2.94

The original estimates showed an anticipated deficit of \$68,023,001.00 on the Recurrent Budget. Actual deficit recorded was \$74,720,387 as recurrent expenditure of \$541,088,797.07 exceeded recurrent revenue of \$466,368,409.77. The actual deficit of \$74,720,387 realised was \$71,535,476.67 greater than the 2008 deficit of \$3,184,910.63.

RECURRENT REVENUE

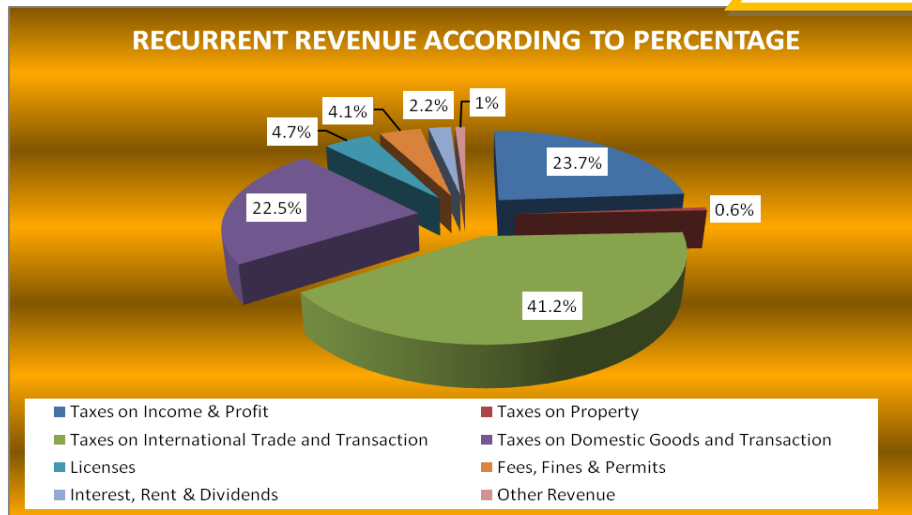
2.95

The total actual recurrent revenue (Tax Revenue 88%, Non- Tax Revenue 12%) reflected a shortfall of \$18,206,370.23 from the estimated revenue of \$484,574,780.00. The shortfall in revenue collection is the net amount comprising of shortfalls on five (5) heads totalling \$27,718,852.10 and excesses on three (3) heads totalling \$9,512,481.87, as shown in Table 2.36.

Table 2.36

TYPE	ESTIMATES	ACTUAL	VARIANCE	%
Taxes on Income & Profit	104,500,000.00	110,353,509.00	-5,853,509.00	23.7
Taxes on Property	2,750,000.00	2,715,484.42	34,515.58	0.6
Taxes on International Trade and Transaction	189,754,400.00	192,243,902.85	-2,489,502.85	41.2
Taxes on Domestic Goods and Transaction	122,981,000.00	105,137,723.47	17,843,276.53	22.5
Licenses	27,994,000.00	22,015,813.76	5,978,186.24	4.7
Fees, Fines & Permits	19,799,200.00	18,940,622.91	858,577.09	4.1
Interest, Rent & Dividends	8,873,100.00	10,042,570.02	-1,169,470.02	2.2
Other Revenue	7,923,080.00	4,918,783.33	3,004,296.67	1
TOTAL	484,574,780.00	466,368,409.77	18,206,370.24	100

Figure 6



2.96

The 2009 revenue collection was \$23,099,469.82 or 4.7% less than the revenue collected in 2008. Table 2.37 below shows the actual recurrent revenue credited for financial year 2009 with comparative figures for 2008.

Table 2.37

Revenue Head	2009 (\$)	2008 (\$)	Increase(+)/ Decrease(-)
Taxes on Income & Profit	110,353,509.00	110,391,732.11	-38,223.11
Taxes on Property	2,715,484.43	2,203,803.19	511,681.24
Taxes on International Trade & Transaction	192,243,902.85	188,623,071.31	3,620,831.54
Taxes on Domestic Goods & Transaction	105,137,723.47	119,316,364.54	-14,178,641.07
Licenses	22,015,813.76	27,339,774.87	-5,323,961.11
Fees, Fines & Permits	18,940,622.91	18,186,255.71	754,367.20
Interest, Rent & Dividends	10,042,570.02	11,574,675.50	-1,532,105.08
Other Revenue	4,918,783.33	11,832,202.36	-6,913,419.03
TOTAL	466,368,409.77	489,467,879.59	23,099,469.82

RECURRENT EXPENDITURE

2.97

The recurrent expenditure recorded for the year was \$541,088,797.07. This figure was \$12,508,983.93 (2.3%) less than the original estimates of \$553,597,781.00 and \$60,498,642.93 less than the revised estimates. A comparison of the estimated expenditure with actual expenditure is reflected in Table 2:38.

Table 2.38

MINISTRY/DEPARTMENT	ESTIMATES (\$)	ACTUAL (\$)	DIFFERENCE	%
Autonomous Department	22,802,943.00	22,432,706.98	370,236.02	4.1
Office of the Prime Minister	14,406,587.00	11,454,254.71	2,952,332.29	2.1
Ministry of Finance and Planning	218,301,638.00	197,927,622.87	20,374,015.13	36.6
Ministry of National Mobilisation	22,161,092.00	20,387,030.74	1,774,061.26	3.8
Ministry of Education	103,923,259.00	96,187,618.57	7,735,640.43	17.8
Ministry of National Security	49,669,419.00	46,838,771.45	2,830,647.55	8.7
Ministry of Agriculture, Forestry & Fisheries	16,744,728.00	13,810,278.77	2,934,449.23	2.6
Ministry of Rural Transformation	4,100,194.00	3,560,537.19	539,656.81	0.66
Ministry of Transport & Works	42,219,773.00	32,072,090.60	10,147,682.40	6
Ministry of Urban Development	4,413,526.00	3,618,305.24	795,220.76	0.67
Ministry of Health & the Environment	57,660,744.00	53,168,720.86	4,492,023.14	9.8
Ministry of Housing	7,721,384.00	6,728,255.95	993,128.05	1.2
Ministry of Legal Affairs	3,576,923.00	3,150,289.56	426,633.44	0.58
Ministry of Telecommunications	5,048,248.00	3,757,099.45	1,291,148.55	0.69
Ministry of Foreign Affairs	10,549,678.00	8,446,016.47	2,103,661.53	1.6
Ministry of Tourism	18,287,304.00	17,549,197.66	738,106.34	3.2
TOTAL	601,587,440.00	541,088,797.07	60,498,642.93	100

2.98

A comparison of recurrent expenditure for 2009 with comparatives for 2008 showed that the actual recurrent expenditure of \$541,088,797.07 recorded for 2009, was \$48,436,007.05 more than expenditure recorded in 2008 as shown in Table 2.39.

Table 2.39

MINISTRY/DEPARTMENT	ACTUAL 2009 (\$)	ACTUAL 2008 (\$)	INCREASE(+)/ DECREASE(-)
Autonomous Department	22,432,706.98	20,789,157.94	1,643,549.04
Office of the Prime Minister	11,454,254.71	9,611,918.30	1,842,336.41
Ministry of Finance and Planning	197,927,622.87	182,846,973.91	15,080,648.96
Ministry of National Mobilisation	20,387,030.74	20,704,863.43	-317,832.69
Ministry of Education	96,187,618.57	79,391,547.25	16,796,071.32
Ministry of National Security	46,838,771.45	42,941,677.95	3,897,093.50
Ministry of Agriculture, Forestry & Fisheries	13,810,278.77	12,129,967.38	1,680,311.39
Ministry of Rural Transformation	3,560,537.19	2,917,168.27	643,368.92
Ministry of Transport & Works	32,072,090.60	30,549,401.69	1,522,688.91
Ministry of Urban Development	3,618,305.24	2,740,831.72	877,473.52
Ministry of Health & the Environment	53,168,720.86	56,571,434.04	-3,402,713.18
Ministry of Housing	6,728,255.95	2,618,923.05	4,109,332.90
Ministry of Legal Affairs	3,150,289.56	2,584,905.88	565,383.68
Ministry of Telecommunications	3,757,099.45	3,438,944.29	318,155.16
Ministry of Foreign Affairs	8,446,016.47	8,048,372.82	397,643.65
Ministry of Tourism	17,549,197.66	14,766,702.10	2,782,495.56
TOTAL	541,088,797.07	492,652,790.22	48,436,007.05

CAPITAL BUDGET

2.99

Actual capital revenue of \$179,212,241.58 exceeded actual capital expenditure of \$130,008,223.01 resulting in a surplus of \$49,204,018.52 on the capital budget for the financial 2009.

CAPITAL REVENUE

2.100

The actual capital revenue received fell short of the estimated capital revenue of \$266,329,311.00 by \$87,117,069.42.

Table 2.40

SOURCE	ESTIMATED	ACTUAL	VARIANCE
Local Revenue	72,637,001.00	1,465,552.83	71,171,448.17
Grants	72,043,020.00	76,938,265.03	- 4,895,245.03
Loans	121,650,190.00	95,751,791.69	25,898,398.31
Development Bonds	-	5,056,632.03	- 5,056,632.03
TOTAL	266,330,211.00	179,212,241.58	87,117,969.42

2.101

The amount credited as Grants and Loans reflected an aggregate increase of \$65,839,665.79 over the previous year's collections, whereas Local Revenue recorded a decrease of \$120,831.72. There was a net increase in Capital Revenue of \$70,775.466.10 over that recorded for 2008.

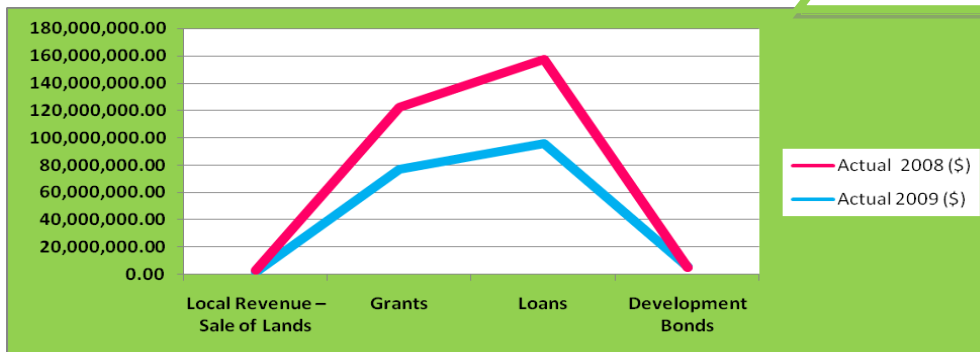
2.102

Table 2.41 and Figure 7 show the sources and comparative figures for 2008 and their variances.

Table 2.41

TYPE OF FUNDS	ACTUAL 2009 (\$)	ACTUAL 2008 (\$)	VARIANCE (\$)
Local Revenue – Sale of Lands	1,465,552.83	1,586,384.55	120,831.72
Grants	76,938,265.03	45,155,304.44	31,782,960.59
Loans	95,751,791.69	61,965,086.49	34,056,705.20
Development Bonds	5,056,632.03	-	5,056,632.03
Total	179,212,241.58	108,706,775.48	70,775,466.10

Figure 7



2.103

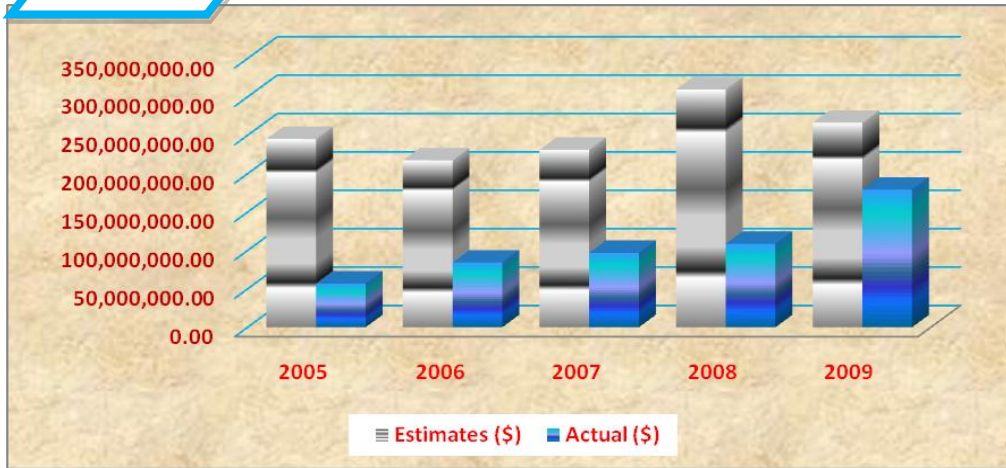
Comparison between Estimates and Actual Capital Revenue

A comparison of estimated with actual capital revenue for the last five (5) years is shown in Table 2.42. Figure 8 shows a significant reduction in the variance between the estimated and actual revenue for 2008 and 2009.

Table 2.42

YEAR	ESTIMATES (\$)	ACTUAL (\$)	VARIANCE (\$)
2005	245,113,069.00	56,920,153.95	188,192,915.05
2006	217,262,813.00	84,235,974.11	133,026,838.89
2007	231,109,435.00	96,915,099.16	134,194,335.84
2008	309,549,450.00	108,706,775.48	200,842,674.52
2009	266,329,311.00	179,212,241.58	87,117,069.42

Figure 8



CAPITAL EXPENDITURE

2.104

The total capital expenditure charged for the year was \$130,008,223.01 or 49.8% of the revised estimates of \$260,872,487.00 resulting in an under expenditure of \$130,864,263.99.

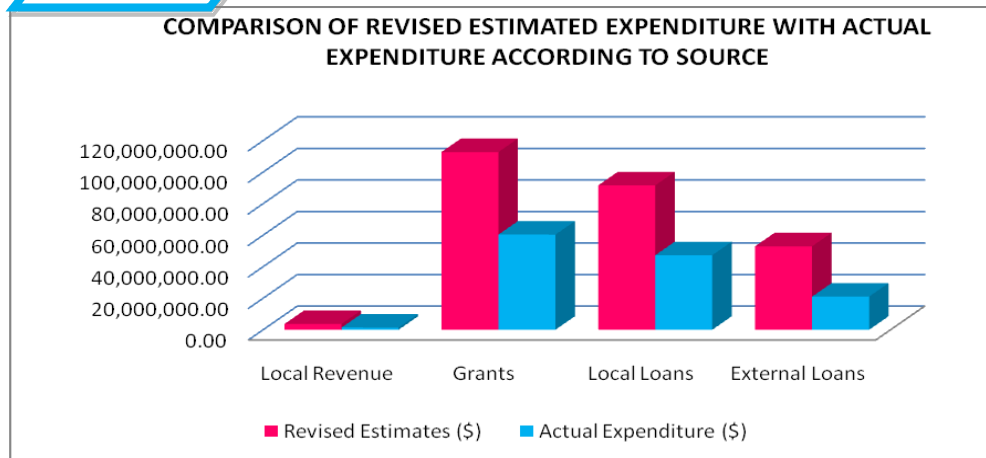
2.105

Table 2.43 and Figure 9 shows a comparison of revised estimated expenditure with actual expenditure according to source.

Table 2.43

SOURCE	REVISED ESTIMATES (\$)	ACTUAL EXPENDITURE (\$)	VARIANCE (\$)
Local Revenue	3,669,130.00	1,366,802.95	2,302,327.05
Grants	112,705,481.00	60,349,637.06	52,355,843.94
Local Loans	91,571,198.00	47,266,038.19	44,305,159.81
External Loans	52,926,678.00	21,025,744.81	31,900,933.19
TOTAL	260,872,487.00	130,008,225.01	130,864,263.99

Figure 9



2.106

The capital expenditure charged for 2009 was \$962,117.11 less than what was recorded for 2008, as shown in Table 2.44.

Table 2.44

SOURCE	ACTUAL 2009 (\$)	ACTUAL 2008 (\$)
Local Revenue	1,366,802.95	5,957,608.96
Grants	60,349,637.06	51,850,966.25
Local Loans	47,266,038.19	51,142,029.87
External Loans	21,025,744.81	22,019,734.04
TOTAL	130,008,223.01	130,,970,342.12

2.107 BUDGET OUT TURN

There was a deficit of \$25,516,368.73 on the overall budget for the financial year. The Actual Budget Out Turn for the year as compared with the original estimates was as follows.

Table 2.45

ITEM	ESTIMATE (\$)	ACTUAL (\$)	DIFFERENCE (\$)
Recurrent Revenue	484,574,780.00	466,368,409.77	18,206,370.23
Less Recurrent Expenditure	<u>533,597,781.00</u>	<u>541,088,797.07</u>	<u>12,508,983.93</u>
Surplus/Deficit	(69,023,001.00)	(74,720,387.30)	5,697,386.30
Capital Revenue	<u>266,329,311.00</u>	<u>179,212,241.58</u>	<u>87,117,069.42</u>
Capital Financing	197,306,310.00	104,491,854.28	92,814,455.72
Capital Expenditure	<u>197,306,295.00</u>	<u>130,008,233.01</u>	<u>67,298,071.99</u>
Deficit	15.00	(25,516,368.73)	25,516,383.73

Total Expenditure versus Total Revenue

2.108 A comparison of revenue with expenditure indicated that expenditure incurred was in excess of revenue recorded. Total expenditure charged for the financial year totalled \$671,097,020.08 while total revenue credited for the year was \$645,580,651.35 as shown hereunder;

	\$	\$
Recurrent Revenue	466,368,409.77	
Capital Revenue	179,212,241.58	
Total Revenue		645,580,651.35
Recurrent Expenditure	541,088,797.07	
Capital Expenditure	130,008,223.01	
Total Expenditure		<u>671,097,020.08</u>
Deficit		<u>-25,516,368.73</u>

2.109

A comparison of capital expenditure with capital revenue by source, as shown hereunder in Table 2.46 revealed that capital revenue recorded for Local Loans was less than that charged for capital expenditure. This may be an indication that expenditure according to funding sources was incorrectly classified.

Table 2.46

ITEM	REVENUE (\$)	EXPENDITURE (\$)	VARIANCE (\$)
Local Revenue	1,465,552.83	1,366,802.95	98,749.88
Grants	76,938,265.03	60,349,637.06	16,588,627.97
Local Loans	40,999,995.00	47,266,038.19	(6,266,043.19)
External Loans	54,751,769.69	21,025,744.81	33,726,051.88
Development Bonds	5,056,632.03	-	5,056,632.03
TOTAL	179,212,241.58	130,008,223.01	49,204,018.57

2010

RECURRENT BUDGET

2.110

The 2010 deficit on the recurrent budget was \$112,679,900.58 (\$489,957,864.33-\$602,637,764.91). The deficit for the current year was \$37,959,513.28 greater than the 2009 deficit of \$74,720,387.30.

RECURRENT REVENUE

2.111

Actual recurrent revenue of \$489,957,864.33 collected for the financial year 2010 was comprised of Tax Revenue of \$396,073,260.37(80.8%) and Non-Tax Revenue of \$93,884,603.96 (19.2%). The collection was a shortfall of \$12,488,135.67 from the estimated revenue of \$502,446,000.00.

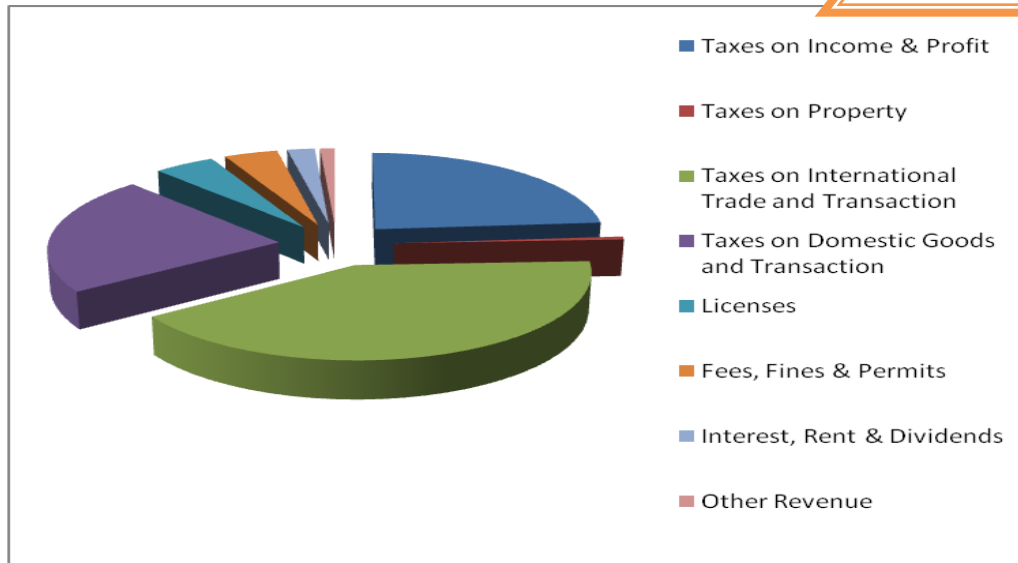
2.112

The shortfall in revenue collection of \$12,488,135.67 is the net amount comprising of shortfalls on four (4) heads totalling \$28,763,588.35 and excesses on four (4) heads totalling \$16,275,452.68 as outlined in Table 2.47 and depicted in Figure 10.

Table 2.47

TYPE	ESTIMATES	ACTUAL	DIFFERENCE	%
Taxes on Income & Profit	114,000,000.00	108,810,124.07	5,189,875.93	23.7
Taxes on Property	2,850,000.00	2,902,018.07	-52,018.07	0.58
Taxes on International Trade and Transaction	185,240,000.00	178,428,026.34	6,811,973.66	41.2
Taxes on Domestic Goods and Transaction	119,300,000.00	105,933,091.89	13,366,908.11	22.5
Licenses	28,795,000.00	25,400,169.35	3,394,830.65	4.7
Fees, Fines & Permits	21,304,200.00	21,400,583.38	-96,383.38	4.1
Interest, Rent & Dividends	8,604,100.00	13,502,772.52	-4,898,672.52	2.1
Other Revenue	22,352,700.00	33,581,078.71	-11,228,378.71	1.1
TOTAL	502,446,000.00	489,957,864.33	12,488,135.67	100

Figure 10



2.113

The recurrent revenue collected in 2010 was \$23,589,454.56 or 4.8% more than revenue collected in 2009.

2.114

Table 2.48 shows the total Recurrent Revenue credited for financial year 2010 with comparatives for 2009.

Table 2.48

REVENUE HEAD	ACTUAL 2010 (\$)	ACTUAL 2009 (\$)	INCREASE(+)/ DECREASE(-)
Taxes on Income & Profit	108,810,124.07	110,353,509.00	-1,543,384.93
Taxes on Property	2,902,018.07	2,715,484.42	186,533.65
Taxes on International Trade & Transaction	178,428,026.34	192,243,902.85	-13,815,876.51
Taxes on Domestic Goods & Transaction	105,933,091.89	105,137,723.47	795,368.42
Licenses	25,400,169.35	22,015,813.76	3,384,355.59
Fees, Fines & Permits	21,400,583.38	18,940,622.91	2,459,960.47
Interest, Rent & Dividends	13,502,772.52	10,042,570.02	3,460,202.50
Other Revenue	33,581,078.71	4,918,783.33	28,662,295.38
TOTAL	489,957,864.33	466,368,409.77	23,589,454.56

RECURRENT EXPENDITURE

2.115

The recurrent expenditure recorded for the year was \$602,637,764.91. This figure was \$63,059,632.33 (%) less than the revised estimates of \$665,697,397.20. Expenditure by percentage for Ministries and Department for the year under review is shown in the Table 2.49.

Table 2.49

MINISTRY/DEPARTMENT	ESTIMATES (\$)	ACTUAL (\$)	DIFFERENCE	%
Autonomous Department	24,889,348	23,693,592.71	1,195,755.29	3.9
Office of the Prime Minister	10,499,025	9,125,063.02	1,373,961.98	1.5
Ministry of Finance and Planning	286,339,495.84	267,112,667.22	19,226,828.62	44.3
Ministry of National Mobilisation	22,027,528.40	20,352,803.99	1,674,724.41	3.4
Ministry of Education	104,738,277.00	94,277,387.51	10,460,889.49	15.6
Ministry of National Security	53,754,422.00	49,632,770.62	4,121,651.38	8.2
Ministry of Agriculture, Forestry & Fisheries	17,788,097.00	14,738,166.90	3,049,930.10	2.4
Ministry of Rural Transformation	3,722,513.00	3,217,436.59	505,076.41	0.53
Ministry of Transport & Works	30,941,984.00	26,343,316.45	4,598,667.55	4.4
Ministry of Urban Development	4,417,116.00	3,804,842.34	612,273.66	0.63
Ministry of Health & the Environment	61,567,536.00	55,396,517.62	6,171,018.38	9.2
Ministry of Housing	7,931,552.00	7,145,393.21	786,158.79	1.2
Ministry of Legal Affairs	3,170,384.00	2,565,095.06	605,288.94	0.43
Ministry of Telecommunications	5,258,897.00	4,617,589.58	641,307.42	0.77
Ministry of Foreign Affairs	10,549,885.00	8,413,068.15	2,136,816.85	1.4
Ministry of Tourism	18,101,337.00	12,202,053.94	5,899,283.06	2
TOTAL	665,697,397.24	602,637,764.91	63,059,632.33	100

2.116

Actual recurrent expenditure recorded for 2010 was \$61,548,967.87 in excess of expenditure of \$541,088,797.07 incurred for 2009.

2.117

Table 2.50 shows comparison of recurrent expenditure for 2010 with comparative for 2009.

Table 2.50

MINISTRY/DEPARTMENT	2010 (\$)	2009 (\$)	INCREASE(+)/ DECREASE(-)
Autonomous Department	23,693,592.71	22,432,706.98	1,260,885.73
Office of the Prime Minister	9,125,063.02	11,454,254.71	-2,329,191.69
Ministry of Finance and Planning	267,112,667.22	197,927,622.87	69,185,044.35
Ministry of National Mobilisation	20,352,803.99	20,387,030.74	-34,226.75
Ministry of Education	94,277,387.51	96,187,618.57	-1,910,231.06
Ministry of National Security	49,632,770.62	46,838,771.45	2,793,999.17
Ministry of Agriculture, Forestry & Fisheries	14,738,166.90	13,810,278.77	927,888.13
Ministry of Rural Transformation	3,217,436.59	3,560,537.19	-343,100.60
Ministry of Transport & Works	26,343,316.45	32,072,090.60	-5,728,774.15
Ministry of Urban Development	3,804,842.34	3,618,305.24	186,537.10
Ministry of Health & the Environment	55,396,517.62	53,168,720.86	2,227,796.76
Ministry of Housing	7,145,393.21	6,728,255.95	417,137.26
Ministry of Legal Affairs	2,565,095.06	3,150,289.56	-585,194.50
Ministry of Telecommunications	4,617,589.58	3,757,099.45	860,490.13
Ministry of Foreign Affairs	8,413,068.15	8,446,016.47	-32,948.32
Ministry of Tourism	12,202,053.94	17,549,197.66	-5,347,143.72
TOTAL	602,637,764.91	541,088,797.07	61,548,967.84

CAPITAL BUDGET

2.118

The capital budget recorded a surplus of \$98,316,450.89 (\$294,512,185.19– 83,515,833.72), for the financial year 2010.

CAPITAL REVENUE

2.119

The actual capital revenue received for 2010 was \$294,512,185.19. This revenue was derived from four (4) sources. The actual collections fell short of its estimated target of \$411,029,489.00 by \$116,517,303.81 as shown in Table 2.51.

Table 2.51

SOURCE	ESTIMATED	ACTUAL	VARIANCE
Local Revenue	115,394,944.00	70,908,333.63	44,486,610.43
Grants	64,708,895.00	28,296,453.21	36,597,857.97
Local Loans	80,270,600.00	500,000.00	79,770,600.00
External Loans	150,655,050.00	194,807,398.35	-44,337,764.59
TOTAL	411,029,489.00	294,512,185.19	116,517,303.81

2.120

The actual collections for 2010 exceeded the previous year’s collections by \$115,299,943.55. This was due to an increase in the Sale of Lands and Loans over that recorded for 2009, however, a shortfall in collections was recorded for Grant receipts.

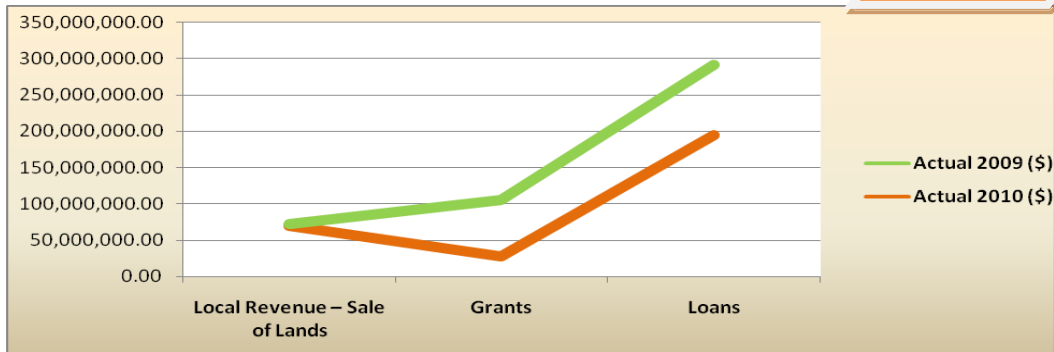
2.121

Table 2.52 and Figure 11; show the sources and comparative figures for 2010 and 2009 and their variances.

Table 2.52

TYPE OF FUNDS	ACTUAL 2010 (\$)	ACTUAL 2009 (\$)	VARIANCE (\$)
Local Revenue – Sale of Lands	70,908,333.57	1,465,552.83	69,442,780.74
Grants	28,296,453.21	76,938,265.03	-48,641,811.82
Loans	195,307,398.35	95,751,791.69	99,555,606.66
Development Bonds	-	5,056,632.03	-5,056,632.03
TOTAL	294,512,185.19	179,212,241.58	115,299,943.55

Figure 11



Comparison between Estimates and Actual Capital Revenue

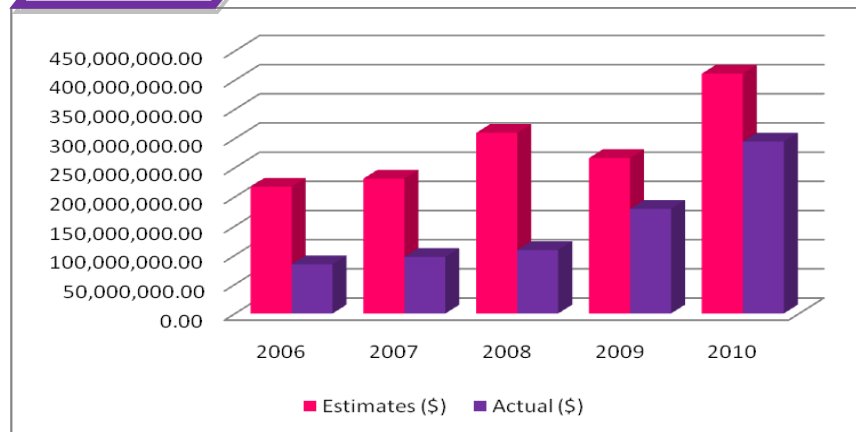
2.122

There was an increase in the variance between the amount recorded for capital receipts and the estimated capital revenue as displayed in Table 2.53 and Figure 12.

Table 2.53

YEAR	ESTIMATES (\$)	ACTUAL (\$)	VARIANCE (\$)
2006	217,262,813.00	84,235,974.11	133,026,838.89
2007	231,109,435.00	96,915,099.16	134,194,335.84
2008	309,549,450.00	108,706,775.48	200,842,674.52
2009	266,329,311.00	179,212,241.58	87,177,069.42
2010	411,029,489.00	294,512,185.19	116,517,303.81

Figure 12



CAPITAL EXPENDITURE

2.123 Capital expenditure charged for the financial year 2010 was \$83,515,833.72, representing 26.9% of the revised budget.

2.124 A comparison of estimated expenditure with actual expenditure according to source is shown in Table 2.54.

Table 2.54

SOURCE	REVISED ESTIMATES (\$)	ACTUAL EXPENDITURE (\$)	VARIANCE (\$)
Local Revenue	10,280,535.00	3,062,035.69	7,218,499.31
Grants	66,711,257.31	15,417,466.43	51,293,790.88
Local Loans	81,745,478.00	15,525,077.37	66,220,400.63
External Loans	151,116,855.00	49,511,254.23	101,605,600.77
Total	309,854,125.31	83,515,833.72	226,338,291.59

BUDGET OUT TURN

2.125

The Budget Out Turn showed that there was a surplus of \$98,316,450.89 on the overall budget for the financial year.

2.126

The Actual Budget Out Turn for the year as compared with the original estimates is shown hereunder;-

Table 2.55

ITEM	ESTIMATE (\$)	ACTUAL (\$)	DIFFERENCE (\$)
Recurrent Revenue	502,446,000.00	489,957,864.33	12,488,135.67
Less Recurrent Expenditure	<u>610,174,878.00</u>	<u>602,637,764.91</u>	<u>7,537,113.09</u>
Surplus/Deficit	(107,728,878.00)	(112,679,900.58)	4,951,022.58
Capital Revenue	<u>411,029,489.00</u>	<u>294,512,185.19</u>	<u>116,517,303.81</u>
Capital Financing	303,300,611.00	181,832,284.61	121,468,326.39
Capital Expenditure	<u>303,300,615.00</u>	<u>83,515,833.72</u>	<u>219,784,781.28</u>
Surplus	4.50	98,316,450.89	98,316,450.89

2.127

Comparison of the Budget Out Turn for 2009 and 2010 is displayed in Table 2.56.

Table 2.56

ITEM	2010 (\$)	2009 (\$)
Recurrent Revenue	489,957,864.33	466,368,409.77
Less Recurrent Expenditure	602,637,764.91	541,088,797.07
Surplus/Deficit	(112,679,900.58)	(74,720,387.30)
Capital Revenue	294,512,185.19	179,212,241.58
Capital Financing	181,832,284.61	104,491,854.28
Capital Expenditure	83,515,833.72	130,008,223.01
Deficit	98,316,450.89	(25,516,368.73)

2.128

A comparison of the capital expenditure for the years 2009 and 2010 showed that capital expenditure for 2009 was \$130,008,223.01 and represented approximately 72.5 percent of capital receipts, whereas capital expenditure of \$83,515,833.72 or 28.35 percent of capital receipts was recorded for the financial year 2010.

Total Expenditure versus Total Revenue

2.129

A comparison of Revenue with Expenditure indicated that expenditure incurred was less than that of revenue recorded. Total expenditure charged for the financial year totalled \$686,153,398.53 while total revenue credited for the year was \$784,470,049.52 as shown below.

	\$	\$
Recurrent Revenue	489,957,864.33	
Capital Revenue	294,512,185.19	
Total Revenue		784,470,049.52
Recurrent Expenditure	602,637,764.91	
Capital Expenditure	83,515,833.72	
Total Expenditure		<u>686,153,598.63</u>
Surplus		<u>98,316,450.89</u>

2.130

A comparison of capital expenditure with capital revenue by source as shown in Table 2.57 revealed that capital revenue recorded for Local Loans was less than that charged for capital expenditure.

Table 2.57

ITEM	REVENUE (\$)	EXPENDITURE (\$)	VARIANCE (\$)
Local Revenue	70,908,333.63	3,062,035.69	7,218,499.31
Grants	28,296,453.21	15,417,466.43	51,293,790.88
Local Loans	500,000.00	15,525,077.37	66,220,400.63
External Loans	194,807,398.35	49,511,254.23	101,605,600.77
TOTAL	294,512,185.19	83,515,833.72	226,338,291.59

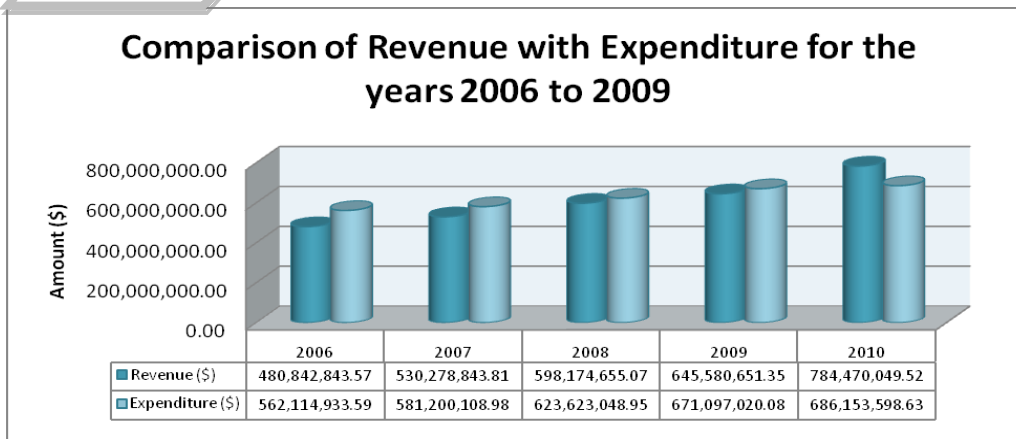
2.131

A comparison of total revenue with expenditure for the years 2006 to 2010 shows the budget out turn for the last five (5) years depicted in Table 2.58 and Figure 13.

Table 2.58

PERIOD	REVENUE (\$)	EXPENDITURE (\$)	DEFICIT (\$)/SURPLUS
2006	480,842,843.57	562,114,933.59	(45,272,090.02)
2007	530,278,843.81	581,200,108.98	(50,921,274.14)
2008	598,174,655.07	623,623,048.95	(25,448,477.17)
2009	645,580,651.35	671,097,020.08	(25,516,368.73)
2010	784,470,049.52	686,153,598.63	98,316,450.89

Figure 13



STATEMENT OF ADVANCES

2.132

Advances from public funds to other Governments, Public Bodies, Trust, Institutions or individuals where such advances are in the public interest are provided for in section (5) of the Finance Administration Act 2004. These Advances are recoverable within a period not exceeding twelve (12) months after the close of the financial year in which they were made.

2.133

According to Section (4) - Finance Administration Act 2004, the aggregate of the sum committed or disbursed for the purposes of making advances but not repaid, shall not at any time exceed 5% of the recurrent revenue in the estimate for the previous financial year.

2.134

The Statement of Advances 2009 showed an aggregate balance of \$24,235,882.28, exceeding or 5% of the estimated recurrent revenue for 2008 by \$1.8 million dollars.

Table 2.59

Recurrent Revenue 2008	447,871,950.00
5% of Revenue	22,393,597.50
Aggregate balance	24,235,882.28
Excess over Revenue	1,842,284.78

2.135

The Statement of Advances as at 31st December 2010, showed an aggregate balance of \$23,785,606.01. This exceeded 5% of the estimated recurrent revenue for 2009 by approximately \$443,132.99.

Table 2.60

Recurrent Revenue 2009	484,574,780.00
5% of Revenue	24,228,739.00
Aggregate balance	23,785,606.01
Excess over Revenue	443,132.99

A green oval with a white border containing the year '2009' in black text.

2.136

There were several Advance Accounts which were reflected on the Statement of Advances in 2008 which were written off in March 2010 and hence, did not appear on the Statement of Advances for 2009.

Other Governments

2.137

Six (6) accounts held on behalf of other Governments totalling \$1,980.86 were written off in March 2010.

2.138

There were nine (9) debit balances totalling \$861,988.29 and two (2) credit balances totalling \$265,836.61 resulting in a net debit balance of \$1,127,824.90 as at December 31 2009. This balance was \$35,757.81 less than that at the previous year end. These balances have not been confirmed with the Other Governments.

Government Officers

2.139

At the end of the period under review advances issued to Government Officers showed a net debit balance of \$577,613.06, of which, \$179,998.12 and -\$5,438.65 were stated as *Advances to persons who are retired or deceased* and *Advances to be written off* respectively.

2.140

Three hundred and sixty-seven (367) Advance Warrants totalling \$3,663,023.65 were issued by the Ministry of Finance during the financial year 2009, to facilitate activities of Government Officers and Overseas Offices.

2.141

The warrants issued were categorized as follows:-

Table 2.61

DESCRIPTION	AMOUNT (\$)
Travel	630,635.63
Training/Course expenses	418,502.02
Overseas Offices	2,613,886.00
TOTAL	3,663,023.65

2.142

At the close of the financial year 2009, the balance on this category of advance was \$577,613.06, a decrease of \$213,495.80 over the previous year's figure of \$791,108.86.

Other Advances

2.143

The Accounts showed a net debit balance of \$22,522,831.67 at 31st December 2009. The comparative balance as at 31st December 2008 was \$32,508,293.28.

2.144

Three (3) Advance accounts with balances in excess of one million dollars (\$1,000,000.00), remained unchanged on the books for several years, with the balance on the ECCB payment account dating back as far as the year 2000 as shown in Table 2.62.

Table 2.62

ACCOUNTS	2009
DEVCO	8,099,317.59
Rabacca Farms	1,223,264.86
ECCB Payment	5,106,325.90

2.145

Advance accounts totalling \$619,808.70 and \$3,343,332.36 which were reflected on the Statement of Advances up to the end of 2008 as Advances Others- Inactive Advances and Others – Written Off, respectively, were written off. Twenty (20) other Advance Accounts totalling \$5,942,767.12 were also written off in the same period.

2.146

The net amount of the Advances reflected on the Detailed Statement of Advances as at 31st December 2009 with comparatives for 2008, is represented in Table 2.63.

Table 2.63

ACCOUNTS	2009	2008
Other Government	1,127,824.90	1,092,067.09
Government Officers	577,613.06	612,403.21
Departmental	7612.65	7,612.65
Advance others	22,522,831.67	32,503,293.28
TOTAL	24,235,882.28	34,215,376.23

2010

2.147 Government Officers

Three hundred and eleven (311) advances were approved for a total of \$3,542,688.55 for the year 2010. This was a decrease of \$120,335.10 from the approved advances in 2009.

Other Advances

2.148 Table 2.64 list examples of advance accounts which remained on the books with balances unchanged for several years. Some of these Advances include travel advances issued to individuals travelling on Government's business.

Table 2.64

ADVANCE ACCOUNT	YEAR OF LAST TRANSACTION	AMOUNT
Peace Custom Tariff	2002	4,629.00
Treasury Cashier	2004	251,047.94
SVGs a Plural Country	2000	122,909.34
IsWide Mast. Land Use Study Canouan		27,224.00
Ps Low Income Housing Program	2003	787,319.91
Travel Advances - Others	2003-2006	4,248.32
Retirement Benefits Judges	2005-2009	1,993,854.64
		3,191,233.15

2.149 The balance reflected on the Statement of Advances at 31st December 2010 was a net debit balance of \$23,785,606.61. Table 2.65 shows a comparison of Advances outstanding for December 2010 with comparatives for 2009.

Table 2.65

ACCOUNTS	2010	2009
Other Government	1,172,686.66	1,127,824.90
Government Officers	380,401.21	577,613.06
Departmental	7612.65	7,612.65
Advance others	22,224,905.49	22,522,831.67
TOTAL	23,785,606.01	24,235,882.28

A green rounded rectangular callout box with a white shadow pointing to the left, containing the text 'STATEMENT OF GENERAL DEPOSITS' in pink capital letters.**STATEMENT OF GENERAL DEPOSITS****2.150**

It was not possible to comment on several of these deposit accounts neither could an opinion be expressed as to the correctness of the balances on the deposit accounts due to a significant number of transactions entered in the accounts without any narrative to determine the nature of the transactions.

2.151

No statement of the Local Authorities has been prepared and submitted for several years as required by, The Local Government Act, (CAP 257) therefore, the balances could not be verified or confirmed

2009Other Governments

2.152

The eleven (11) deposit accounts which are operated by the Accounting Division on behalf of other regional Governments showed a net credit balance of \$559,336.88. The transactions for the year were examined; however no confirmation of balances was sought from the respective Governments.

Statutory Bodies

2.153

The balance on the eleven (11) deposit accounts held on behalf of the statutory bodies showed a net credit balance of \$12,151,001.14, an increase of \$1,035,530.59 over the previous year's balance of \$11,115,470.55. During 2009, only three (3) accounts namely, Port Authority, Port Authority-Cruise Ship Berth and CWSA-Environmental Levy recorded transactions. The balances on the other eight (8) accounts remained unchanged.

Departmental Accounts

2.154

These accounts are operated by the Accountant General on behalf of various Ministries and Departments and as such, should be monitored by the Accounting Officers to ensure that the correct allocations are effected. Several of these accounts were written off during 2009; however, there are others that remained, which may have outlived their usefulness and should also be cleared from the accounts in an effort to reduce the number of accounts to a more manageable proportion.

2.155

As at 31st December 2009 there were sixty four (64) accounts. Four (4) accounts have a total debit balance of \$2,937,363.96 and sixty (60) accounts with credit balances totalling \$112,270,964.57, resulting in a total net credit balance of \$109,333,600.55.

Individuals

2.156

Monies collected and held on behalf of private citizens and other non-governmental organizations showed a net credit balance of \$3,596,437.45.

2.157

Twenty three (23) accounts showed credit balances totalling \$3,604,420.48, while the remaining three (3) carried debit balances of \$7,983.03. Included in this balance is an amount of \$66,294.63, which represents individual accounts which were “written off” but still remain in the accounts.

Local Government

2.158

There were eleven (11) accounts operated by the Accountant General for the Local Government Bodies. Nine (9) of thee accounts reflected debit balances totalling \$975,609.93. The debit balances on these accounts which represented overdrawn balances were transferred to prior year account and written off against the Consolidated Fund.

2.159

The balance on the accounts at 31st December 2009 of \$60,943.23 (CR) was comprised as follows:-

Bequia District Council	37,986.98
Georgetown Town Board	22,956.25

2010Other Governments**2.160**

There was no change in the balances on the eleven (11) accounts being operated on behalf of Other Governments. The accounts showed five (5) accounts with debit balances totalling \$359,095.05 and six (6) accounts with credit balance of -\$918,160.83 resulting in a net credit of -\$559,065.78.

Statutory Bodies**2.161**

The Port Authority and the Port Authority- Cruise Ship Berth deposit accounts were closed during the financial year 2010. The balance on the account at 31st December, 2010 showed a net credit balance of \$1,423,860.94, a reduction of \$1,365,960.94 from the previous year's balance of \$ 12,151,001.

Individuals**2.162**

The net credit balance of \$3,520,361.82 represents monies collected by Government on behalf of private citizens and non-governmental organization. There was a decrease of \$76,075.63 in the balance held at the end of the previous financial year 2009.

Local Government

2.163

There was a net credit balance of \$66,784.87 at 31st December 2010 on the local Government deposit accounts. Five (5) showed debit balances totalling \$34,810.50 and seven (7) credit balances of \$101,595.37.

2.164

The composition of the aggregate figures at 31st December 2010 with comparative figures for 2008 and 2009 are shown below;

Table 2.66

ACCOUNTS	2010	2009	2008
Other Governments	-559,065.78	-559,336.88	-559,065.78
Statutory Bodies	-10,785,040.20	-12,151,001.14	-11,115,470.55
Departmental Account	-39,239,831.33	-109,333,600.55	-270,761,509.36
Individuals	-3,520,361.82	-3,596,437.45	-3,559,990.76
Local Government	-66,784.87	-60,943.23	1,130,717.49
ECCB	-1,373,447.00	-1,373,447.00	-1,373,447.00
TOTAL	-55,544,531.00	-127,074,766.25	-286,238,765.96

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STATEMENT OF INVESTMENTS

2.165

The Statement of Investment prepared by the Accountant General includes investments held at both the National Commercial Bank (NCB), and the Eastern Caribbean Central Bank (ECCB), in the form of Trust Funds, Sinking Funds and Special Deposits.

2009Trust Funds

2.166

There was an increase of \$2,961.08 in the balance on the Trust Funds over the 2008 financial year. This was attributable to interest earned on the accounts as follows:-

- A sum of \$225.86 was accrued as interest on the Simmons Bequest account.
- The Haywood X-Ray Fund was adjusted to reflect interest of \$447.32 earned.
- Interest of \$2287.90 was earned on the Graham Bequest Fund for the period.

2.167

As at 31st December 2009, the Accounting Division accounts reflected a balance of \$18,779.78 on the Haywood –X Ray Fund, whereas the Statement of Investment and the Certificate of Balances recorded a balance of \$15,358.01. The difference in the balance was due to an amount of \$3,421.77 posted in error to the account. The error was adjusted in May 2010.

2.168

An examination of the Accounting Division accounts revealed that the balances on the Lady Musgrave Prize Fund and Major Bain Gray Prize Fund remained unchanged since 2004. The Trust Funds do not appear on the Certificate of Balances issued by the National Commercial Bank, indicating that the funds may no longer be invested at the Bank. The Accountant General has not provided any documentation to indicate if these funds have been closed or are being held elsewhere.

2.169 Sinking Fund – 7% Development Bonds 2012/2013

The balance on the Sinking Fund Investment of \$29,070,294.15, reflected on the Statement of Investment agreed with the balance on the Certificate of Balances issued by the Bank.

2.170 According to the narrative in the Accounting Division accounts, the amount of \$6,983,311.49 posted to the sinking fund account in March 2010, was shown as interest received on sinking fund account held at the bank for 2009. However, this amount appears to represent both interest and sinking fund contributions as the bonds only yield 7% interest half yearly. An examination of the Account - Servicing of Internal Debt, showed that sinking fund contributions of \$6,000,000.00 were charged to the expenditure head.

Special Deposits

2.171 The Special Deposits consists of four (4) accounts namely; Reserve Fund Electricity, Canouan Development Fund, Accountant General Balcombe and Fiscal Reserve Account ECCB. All the Special Deposits, with the exception of the Fiscal Reserve Account, is invested at the NCB. The Fiscal reserve account is invested at the ECCB.

Table 2.67

ACCOUNTS	2009	2008	INTEREST/CURRENCY PROFIT
Reserve Fund Electricity	460,148.14	442,450.11	17,698.03
Accountant General Balcombe	1,763,374.11	1,711,450.11	51,924.00
Canouan Development Fund	976,534.23	1,091,489.42	-114,955.19
Fiscal Reserve Account ECCB	3,575,871.70	1,083,780.02	2,492,091.68

2.172 Interest of \$17,698.00 and \$51,924.00 were accrued on the Reserve Fund Electricity and the Accountant General Balcombe accounts respectively.

2.173 At the close of the financial year 2009, the Canouan Development Fund showed a reduction of \$993,835.19 from the closing balance in 2008. According to the narrative in the

Accounting Division accounts, interest of \$10,829.49 was earned on the account. However, due to insufficient narration it was not possible to determine the purpose for the transactions of \$208, 300.00 (DR) and \$82,515.32 (CR).

2.174

During the financial year 2009, a total of \$2,492,356.17, representing interest and Income distribution, was credited to the Fiscal Reserve Account- ECCB, resulting in a closing balance of \$3,575,871.70.

2010

Trust Funds

2.175

The aggregate increase of \$3,050.68 over the 2009 year end balance was attributed to interest earned on the following three Trust Funds in 2010. All interest earned was reinvested at the National Commercial Bank.

Table 2.68

	2009	2010	INCREASE
Graham Bequest	77,698.81	80,056.12	2,357.31
Simmons Bequest	7,754.42	7,987.05	232.63
Haywood X-Ray Fund	15,358.01	15,818.75	460.74
TOTAL	100,811.24	103,861.92	3,050.68

2.176

The other two (2) trust funds remained unchanged in the Accounting Division accounts and on the Statement of Investment from 2004 with the following balances.

Lady Musgrave Prize Fund	300.82
Major Bain Gray	2,251.63

2.177

These trust funds are not included on the certificate of balances on accounts held by the NCB. No information has been provided by the Accountant General with regard to where these accounts are held. Therefore the existence of these investments cannot be guaranteed at this time.

Sinking Fund - 7% Development Bonds 2012/2013

2.178

A total of \$13,366,601.60 representing sinking fund contributions and interest earned on the investment was credited to the Sinking Fund 7% Development Bonds 2012/2013. The closing balance on the Sinking Fund at December 31, 2010 was \$42,436,895.75.

Special Deposits

2.179

At the close of the financial year 2009, there were only three (3) special deposit accounts remaining in operation, namely Canouan Development Fund, Accountant General Balcombe and the Fiscal Reserve (ECCB).

2.180

According to information in the Treasury accounts, the Accountant General Reserve Fund Account (Electricity Development Reserve Fund) was closed at the National Commercial Bank and the funds of \$460,148.14 was transferred to the Development Programme as per Accountant General's instructions dated March 9, 2010.

2.181

Interest of \$74,351.14 and \$53,499.13 were accrued and brought to account on the Canouan Development and the Accountant General Balcombe investments respectively.

2.182

During the financial year 2010 interest of \$884.87 and profit allocation of \$2,339,147.00 were deposited to the Fiscal Reserve Account while an amount of \$5,000,000.00 was withdrawn from the account. The purpose for the withdrawal was not stated. The balance as at 31st December 2010 was \$916,009.46.

**STATEMENT OF PUBLIC DEBT****2.183**

The Accountant General prepared and submitted the Statement of Public Debt for the financial years ended 31st December 2009 and 31st December 2010. Attached to each statement is a schedule of outstanding loans at the end of the year. The schedule shows a list of creditors and the projects funded by these lenders. However, these loans were not included in the statement; neither did they form part of the accounts of the Accountant General prior to 2010.

2009

2.184

The Statement of Public Debt 2009 as presented by the Accountant General which is reproduced in Table 2.69 shows outstanding debt of \$285,014,459.00 for 2009.

Table 2.69

Description	2008	2009
Consolidated Overdraft Loan	25,678,629.00	25,678,629.00
Special Roads Programme	22,037,600.00	20,907,623.00
First Caribbean Programme	16,250,000.00	13,750,000.00
Domestic Bonds 2012/13	30,000,000.00	30,000,000.00
Domestic Bonds 2014	30,000,000.00	30,000,000.00
Domestic Bonds 2016	32,000,000.00	28,000,000.00
Domestic Bonds 2016A		41,785,714.00
Domestic Bonds 2016B		50,000,000.00
Domestic Bonds 2017	27,000,000.00	24,000,000.00
Ottley Hall Restructuring Loan	23,190,646.50	20,829,430.00
	206,156,938.50	285,014,459.00

2.185

Monies raised by Development Bonds should have a sinking fund set up for the redemption of the Bonds. To date no details of any sinking fund in relation to the Domestic Bonds 2014 2016, 2016A, 2016B and 2017 were traced to the Accounting Division accounts.

2.186

It was noted, however, that repayments were made on Domestic Bonds 2016, 2016A and 2017.

2.187

There were differences between the outstanding balances on the Domestic Bonds recorded on the Statement of Public Debt and that reflected in the Accounting Division accounts as reflected in Table 2.70.

Table 2.70

DESCRIPTION	STATEMENT OF PUBLIC DEBT	TREASURY ACCOUNTS
Domestic Bonds 2016	28,000,000.00	32,000,000.00
Domestic Bonds 2016A	41,785,714.00	43,000,000.00
Domestic Bonds 2017	27,000,000.00	23,000,000.00
	285,014,459.00	201,607,142.87

2.188

The differences were as a result of (i) loan repayments made in 2009, and, (ii) the understatement of proceeds of sale of bonds not brought to account until 2010.

Cost of Servicing Public Debt

2.189

The cost of servicing Public Debt includes amortisations, interest and sinking fund contributions.

Total Debt servicing for the period 2005 to 2009 is shown in Table 2.71.

Table 2.71

PARTICULARS	2005 \$M	2006 \$M	2007 \$M	2008 \$M	2009 \$M
Internal Amortisation	4.4	20.2	24.0	24.0	28.4
External Amortisation	<u>19.5</u>	<u>23.0</u>	<u>21.3</u>	<u>23.0</u>	<u>22.5</u>
SUB-TOTAL	23.9	43.2	45.3	47.0	50.9
Sinking Fund Contribution	11.8	11.8	9.0	5.2	6.0
Internal Interest	3.1	3.9	8.5	12.0	18.4
External Interest	<u>25.2</u>	<u>35.9</u>	<u>39.9</u>	<u>43.2</u>	<u>46.9</u>
TOTAL	64	94.8	102.7	107.4	122.2

2.190

The cost of servicing Public Debt as a percentage of total recurrent revenue and recurrent expenditure for 2009 is shown on the following page.



AUDIT OFFICE

Director of Audit Report 2009 and 2010

Debt Servicing x 100 = 122.2 x 100 = 26.2%

Recurrent Revenue 466.3

Debt Servicing x 100 = 122.8 x 100 = 22.7%

Recurrent Expenditure 541.0

2010

2.191

According to the Statement of Public 2010, a total of \$201,607,143.00, remained outstanding as Public Debt at December 31 2010. Table 2.72 shows the amount of original debt and amounts repaid to date.

Table 2.72

Description	Original Debt	Amount Repaid	2010
Special Roads Programme	25,000,000.00	25,000,000.00	0.00
First Caribbean Programme	30,000,000.00	18,750,000.00	11,250,000.00
Domestic Bonds 2012/13	30,000,000.00		30,000,000.00
Domestic Bonds 2014	30,000,000.00		30,000,000.00
Domestic Bonds 2016	40,000,000.00	16,000,000.00	24,000,000.00
Domestic Bonds 2016A	45,000,000.00	9,642,857.13	35,357,142.87
Domestic Bonds 2016B	50,000,000.00		50,000,000.00
Domestic Bonds 2017	30,000,000.00	9,000,000.00	21,000,000.00
Ottley Hall Restructuring Loan	25,000,000.00	25,000,000.00	0.00
	305,000,000.00	103,392,857.13	201,607,142.87

Schedule of Loans

2.192

The outstanding loans listed on the schedule referred to in paragraph 2.183 were entered in the Accounting Division accounts in the financial year 2010; however, these balances were still not included in the Statement prepared by the Accountant General.

2.193

An examination of the accounts showed that repayments were made on the various loans during the year. The outstanding balances as per schedule of loans as at 31st December, 2009 and 31st December, 2010 are reflected in Table 2.73.

Table 2.73

CREDITOR/SOURCE	01/01/2009	31/12/2009	31/12/2010
Bank of Communication ROC Loans	3,599,978.00	2,159,976.00	719,974.20
Bank of Nova Scotia Loans	27,000,000.00	22,500,000.00	0.00
CDB Loans	170,755,282.00	202,212,499.00	396,740,676.00
Caribbean Money Market Brokers	21,000,000.00	18,000,000.00	0.00
CITIBANK	47,467,222.00	40,052,778.00	0.00
European Investment Bank	15,769,970.00	13,588,826.00	28,926,766.00
Export-Import Bank China	5,894,969.00	4,904,966.00	3,914,962.00
First Line Securities Ltd	41,040,003.00	36,720,003.00	0.00
Govt. Trinidad & Tobago	10,144,344.00	10,144,344.00	10,144,344.00
Int'l Fund for Agric. Development	1,374,489.00	981,781.00	589,073.00
Int'l Monetary Fund	0.00	15,703,434.00	15,703,434.00
International Development Association	47,649,418.00	47,740,502.00	0.00
Int'l Bank for Reconstruction	8,151,306.00	8,682,736.00	0.00
IDA/IBRD			66,244,727.00
Kuwait Fund for Arab Economic Dev.	9,998,159.00	8,300,802.00	7,685,201.00
Royal Merchant Bank and Finance CO.	43,604,167.00	35,472,222.00	125,378,614.00
US Agency for Int'l Development	14,938,136.00	13,913,760.00	12,872,467.00
Caisse Centrale D'Cooperation Economique	24,728,983.00	20,425,354.00	13,297,029.00
Caribbean Development Bank	56,758,414.00	60,073,555.00	0.00
European Investment Bank	18,692,824.00	18,692,824.00	0.00
Kuwait Fund for Arab Economic Dev.	2,024,,806.00	1,446,290.00	0.00
ALBA Bank			71,473,300.00
TOTAL	672,786,355.00	581,716,652.00	753,690,567.20

2.194

A comparison of the year end balances recorded in the Treasury accounts and that reflected on the schedule of Loans for 2010 revealed differences as shown in Table 2.74.

Table 2.74

CREDITOR/SOURCE	SCHEDULE OF LOANS AS AT 31/12/2010	BALANCE AS PER TREASURY A/CS AS AT 31/12/10
Bank of Nova Scotia Loans		17,999,999.98
CDB Loans	396,740,676.00	440,480,170.00
Caribbean Money Market Brokers	0.00	15,000,000.00
CITIBANK	0.00	34,123,333.78
First Line Securities Ltd	0.00	31,152,222.00
International Development Association	0.00	57,483,243.00
Int'l Bank for Reconstruction	0.00	8,756,484.00
IDA/IBRD	66,244,727.00	
Kuwait Fund for Arab Economic Dev.	7,685,201.00	6,817,427.00
Royal Merchant Bank and Finance CO.	125,378,614.00	27,103,058.78
Caisse Centrale D'Cooperation Economique	13,297,029.00	0.00
TOTAL	609,346,247.00	638,915,938.54

Cost of Servicing Public Debt

2.195

Total debt servicing during the past five (5) financial years are shown in Table 2.75.

Table 2.75

PARTICULARS	2006 \$M	2007 \$M	2008 \$M	2009 \$M	2010 \$M
Internal Amortisation	20.2	24.0	24.0	28.4	33.8
External Amortisation	<u>23.0</u>	<u>21.3</u>	<u>23.0</u>	<u>22.5</u>	<u>21.4</u>
SUB-TOTAL	43.2	45.3	47.0	50.9	55.2
Sinking Fund Contribution	11.8	9.0	5.2	6.0	12.0
Internal Interest	3.9	8.5	12.0	18.4	18.9
External Interest	<u>35.9</u>	<u>39.9</u>	<u>43.2</u>	<u>46.9</u>	<u>50.2</u>
TOTAL	94.8	102.7	107.4	122.2	136.3

2.196

The cost of servicing public debt as a percentage of total recurrent revenue and recurrent expenditure for 2010 is shown hereunder;

$$\frac{\text{Debt Servicing}}{\text{Recurrent Revenue}} \times 100 = \frac{136.3}{489} \times 100 = 27.8\%$$

$$\frac{\text{Debt Servicing}}{\text{Recurrent Expenditure}} \times 100 = \frac{136.3}{602.6} \times 100 = 22.6\%$$

2.197

The cost of servicing public debt as a percentage of total recurrent expenditure for the last five (5) financial years is shown in Table 2.76.

Table 2.76

FINANCIAL YEAR	COST OF DEBT SERVICING \$M	RECURRENT EXPENDITURE \$M	COST OF SERVICING DEBT AS % OF RECURRENT EXPENDITURE
2006	94.8	407.9	23.2
2007	102.7	436	23.6
2008	107.4	492.7	21.8
2009	122.8	541.0	22.7
2010	136.3	602.6	22.6

2.198

The cost of servicing public debt as a percentage of total recurrent revenue for five (5) financial years is shown in Table 2.77.

Table 2.77

FINANCIAL YEAR	COST OF DEBT SERVICING \$M	RECURRENT REVENUE \$M	COST OF SERVICING DEBT AS % OF RECURRENT REVENUE
2006	94.8	396.6	23.9
2007	102.7	433.4	23.7
2008	107.4	489.5	21.9
2009	122.2	466.3	26.2
2010	136.3	490	27.8

STATEMENT OF ASSETS AND LIABILITIES

2009

LIABILITIES**CURRENT ACCOUNT**Overdraft at Bank

2.199

The Certificate from the National Commercial Bank (NCB) indicated a balance of \$67,632,151.51 on the Accountant General's current account, whereas the Statement of Assets and Liabilities showed a balance of \$118,579,380.27. The difference in the balances may have been attributable to cheques issued by the Accountant General not yet presented to the Bank, deposits by the Accountant General not yet brought to account, or credits to the Bank account not brought to account by the Accountant General.

2.200

The approved overdraft limit for the financial year 2009 was increased from \$60m to \$75m

2.201

The Audit Office is not in possession of any Reconciliation Statements although requests were made for the submission of the statements. A proper reconciliation should account for the difference of \$50,947,228.76 (\$118,579,380.27-\$67,632,151.51) between the balance on the Accountant General's current account at the NCB and that in the Accountant General's account.

2.202

The Accountant General should undertake proper monthly reconciliation.

Canouan Sub-Treasury

2.203

An examination of the Canouan Sub-Treasury account showed that as at November 30 2009, there was a balance of \$2,021,639.25 on the account. According to the narrative, for December 2009, the amount of \$2,021,639.25 was transferred to the suspense account to reconcile amounts required to clear the remittance account to zero as at December 31 2009. There was a nil balance recorded in the Accounting Division's account at December 31 2009, however, the Statement of Assets and Liabilities reflected a balance of \$51,870.48.

Crown Agents

2.204

No transactions were posted to the crown Agent account for the year under review. The balance of \$2,206,646.32 has remained unchanged since 2000.

Development Aid Cash

2.205

The balance of \$679,870.15 on the Development Aid Cash account has not changed for many years and remained in the accounts without any analysis. The Accountant General should make an effort to have the account analysed and cleared from the accounts.

LOANS

2.206

The balances reflected in the Accounting Division accounts as at December 31 2008 on the National Commercial Bank and the NCB Loan account was \$9,000.00 and \$0.02 respectively. During 2009, the balances on these inactive loan accounts were transferred to the prior year account effectively closing out these loan accounts. However, the balances listed in Table

2.78 were recorded on the Statement of Assets and Liabilities. It could not be ascertained how the under-mentioned balances were arrived at.

Table 2.78

DESCRIPTION	STATEMENT (\$)
National Commercial Bank	68,727,750.00
NCB Loan Account	241,070,294.15

DEPOSITS

National Provident Fund

2.207

The balance of \$180,000.00 on the National Provident Fund has been shown in the accounts for many years and could not be verified.

Development Aid Grant

2.208

The Development Aid Grant of \$349,959.40 remained unchanged during the financial year. This account has been inactive for several years.

ASSETS

CASH

In-Transit

2.209

There are five (5) accounts that record transfers of funds (Remittances) to the five (5) Sub-Treasuries. Remittance accounts should zero out at the close of the accounting periods. Prior to financial year 2009, the accounts carried high balances which included credit

balances an indication that there may have been errors in the classification, and or omission in the recording of transactions. During the financial year amounts were transferred to the suspense accounts to clear the remittance accounts or to bring the balances in line with the cash book balances at the end of December 31 2009. The Union Island Sub Treasury was the only sub treasury with a year end balance. There was a balance of \$43,392.69 on this account as at as at December 31 2009.

CONSOLIDATED FUND**2.210**

The deficit of \$25,516,368.73, on the budget out-turn for the year ended December 2009 was taken into account in the Consolidated Fund. Additionally, there were adjustments totalling \$115,926.83 relating to prior periods which were also charged against the Consolidated Fund resulting in a balance of \$460,365,349.96 at the end of December 31 2009. It should be noted that whereas the balance on the consolidated fund reflected in the Accounting Division accounts was \$460,365,349.96, the figure stated on the Statement of Assets and Liabilities was \$339,703,240.20. No explanation was provided for the difference in the balances.



2010

2.211

During the financial year 2010, long term liabilities and bank accounts which did not previously form part of the Accounting Division's accounts were entered in the accounts and reflected on the Statement of Assets and Liabilities. The long term liabilities included Domestic and External Bonds, Local and External Loans while the Bank accounts represented cash and short term deposit accounts held on behalf of the Government of St. Vincent and the Grenadines.

2.212

There were several adjustments made to these accounts in 2010 which included withdrawals, receipt of funds and accrual of interest. In several instances the narrative in the accounts was either unclear or insufficient to determine the nature of the transactions.

LIABILITIES

CURRENT ACCOUNT

Overdraft at Bank

2.213

The Accounting Division accounts showed a bank overdraft of \$44,804,813.36 as at December 31, 2010. The Certificate of balances issued by the NCB as at December 31, 2010 indicated an overdraft balance of \$58,174,743.69. In the absence of bank reconciliation it could not be determined to what extent unrepresented cheques, deposits, bank charges, direct debits accounted for the difference.

2.214

Comparative balances between the Accounting Division accounts, the balances as per the NCB Certificate of Balances and the Overdraft limit as at the end of the financial years 2006 to 2010 as stated in Table 2.79.

Table 2.79

PERIOD	TREASURY (\$)	NCB CERTIFICATE OF BALANCES (\$)	OVERDRAFT LIMIT (\$)
2006	(136,163,120.14)	(62,781,523.55)	(40,000,000.00)
2007	(169,959,275.47)	(63,478,901.42)	(60,000,000.00)
2008	(185,147,677.00)	(72,217,098.87)	(60,000,000.00)
2009	(118,579,380.27)	(67,632,151.51)	(75,000,000.00)
2010	(44,804,813.36)	(58,174,743.69)	(75,000,000.00)

LOANS

2.215

The accounts classified under Loans included both short and long term borrowing from both local and external sources. Comments on external loans are reported at paragraphs 2.193 – 2.194.

Domestic Bonds

2.216

A total of \$34,428,572.00 was repaid to date, this was inclusive of repayments totalling \$17,000,000.00 made during 2010. The aggregate balance of \$190,357,142.87 represented the outstanding balances on the bonds as at December 31 2010. Details of these payments are reflected in Table 2.80.

Table 2.80

TYPE	LOAN AMOUNT	REPAYMENT TO DATE	REPAYMENTS 2010	BALANCE
Domestic Bonds 2012/13	30,000,000.00			30,000,000.00
Domestic Bonds 2014	30,000,000.00			30,000,000.00
Domestic Bonds 2016	40,000,000.00	8,000,000.00	8,000,000.00	24,000,000.00
Domestic Bonds 2016A	45,000,000.00	6,428,572.00	3,000,000.00	35,571,428.00
Domestic Bonds 2016B	50,000,000.00			50,000,000.00
Domestic Bonds 2017	30,000,000.00	3,000,000.00	6,000,000.00	21,000,000.00
TOTAL	225,000,000.00	17,428,572.00	17,000,000.00	190,571,428.00

ASSETS

CASH

Cash- Short Term Deposit

2.217

There were several bank accounts held at the National Commercial Bank which were reflected on the certificate of balances but were previously excluded from the Accounting Division accounts. In 2010 some of these accounts were entered into the Treasury accounts.

2.218

Shown hereunder are the balances on these accounts as at 1st January, 2010 and 31st December, 2010. Movement on the accounts represented interest earned, funds received and transfer of amounts to the Accountant General's current account.

	01/01/2010	31/12/2010
Accountant General Taiwanese Funded Project	6,020,023.58	800,188.73
Accountant General Loan Monies	537,473.57	63,815.10
Development Bonds 2014	1,565,387.65	40,139.14

CONSOLIDATED FUND

2.219

There were differences between the amounts reported as the balance on the Consolidated Fund, in the accounts and that recorded on the Statement of Assets and Liabilities as shown hereunder in Table 2.81.

Table 2.81

PARTICULARS	STATEMENT OF ASSETS & LIABILITIES	TREASURY ACCOUNTS	DIFFERENCE
Balance - 31/12/09	460,365,349.96	460,365,349.96	0.00
Add Adjustments	96,260,294.81	41,474,922.83	54,785,371.98
Less Surplus	98,316,450.89	98,316,450.89	0.00
Balance - 31/12/10	458,309,193.88	403,523,821.90	54,785,371.98

2.220

According to the Statement of Asset and Liabilities, adjustments totalling \$96,260,294.81 was charged to the Consolidated Fund, whereas, the accounts showed that adjustments charged to the Consolidated Fund totalled \$41,474,922.83. The difference of \$54,785,371.98 (\$96,260,294.81 - \$41,474,922.83) was the balance reflected on the prior year adjustment account at December 31 2010; however, the account was not closed out at the end of the accounting period, to effect the necessary adjustments to the Consolidated Fund.

2.221

Further, the total of \$41,474,922.83 represented debt repayments on various domestic loans which were charged directly to the Consolidated Fund. It is not clear why these amounts were so charged.

2.222

The balance on the Surplus/Deficit Account and the Consolidated Fund for the past five (5) years is reflected in Table 2.82 below.

Table 2.82

YEAR	SURPLUS(DEFICIT)	CONSOLIDATED FUND BALANCE
2006	(45,272,090.02)	358,595,156.75
2007	(50,921,274.14)	409,516,430.89
2008	(25,448,477.17)	434,964,908.06
2009	(25,516,368.73)	460,365,349.96
2010	98,316,450.89	403,523,821.90

MINISTRIES AND DEPARTMENTS

3.1

This chapter represents the various Ministries and Departments whose records were audited for the financial years 2009 and 2010. The significant deviations that were detected are outlined hereunder.

AUTONOMOUS DEPARTMENTS

SERVICE COMMISSIONS DEPARTMENT

3.2

An examination of the records maintained for 2009 and 2010 revealed that study bonds, in some instances, were not signed by sureties prior to the students' departure on study leave. The bonds were signed by sureties, months or years subsequent to the students' departure. As a result, the bonds did not reflect an accurate value, as a person who proceeded on study leave in 2009, tuition fees and economic cost were calculated on the fee for 2008. The value of bonds was not always adjusted to reflect the correct fees when the current costs were received. In cases where the value of bonds was adjusted, the sureties were not investigated to determine whether they were still eligible. In addition, the duration of the bond was occasionally omitted from the bonds registered at the Registry.

3.3

The number of years to be served upon completion of study was omitted from the Student Loan Bonds registered at the Registry.

3.4

FAMILY COURT

Delinquency in the payment of child maintenance is a recurring issue at the Family Court, as was evident by the Warrant Register. An amount of eighty three thousand, five hundred and seventy four dollars and thirty one cents (\$83,574.31) and forty two thousand, three hundred and sixty eight dollars and ten cents (\$42,368.10) remained outstanding for child maintenance for 2009 and 2010 respectively.

3.5

MAGISTRATES

The Warrant Register showed that fines and other fees imposed by the Court were not paid within the stipulated period. Consequently, as at 3rd March, 2010 an amount of one hundred and eighty three thousand, nine hundred and fifty one dollars and ninety nine cents (\$183,951.99) remained outstanding for the period 2009.

3.6

Table 3 shows a breakdown of fines as at 3rd March, 2010.

Table 3

DISTRICT	AMOUNT OUTSTANDING
District 1	\$ 43,319.49
District 2	\$ 3,320.00
District 3	\$ 30,377.50
Serious Offences	\$106,935.00
TOTAL	\$183,951.99

3.7

Contrary to Section (18)(a) of the Magistrates Act (CAP 30) of the Revised Laws of Saint Vincent and the Grenadines 2009, the Traffic Order Book was not signed by the Magistrate to confirm the judgments recorded therein for 2009, and all Order Books were not signed for 2010.

3.8

It is critical that the Magistrate's signature is affixed to all Order Books, as orders that are incorrectly recorded can result in unlawful arrest and possibly litigation being brought by persons who were wrongfully arrested.

3.9

It was noted that only payments made at the time of the plaintiff's inquiry were recorded in the Suitors Money Register for the period 2010. Further, vital information such as Suit Numbers and Judgement Debtors Warrant Numbers were, on occasions, omitted from the entries in the Register. Consequently, it was difficult to trace the fine/compensation orders and to ascertain the balance outstanding to the plaintiffs/suitors.

3.10

Section 42 (CAP 30), requires that a stamp duty of twelve dollars (\$12.00) be affixed to Civil Suits. However, the following were detected for Civil Suits for 2010:

- Stamps were not affixed to the Civil Suits (Civil Jurisdiction);
- Stamps were either in excess of or less than the prescribed amount; and
- Stamps appeared to be reused.

3.11

Judgments made by the Magistrate for fines, compensation or imprisonment for 2010, have not been satisfied by the defendants. However; no Part Payment and Committal Warrants were recorded for the enforcement of the Orders made by the Magistrate, thus resulting in the loss of revenue. Payments were also made by defendants and recorded in the Order Books during the period he/she should have been imprisoned.

OFFICE OF THE PRIME MINISTER

3.12

A fee of \$2,500.00 is charged on application for an Aliens Land Holding Licence and an additional \$2,500.00 is charged for extension of time; to register the deed or to pay licence fee. These fees do not appear to form part of the fees stated in the Schedule to the Aliens

(Land Holding Regulations) Act (CAP 316). There is need for amendment to the Aliens (Land Holding Regulations) Act to have these fees included in the Schedule.

3.13

Residence Fees Regulations (CAP 116) Sections 2 & 3 states that “a fee of one hundred dollars shall be paid by every applicant for a permit or permanent residence and temporary residence and the fee shall accompany the application”. However, the fee of \$100.00 was not collected for numerous applications.

COMMERCIAL AND INTELLECTUAL PROPERTY OFFICE

3.14

The Commercial and Intellectual Property Office (CIPO) was established by an Act of Parliament (Act # 43/2003).

3.15

The CIPO is entrusted with responsibility for the assessment and collection of stamp duty on instruments that are required to be registered, filed, issued or stamped under the Stamp Act in relation to: Charitable Associations, Commercial Associations, Intellectual Property and other instruments as the Minister with responsibility for Legal Affairs may by order prescribe.

3.16

Notwithstanding remarkably high pre-registration compliance, several companies were delinquent in filing Post Incorporation Instruments within the prescribed period as follows:-

- Twenty two (22) Non Profit companies which were registered in 2009 did not file Balance sheets and Statements of Revenue and Expenditure for period ending 31st December 2009 and 31st December 2010;
- Thirty three (33) Non Profit companies registered in 2010 did not submit the requisite financial returns for the period ending 31st December 2010;
- The outstanding fees for financial returns was two hundred and twenty dollars (\$220.00) and five hundred and fifty dollars (\$550.00) for 2009 and 2010 respectively;

3.17

A company and external company are mandated by law, not later than the first day of April in each year after its incorporation or continuance, or registration under the Companies Act, to file Annual Returns made up to 31st December of the preceding year.

- As at 1st April 2010, one hundred and twenty seven (127) companies registered in 2009, did not file Annual Returns for period up to 31st December 2009, resulting in a liability of eleven thousand and forty dollars (\$11,040.00).
- As at 1st April 2011, one hundred and thirty four (134) companies, which were registered in 2010, did not file Annual Returns for the period up to 31st December 2010. The outstanding fees for Annual Returns for 2010 are twenty one thousand eight hundred (\$21,800.00).

3.18

Approximately thirteen thousand, nine hundred and twenty dollars (\$13,920.00) was collected in fees for the filing of Bye- Laws during the period 2009 to 2010. The authority for the collection of fees for filing Bye-Laws could not be ascertained.

3.19

Section 511 (1) (a) of the Companies Act confers discretionary power on the Registrar to strike off from the company register, the names of Companies which have failed to send any return, notice, document or prescribed fee to the Registrar. Section 356 (3) of the said Act also grants power to the Registrar to strike off the register, an external company that neglects or refuses to file a return required under this section. There was however, no evidence that this punitive action was instituted against delinquent companies and external companies.

3.20

Section 17 of the Registration of Business Names Act provides for an imposition of a fine of two hundred and fifty dollars (\$250.00) by the Magistrate on every partner in a firm; or on a person, if a firm or person defaults in furnishing statement of particulars, or change in particulars, within the time prescribed by the Act. There was no indication that penal action

was instituted against perpetrating businesses. A total of twenty six thousand, seven hundred and fifty dollars (26,750.00) and twenty three thousand, five hundred dollars (\$23,500.00) was lost in revenue for 2009 and 2010 respectively, as a result of non-application of penalty.

3.21

There was no registration of patents in 2009. According to the Registrar, the non registration was ascribed to:

- The late proclamation of the Patents Regulation in 2009; and
- The lack of the requisite competencies at the CIPO that is critical to the analysis of descriptions and interpretation of drawings to determine whether the applications have conformed to the statutory requirements.

THE MINISTRY OF FINANCE AND ECONOMIC PLANNING**General Administration****3.22**

Government Officers who are granted study leave and scholarship to pursue studies, upon completion of their studies, are mandated by way of a bond, to serve the Government of St. Vincent and the Grenadines for a specified period. In addition, private persons whose economic costs are met by the Government are bonded to serve the State. The bonding arrangements are vested with Service Commissions Department however, the responsibility for the repayment of the value of the bonds which were not served, is entrusted to the Ministry of Finance.

3.23

It was noted that there were outstanding amounts for bonds which were not served for the year 2009. I am not aware of any legal action being instituted for breach of bond by the relevant authorities.

MINISTRY OF NATIONAL SECURITY, AIR AND SEA PORT DEVELOPMENT**E.T. JOSHUA AIRPORT****3.24**

Although, rent is payable in advance, there continued to be an accrual of rent for office space and display of advertisement for the period 2009 and 2010. Despite recommendations issued by the Director of Audit to initiate and enforce collection of outstanding amounts, it appears that no remedial action was effected.

3.25

The fees payable by operators of aircrafts at the E.T Joshua Airport could not be ascertained, due to inadequacies in the maintenance of air traffic logs for 2009 and 2010.

3.26

The aircraft type; and time of arrival and departure were not recorded on most of the General Declarations. Consequently, it was difficult to ascertain the landing, parking and extension fees payable by operators of aircrafts at the E.T. Joshua Airport.

POLICE DEPARTMENT**3.27**

The discrepancies prohibiting the computation of leave eligibility, which were stated in a previous audit report, continued for the period under review. For example, several files were devoid of application forms and notifications of resumption.

3.28

The Police Department continued to record an accumulative outstanding amount for Firearm Licences.

GRENADINES AUDITS

3.29 The issue of accumulative liability was a major concern due to the lack of enforcement at the Revenue Offices and Civil Aviation in Bequia, Canouan and Union Island for the period under review.

3.30 The non-collection of revenue from Crown Land owners in Bequia, Canouan, Union Island and Mayreau are ascribed to the absence of guidelines from the Ministry of Housing to assist the Administrative Officers in the application of the following:

- Cabinet Memoranda dated 14th July, 2008, 10th March 2008 and 10th March 2009 on the Subject “Waiver of Interest on Payment for Sale of Crown Lands” and “Standardization of Interest Rate on the Sale of Crown Land”, respectively; and
- Statutory Rules and Orders #11/2010 – Crown lands (Sale) (Amendment) Regulations 2010.

3.31 Although this issue was highlighted in audit reports issued to the Accounting Officer and the need for the development of guidelines by the Ministry of Housing recommended, The relevant authorities have not ensured that remedial actions were taken in order to facilitate the collection of revenue.

Customs and Excise

3.32 The activity of the yacht was not recorded on several Yacht Declarations hence; the licence fee payable could not be ascertained. In addition, the Customs Declarations/Entries were not squared with the Manifests, at the Bequia and Union Island Customs and Excise.

3.33

The issues of omission of the activity from the Yacht Declaration forms and the non-squaring of Manifest and Customs Declarations were highlighted in previous audit reports to the Comptroller of Customs.

3.34

There is need for a system to be implemented to ensure that manifested goods are squared with the declarations. This is the only means of ensuring that all dutiable goods landed have been subjected to Customs duties.

MINISTRY OF HEALTH, WELLNESS AND THE ENVIRONMENT

MILTON CATO MEMORIAL HOSPITAL (MCMH)

3.35

The Milton Cato Memorial Hospital has shown improvement in the maintenance of some of its records. However, compliance deviations from the legislation that governs the operation of the hospital were detected.

General Administration

3.36

The Medical Officers Act, Subsidiary Legislation, mandates that patients settle any outstanding balance within twenty-eight (28) days of the date of discharge, and, in any case where re-admission is sought; pay the required deposit and all outstanding bills. However, the following was observed for the period 2009-2010.

- Patients are re-admitted without the requirements being fulfilled; and

- There is no settlement of outstanding fees on behalf of deceased patients. It appears that there is no mechanism to collect unsettled amount in the circumstance.

3.37

Further, the Medical Officers Act grants permission for the employment of a bailiff to recover outstanding fees and also, allows for recommendations to be made for the writing of fees. I am not aware of the employment of a bailiff, neither was there any evidence to indicate that recommendations were made by the Chief Medical Officer to have fees written off. As a result of the foregoing, a large percentage of hospital fees remained outstanding.

Radiology Department (X Ray)**3.38**

The Medical Officer Acts, Section 4, bestows discretionary power on the Chief Medical Officer to reduce any fee payable under Section (3) (Fees) or remit the whole thereof. It was noted that;

- Persons were exempted from the payment of X Ray fees without any documentation, stating the reasons for exemption; and
- Except in the case of hospitalization, there was an absence of a system to ensure that persons, who received attention at the Accident and Emergency (A&E) Department, after the close of the Stewards Office, were billed for X-Ray Services.

3.39

The absence of a system provides an escape route for the non-payment of fees, thus resulting in a loss of revenue.

Central Medical Stores

3.40

Store Rules 43 and 63 (3) states that “all stores received will be taken on charge in the Store Ledger”. However, the following was identified for the period 2009-2010:

- Items donated to the Medical Stores were not recorded in the Stores Ledgers;
- There were instances in the stores ledger, where the opening balances of the current year differed from the closing balances of the previous year.
- There were variances between the ledger balances and the physical stock balances.

MINISTRY OF TRANSPORT, WORKS, URBAN DEVELOPMENT AND LOCAL GOVERNMENT

3.41

Various discrepancies were manifested in the record keeping system at the Ministry. The deficiencies detected are recurring and, despite recommendations issued, no actions were taken to rectify these issues. The most significant of these issues were identified at the Public Works Stores.

Public Works Stores

3.42

Store Rule 85 states, inter-alia, that “A Prime Cost Book will be maintained in which will be entered the cost of each type or article received.” The Prime Cost Book for the period 2009-2010, was not produced for audit inspection hence, it could not be ascertained whether the issue price of the items encompassed all expenses related thereto. In addition, Bin Cards and Stores Ledgers were not presented for examination for the period under review.

3.43

An examination of the expenditure account for unallocated stores for the year 2010 revealed that an amount of two hundred and thirty five thousand, nine hundred and forty five dollars and fifty cents (\$235,945.50), was expended for the purchase of cement.

3.44

However, due to poor record keeping, it was not possible to determine if the items purchased were used for the purposes intended.

MINISTRY OF HOUSING AND LOCAL GOVERNMENT

Land Management Unit

3.45

An examination of the Crown Lands Sale Register revealed that there were instances in which stipulated deposits or full payments were not made in accordance with the terms of purchase agreement.

3.46

The names and payment details of some tenants were not recorded in the Crown Land Rent Register. Consequently, the total liability for crown lands rent could not have been established. Although crown land rent is payable in advance, a significant number of tenants were in arrears and there was no evidence that notices were issued to defaulters, in an attempt to collect outstanding amounts.

3.47

Sufficient information was not recorded in the Private Survey Registers to determine if fees collected for jobs executed, were in accordance with the requisite legislations.

MINISTRY OF FOREIGN AFFAIRS AND TRADE, AND CONSUMER AFFAIRS**Foreign Trade and Consumer Affairs**

- 3.48** There were several Traders Licence Applications for 2010, on which the stock value was not recorded. Consequently, it could not be ascertained whether the amounts paid were in conformity with the Price and Distribution of Goods Act. Further, there was no indication that the lists of returns for Traders Licence Arrears for 2010, was submitted in accordance with Regulation 99 (1) (a) and (b) of the Finance Regulations 2009.

OVERSEAS OFFICES

- 3.49** Audits were conducted at the Missions, and Consulates in New York, Washington, London, Toronto and Cuba, for the period under review.

- 3.50** During fiscal years 2009 and 2010, Advance Warrants totalling three million, six hundred and thirteen thousand and eleven dollars (\$3,613,011.00) and two million, one hundred and forty seven thousand, one hundred and ninety seven dollars (\$2,147,197.00) respectively, was remitted to finance the operations of the Overseas Offices.

Toronto Consulate

- 3.51**
- There was an absence of a proper system to account for the transactions for the certification of documents and proof of driver's permit for Vincentian Nationals, in accordance with the Finance Regulations 2009;

- The Passport Account recorded a large balance of twenty nine thousand, four hundred and sixty six cents Canadian dollars (CDN\$29,400.66), of which five thousand Canadian dollars (CDN\$5000) was withdrawn and deposited into the Consulate's bank account. Approval for the withdrawal could not be ascertained; and
- Some expenses were omitted from the monthly statements and Accounting Division's Accounts.

New York Consulate**3.52**

- A total of eight thousand, one hundred and sixty dollars (\$8,160.00), representing cost and interest charges paid on behalf of Senior Government Officials was not reimbursed to the Consulate Office at the time of conduct of the audits; and
- Monies collected to defray the cost for postage of passport documents for individuals, were deposited in the Consulate's bank account, and the expenditure incurred for postage of passports to and from St. Vincent and the Grenadines was charged to the Consulate's Communication Expenses Account and cleared from the Consulate's Advance Account.

Washington Mission**3.53**

- A number of travel advances were cleared twice in the Accounting Division's Account, while a few were not cleared or were incorrectly cleared.

SVG Embassy-Cuba

- Losses on the exchange rate for the processing of Advances remitted to the Embassy were not reflected in the accounts for the period under review; and
- There was an absence of authority to collect fees for the certification of documents.

High Commission – London

3.54

- The exchange rate used to process expenditure was not always consistent with prevailing rate of exchange at the time of remittal of quarterly allotment;
- Staff continued to receive advances on salaries without the necessary approval;
- Receipts totalling four thousand, three hundred and six pounds and fifty pence (£4,306.50), which was collected during the period 29th March, 2010, 15th June, 2010, was not traced to the Passport bank account, neither was the cash produced at the time of the audit. The funds were subsequently repaid in 2011.
- A total of two thousand, nine hundred and seventy three pounds (£2,973.00), paid on behalf of others, remained outstanding to the High Commission's Office as at 30th September, 2010; and
- There appeared to be no authority for collection of fees for certification of documents.

3.55

In addition to the compliance deviations detected at individual offices, the following issues were identified at all the Overseas Offices:

- Quarterly allotments remitted to the Overseas Offices were not transmitted within a timely period;
- Monthly expenditure submitted to the Ministry of Foreign Affairs was not processed promptly in the Accounting Division (Treasury) Accounts;

- All of the expenditure submitted to the Ministry of Foreign Affairs was not cleared from the Treasury Accounts;
- There were instances in which monthly expenditure cleared from the Treasury Accounts was either understated or in excess of the amount submitted;
- Bank charges incurred for the processing of salaries and remittances were not charged to an expenditure account nor cleared from the Advance Account; and
- There is an accrual of unprocessed expenditure which was not cleared from the Treasury Accounts.

A green rounded rectangular button with a white shadow, containing the text 'SPECIAL REPORTS' in bold, pink, uppercase letters.

CUBAN INTEGRATED HEALTH PROGRAMME

Introduction

4.1

On June 19, 2007, the Government of St. Vincent and the Grenadines, represented by the Ministry of Health and the Environment (MOHE) and the Government of the Republic of Cuba entered in a Cooperation Agreement to continue to strengthen the bonds of friendship and cooperation that unite the two countries. The Agreement provides for technical assistance from Cuba to St. Vincent and the Grenadines to cope with the health-related problems which currently affect the country and the development of comprehensive medical care efforts.

4.2

The Ministry of Public Health of the Republic of Cuba agreed to send a medical brigade, made up of different specialties to St. Vincent and the Grenadines. The composition of the brigade depended upon specific request by St. Vincent and the Grenadines and the availability of the different Cuban specialists at the time of the request.

4.3

During the period January 2007 to April 2010, a number of medical brigades came to St. Vincent and the Grenadines to provide the specialist services requested by the MOHE.

4.4

Article 2 of the Agreement establishes the financial obligations of the MOHE with respect to the medical brigade visit to St. Vincent and the Grenadines. The Cuban Integrated Health Programme (CIHP) Capital Account was approved to finance the project. The programme was financed by domestic revenue in 2007 and 2008 and by local loan from 2009

Executive Summary**4.5**

In March 2010, the Audit Office decided to conduct a special audit of the operations of the CIHP under the MOHE in relation to the procedures for purchases, custody and accounting for items procured by the Ministry. The decision was taken to proceed on this special audit on account of the following observations made in the Treasury Accounting System – Smartstream and on the payment vouchers:

- Frequency of the purchase of food from Kentucky Fried Chicken
- A large quantity of computer equipment and supplies
- Refunds being made to International Airport Development Company

4.6

An examination of records maintained at the MOHE revealed that a large percentage of these purchases were not in keeping with the Agreement between the MOHE and the Ministry of Public Health of the Republic of Cuba.

4.7

The major findings of the audit are outlined below:

- A large percentage of the funds were not expended for the purpose intended by Parliament but was utilised to purchase items for use by the MOHE such as, computer equipment and supplies, deep freeze, washers, thumb drives.
- A number of items imported under the Ministry's concession as well as some items purchased locally were not produced for audit inspection.
- Wastage of resources.
- Circumvention of Central Supplies Tenders Board Procedure.
- Circumvention of Ministry of Finance controls

Audit Objective**4.8**

The objectives of the audit of the Cuban Integrated Health Programme were to:

- (a) Review and report on the extent to which procedures complied with the policies and procedural rules for the procurement of goods and services;
- (b) To assess the extent to which the procurement process was managed with due regard to economy, efficiency and effectiveness;
- (c) Review the adequacy of systems for controlling the acquisition process to foster accountability; and
- (d) To assess compliance with the Health Cooperation Agreement.

The Audit Scope**4.9**

The audit scope encompassed a preliminary assessment of the adequacy and effectiveness of the system of internal control and reporting upon such controls and other procedures relevant to the procurement of goods as set out in the Agreement between the MOHE and the Ministry of Public Health of the Republic of Cuba.

4.10

A number of transactions that were recorded in the Vote books for expendable and non-expendable items were audited for the period January 2007 - April 2010.

Management of the Cuban Integrated Health Programme**4.11**

The Permanent Secretary of MOH) delegated his responsibilities to the Executive Officer to manage the CIHP. The Executive Officer worked under the direct supervision of the Assistant Secretary in the Accounts Unit. In the case of this project, the Executive Officer reported directly to the Permanent Secretary.

4.12

From the information gathered from an interview with the Executive Officer, it was established that the undocumented procedure for procuring goods under the programme is as follows:

1. The order is initiated by the Executive Officer;
2. The items are sourced by the Executive Officer;
3. The purchase order is prepared by the Votes Clerk;
4. The purchase order is submitted to the Executive Officer for approval;
5. The approved order is taken to the supplier for collection of items;
6. Bills are certified by the Executive Officer;
7. Payment is prepared in the Treasury Accounts by the Votes Clerk;
8. Payment is approved by the Executive Officer in the Treasury Accounts; and
9. The Executive Officer is responsible for the custody and storage of the items.

4.13

From the foregoing information, the Executive Officer performed multiple tasks and there was no separation of duties. A fundamental element of internal control is segregation of certain key functions namely authorisation, custody and recording. The finances and other assets are rendered susceptible to fraud when one officer performs more than one of these functions without close supervision. This dispensation of duties should not be construed as management being unable to trust employees, but instead, safeguarding the organisation from fraud and protecting employees from possible allegations.

Rental of Furnished Premises**4.14**

It was noted that (6) furnished apartments were rented during the period January 2007 to April 2010 at a cost of one hundred and eighty seven thousand three hundred and fifty dollars. (\$187,350.00)

- 4.15** The MOHE prepared small contracts for a maximum of three (3) months for each tenancy, none of which totalled \$5,000.00. These were used instead of the Lease Agreement that is normally prepared for rental of furnished premises by the Government of St. Vincent and the Grenadines. The small contract form did not capture the terms and conditions that are typical for rental of furnished premises and could have only been used to circumvent the Central Supplies Tenders Board procedures and evade the need for the Ministry of Finance's approval for payment of \$5,000.00 and above.

Purchase of Computer Equipment and Supplies

- 4.16** In December 2008, the MOHE started purchasing all of its computer equipment and supplies from United Data Technologies (UDT), a company based in Florida.
- 4.17** The Permanent Secretary was questioned to ascertain why the computer items were being purchased from this company. He informed the auditors that the Systems Analyst recommended the company and this was approved by him.
- 4.18** The known policy of the Government is that quotations are required for such purchases and the best price selected to ensure that the Government receives the best value for money. No quotation or justification was provided to substantiate the selection of the company.
- 4.19** An examination of the Customs Declaration revealed that a number of items were purchased from UDT and imported under concession by the MOHE. However, the items were not accounted for by the Executive Officer neither was any payment recorded in SMARTSTREAM.
- 4.20** These items may have been purchased for private use and were brought in under the Ministry's concession, resulting in the evasion of customs duties.

Purchases for the Ministry of Health and the Environment

4.21 A large percentage of the Cuban Health Intergraded Programme funds was used to purchase desktop computers, laptops, printers, ink, wireless routers, filing cabinets, deep freeze, thumb drives and other items for use by the MOHE.

4.22 In the first interview conducted with the Executive Officer, the Auditors were informed that the thumb drives purchased were used as gifts for returning Cubans. However, upon request for a list of items purchased for use at the MOHE, the thumb drives were shown as being distributed to personnel within the MOHE.

4.23 There were no Equipment Ledger and Inventories at the MOHE in which these were recorded, a contravention of the Stores Regulations. A list of items purchased was prepared by the Auditors using information gathered from the Vote Books, SMARTSTREAM and the Suppliers' invoices to audit the physical stock.

4.24 The physical stock check of items purchased during the period of audit revealed that a number of the items were not accounted for by the MOHE.

Charter of M V Bequia Express

4.25 It was observed that MOHE chartered Bequia Express Co. Ltd. to transport Government and Cuban Medical Officials to Bequia at 9.A.M. and returned at 5 P.M. on June 22, 2008 at a cost of four thousand dollars (\$4,000.00) Invoice No. P.O. 5594/06/08 dated 6/26/2008 refers. No information is stated in the narration with respect to purpose of travel to Bequia to determine whether it is a proper charge to the CHIP Account (65-47001-650701-1001). However, the auditors were informed by the Permanent Secretary that the boat was chartered to transport persons to a funeral.

4.26 It is not clear why the boat was chartered when there was an agreement #v2294/2008 dated June 6, 2008 between Nathaniel Williams, Permanent Secretary, Ministry of Rural

4.27

Transformation, Information, Postal Services and Ecclesiastical Affairs and Ashley Ollivierre, Manager of Bequia Express Company Ltd for the conveyance of mail, passengers and cargo to and from the Northern Grenadines (Bequia) for the year 2008.

Purchase of Tyres for Motor Vehicle

4.28

During the period June 2007 to 2010, a total of twenty five (25) tyres were purchased at a cost of \$6,609.10, for use on motor vehicles G732, G398 and G642.

4.29

It was observed that twelve (12) of the twenty five (25) tyres were purchased for motor vehicle G732 during the period February 2009 to January 2010. It is not clear why twelve (12) tyres were purchased within one (1) year for a vehicle that was utilised in most instances, to transport the Cuban doctors from the apartment at Villa to Milton Cato Memorial Hospital and return.

Payment for Upholstery of Seats

4.30

A 2008 Toyota Hiace, G732 was purchased in 2008 and was registered at the Licensing Department on the 7/8/2008 for use under the CIHP.

4.31

On September 15, 2009, a Contract No. 88/2009 was made between Lanceford Weekes, Permanent Secretary, Ministry of Health and the Environment and Cleferin Theophilus Wyllie of Carriere to provide upholstery work on all the seats of motor vehicle G 732 under the CIHP, at a cost of two thousand and two hundred dollars (\$2,200). The payment was made on Treasury Invoice No. MHCONT#88/09 dated 10/20/2009, Contract # 88/09. Control Group 201009MH11 refers.

4.32

A check was done in the vehicle to verify the upholstery work. However, it was observed that the original upholstery was still on the seats of the vehicle and that the seats appear to be in good condition.

Recommendations

4.33

From the results of the audit the MOHE has great opportunities to strengthen its institutional performance.

4.34

The Management of the CIHP should be fully supervised by the Assistant Secretary since this person is responsible for the Accounting Unit in the MOHE. In addition, the Senior Assistant Secretary should be involved in the execution of the programme. This will facilitate segregation of duties and provide for proper monitoring and accountability of scarce resources.

4.35

The Permanent Secretary should:

1. Always consider the key functions of segregation of duties namely; authorisation, custody and recording when duties are assigned to officers;
2. Explain why the funds were spent for the purposes other than those approved by Parliament;
3. Account for the computer items imported under the Ministry's concession which were not charged to the CIHP Account neither accounted for by the MOHE;
4. Implement a system for the proper supervision and monitoring of all items imported under the MOHE's concession;
5. Account for the items purchased locally that were not produced for audit inspection;

6. Give account for the two thousand and two hundred (\$2,200) paid out for upholstery of the seats of G 732 for which no service was provided and recover the amount;
7. Explain why twelve (12) tyres were purchased within one year for G732; and
8. Comply with the Central Supplies Tenders Board policies for the continuance of the rental of premises and ensure that the correct contract documents are prepared to protect the Government and Landlord.

General Comments

4.36

The narration in the Vote Books and Treasury Account was very vague for a number of payments approved by the Executive Officer. These payments were also approved by the Treasury Approvers without any requests for the additional information to justify the charges made to the CIHP Account. In addition, it appears that a copy of the Agreement was not forwarded to the relevant financial officers.

4.37

It appears that the CIHP annual budget was being inflated so that extra funds were provided to finance items outside of the programme. This was evidenced by the payments made for large numbers of items that were not included in the Agreement but were purchased for use by the MOHE during 2007 to 2010.

4.38

The decision to purchase items from a company without competitive quotations and without tendering for services does not provide the best value for the Government. Therefore, if goods and services are not purchased through competition and regular benchmarking of prices, prices paid and the quality of goods/services received may not be the most competitive.

4.39

The MOHE needs to demonstrate to all concerned that goods and services are acquired without favour, and with due regard to value-for-money. Compliance with the Tender procedures for large acquisitions can achieve this and can be the foundation for sound financial control. In our view, non-adherence of these procedures raises suspicions as to the actions or motives of management.

4.40

The Permanent Secretary is reminded that the funding of this project (2009 and 2010) is from local loans of which taxpayers must “bear the brunt” of paying back. Therefore, financial prudence should be exercised at all times when dealing with scarce resources.

AGRICULTURE DIVERSIFICATION FUND PROGRAMME

BACKGROUND

- 4.41 The Agricultural Diversification Programme is a Programme of the Ministry of Agriculture, Forestry and Fisheries (MAFF).
- 4.42 In 2003, the MAFF, in consultation with various stakeholders, developed a National Agricultural Diversification Programme to guide the agricultural diversification activities in St. Vincent and the Grenadines. The programme was intended to address issues such as the marketing environment of agricultural products, technical capacity of farmers, farm workers and other entrepreneurs, environmental management and land use practices.
- 4.43 In 2004, the Government of Saint Vincent and the Grenadines agreed to develop and implement a National Agricultural Diversification Plan 2004 – 2007 to guide its agricultural diversification and rural commercialisation thrust.
- 4.44 The financial resources for implementation of the programme were allocated under capital projects namely; the Agricultural Diversification Programmes Phase I and Phase II which were funded by the European Union via Stabex Funds 95 and 96/97, and the Agricultural Diversification Fund which was financed from Local Revenue and Local loans.
- 4.45 A Financing Agreement was entered into between a delegation of the Commission of the European Communities and the Government of St. Vincent and the Grenadines in 2005.
- 4.46 Copies of the Financing Agreement between the Government of St Vincent and Grenadines and the European Union along with the Programme Completion Report for the Agricultural Diversification Programmes Phase I and Phase II were made available to the auditors. A

request was made by the audit team for the project document that governed the Agricultural Diversification Fund; however, none was produced.

EXECUTIVE SUMMARY

4.47 In December 2010, the Audit Office commenced preliminary investigations to commence a special audit at the MAFF on the Agricultural Diversification Fund.

4.48 The decision to conduct this special audit was based on concerns expressed by the Leader of the Opposition about some alleged irregularities into the use of the Agricultural Diversification Fund. The Minister of Finance subsequently made a request to have an investigation conducted into the alleged irregularities.

4.49 Alleged purchase of items from the Agricultural Diversification Fund included digital cameras, computers (including laptops), motor vehicle parts, flash drives, channel mixers, speakers, portable stereos and microwave.

4.50 The four (4) companies named for supplying the alleged items were;

- i. King Computer Corporation, Georgia, USA
- ii. Island Computers & Electronics (ICE)
- iii. KARDAB Investment Limited
- iv. The Cell Inc

4.51 In the absence of a project document, the audit team had to rely on information received from senior personnel, including the former Permanent Secretary at the MAFF. Therefore, the activities that were to be carried out under the project and the duration of the project could not have been determined.

4.52

The period audited encompassed January 2008 to December 2010 and focused on the effectiveness of the Internal Control System in place for the operation of the Agricultural Diversification Fund and the management and disbursement of funds under the project.

4.53

Purchase orders, invoices from suppliers, customs declarations and payment vouchers processed in SMARTSTREAM were among the documents selected for examination.

4.54

The significant findings of the audit are outlined hereunder:

1. There was insufficient narration on the payment vouchers in SMARTSTREAM to determine the nature of all the transactions.
2. There was no evidence of any requisition or purchase order for a significant number of items that were purchased.
3. A large percentage of the funds were expended to purchase computers and to meet vehicular expenses.
4. There were several vehicle expenses that were met from the project account although no vehicle was purchased under the project.
5. There was no evidence of any charge made for the installation of vehicle parts which were purchased from the Agricultural Diversification Fund.
6. There were weak internal control systems during the execution of the project.
7. Records were not maintained in accordance with the Financial and Stores Rules and the Finance Regulations 2009.

AUDIT OBJECTIVES

4.55 The objectives of the audit were to:

- (i) Investigate and assess the allegations pertaining to the misuse of funds under the Agricultural Diversification Fund;
- (ii) Assess the adequacy of the internal control system for the procurement process;
- (iii) Assess whether the Accounting Officer carried out his responsibility for administering and accounting for the funds allocated under the project in compliance with the Financial Rules and Regulations and with due regard to economy, efficiency and effectiveness.

AUDIT SCOPE

4.56 The audit scope encapsulated a review of expenditure incurred under Capital Project 45-450602-1001 and 45-450602-1062, an assessment of the internal control system and the management of resources under the project for fiscal years 2009 and 2010.

4.57 The audit did not include an examination of all the activities and transactions of the Agricultural Diversification Fund.

4.58 This report and its conclusions are based on information taken from a sample of transactions selected for the period under review and do not purport to represent an examination of all related transactions and activities.

ASSESSMENT OF THE INTERNAL CONTROLS

4.59 An assessment of the internal controls within the MAFF revealed significant weaknesses. Internal controls are essential to any organisation. It is management's responsibility to establish an effective system of internal controls to ensure compliance with laws and regulations. The existence of internal controls assist in safeguarding public funds and improving efficiency.

4.60 There were no documented procedures for procurement of goods under the project. Documented procedures are required for consistency in the daily operations of an organization.

UTILIZATION OF FUNDS

4.61 According to the Accounting Officer the funds were utilized under the Agricultural Diversification Fund for the following purposes:

Arrowroot Industry

- 4.62**
- (i) To provide subvention to the Industry
 - (ii) Renovation of the Arrowroot Factory
 - (iii) To purchase tyres and spare parts for tractors in operation at the factory and
 - (iv) To purchase cassava and arrowroot bags for use in the factory.

4.63 Our audit revealed that funds under the project account were not expended for any renovation to the Arrowroot Factory neither was any subvention granted during the period under review.

4.64

Coconut Water Bottling Plant

- (i) Renovation of Coconut Water Bottling Plant
- (ii) Purchase equipment, chemicals and bottles for the Coconut Water Bottling Plant.

4.65

Ministry of Agriculture, Forestry and Fisheries

- (i) To purchase computers to upgrade the Ministry of Agriculture, to assist with the diversification initiatives,
- (ii) To purchase computers and furniture for the Banana Unit and the Agricultural Business Unit, which were kept in storage until the units became fully operational.

4.66

A physical stock check revealed that furniture were not purchased for the units neither were computers purchased for the Agricultural Business Unit.

4.67

Farmers

- (i) To assist farmers in other diversification initiatives.

In the absence of the project document, it was not possible to determine whether or not the funds allocated were used for the above purposes.

4.68

During the audit it was discovered that the funds were utilized, inter alia, to:

1. Purchase equipment,
2. Defray vehicle expenses

3. Purchase equipment to facilitate the registration of farmers
4. Purchase pre -layer and general purpose ration
5. Assist in financing World Food Day activities 2009
6. Purchase computers for the MAFF
7. Renovate and purchase equipment for the Coconut Water Bottling Plant
8. Purchase arrowroot bags
9. Purchase parts for tractor

4.69

Due to insufficient narration entered in SMARTSTREAM, it was not possible to determine the purpose for a large percentage of the purchases made.

REQUISITIONS AND PURCHASE ORDERS**4.70**

All requisitions and purchase orders for items purchased under the project were examined. There was no evidence of any requisition or purchase order for a significant number of items that were purchased under the Agricultural Diversification Fund Project. It was evident that there was a lack of audit trail for transactions under the project.

PURCHASE OF EQUIPMENT**4.71**

During the period under review, it was noted that a large percentage of the funds was used to purchase computers, hard drive, cameras, camcorders, laptops, projector lamps, computer monitors, speaker stand and cable kit, channel mixer, speakers, camera mounting plates, microphone cables and portable stereo recorder. There were three (3) companies from which these items were purchased namely; King Computer Corporation, U.S.A., Island Computer and Electronics and Kardab Investments.

King Computer Corporation, U.S.A.**4.72**

Goods totalling ninety two thousand seven hundred and eleven dollars and thirty-three cents (EC\$92,711.33) were purchased from King Computer Corporation, U.S.A. The goods purchased included camcorders, digital cameras, computers, monitors processors and projector lamps

4.73

It was observed that all the invoices from King Computer Corp did not bear the same logo, layout or design. There were two invoices in favour of King Computer Corp bearing the same Invoice Number and date - 18140 dated 4/3/08, for similar items namely; internal hard drive and memory. One of the invoices was inclusive of freight and was for US four hundred and thirty nine dollars and ninety three cents (US\$439.93) while the other invoice totalled US three hundred and forty one dollars and fifty cents (US\$341.50). The design/layout on both invoices differed. Both invoices were certified by the former Permanent Secretary and payments were reflected in the Treasury Accounts.

Island Computer and Electronics**4.74**

Island Computer and Electronics was registered as a business on 20/01/08. The business activities include sale of computers and electronics. The proprietors are Wesley and Julia Davis of Florida, USA.

4.75

A total of six (6) computers were purchased from Island Computer and Electronics at a cost of \$15,100.00.

4.76

It was observed that the Data Entry Clerk at the MAFF, who entered the majority of the invoices in favour of Island Computer and Electronics, was the same person who initialled the majority of the SMARTSTREAM invoices on behalf of the company in receipt of

payments at the Treasury. The Auditors were informed that the Data Entry Clerk is the sibling of one of the proprietors.

4.77

In addition, some of the invoices from Island Computer & Electronics were signed by Proprietor Wesley Davis. However, there were instances where Mr. Davis' signature did not appear to be original.

Kardab Investments

4.78

Kardab Investments was registered as a business on 11th May, 2009. Its proprietor is Allan H.M Alexander. The business activities include that of consultancy, sale of computer and sale of car parts.

4.79

During the period under review, a total of **EC\$32,487.98** was paid to Kardab Investments by the MAFF, for supplying items to the Agricultural Diversification Project.

4.80

The items included the purchase of four (4) Acer Computers and two (2) Lenovo computers at a cost of EC\$20,542.10.

4.81

Other items including speaker stand and cable kit, channel mixer, speakers, camera mounting plates, microphone cables and portable stereo recorder totalling EC\$8117.00 were purchased from Kardab Investments via Invoice #207, 210 and 215 which were undated. The items were charged to the project account. The invoices were certified by the former Permanent Secretary on 24/12/2009 and were reflected as paid in the Accounting Division accounts. They were approved on SMARTSTREAM on the 24/12/2009, Control Group # 231209MAC2

4.82

Similar items totalling US\$1,062.31, inclusive of shipping and handling, were purchased from 8PROAudio.COM, USA. The billing address on the invoice was Kardab Investment, P.O Box 423, Kingstown, St. Vincent and the shipping address was Ministry of Agriculture St.

Vincent, C/O KBB Shipping, 1145 Nostrand Avenue, Brooklyn, New York. The method of payment was visa card. The items were granted duty free concession and Customs Declaration #9540 dated 9/2/10 was stamped with the MAFF official stamp and signed by the former Permanent Secretary on 9/2/10.

4.83

An examination of the Customs Declaration # 9540 dated 9/2/10 for items imported under the MAFF Concession and payments made in SMARTSTREAM revealed that although all of the goods were imported via one (1) invoice and cleared on the same Customs Declaration, the cost of the items were broken down on separate invoices from Kardab Investments when payments were made in the Accounting Division accounts. Control Group # 231209MAC2. It appears that this was done to circumvent the Ministry of Finance's approval for the procurement of goods for EC\$5000.00 and above.

4.84

In addition, the prices at which the goods were sold to the MAFF appeared to be exorbitant. It was revealed that the items sold to the MAFF at a price of \$8,117.00, were bought at a cost of \$2,600.00, resulting in a profit of \$5,516.14.

4.85

Additionally, items such as wiper blades, door pocket, bumper end caps and directional lamp assembly were purchased from Kardab Investments via Invoice #186 at a cost of EC\$3828.88 and approved on SMARTSTREAM on the 30/12/2009, Control Group # 161209MAC1.

4.86

The invoice was certified by the former Permanent Secretary on 17/12/2009 and payment was reflected in the Accounting Division accounts.

4.87

It was noted that **similar items** totalling US\$666.93 were purchased from Atlantic British Ltd New York, via Invoice #651790. The invoice was billed to Allan Alexander P.O Box 423, SVG and the shipping address was Ministry of Agriculture, 3401-A NW 72ND Avenue Miami Florida.

4.88

The items were granted duty free concession and the Customs Declaration #2769 dated 13/1/10 was stamped with the MAFF official stamp and signed by the former Permanent Secretary.

4.89

It was observed that a quantity of vehicle parts were purchased from Kardab Investment, however; it is not clear why vehicle parts were bought since a vehicle was not purchased under the project. Further, a check of the suppliers' invoices that were paid through the Government Accounting System revealed that no charges were met from the project account for the installation/placement of the vehicle parts on any vehicle during the period under review.

THE CELL**4.90**

It was observed in the Accounting Division accounts and on the Treasury payment vouchers that approximately \$16,915.60 was paid to The Cell for supplying five (5) computers and 1 microwave to be used at the Agriculture Diversification Programme. (Appendices XI –XIV refers)

4.91

The information recorded on the suppliers invoice was the Cell, P O Box 2755, Telephone: 784 453/3022 or 532 9088. Calls were made to each of the telephone numbers listed and answered by two separate individuals who stated that their line of business was the sale of cellular phones.

4.92

A further check at the Commerce and Intellectual Property Office (CIPO) revealed that The Cell was registered as a business name on 24.03.09, retailing in cellular phones and accessories. The location of the business was listed as Halifax Street, Kingstown. The business ceased to operate as a business on 23.03.09. The Cell (St Vincent Ltd) was incorporated as a company on 02.04.09 to trade in the sale and maintenance of mobile phones. All invoices were certified by the former Permanent Secretary.

OTHER EXPENDITURE

- 4.93** Other expenses charged to the Agricultural Diversification Fund and reported on herein, include expenses incurred at the Coconut Water Bottling Plant, operating expenses for several vehicles operated by the MAFF, World Food Day activities and the Agricultural Exhibition Region II and the purchase of a microwave.

COCONUT WATER BOTTLING PLANT

- 4.94** Approximately thirty four thousand, two hundred and fifty nine dollars and seventy six cents (\$34,259.76) and eleven thousand, three hundred and fifteen dollars (\$11,315.00) was spent to renovate and purchase equipment at the Coconut Water Bottling Plant respectively.

- 4.95** The under-mentioned are examples of the expenditure:

Renovation

- 4.96** A total of six thousand dollars (EC\$6,000.00) was paid to Lester Jackson as per contract #27/09 to construct a concrete sink for primary washing of nuts, a partition wall, regrade the floors in two rooms to allow better water drainage, construct an outside shed for coconut outside the facility and construct two (2) shoots.

- 4.97** A total of eight thousand eight hundred and fifty dollars (EC\$8,850.00) was paid to Rex Construction as per contract #35/09 to epoxy 860 sq ft of floor and 320 sq ft of wall at the Coconut Water Bottling Plant at Congo Valley.

- 4.98** Eleven thousand three hundred and three dollars and thirty cents (EC\$11,303.30) was paid to Decor Products as per contract #36/09 for supplying and installing 62 ft of solid surface

countertop, 34.80 linear ft of 4" stick-on backsplash, 24.80 linear ft of 6" front edge (skirt) and 6 vanity sinks in the male and female washrooms at the Agricultural Diversification Building at Congo Valley (Coconut Water Bottling Plant).

4.99

A visit to the Coconut Water Bottling Plant in August 2011 revealed that work was carried out in accordance with contract numbers 27/09 in favour of Lester Jackson, and 35/09 in favour of Rex Construction. However, work under contract #36/09 in favour of Decor Products, appeared not to have been carried out according to specifications. Only 1 sink and 1 toilet were installed at the Coconut Water Bottling Plant.

MOTOR VEHICLE EXPENSES**4.100**

There was no evidence that any vehicles were purchased for use by the project yet, several payments for vehicle upkeep and maintenance were met from the project account. The audit team was informed that vehicles owned and operated by the MAFF were assigned to the project on a need basis. In such cases, the maintenance and operating costs of these vehicles were met from the project account.

4.101

Based on the information retrieved from the Accounting Division accounts, it appears that at least nine (9) vehicles were assigned to the project; however, it was not possible to verify the actual number of vehicles neither could the duration of the assignment of a vehicle be determined. The pattern indicates that the vehicles were assigned, in order to facilitate payment of operational expenses from the project account. A total of twenty nine thousand, six hundred and fifty three dollars and eighty two cents (\$29,653.82), was expended on Motor Vehicle expenses.

WORLD FOOD DAY ACTIVITIES 2009 AND AGRICULTURE EXHIBITION 2010**4.102**

The sum of \$11,275.76 was charged to the project account for radio advertisement and promotional services for World Food Day activities in 2009 and expenses associated with Agriculture Exhibition Region II, in 2010. However, these were not listed among the activities to be executed under the project, in the interview conducted with the former Permanent Secretary.

4.103

An imprest in the sum of \$23,990.00 was issued to the MAFF for payment of cash prizes to farmers and exhibitors who participated in the exhibition and were awarded prizes. A total of \$22,750.00 was paid to winners in the different categories. The imprest was retired at the end of the financial year 2010.

PHYSICAL STOCK CHECK**4.104**

There were no Inventories and Equipment Ledger at the MAFF in which the items purchased under the project were recorded, a contravention of the Stores Regulation. A physical stock check was conducted to ascertain whether or not the items purchased under the project were accounted for. The invoices that were paid through the Government accounting system were used for verification. Although most of the invoices contained a code number, they did not bear the serial numbers for items purchased. All the goods that were selected by the auditors during the physical stock check were presented except for a computer monitor. The Auditors were informed that the monitor was sent to the Plant Protection Unit but was stolen. It was not possible for the auditors to verify this information since no documentation to this effect was produced.

4.105

The goods were seen at various divisions within the MAFF however, it was not possible to ascertain if the goods that were presented to the auditors were in fact the exact ones that were purchased from the project account.

GENERAL COMMENTS**4.106**

It is imperative that Accounting Officers, who are charged with the responsibility of managing public funds, do so with transparency; operating within the confines of the rules and regulations which govern the spending of public funds.

4.107

The narration in the Vote Books and Accounting Division accounts was quite vague for a number of payments approved by Officers at the MAFF and Treasury. Additional information was not requested by the Treasury approvers to justify the validity of the charges made to the Agricultural Diversification Account. As a result, the purpose for a number of purchases could not be determined.

4.108

The MAFF needs to demonstrate to all stake holders that goods and services are acquired without favour, and with due regard to value for money. In our view, non-adherence of these procedures raises suspicions as to the actions or motives of management. Financial prudence needs to be exercised at all times especially when dealing with scarce resources.

4.109

It was difficult to identify items purchased with funds from the Agricultural Diversification Fund as there was no inventory nor Equipment Ledger maintained to account for these items.

4.110

It is evident that there was conflict of interest in the procurement of goods under the Agricultural Diversification Fund Project since:

1. The former Permanent Secretary who owns Kardab Investments procured goods from his own company without competition; and

2. The Data Entry Clerk enters transactions for her relative and collected most of the payments at the Treasury.

RECOMMENDATIONS**4.111**

The following recommendations were made with the intention of assisting management. The implementation of corrective action remains the responsibility of management.

The Permanent Secretary at the MAFF should:

- Provide an approved copy of the Agricultural Diversification Fund Project document to the Audit Office;
- Explain in the absence of a project document to guide the operations under the Agricultural Diversification Fund, how the Accounting Officer at the MAFF was able to gain assurance that the funds were being spent for the purposes intended;
- Implement a system for the proper recording of transactions. That is, requisitions and purchase orders should be prepared at all times to provide for an audit trail. In so doing a complete history of any transaction could be determined;
- Ensure that all items purchased are accounted for in an Equipment Ledger and on inventories in accordance with the Store Rules. This will provide for proper accountability of all equipment purchased by the MAFF;
- Document the procedures for procuring goods and services to provide for consistency in the daily operational activities of the organization;
- Explain why an amount of EC\$11,303.30 was paid to the contactor – Decor Products, although works was not carried out in accordance with the specifications in contract # 36/09;

- Explain why funds were spent for a large number of vehicle parts, provide the evidence to support the vehicles in which the parts were installed and the information to verify the payments for installation in the Treasury Accounts;
 - Establish an internal audit unit within the MAFF given the size of the budgetary allocation of the Ministry; and
 - Explain the purpose for the purchase of items such as speakers, channel mixers, cable kit, camera mounting plates and studio lighting box kit under the Agricultural Diversification Fund Project.

OUTSTANDING QUERIES FOR THE YEAR 2009

DEPARTMENT	NO. ISSUED	NO. SETTLED	NO. CLOSED	OUTSTANDING
Accountant General	143	46	25	72
Customs & Excise	1	0	0	1
Chief Magistrate	1	0	1	0
Director, Financial Intelligence Unit	1	0	1	0
Revenue Officer/ Union Island	6	0	0	6
National Mobilization	5	0	0	5
Administrative Officer/Bequia Revenue Office	7	0	0	7
Administrative Officer/ Canouan	8	2	4	2
Cabinet Secretary	2	0	1	1
Washington Mission	6	0	0	6
New York Consulate	1	1	-	0
PS/ National Security	3	0	0	3
PS/ N.S E.T Joshua Airport	5	0	0	5
Chief Personnel Officer	12	0	0	12
Postal corporation	1	0	0	1
DG/ Finance and Planning	3	1	2	0
PS/Transport and Works	6	0	1	5
PS/ Agriculture	3	0	0	3
Legal Affairs	1	0	0	1
PS/Education	15	1	4	10
TOTAL	230	51	39	140

OUTSTANDING QUERIES FOR THE YEAR 2010

DEPARTMENT	NO. ISSUED	NO. SETTLED	NO. CLOSED	OUTSTANDING
Accountant General	45	26	2	17
House of Assembly	1	1	0	0
Chief Magistrate	5	1	0	4
Chief Personnel Officer	1	0	0	1
Revenue Officer/ Union Island	11	0	1	10
Revenue Office Georgetown	1	0	0	1
Bequia Revenue office	4	0	0	4
PS/ Health & the Environment	1	0	0	1
Chief Immigration officer	1	1	0	0
PS/ National Security	6	0	0	6
PS/ N.S E.T Joshua Airport	2	0	0	2
PS. Mobilization	4	0	0	4
PS/ Agriculture	2	0	0	2
PS/ Health	1	0	0	1
PS/Education	1	0	1	0
TOTAL	86	29	4	53

The following is a summary of the queries outstanding in respect of the last five (5) years.

DEPARTMENT	2004	2005	2006	2007	2008
Chief Magistrate	9	7	4	2	2
Chief Personnel Officer	1	---	2	---	---
PS/Prime Minister's	7	3	---	---	---
Government Printer	---	---	1	---	---
Commissioner of Police	---	5	---	---	---
PS/Social Development	2	3	7	---	---
Finance	6	---	5	1	---
Director of Planning	3	---	---	---	---
Accountant General	59	---	75	95	132
Comptroller of Customs & Excise	5	5	1	9	1
Comptroller, Inland Revenue	6	1	1	1	---
Ministry of Housing	---	3	---	---	---
Warden, Kingstown Town Board	24	8	---	---	2
Ministry of Education	---	---	3	---	11
Ministry of Agriculture	9	8	9	---	1
Min. of Transport Works & Housing	8	8	1	---	2
Director of Airports	4	---	---	6	---
Min. of Health & the Environment	---	---	4	7	---
Milton Cato Memorial Hospital	9	1	---	---	---
Superintendent of Prisons	9	4	7	---	---
Ministry of Foreign Affairs & Trade	9	5	8	14	3
Clerk, House of Assembly	1	---	1	---	---

DEPARTMENT	2004	2005	2006	2007	2008
District Officer Southern Grenadines	9	4	2	5	10
Canouan Revenue Office	6	4	---	1	4
Georgetown Revenue Office	---	---	---	1	2
President, Family Court	7	3	4	2	1
PS/National Security	---	1	7	21	---
Bequia Revenue Office	5	7	4	10	4
Director, Financial Intelligence Unit	---	--	---	4	---

ARREARS OF REVENUE RETURNS – 2009-2010

DEPT	ACCOUNT	DESCRIPTION	AMOUNT	REMARKS	
INLAND REVENUE	11001	Income Tax		None Submitted	
	11002	Corporate Tax		None Submitted	
	11003	Income Tax		None Submitted	
			Withholding Tax		
	12001	Property Tax			
			Union Island		None Submitted
	12002	Estate & Succession Duty			None Submitted
	14005	Hotel Tax			None Submitted
	13006	Travel Tax			None Submitted
	14007	Entertainment Tax			None Submitted
	15007	Vehicles Licence			
			Union Island		None Submitted
	15005	Liquor Licence			None Submitted
			i. Union Island		None Submitted
			ii. Bequia		None Submitted
			iii. Canouan		None Submitted
	15099	Other Licence – Tutors			None Submitted
	15008	Professional Licence			None Submitted
	15006	Drivers Licence			None Submitted
			Union Island		None Submitted
		Canouan		None Submitted	
	14004	Insurance Premium Tax		None Submitted	
CUSTOMS	13001	Import Duties		None Submitted	
	13003	Consumption Duties- Local		None Submitted	
	13004	Customs Service Charge		None Submitted	
	16007	Personal Fees Rev. Officers		None Submitted	
	17011	Warehouse Rent		None Submitted	
	16012	Merchant Shipping		None Submitted	
MINISTRY OF HOUSING	17014	Crown Lands Rent Union Island		None Submitted	



AUDIT OFFICE

Director of Audit Report 2009 and 2010

DEPT	ACCOUNT	DESCRIPTION	AMOUNT	REMARKS
JUDICIAL		Fees/Forfeitures		None Submitted
MEDICAL	16022	Hospital Rental Nurses Hostel		None Submitted None submitted
AGRICUL-TURE	18007	Sale of Plants /Seeds Campden Park		None Submitted None Submitted
	18009	Fishing Operations - Grenadines		None Submitted
PUBLIC WORKS	16018	Electrical Inspection Soils Laboratory		None Submitted
	17017	Royalties		None Submitted
	18011	Sale of Stores & Equipment		
AIRPORT	16019	Landing Dues		None Submitted
	16020	NAVCOM Charges		None Submitted
	17012	Rental of Government Property		None Submitted
TELECOM	15010	Telecom & Broadcast Licence		None Submitted
MAGISTRATES		Fees, Fines and Permits		None Submitted
FAMILY COURT		Fees, Fines and Permits		None Submitted

**STATEMENT OF LOSSES DUE
TO FRAUD, THEFT OR NEGLIGENCE
SINCE THE DATE OF LAST REPORT 2008**

A. REQUIRED BY REGULATION TO BE REFERRED TO CABINET

DEPT. & PARTICULARS OF LOSS	GROSS AMT. INVOLVED	AMOUNT RECOVERED	PRESENT STATUS
Ministry of Education			
<i>Overpayment of Salary</i>			
	6848.00	Nil	Resigned
	11376.52	Nil	Resigned
	6311.20	Nil	Resigned
	1560.53	Nil	Cessation
	8907.66	Nil	Abandonment
	6715.77	Nil	Cessation
	1631.00	Nil	Resigned
	3262.00	Nil	Resigned
	2990.17	Nil	Resigned
	9281.55	Nil	Resigned
	6706.77	Nil	Resigned
	9083.87	Nil	Abandonment
	2620.00	Nil	Resigned
	1664.40	Nil	Resigned
Ministry of Health			
<i>Overpayment of Salary</i>			
	2095.94	Nil	Resigned
	7844.00	Nil	Resigned
	2556.00	Nil	Resigned
	3082.00	Nil	Resigned
	1566.19	Nil	Abandonment
	1167.49	Nil	Resigned
	642.00	Nil	
Royal Saint Vincent and the Grenadines Police Force			
<i>Overpayment of Salary</i>			
	1055.70	Nil	Resigned
	4831.13	Nil	Resigned
	1516.40	Nil	Resigned

Ministry of Tourism <i>Overpayment of Salary</i>	2164.00	Nil	Resigned
Ministry of National Reconciliation <i>Overpayment of Salary</i>	2312.00	Nil	Resigned
	6742.21	Nil	Resigned
Ministry of National Mobilisation <i>Overpayment of Salary</i>	1662.53	Nil	Cessation
	8851.20	Nil	Resigned
	655.07	Nil	Cessation
Director of Public Prosecutions <i>Overpayment of Salary</i>	3043.06	Nil	Cessation
Inland Revenue Department <i>Overpayment of Salary</i>	1546.00	Nil	Resigned
Ministry of Rural Transformation <i>Overpayment of Salary</i>	44186.97	Nil	Cessation
Customs and Excise <i>Overpayment of Salary</i>	3361.07	Nil	Resigned
Accountant General <i>Overpayment of Salary</i>	1156.00	Nil	Resigned
Ministry of Housing <i>Overpayment of Salary</i>	1502.80	Nil	Resigned
	2754.77	Nil	Cessation
Government Printery <i>Overpayment of Salary</i>	3045.00	Nil	Resigned
Washington Mission <i>Overpayment of Salary</i>	720.25	Nil	Resigned
Ministry of Agriculture <i>Overpayment of Salary</i>	625.73	Nil	Resigned
High Commission - London <i>Misappropriation of Funds</i>	£4306.50	£4306.50	
	\$19,838.25	\$19,838.25	Settled

**STATEMENT OF LOSSES DUE
TO FRAUD, THEFT OR NEGLIGENCE
SINCE THE DATE OF LAST REPORT 2008**

B. NOT REQUIRED BY REGULATION TO BE REFERRED TO CABINET

DEPT. & PARTICULARS OF LOSS	GROSS AMT. INVOLVED	AMOUNT RECOVERED	PRESENT STATUS
<u>Customs and Excise</u>			
<i>Overpayment of Salary</i>	<i>261.10</i>	<i>Nil</i>	<i>Resigned</i>
	<i>391.74</i>	<i>Nil</i>	<i>Resigned</i>
<u>Royal Saint Vincent and the Grenadines Police Force</u>			
<i>Overpayment of Salary</i>	<i>422.26</i>	<i>Nil</i>	<i>Terminated</i>
<u>Ministry of Education</u>			
<i>Overpayment of Salary</i>	<i>420.90</i>	<i>Nil</i>	<i>Abandonment</i>

STATEMENT OF AUTHORITIES FOR EXPENDITURE 2009

ESTIMATES:	Passed in the House of Assembly 26 th November, 2008
APPROPRIATION ACT:	Enacted as Act 38/2008
GENERAL WARRANT:	Signed by the Honorable Minister of Finance on 30 th December, 2008
SPECIAL WARRANTS:	One hundred and one (101) Special Warrants were approved for a total of \$90,609,734.12
VIREMENT WARRANT:	A total of sixty- one (61) Virement Warrant were approved to re-allocate a total \$1,967,330.49.
APPROPRIATION:	Supplementary Appropriation to date was as follows \$80,744,475.00
LOAN MONIES:	Amount Expended from Loan Funds were as follows: Local Loans - \$47,266,038.19 CDB - \$4,414,278.49 Other Loans - \$15,373,953.87

STATEMENT OF AUTHORITIES FOR EXPENDITURE 2010

ESTIMATES:	Passed in the House of Assembly 19 th January, 2010
APPROPRIATION ACT:	Enacted as Act 1/2010
GENERAL WARRANT:	Signed by the Honorable Minister of Finance in January, 2010
SPECIAL WARRANTS:	Sixty-nine (69) Special Warrants were approved for a total of \$16,726,820.85
VIREMENT WARRANT:	A total of ninety-three (93) Virement Warrant were approved to re-allocate a total \$2,306,933.33.
APPROPRIATION:	Supplementary Appropriation to date was as follows Act# 24/11 \$11,251,471.00 Act 25/11 \$45,299,208.00
LOAN MONIES:	Amount Expended from Loan Funds were as follows: Local Loans - \$15,525,077.37 CDB - \$ 1,258,994.30 Other Loans - \$48,066,843.69