



AUDIT  
OPINION

I have examined the Public Accounts of St. Vincent and the Grenadines for the Financial year 2007 in accordance with the provision of Section 75 (2) of the Constitution of St. Vincent and the Grenadines and the Finance and Audit Act, Cap 182 (10).

The Accountant General is responsible for the preparation of the Financial Statements and for ensuring the regularity of financial transactions. My responsibility is to form an opinion on the accounts based on the audits carried out by my Office.

I conducted my audit in accordance with the International Organization of Supreme Audit Institutions (INTOSAI) and Generally Accepted Auditing Standards (GAAS) to provide reasonable assurance as to whether the statements are free from material misstatements.

Audit examinations carried out have revealed the following issues of particular concern for the year 2007:-

- Accountant General's current account was not reconciled with the National Commercial Bank (NCB) account:

Accountant General Balance \$169,959,275.47 OD

National Commercial Bank \$ 63,478,901.42 OD

Difference \$106,480,374.05



- Large amounts of Advances made by the Treasury have remained outstanding for several years. As at 31<sup>st</sup> December, 2007 outstanding Advances totalled \$34,178,512.99.
- The non-inclusion of all government assets and liabilities in the Government Financial Statement due to the government accounting system still being cash-based.
- The Inland Revenue Department failed to put appropriate arrangements in place for the Audit Office to access the records which are electronically maintained at the department (limiting the scope of the audit).
- The large cash balance (\$5,707,093.62) shown in the accounts as being held at the Sub-Treasuries. The combined Cash Book balance was \$302,306.74.

Except for the above issues and comments otherwise mentioned in this report, I am of the opinion that the Statements of Accounts for the fiscal year 2007 present fairly the financial position of the Government of Saint Vincent and the Grenadines.

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Mr. Leon Snagg

**DIRECTOR OF AUDIT**

**AUDIT OFFICE**

**ST. VINCENT AND THE GRENADINES**

**17<sup>TH</sup> FEBRUARY, 2010**



*Report Of The Director Of Audit On The Public Accounts Of  
St. Vincent and the Grenadines For The Period  
1<sup>st</sup> January 2007 To 31<sup>st</sup> December 2007*

## **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 year ending 31<sup>st</sup> December 2007. 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 St. Vincent and the Grenadines and the Financial Statements submitted by the Accountant General for the fiscal year ended 31<sup>st</sup> December 2007, in accordance with section 75 of the Constitution of St. Vincent and the Grenadines and the Finance and Audit Act (Cap 182 of the Laws of St. Vincent and the Grenadines, Revised Edition, 1990).

**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. 2 of the Laws of St. Vincent and the Grenadines.

**1.4**

The Report on the accounts for the year 2006 was tabled in the House of Assembly on 14<sup>th</sup> May, 2009.

### **AUDIT MANDATE**

**1.5**

Section 75 subsection 2 of the Constitution of St. Vincent and the Grenadines (Cap 2 Laws of St. Vincent and the Grenadines) 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 and Audit Act, (Cap 182 of the Laws of St. Vincent and the Grenadines) 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 authorized, by law to have access to all books, records, returns, reports and other documents, which in his opinion relate to any of the accounts referred to in Section 75 (2) of the St. Vincent and the Grenadines Constitution. The Director of Audit is the independent auditor of Government, acting on behalf of the taxpayer, through Parliament and it is on his 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 Audit in Section 75 (7) which states; “in the exercise of his 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.”

### **GENERAL ISSUES**

**1.7**

The 2007 Public Accounts Committee was appointed by the House of Assembly on 15<sup>th</sup> December 2006 as follows:-

**GOVERNMENT**

Hon. Sir Louis Straker  
Hon. Selmon Walters  
Hon. Rene Baptiste  
Hon. Dr. Jerrol Thompson  
Hon. Conrad Sayers  
Hon. Julian Francis  
Hon. Ronald Marks

**OPPOSITION**

Hon. Arnhim Eustace  
Dr. The Hon. Godwin Friday

**1.8**

The duties of the PAC are outlined in section 75 (2) of the St. Vincent Constitution.

**1.9**

For the period under review, no information, relevant to the work of this committee came to the notice of the Director of Audit

**1.10**

The apparent non-functioning of the Public Accounts Committee could weaken Parliamentary control and is a source of frustration of the Audit function as Permanent Secretaries and Heads of Departments are not called to account for their stewardship.

**PRROGRAMME OF WORK**

**1.11** No examination of the records in a number of the departments was possible due to the lack of access. This situation exist principally in departments where the records are maintained electronically, for example, Inland Revenue, Customs and Excise and Immigration.

**1.12** The mandate of the Audit Office has been extended to include certain Statutory Bodies and other government undertakings. Due to the lack of adequately trained and qualified personnel, the office was forced to outsource the audit of non-central government institutions to private sector accounting firms.

**1.13** The Audit Report covers only matters which have been examined to some extent by the Audit Office. The opinion does not cover or draw conclusions upon matters not examined.

**OFFICE ACCOMODATION**

**1.14** The Audit Office has a staff complement of thirty-seven (37). The staff has grown since the additional space at the existing office was required in 2001.

**1.15** The staff continued to function in the overcrowded and unsafe conditions of the building in which the Audit Office is housed.

**1.16** The building has one door that serves as both the entrance and exit for thirty-seven (37) members of staff. This is becoming more and more a cause for concern should officers have to make a hasty exit due to some potential threat the occupant lives maybe endangered. The absence of an



emergency exit or an exit other than the point of entrance continues to haunt staff.

**1.17**

The cramped unhealthy working conditions have impacted negatively on the Officer's health and the work of the Office. It was my understanding that a committee was set up to look into the matter of accommodation for the Office.

**1.18**

The response from the Ministry of Finance and the Ministry of Transport and Works has been extremely disappointing despite numerous correspondences outlining the challenges the Office is facing.

**1.19**

It is anticipated that when the National Commercial Bank vacates its current location on Halifax Street, consideration will be given to providing the Audit Office with additional space in that premises.

**STAFF DEVELOPMENT****1.20**

One (1) officer gained ACCA affiliate status having completed the ACCA professional programme.

**1.21**

Two (2) officers completed their undergraduate studies at the University of Sunderland, United Kingdom and obtained a Bachelor of Science in Applied Business Computing.

**1.22**

Several members of staff are pursuing studies in various disciplines, which include Accounting and Management.

**NON-COMPLIANCE****1.23**

As reported in my 2006 Director of Audit Report (1.14) there are several systems and procedures which have not been maintained by Accounting Officers and other officials of Government.

**Arrears Of Revenue****1.24**

Financial Rule # 67 stipulates:-

- “ (1) Heads of Departments, who are responsible for the collection of Revenue, will render Annual Returns of Arrears of Revenue, and Half-yearly Reports of Revenue Recovered. These returns must be rendered on the prescribed forms to the Accountant General for transmission to the Director of Audit.
- (2) The half-yearly Reports will be rendered in respect of the half years ending on the 30<sup>th</sup> June and 31<sup>st</sup> December. The Annual Returns will be submitted as at the 31<sup>st</sup> December.
- (3) The half yearly Reports and the Annual Returns must be submitted to reach the Accountant General not later than the 31<sup>st</sup> July and 31<sup>st</sup> January in each year, respectively”.

**1.25**

A memorandum to the Accountant General, requesting copies of the Annual Returns of Arrears of Revenue and Half yearly Reports of Revenue Recovered for the year ended 31<sup>st</sup> December, 2007 did not elicit a response.

**1.26**

The figures “Computed by Audit” as shown in Appendix II relates to audits conducted in the Grenadines.



**Half Yearly Return Of Receipt Books****1.27**

My comments in the 2006 Audit Report remain relevant and is repeated hereunder:-

**1.28**

Half-Yearly Returns of Receipt Books have not been submitted by revenue collecting departments as required by Financial Rule #93. The returns are to be checked in the Treasury to see that they include all books shown in the Distribution Register as outstanding. A breakdown in the control of Revenue receipt books is fraught with danger which is patently obvious. Again, the Accountant General must insist that these returns are provided as required by the rule.

**Motor Vehicle Log Books & Garage Register****1.29**

The absence of Garage Registers in most Government departments makes it virtually impossible to assess the efficiency of the fleet of vehicles operated by the Government.

**1.30**

Vehicle Log Books are properly maintained by some departments. Others omit vital data/information while some do not maintain any such record.

**1.31**

The above environment is fraught with opportunity for the misuse and abuse of this vital asset.

**Regulatory Framework****1.32**

The Finance and Audit Act (Act #1/1964) and the 1952 Financial Regulations constitute the legal frame within which public Funds are managed. These regulations, though ancient, provided a



reasonable degree of safeguards against irregularity.

**Note:** The under-mentioned legislations were proclaimed by the Governor General in 2009 :-

<b>NAME</b>	<b>PASSED IN H.O.A</b>	<b>DATE PROCLAIMED</b>
Audit Act	2004	22 <sup>nd</sup> September, 2009
Finance Administration Act	2004	22 <sup>nd</sup> September, 2009
Finance Administration Regulations 2009		22 <sup>nd</sup> September, 2009

**Contingencies Fund**

**1.33**

Section 72 of the 1979 Constitution order provides for the establishment of a Contingencies Fund from which urgent and unforeseen expenditure could be met. The section states this:-

“72 (1) There shall be such provisions as may be made by Parliament for the establishment of a Contingencies Fund and for authorizing the Minister for the time being responsible for finance, if satisfied that there has arisen an urgent and unforeseen need for expenditure for which no other provision exist, to make advances from that Fund to meet that need.

(2) Where any advance is made from the Contingencies Fund, a supplementary estimate shall as soon as possible be laid before the House and when the supplementary estimate has been approved by the House, a supplementary appropriation bill shall be introduced as soon as possible in the House for the purpose of replacing the amount so advanced.”

**1.34**

At the time of drafting this report the Contingencies Fund had not been established. Successive administration(s) have relied on the issuing of Special Warrants to “finance” urgent and unforeseen expenditure.

**1.35**

While Special warrants provide authority for expenditure, these warrants are not a source of fund. A Contingencies Fund constitutes funds (monies) set aside for the purpose of meeting unforeseen expenditure.

**1.36**

The disregard of section 72 of the Constitution is a prime example of what constitutionalism is not about.

#### **STATEMENT OF LOSSES**

**1.37**

A Statement of Losses due to fraud, theft and negligence since the date of last Audit Report is found at Appendix III

#### **AUDIT QUERIES**

**1.38**

Audit Queries are issued to Accounting Officers highlighting short-comings or irregularities detected during the course of the audit conducted at the Ministries and Departments. Queries provide the 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.

**1.39**

Response to Audit Queries is indication that the Accounting Officers are prepared to improve the efficiency of the Public Service. I am disappointed and disheartened that of the 244 queries issued by the Audit Office in 2007 only 42 replies were received, 83% remained unsettled.

**SPECIAL AUDITS****1.40**

During the year the Office conducted a special audit of the operations of the Ministry of Agriculture, Forestry and Fisheries in relation to the procedures for purchase, custody and accounting for items procured by the Ministry. A copy of that report can be found on pages ...

**SPECIAL WARRANTS****1.41**

The Finance and Audit Act (No 1 of 1964) makes provision for the issue of Public funds to defray unforeseen expenditure as follows:-

“ 5. (1) If at any time it appears to the Minister to be necessary that an

issue should be made from the public funds of Saint Vincent and the Grenadines to defray unforeseen expenditure upon any service:-

(a) which, being in respect of a new service, is not provided for in any law; or

(b) which would result in an expenditure in excess of the sum provided for that service in any law, and the circumstances are such that the expenditure cannot without reasonable injury to the public service, be postponed until adequate provision is made by Parliament the Minister may, by special warrant in anticipation of grants being made by Parliament, authorize the issue from the public funds of Saint Vincent and the Grenadines of the sums which may, from time to time, be required to defray such expenditure:

Provided that the total sum so authorized and not yet appropriated by a law made by Parliament shall not exceed seven and half million Dollars (\$7.5 million).

(2) The Minister shall submit supplementary estimates for the approval



of House of Assembly as soon as possible after the issue of a special warrant and shall, at the next sitting of the House of Assembly occurring after the expiration of fourteen days from the date of any warrant authorizing the issue of such sums introduce into the House of Assembly an Appropriation Bill and on the coming into operation thereof as an Act the said warrant shall cease to have effect and the issues there-under shall be deemed to have been made for these of such Act and shall be accounted for in accordance with the provision thereof.”

**1.42**

The pertinent section of the Act (Sec 5) was amended as follows:-

- (a) “where, in relation to any Financial year by reason of special circumstances of that year, the Cabinet considers that it is necessary in the public interest to exceed the normal limit for incurring the expenditure in excess, and in that case sub-section (1) of section 5 of the Finance and Audit Act 1964 shall have effect in relation to that Financial year as if the proviso to that sub-section had been omitted.” (see Act# 17 of 1981).
- (b) “Subsection (2) of section (5) of the principal Act is amended by deleting the words “at the next sitting of the House of Assembly occurring after the expiration of fourteen days from the date of any warrant authorizing the issue of such sums” and substituting the words **“at the time of the presentation of the annual Appropriation Bill next occurring after the date of warrant authorizing the issue of such sums or at such other reasonable time in close proximity to that time as the Minister may designate.”** (see Act # 8 of 1996)

**1.43**

During fiscal year 2007, one hundred and thirty-nine (139) Special warrants totalling \$63,082,458.06 were issued by the Minister of Finance. The amount represents 10 % of the original budget (\$630m). None of the Special Warrants approved in 2007 were submitted, as Supplementary Estimates, for the approval of the House of Assembly during 2007.

**1.44**

The requisite Supplementary Estimates were passed in the House of Assembly as Supplementary Appropriation Acts on 29<sup>th</sup> April, 2008 and in August, 2008. The Supplementary Appropriations totaled \$61,069,594.00.

**1.45**

The ease with which funds can be obtained and spent, without the authorization of the House of Assembly, should be reviewed to satisfy the purposes of section 72 (1) and (2) of the 1979 Constitution Order.

**ABSTRACT ACCOUNT****RECURRENT REVENUE*****General*****2.1**

According to the approved Estimates of Revenue & Expenditure 2007, Recurrent Revenue was estimated at \$398,982,300, while Actual Revenue was \$433,363,735.68. 00. The Actual Revenue of \$433,363,735.68 was approximately 9% over the Estimates of \$398,032,300.00.

**2.2**

There was a difference of \$50,000.00 between the approved Estimates (\$398,982,300) and what was recorded on the Statement (\$399,032,300.00).

**2.3**

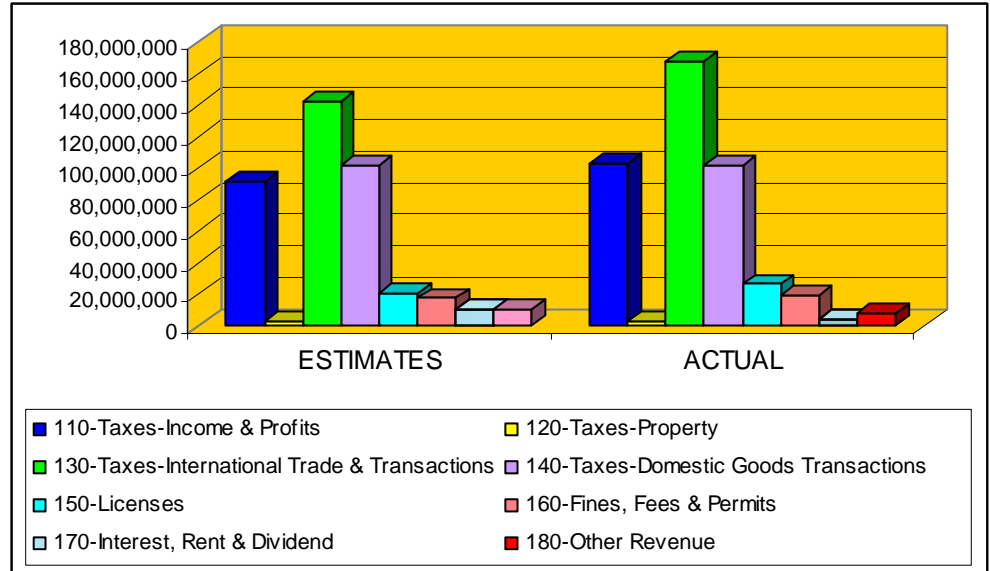
Eight (8) categories were identified according to the Standard Object Code as defined by the Estimates of Revenue & Expenditure 2007 as indicated hereunder:-

1. 110-Taxes-Income & Profits
2. 120-Taxes-Property
3. 130-Taxes-International Trade & Transactions
4. 140-Taxes-Domestic Goods Transactions
5. 150-Licenses
6. 160-Fines, Fees & Permits
7. 170-Interest, Rent & Dividend
8. 180-Other Revenue



2.4

The under-mentioned is a graphical representation of the Estimated and Actual Revenue for the year 2007.



**Comparison**

2.5

Of the eight (8) Categories listed on the Statement four (4) recorded Revenue below their Estimates for a total of \$9,714,379.54 and four (4) recorded Revenue above their Estimates for a total of \$44,045,815.22. The Category 130-Taxes-International Trade & Transactions had the highest Estimates of \$143,250,000.00; with Actual Revenue of \$167,687,754.79.

2.6

Value Added tax (VAT) was introduced in May 2007. This Tax is reflected both under the CATEGORY *Taxes International Trade & Transactions*-(Customs & Excise Dept); as well as under the category *Taxes Domestic Goods Transaction*-(Inland Revenue Department-IRD). In 2006 the Category *Taxes International Trade & Transactions* had Estimates of \$153,320,000 and Actual Revenue of \$163,231,121.58.





Similarly the Category *Taxes Domestic Goods Transaction* had Estimates of \$60,246,700 and Actual Revenue of \$74,258,952.87.

### **CAPITAL REVENUE**

#### ***General***

**2.7**

According to the Estimates of Revenue and Expenditure 2007, Capital Revenue was estimated at \$231,109,435.00. The Estimates listed the Revenue according to *Account Number, Source of Funds (SOF) and Description*. Actual Revenue recorded was \$96,915,099.16, an amount of \$134,194,335.84 below the Estimates.

#### ***Estimates***

**2.8**

The approved Estimates of Revenue and Expenditure 2007 listed twenty-one (21) *Sources of Fund (SOF)*, from which Capital Revenue was to be raised. Twenty-three (23) *Sources- of- Fund (SOF)* were recorded on the Statement.

**2.9**

There were several differences between the approved Estimates of Revenue and Expenditure 2007 and what was recorded on the Statement and presented by the Accountant General. They are as follows:-

1. There were two (2) Sources which were approved in the Estimates of Revenue and Expenditure 2007, but which did **not** appear on the Statement as indicated here-under:

A/C# 22201 with SOF of 3704 in the sum of \$100,000.00

A/C#22301 with SOF of 3297 in the sum of \$1,500,000.00



2. There were four (4) Accounts which were *not* approved in the Estimates of Revenue and Expenditure 2007; however, they were recorded on the Statement. The Details are listed here-under:-

- A/C# 22201 with SOF 2164-\$100,000.00
- A/C# 22201 with SOF 3624-\$1,000,000.00
- A/C# 22201 with SOF 3674-\$100,000.00
- A/C# 22301with SOF 3596-\$1,500,000.00

*Actual*

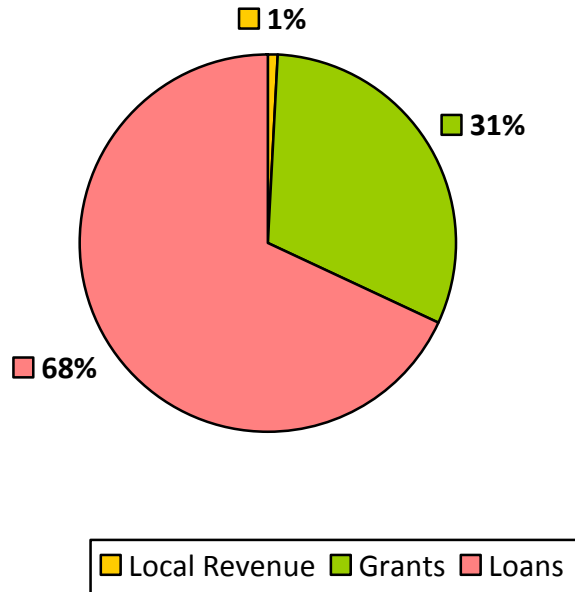
**2.10**

Of the twenty-three (23) sources listed on the Statement, funds were received from twelve (12) sources, of which one (1) was incorrectly recorded due to classification errors. Due to classification errors an amount of \$202,600.92 was recorded in the Accounts-SMARTSTREAM and on the Statement as a *Debit* thereby reducing the over-all Actual Revenue. Total Actual Revenue as per Statement was \$96,915,099.16; an amount of \$134,194,335.84 below the Estimates. A further examination revealed the following with respect to the type of Funds received.

TYPE OF FUNDS	ACTUAL RECEIPT
Local Revenue	935,512.44
Grants	30,040,828.87
Loans	65,938,757..85
	<b>\$96,915,099.16</b>



CAPITAL REVENUE BY TYPE OF FUNDS



**RECURRENT EXPENDITURE**

*General*

**2.11**

Sixteen (16) Ministries were recorded on the statement presented by the Accountant General. Of the sixteen (16) presented, one (1)(Autonomous Departments) was a summary of several Departments; namely:- Audit, Registry, Magistrates, Family Court, Governor General, House of Assembly, Services Commissions, Office of the Director of Public Prosecution and Commerce Intellectual Property Office. A comparison on the Statement was made with the Revised Estimates and the Actual Expenditure for the period under review.



**2.12**

***Errors on the Statement***

The approved Estimates of Revenue and Expenditure 2007 recorded total Recurrent Expenditure as \$450,633,425.00. However, the Statement presented by the Accountant-General recorded the approved Estimates as \$451,627,769 a difference of \$994,344. The difference is accounted for as follows:-

<b>Ministry</b>	<b>Approved Estimates</b>	<b>Estimates-Statement</b>	<b>Difference</b>
Autonomous	16,165,366	16,170,367	5,001
Ministry of Finance	170,801,155	170,811,153	9,998
Ministry of Education	73,335,282	74,105,465	770,183
Ministry of Health	50,576,879	50,780,391	203,512
Ministry of Housing	2,760,431	2,766,080	5,649
<b>TOTAL</b>			<b>994,343</b>

**2.13**

According to the Statement, fifteen (15) Ministries recorded expenditure below the Revised Estimates of (\$472,416,116.95); however, this amount was recorded as \$36,390,764.62 instead of \$36,437,090.89. One (1) Ministry-Autonomous recorded expenditure in excess of the Revised Estimates in the sum of \$46,326.27. Hence the "Less than Estimated" column should have been recorded as \$36,437,090.89 and the "More Than Estimated" column as \$46,326.27.

**2.14**

***Revised Estimates***

The *Revised Estimates* is arrived at by adding to the *Original Estimates*, all approved Special Warrants. There were several instances where Warrants were approved and the incorrect figure was recorded in the Accounts, or the entries figures were reversed or not recorded at all.



The under-mentioned are examples:-

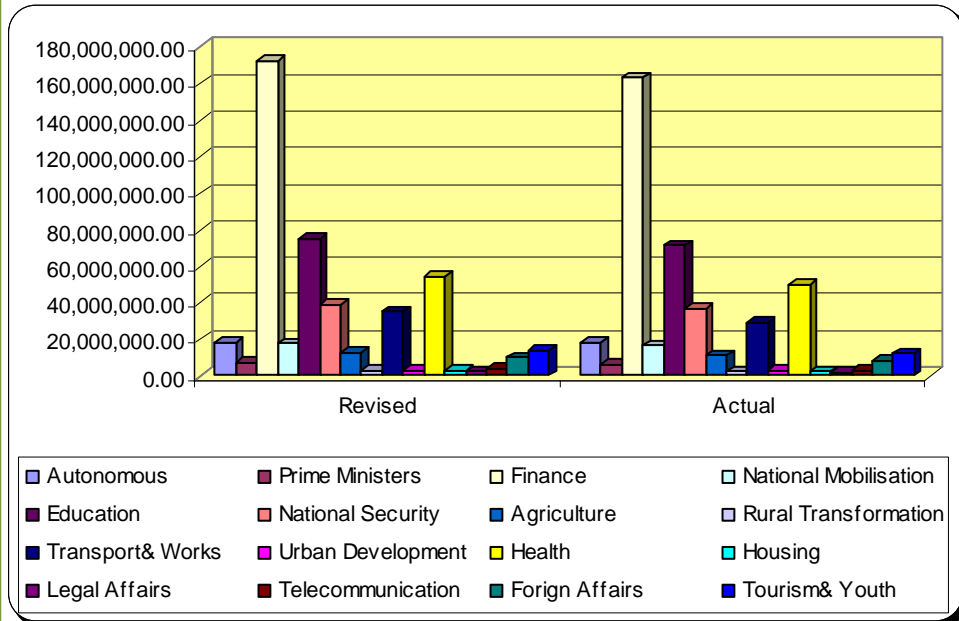
Ministry	Approved Special Warrants	Amt. Recorded in the Accounts	Difference
1	2,060,316.00	1,993,456.00	6,680.00
20	4,635,737.00	4,335,737.00	300,000.00
70	91,885.21	89,785.41	2,100.00
90	272,536.00	731,356.00	(458,820.00)

2.15

There were eight (8) Special Warrants under **Ministry 90-Tourism** totaling \$458,820 which were approved in **2006** and entered in the 2007Accounts instead of 2006. This had the effect of increasing the Revised Estimates for 2007, even though the Warrants did **not** relate to 2007. Such practice distorts the figures and should be discontinued.

2.16

Below is a graphical representation of Recurrent Expenditure showing the Revised Estimates and Actual Expenditure





CAPITAL EXPENDITURE

General

2.17

According to the approved Estimates of Revenue and Expenditure 2007, Capital Expenditure was estimated at \$179,458,310. Fourteen (14) Ministries were recorded on the Statement as slated to execute Capital Projects for 2007. Actual Expenditure was \$145,174,756.65; an amount of \$34,283,553.35 below the Original Estimates and \$96,517,573.64 below the Revised Estimates of \$241,692,330.29.

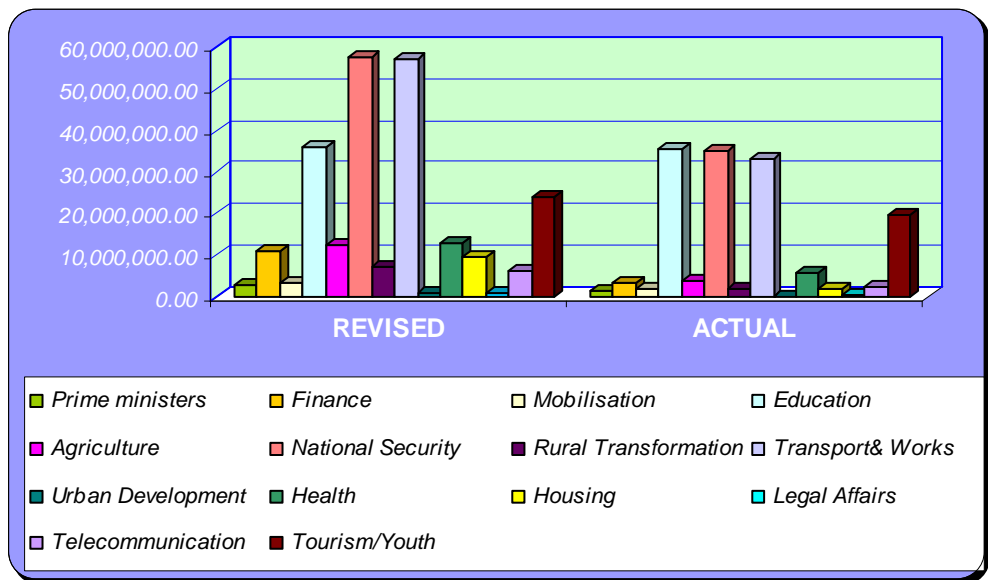
Revised Estimates

2.18

The Original Estimates was adjusted by several approved Special Warrants to give the Revised Estimates of \$241,692,330.29.

2.19

The Revised Estimates and Actual Expenditure are represented graphically below





**2.20**

There were several errors in relation to the amounts approved by Special Warrants, and what was recorded in the Accounts. There were also instances where **2006** Special Warrants were recorded/effected in the **2007** Accounts; as was the case with *Ministry 45-Agriculture and Ministry 55-Transport & Works*. The under-mentioned table shows the Ministries affected.

Ministry	Approved Special Warrants	Amt. Recorded in the Accounts	Difference
10	730,000.00	857,566.31	127,566.31
40	24,083,964.19	24,211,531.31	127,566.31
45	4,225,253.00	4,427,602.00	202,349.00
55	8,125,748.00	14,669,474	6,543,996.00
70	186,100.00	184,000.00	2,100.00

**2.21**

**Budget Out-Turn**

There was a deficit on both the Recurrent Budget and the Capital Budget. The Budget Out-Turn for the year as compared with the Original Estimates was as follows:-

ITEM	ESTIMATE	ACTUAL	DIFFERENCE
Recurrent Revenue	398,982,300.00	433,363,735.68	(34,381,435.68)
Recurrent Expenditure	<u>450,633,425.00</u>	<u>436,025,352.33</u>	<u>14,608,072.67</u>
	(51,651,125.00)	(2,661,616,.65)	(48,989,508.35)
Capital Revenue	<u>231,109,435.00</u>	<u>96,915,099.16</u>	<u>134,194,335.84</u>
Capital Financing	179,458,310.00	94,253,482.51	85,204,827.49
Capital Expenditure	<u>179,458,310.00</u>	<u>145,174,756.65</u>	<u>34,283,553.35</u>
<b>Surplus/Deficit</b>		<b>0.00</b>	<b>(50,921,274.14)</b>

**DETAILED STATEMENT OF EXPENDITURE****2.22**

The Appropriation Act (No 2) 2006 was passed on the 27<sup>th</sup> December 2006 and authorized Recurrent Expenditure of \$450,494,226.00, and Capital Expenditure of \$179,458,310.00 giving a total of Six hundred and twenty-nine million, nine hundred and fifty-two thousand, five hundred and thirty six dollars (\$629,952,536.00).

**2.23**

The difference between the amount voted in the Estimates (\$450,633,425.00) and that recorded in the Statement of Expenditure (\$451,627,769.00) is explained in paragraph under Abstract Account.

**2.24**

The difference between the amounts approved for Recurrent expenditure (\$450,494,226.00) by Appropriation Act and that reflected in the Estimates (\$450,633,425.00) is attributable to the Governor General's Emoluments which is provided for my the Governor General's Emoluments and Pensions Act.

**2.25**

The total revised budget was comprised as follows:

<b>TYPE</b>	<b>AMOUNT(\$)</b>
RECURRENT EXPENDITURE	472,416,116.95
CAPITAL EXPENDITURE	241,692,330.29
<b>TOTAL REVISED BUDGET</b>	<b>714,108,447.24</b>

**2.26**

The comments made hereunder are based on comparison of the revised budget with actual expenditure.



**CAPITAL EXPENDITURE****2.27**

No detailed analysis has been done of any of the individual capital projects to ascertain whether or not expenditure incurred was in conformity with terms of project agreement.

**2.28**

The Revised Capital Budget for the year was \$241,692,330.29 a 18.3% increase over last year's revised budget of \$197,521, 456.00. The actual capital expenditure of \$145,174,756.65 was approximately 81% of the original estimated budget of \$179,458,310.00 and approximately 60% of the revised capital budget of \$241,692,330.29. This year's figure exceeded last year's actual expenditure of \$118,145,054.57 by \$27,029,702.08.

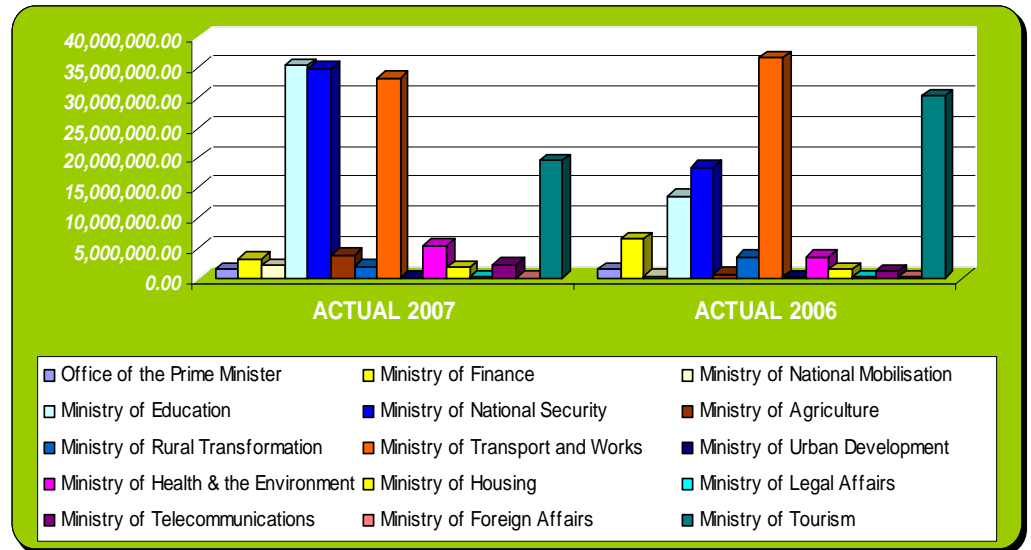
**ACTUAL EXPENDITURE FOR COMPARATIVE YEARS****2.29**

A comparison of actual expenditure for the years 2006 and 2007 is shown in the table and graph below.

<b>MINISTRY</b>	<b>2007</b>	<b>2006</b>	<b>DIFFERENCE (+/-)</b>
	<b>ACTUAL</b>	<b>ACTUAL</b>	
Office of the Prime Minister	1,395,114.69	1,396,533.94	1,419.25
Ministry of Finance	3,254,526.57	6,581,780.27	3,327,253.70
Ministry of National Mobilisation	2,052,564.70	299,324.01	1,753,240.69
Ministry of Education	35,372,033.36	13,724,917.99	21,647,115.37
Ministry of National Security	34,856,279.51	18,404,694.96	16,451,584.55
Ministry of Agriculture	3,836,132.81	662,897.44	3,173,235.37



MINISTRY	2007	2006	DIFFERENCE(+/-)
	ACTUAL	ACTUAL	
Ministry of Rural Transformation	1,887,884.47	3,485,906.93	1,598,022.46
Ministry of Transport and Works	33,254,332.71	36,575,673.57	3,321,340.86
Ministry of Urban Development	74,016.83	158,114.75	84,097.92
Ministry of Health & the Environment	5,481,820.24	3,570,673.56	1,911,146.68
Ministry of Housing	1,806,583.59	1,442,697.92	363,885.67
Ministry of Legal Affairs	202,531.50	204,099.37	1,567.87
Ministry of Telecommunications	2,209,226.36	1,096,508.95	1,112,717.41
Ministry of Foreign Affairs	0.00	214,800.83	214,800.83
Ministry of Tourism	19,491,709.31	30,326,430.02	10,834,720.71
<b>TOTAL</b>	<b>145,174,756.65</b>	<b>118,145,054.51</b>	<b>27,029,702.15</b>



2.30

During 2007 six (6) Ministries recorded increased spending over the previous year’s actual expenditure.. Four (4) of these Ministries had in excess of 200% increase in expenditure. The Ministries which recorded

**2.31**

the increase were the Ministry of Agriculture 578%, Ministry of National Mobilisation 685%, Ministry of Education 258% and Ministry of Telecommunication 201%.

The Ministry of Urban Development had a 53% reduction in capital spending, while the Ministry of Finance and the Ministry of Rural Transformation had a 51% and 46% reduction respectively.

**2.32****CURRENT YEAR'S CAPITAL BUDGET**

Fourteen (14) of the sixteen (16) Ministries and Departments, had a revised capital budget totaling \$241,692,330.29. The largest spenders of capital funds were the Ministry of Education accounting for \$35.4 million of the total expenditure; the Ministry of National Security spent 34.9 million, the Ministry of Transport and Works 33.3million, and the Ministry of Tourism 19.5 million.

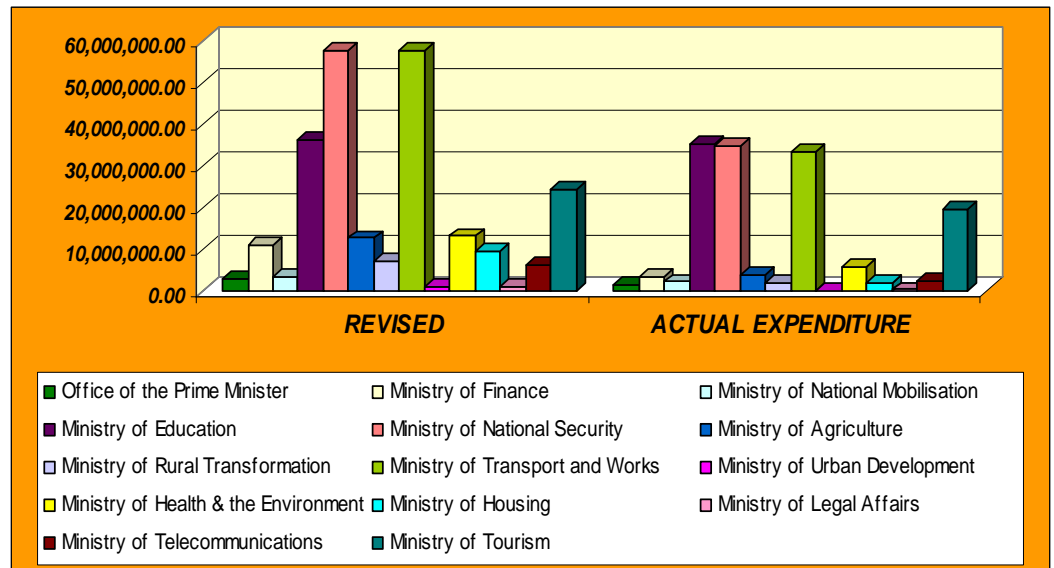
**2.33**

The table and chart below shows a comparison of Revised Estimates with Actual Capital Expenditure incurred by these Ministries and Departments. Approximately 60% (145,174,756.65/241,692,330.29) of the revised estimated budget was spent by these Ministries and Departments.

<b>DEPARTMENT/ MINISTRY</b>	<b>REVISED</b>	<b>ACTUAL EXPENDITURE</b>	<b>DIFFERENCE</b>
Office of the Prime Minister	2,657,576.31	1,395,114.69	1,262,461.62
Ministry of Finance	10,818,388.00	3,254,526.57	7,563,861.43
Ministry of National Mobilisation	3,180,000.00	2,052,564.70	1,127,435.30
Ministry of Education	36,146,350.79	35,372,033.36	774,317.43
Ministry of National Security	57,667,034.19	34,856,279.51	22,810,754.68
Ministry of Agriculture	12,513,642.00	3,836,132.81	8,677,509.19



DEPARTMENT/ MINISTRY	REVISED	ACTUAL EXPENDITURE	DIFFERENCE
Ministry of Rural Transformation	7,088,000.00	1,887,884.47	5,200,115.53
Ministry of Transport and Works	57,528,544.00	33,254,332.71	24,274,211.29
Ministry of Urban Development	718,020.00	74,016.83	644,003.17
Ministry of Health & the Environment	13,011,947.00	5,481,820.24	7,530,126.76
Ministry of Housing	9,516,100.00	1,806,583.59	7,709,516.41
Ministry of Legal Affairs	720,020.00	202,531.50	517,488.50
Ministry of Telecommunications	6,026,698.00	2,209,226.36	3,817,471.64
Ministry of Tourism	24,100,010.00	19,491,709.31	4,608,300.69
<b>TOTAL</b>	<b>241,692,330.29</b>	<b>145,174,756.65</b>	<b>96,517,573.64</b>



**2. 34**

Six (6) Ministries spent above 50% of their ministry's budget, three (3) spent over 20% of the total actual budget while three (3) spent over 10% of the total revised budget as shown below.



<b>MINISTRY</b>	<b>% Ministry's budget</b>	<b>% Total Actual budget</b>	<b>% Total Revised budget</b>
Ministry of Education	98	24	15
Ministry of Tourism	81	13	13
Ministry of National Mobilisation	65	1	0.85
Ministry of National Security	60	24	14
Ministry of Transport and Works	58	22	13
Office of the Prime Minister	53	0.96	0.58

**2. 35**

Five (5) Ministries had a combined total of twenty three (23) projects recording expenditure in excess of \$1m. The table below summarises these projects.

<b>MINISTRY</b>	<b>PROJ #</b>	<b>NAME OF PROJECT</b>	<b>EXPENDITURE</b>
EDUCATION	350304	Basic Education Project II	16,658,951.90
	350306	Expansion of Secondary Schools	2,102,304.24
	350402	OECS Education Development Project	2,649,291.98
	350501	Education Support Project	8,647,207.53
	350601	Book Loan Scheme Phase II	1,501,331.38
NATIONAL SECURITY	400206	Correctional Facility	1,919,883.90
	400304	Canouan Airport Improvement	21,633,582.51
	400510	Machine Readable Passport Project	1,297,277.77
	400605	Purchase of Fire Truck	1,121,920.13
	400701	National Security Enhancement Programme	5,065,879.91
	400706	Repairs E T Joshua Airport Runway	1,937,578.80
	450705	Eradication of Moko Disease	2,518,530.01
TRANSPORT AND WORKS	550302	National Public Library Complex	2,872,340.47
	550305	Windward Highway Rehabilitation	1,361,412.18
	550307	Resource Centre 2003-2005	1,398,488.94



MINISTRY	PROJ #	NAME OF PROJECT	EXPENDITURE
	550311	Rehab Windward Highway	11,466,129.00
	550406	Cross Country Road	4,786,603.75
	550501	Housing Rehab Storm Damage IVAN	1,131,840.81
	550604	Rehabilitation Windward Highway	6,327,997.47
HEALTH	650503	HIV/AIDS Prevention and Control Programme	3,250,676.64
HOUSING	700701	Land Purchase (III)	1,531,935.10
TOURISM	900602	YES	2,213,103.54
	900604	Upgrading Arnos Vale Playing Field	16,500,000.00
<b>TOTAL</b>			<b>120,894,267.96</b>

**Office of the Prime Minister**

**2.36**

There were eight (8) projects allocated under the Office of the Prime Minister which had an estimated expenditure of 2,657,576.31. The actual expenditure recorded was \$1 395,114.69.

**Ministry of Finance and Planning**

**2.37**

The Ministry spent \$3.2m of the \$10.8 million that it was allocated for the executing of the nineteen projects under its ambit. Four (4) projects recorded nil expenditure. These projects included the Institutional Strengthening Treasury Department and the Purchase of Vessels- Customs and Excise Department.

**Ministry of Education**

**2.38**

The Ministry of Education which spent approximately 98% of its Ministry's budget was the only Ministry that incurred expenditure in excess of its budget on any of its individual capital project. The Basic Education Project II spent \$6.8 million in excess of its revised budget of \$9,879,298.96. The significant savings on the other projects for the Ministry resulted in net savings of \$774,317.43 for the Ministry. This



Ministry recorded expenditure in excess of \$1m on five (5) of the nineteen (19) projects under their portfolio. The total spending of the Ministry was \$35.4 million representing 24% of the total actual spending.

**2.39****Ministry of National Security**

The Ministry spent \$34.9 million of its \$57.7 million budget. The Canouan Airport Improvement Project recorded the highest level of expenditure for this Ministry with its spending level of \$21.6 million, 60% of the project's revised budget and 62 % of the Ministry's total spending.

**2.40****Ministry of Agriculture, Forestry and Fisheries**

The Ministry was allocated \$12,513,642.00 or 5.2% of the total budgeted capital expenditure and incurred \$3,836,132.81 or 2.6% of the total actual budget.

**2.41****Ministry of Transport and Works**

The Ministry spent \$33,254,332.71 against its budget of \$57,528,544.00. Seven (7) of the thirty seven (37) projects had expenditure in excess of \$1m.

**2.42****Ministry of Health and the Environment**

The total expenditure under this Ministry was \$5,481,820.24 from a revised budget of \$13,011,947.00. The HIV/AIDS Prevention and Control Project was the only project to spend in excess of \$1m. The project's spending level was \$3,250,676.64 representing 59% of the Ministry's capital expenditure.

**2.43****Ministry of Housing, Informal Settlements**

The Ministry recorded expenditure on four of its eight (8) projects. The majority of the spending by this ministry was in respect to the Land purchase project, which had a level of expenditure of \$1,531,935.10 or 84.8% of the ministry's total expenditure of \$1,806,583.59. A sum of \$1,700,000.00 was budgeted for the Purchase of Windsor Property, however no monies was recorded as being spent to acquire this property.

**2.44****Ministry of Tourism, Youth and Sports**

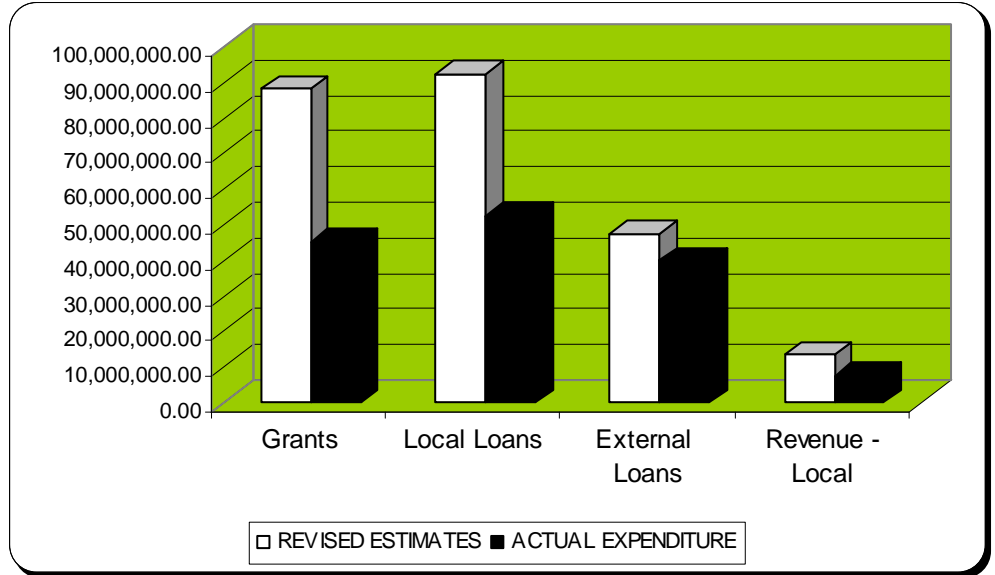
The Ministry spent \$16.5m on the upgrading of the Arnos Vale Playing Field; the other project which recorded a high level of spending was the YES programme with expenditure of \$2,213,103.54. The Ministry recorded a total expenditure of \$19,491,709.31.

**2.45****EXPENDITURE BY SOURCE**

The revised estimated budget of \$241,692,330.29 was to be funded from three (3) major sources, i.e., Grants, Loans – (Local and External) and Revenue. The actual expenditure recorded according to source was \$145,174,756.65. The table and chart below show the comparison of estimated expenditure with actual expenditure according to source.

<b>SOURCE</b>	<b>REVISED ESTIMATES</b>	<b>ACTUAL EXPENDITURE</b>	<b>DIFFERENCE</b>
Grants	88,267,719.00	45,294,879.97	42,972,839.03
Local Loans	92,392,049.00	52,432,932.52	39,959,116.48
External Loans	47,447,968.19	39,822,009.58	7,625,958.61
Revenue -Local	13,584,594.00	7,624,934.58	5,959,659.42
<b>TOTAL</b>	<b>241,692,330.19</b>	<b>145,174,756.65</b>	<b>96,517,573.54</b>





**RECURRENT EXPENDITURE**

**2.46**

The revised estimated recurrent expenditure for 2007 was \$72,416,116.95.00 while the actual expenditure recorded was \$436,025,352.33 resulting in an under expenditure of \$36,390,764.62.

**2.47**

The table below shows the comparison of revised expenditure with actual expenditure according to ministries.

MINISTRY	REVISED	ACTUAL
Autonomous Departments	18,163,823.00	18,210,149.27
Office of the Prime Minister	7,420,154.00	6,545,523.14
Ministry of Finance	172,525,571.00	163,570,110.72
Ministry of National Mobilisation	17,848,374.00	16,574,191.49

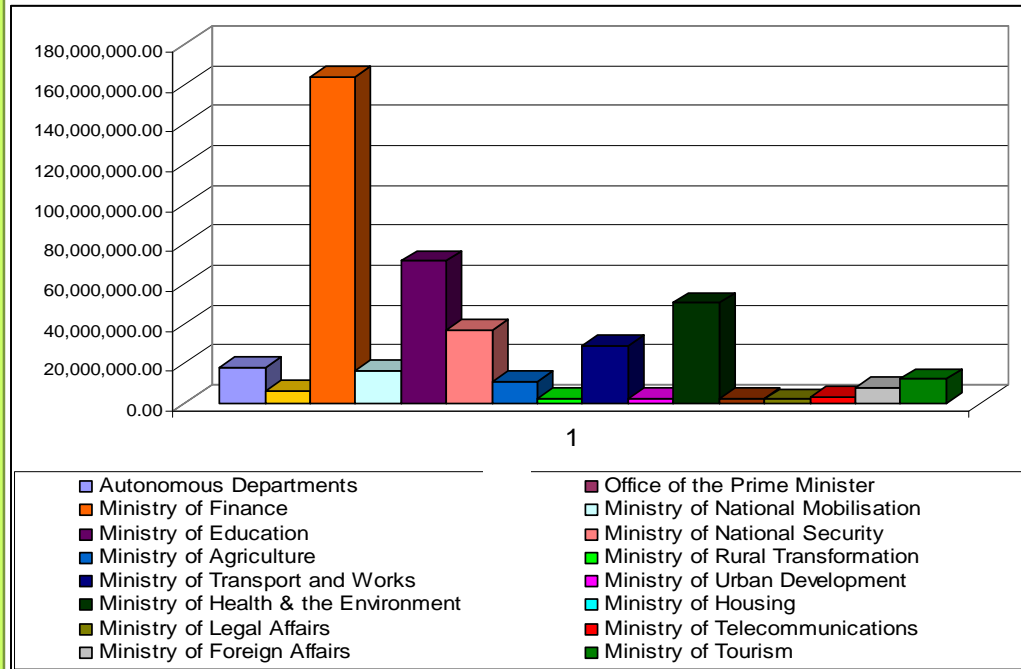


<b>MINISTRY</b>	<b>REVISED</b>	<b>ACTUAL</b>
Ministry of Education	75,252,434.00	71,367,668.27
Ministry of National Security	38,732,160.00	36,801,780.08
Ministry of Agriculture	13,045,153.00	10,961,560.63
Ministry of Rural Transformation	2,925,537.00	2,430,316.68
Ministry of Transport and Works	35,346,413.00	28,850,425.91
Ministry of Urban Development	2,844,170.00	2,608,933.75
Ministry of Health & the Environment	54,677,496.54	50,323,024.49
Ministry of Housing	2,855,865.41	2,225,165.63
Ministry of Legal Affairs	2,510,946.00	2,047,095.30
Ministry of Telecommunications	4,207,409.00	3,215,217.16
Ministry of Foreign Affairs	9,925,458.00	8,192,913.62
Ministry of Tourism	14,135,153.00	12,101,276.19
<b>TOTAL</b>	<b>472,416,116.95</b>	<b>436,025,352.33</b>



2.48

The graph below shows the actual expenditure according to Ministries.

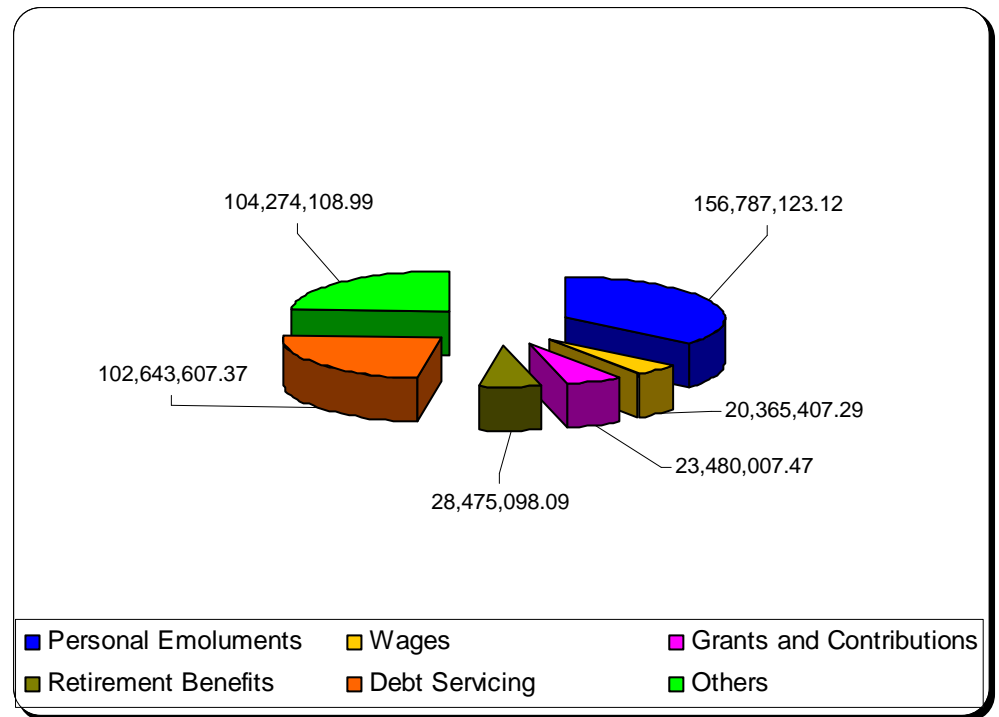
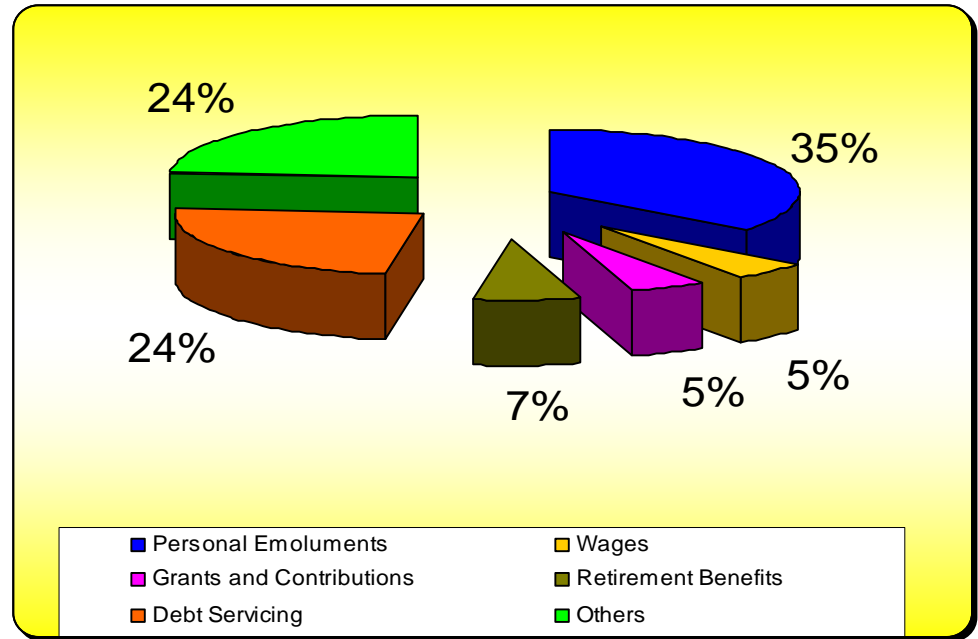


CLASSIFICATION BY TYPE

2.49

The recurrent expenditure classified according to type is depicted below in the table and chart.

	ACTUAL	%
Personal Emoluments	156,787,123.12	35
Wages	20,365,407.29	5
Grants and Contributions	23,480,007.47	5
Retirement Benefits	28,475,098.09	7
Debt Servicing	102,643,607.37	24
Others	104,274,108.99	24
<b>TOTAL</b>	<b>436,025,352.33</b>	<b>100</b>



**STATEMENT OF ADVANCES****2. 50**

The Finance and Audit Act, Section 5 sub-section 3 states:-

*“ The Governor-General or the Ministry may, after consultation with the Director of Finance and Planning, by advance warrant, authorize the issue from the public funds of Saint Vincent and the Grenadines of advances-*

- (a) on behalf of, and recoverable from, other governments;*
- (b) to, or on account of, trusts or other funds administered by Government, or to, or on behalf of, public bodies, institutions or individuals, where such advances are in the public interest and are recoverable within a period not exceeding twelve months after the close of the financial year in which such advances are made;*
- (c) to public officers for the purposes and under the conditions as set out in General Orders;*
- (d) for the purpose of expenditure authorized by a Loan Act, in anticipation of the raising of a loan: Provided that the total advances authorised under paragraphs (b) and (c) shall not, after repayments have been deducted, exceed at any time ten million dollars.*

**2.51**

In spite of the proviso to subsection (3) (d) of the Act, quoted above, the Statement show outstanding Advances to public bodies and public officers of \$33,115,696.49.

**2.52**

Some of the Advances shown on the statement appear to be legitimate charges to the Consolidated Fund (above – the – line) and should have been charged against an appropriation account. The under-mentioned are examples:-

55501- 1023 ECCB payment	\$5,106,325.90
55501-1038 DEVCO	\$8,099,317.59

**2.53**

Provisions should be made for the Advance Statement to be purged of all transactions that are not genuine advance.

**2.54**

Four hundred and fifty-six (456) Advance Warrants were approved in 2007 for a total of \$1,691,356.85 to facilitate the travel of ministers and other government officials for diverse purposes. At the close of the year, the balance on this category of advance was \$612,403.21 an increase of \$157,117.98 over last year's figure of \$455,285.23.

**2.55**

The Civil Service Orders provide for Advances to officers travelling on duty to be cleared immediately after the officers return to the state.

**STATEMENT OF  
GENERAL DEPOSITS****2.56**

The balance on the Statement of General Deposits stood at - \$275,660,143.65, an increase of \$1,353,624.35 over the 2006 balance. The deposits are categorized into five (5) categories namely;

- Other Governments
- Statutory Bodies
- Departmental Account
- Individuals
- Local Government
- ECCB

**2.57**

The following is a summary of the General Deposits balances with comparative data for 2006.

	<b>2007</b>	<b>2006</b>
Other Governments	-559,065.39	-558,844.92
Statutory Bodies	-11,188,499.10	-11,317,596.39
Departmental Account	-260,089,247.56	-246,366,249.60
Individuals	-3,423,251.45	
Local Government	973,366.85	854,547.95
ECCB	-1,373,447.00	-1,373,447.00
	-275,660,143.65	262,123,907.30

**STATEMENT OF INVESTMENTS**

**2.58** The Statement of Investments is prepared and submitted by the Accountant General. These investments which are held in the form of Trust Funds, Special deposits, and Sinking Fund are held at the National Commercial Bank and the Eastern Caribbean Central Bank.

**2.59** Comments on the Trust Funds and Special Deposits are made under the Statement of Assets and Liabilities.

**SINKING FUNDS**

**2.60** The Sinking fund for the 2006/2007 Development Bond is invested at the ECCB while the 2012/2013 Development Bond Issue is invested at the National Commercial Bank.

**2006/2007 Development Bonds**

**2.61** The 2006/2007 Development Bonds matured on 01/02/2007. The sinking fund account was closed out during the year with a balance of \$4,857,813.22. The Audit was unable to verify the balance on this account as no Certificate of Balances of Investments held at the ECCB was received.



**2.62****2012/2013 Development Bonds**

Several adjustments were made to the accounts in 2007, however the narrative in the treasury accounts were too vague at times making it difficult to determine the nature of the transactions. The balance on the account as at 31/12/09 was \$11,848,256.71.

**2.63****Sinking Fund Contributions**

A total of \$9,000,000.00 was made as sinking fund contribution during the financial year, however no transactions were seen transferring these amounts to the respective sinking fund accounts.

**STATEMENT OF PUBLIC DEBT****Statement****2.64**

The under-mentioned represents a summary of the Public Debt 2007 presented by the Accountant General.

<b>DESCRIPTION</b>	<b>ORIGINAL DEBT</b>	<b>AMT. REPAID</b>	<b>BALANCE</b>
Consolidated Over-draft	29,230,500.00	3,303,593.90	23,139,783.00
Special Roads Programme	25,000,000.00	4,003,852.75	18,750,000.00
First Caribbean Bank	30,000,000.00	3,666,690.18	26,637,967.00
7% Development Bonds 2012/13	30,000,000.00	0.00	30,000,000.00
Development Bonds 2014	30,000,000.00	0.00	30,000,000.00
	144,230,500.00	10,974,136.83	128,527,750.00

**2.65**

Attached to the Statement also, was a list of Outstanding Loans which appear *not* to be recorded in the Public Accounts-SMARTSTREAM. The under-mentioned is a summary of such Loans.

<b>CREDITOR</b>	<b>NO. OF LOANS</b>	<b>AMOUNT OUTSTANDING</b>
Bank of Communication ROC Loans	1	5,039,979.00
Bank of Nova Scotia	1	32,625,001.00
Caribbean Development Bank	34	152,649,564.00
CITIBANK	1	57,777,778.00
European Investment Bank	4	18,843,069.00
Govt. Trinidad & Tobago	3	10,144,344.00
<b>Sub-Total</b>		<b>277,079,735.00</b>



<b>CREDITOR</b>	<b>NO. OF LOANS</b>	<b>AMOUNT OUTSTANDING</b>
Intl Bank for Reconstruction		8,699,366.00
Int'l Development Association	10	46,943,425.00
Int'l Fund for Agriculture	1	1,767,197.00
Kuwait Fund for Economic Dev.	2	11,449,452.00
Royal Merchant Bank & Finance Co.	2	20,625,001.00
US Agency for Intl Development	2	15,995,521.00
Export/Import Bank of China	2	<u>6,884,973.00</u>
Sub-Total (2)		<b>112,364,935.00</b>
Sub-Total (1)		<b>277,079,735.00</b>
<b>TOTAL</b>		<b>389,444,670.00</b>

**2.66**

The Statement also showed an amount **\$491,941,187.00**, which was stated to be the Total for Loans serviceable from Government Budget. This amount was **\$102,496,517**, more than the total of Loans Outstanding *according to figures presented* on the Statement/Schedule.

**2.67**

There was another category which listed several other Loans which were not serviceable from Government Budget. Below is a summary.

<b>DESCRIPTION</b>	<b>NO.OF LOANS</b>	<b>AMOUNT</b>	<b>REMARKS</b>
Caribbean Development Bank	12	51,498,791.00	Correct figure- \$48,567,105.00
VINLEC Power Project	1	18,692,825.00	
Kuwait Fund for Economic Dev.	1	10,735,453.00	
		<b>80,927,069.00</b>	



**2.68**

**The Estimates**

The Estimates of Revenue & Expenditure 2007 under *LIST OF APPENDICES* recorded Public Debt as at **30/9/2006**; while the Estimates of Revenue & Expenditure 2008, listed Public Debt as at **30/9/2007**. Listed here-under is Public Debt as at **30/9/2007** by Type and Creditor (Estimates of Revenue & Expenditure 2008).

<b>TYPE</b>	<b>CREDITOR</b>	<b>AMOUNT</b>
<b>Internal Debt</b>	Bonds and Debentures	60,000,000
	Over-draft-NCB	57,802,007
	Loans	265,021,424
	Treasury Bills	48,000,000
	Others	<u>33,550,985</u>
	<b>TOTAL INTERNAL DEBT (1)</b>	<b>464,374,416.00</b>
<b>External Debt</b>	Caribbean Development Bank	143,709,954
	Republic of China	12,869,955
	European Investment Bank	37,003,105
	Agence Francaise De Development	25,531,231
	Kuwait Fund	14,385,174
	International Development Association/World Bank	53,912,154
	Other Loans	11,683,908
	Ottley Hall Ship Yard	164,824,125
	Bonds	<u>168,609,100</u>
	<b>TOTAL EXTERNAL DEBT (2)</b>	<b>648,474,799</b>
	<b>TOTAL 1&amp; 2</b>	<b>1,112,849,215</b>



**2.69**

**Accounts**

The Accounts-[**SMARTSTREAM**] recorded the following in relation to Public Debt.

<b>DESCRIPTION</b>	<b>AMOUNT/BALANCE</b>
Domestic Bonds 2012/13	30,000,000.00
Domestic Bonds 2014	30,000,000.00
Domestic Bonds 2016	40,000,000.00
Domestic Bonds 2017	30,000,000.00
Public Sector Investment Loan	68,727,750.00
<b>TOTAL</b>	<b>198,727,750.00</b>

**2.70**

**Inconsistencies between Statement & Accounts**

There were inconsistencies in the *balances* recorded on the Statement and that in the Accounts; as listed here-under:-

<b>ITEM</b>	<b>AMT-STATEMENT</b>	<b>AMT-ACCOUNTS</b>	<b>REMARKS</b>
Public Sector Investment Loan	68,527,750.00	68,727,750.00	
Domestic Bonds 2016	0.00	40,000,000.00	
Domestic Bonds 2017	0.00	30,000,000.00	

**2.71**

Additionally the *Narrative* and the *Balance* in the Accounts and on the Statement with respect to the **Public Sector Investment Loan** was different as follows:-



**2.72**

<b>Narrative/Balance-Accounts</b>	<b>Narrative/Balance-Statement</b>
Consolidated Over-draft- \$26,837,967.00	Consolidated Over-draft- \$23,139,783
First Caribbean International Bank- \$18,750,000	Special Roads Programme- \$18,750,000
Road Maintenance-\$23,139,783	First Caribbean Bank- \$23,139,783

**Debt-Servicing**

The following amounts were expended for Debt-Servicing

<b>TYPE</b>	<b>CATEGORY</b>	<b>REVISED ESTIMATES</b>	<b>ACTUAL</b>
<b>Internal Debt</b>	Interest	23,097,684	24,002,568.44
	Sinking Funds	9,000,000	9,000,000.00
	Amortization	8,649,400	8,455,051.87
<b>External Debt</b>	Interest	23,369,250	21,330,586.21
	Amortization	39,868,313	39,855,400.85
<b>TOTAL</b>		<b>103,984,647.00</b>	<b>102,643,607.37</b>

**2.73**

**Comparisons**

Total outstanding Debt as 30/9/2007 (according to the Estimates of Revenue and Expenditure 2008) was as follows:-

Internal Debt	464,374,416
External Debt	648,474,799
<b>TOTAL</b>	<b>1,112,849,215.00</b>



**Gross Domestic Product** for 2007 was quoted as 1,484,000,000 (Ministry of Finance Statistics).

**2.74**

The following ratios were therefore calculated based on figures available

**1. Debt to GDP Ratio:-**

$$\frac{\text{Public Debt}}{\text{Gross Domestic Product}} \times 100 = \frac{1,112,849.25}{1,484,000.00} \times 100 = 75\%$$

Approximately 75% of the Gross Domestic Product represents Public Debt

**2. Debt Service to Recurrent Revenue:-**

$$\frac{\text{Debt Servicing}}{\text{Recurrent Revenue}} \times 100 = \frac{102,643,607.37}{433,363,735.68} \times 100 = 24\%$$

**2.75**

The figures suggest that approximately 24% of Total Recurrent Revenue was used for Debt Servicing

**3. Debt Service to Recurrent Expenditure:-**

$$\frac{\text{Debt Service}}{\text{Recurrent Expenditure}} \times 100 = \frac{102,643,607.37}{436,025,352.23} \times 100 = 23\%$$

Approximately 23% of Total Recurrent Expenditure was for Debt Servicing.

**Other Observations****2.76**

There were several other items which were recorded in the *Accounts* but which did not form part of Public Debt. Among them are the following.



<b>ACC#</b>	<b>DESCRIPTION</b>	<b>AMT- ACCOUNTS</b>	<b>REMARKS</b>
20-73201-4107	Other Loans	999,103.92	
20-73201-4154	Royal Merchant Bank Loan Monies	83,631,758.77	
20-73201-4171	Proceeds of Treasury Bills	47,308,699.06	Original Amt- \$48,000,000
		<b>131,939,561.75</b>	

**2.77**

It was also noted that an amount of \$10,085,474.17-SD 2205 Accountant General Loan Monies recorded on the *Certificate of Balances 2007* which was issued by the National Commercial Bank; appear *not* to be recorded in the Accounts of Government. An explanation should be given by the Accountant General for all items not appearing in the Accounts; or Items which were not reflected under Public Debt.



**STATEMENT OF ASSETS  
AND LIABILITIES****2.78**

The Accounts of the Government of St Vincent and the Grenadines are maintained on a cash basis and as a result the Statement of Assets and Liabilities excludes fixed assets such as property, plant and equipment and furniture. The Statement also excludes long term liabilities and amounts due to creditors for goods and services received but not yet paid for. The Statement is merely a summary of some of the below-the-line accounts and the Consolidated Fund.

**LIABILITIES****CURRENT ACCOUNT****2.79**

**Overdraft at Bank** **\$169,959,275.47**

There continues to be a significant difference between the balance on the current account/bank account held in the accounts of the Treasury and that held at the National Commercial Bank. The Certificate of Balances issued by the National Commercial Bank as at 31<sup>st</sup> December 2007 showed an overdraft balance of \$63,478,901.42 whereas the Treasury Accounts has an overdraft balance of \$169,959,275.47. No bank reconciliation statement has been prepared by the Accountant General's Office to determine the reasons for the large variance between the balances.

**2.80**

The table below shows that the gap between the balance in the Treasury accounts and the balance in the accounts of the Bank is widening.

<b>Year</b>	<b>Balance as per Treasury accounts</b>	<b>Balance as per NCB Certificate</b>	<b>Difference</b>
2005	93,258,476.87	48,700,974.75	44,557,502.12
2006	136,163,120.14	62,781,523.55	73,381,596.59
2007	169,959,275.47	63,478,901.42	106,480,374.05

**2.81**

A proper reconciliation needs to be done to ascertain the reasons which could be due to a multiplicity of errors. This is a very serious issue and one that is continually highlighted in my reports.

**2.82**

Parliament by resolution on 22 December 2006 approved an overdraft limit of \$40 million. In memo to the Accountant General dated 19/09/07 the Director General Finance and Planning wrote;-

*“..... Cabinet at its meeting of August 29<sup>th</sup> granted approval for the Central Government’s overdraft limit to be increased to \$60 million. The additional \$20 million will be covered by the borrowing authority of \$60 million granted by Parliament in December 2006. This was later ratified by resolution of the House of Assembly.*

**2.83**

The current account balance recorded on the Certificate of Balances shows that the overdraft limit for 2007 was exceeded by \$3,478,901.42.

**2.84**

The table below is a comparison of the closing balances on the current account and the approved overdraft limit. It is an indication that the current account has been operating in excess of its approved overdraft limit for the last three (3) years.

Year	NCB Certificate of Balances	Overdraft Limit (\$)	Excess (\$)
2005	48,700,974.75	(30,000,000.00)	<b>18,700,974.75</b>
2006	62,781,523.55	(40,000,000.00)	<b>22,781,523.55</b>
2007	63,478,901.42	(60,000,000.00)	<b>3,478,901.42</b>

**2.85**

**In- Transit** **\$4,551,380.79**

The following balances were recorded on the In transit/ cash remittances accounts.

ACCOUNT	SUB-TREASURY	DR	CR	NET BALANCE
52001	Georgetown		2,140,090.22	
52002	Bequia		2,588,223.55	
52003	Union Island		653,499.58	
52004	Barrouallie	830,432.56		
<b>NET BALANCE</b>				<b>4,551,380.79</b>

**2.86**

The following is an excerpt from my 2006 report with respect to the intransit accounts, *“This account records funds remitted by the Accountant General’s Office for the running of the various SUB TREASURIES. This account should have a nil balance since it is an in transit account indicating it is just an account that funds pass through. These balances are an indication that there may be several errors within the accounts which may be due to incorrect classification or monies not being transferred to the respective cash accounts”*.

**2.87**

The matter was also drawn to the Accountant General 's attention by way of memorandum dated June 14 2007, in which issues specific to the operation of the remittances accounts for the Union Island and Bequia SUB TREASURIES were highlighted. The following are comments from the memorandum;-

*“Cheques and Payment Vouchers prepared in the Treasury Accounts and remitted for payments at the SUB-TREASURIES are accounted for as receipts in the Union Island and Bequia accounts and cash books.*

*At the sub treasury, receipt of cheques and payment vouchers are treated in the Treasury accounts as a credit to the Remittance Accounts and debited to the Cash Accounts for both SUB TREASURIES.*

*Payments made to the vendors are also entered into the accounting system as debits to the remittance accounts and credits to Account payables. This manner of accounting has contributed to the large overstated balances in the Remittances, Cash and Payables Accounts. The Remittance is an in transit account which should have a nil balance when the moneys remitted are received at its final destinations”.*

**2.88**

There have been no changes in the method of accounting although recommendations were also included in the memorandum.

**CANOUAN SUB TREASURY****2.89**

This remittance account which is listed separately on the statement had a closing balance of \$510,810.13.

**ASSETS****CASH**

Kingstown Treasury \$689,112.88

**2.90**

This account is the cash account maintained at the Accountant General's Office. The cash balance at the Treasury was reduced from last year's balance of \$5,256,834.35 to a balance of \$689,112.88. Although the cash balance has reduced significantly during 2007 the cash balance maintained is still higher than the \$10,000.00 the Office is expected to maintain.

**2.91**

The following comments were made in my 2006 report. *"In 2000 a system was introduced at the Accountant General's Office in which all payments in excess of \$100.00 were made by cheques thereby reducing the amount of cash on hand at the Treasury. The Treasury was expected to maintain a maximum cash balance of \$10,000.00. This balance was maintained for the financial years 2000, 2001 and 2002. However, from Financial Years 2003 the cash balance began to rise. The Accountant General was then asked to indicate the reason for the high balances on the accounts. No response has been forthcoming to date"*.

**2.92****SUB TREASURIES**

The total balance in the Cash Books of the five (5) Sub-Treasuries as at 31<sup>st</sup> December 2007 was \$302,306.74 whereas the statement showed a balance of \$5,707,093.62 a variance of \$5,404,787.83 summarised as follows:-



<b>Sub-Treasury</b>	<b>Treasury Accounts</b>	<b>Cash Book</b>	<b>Variance</b>
Georgetown	719,968.52	71,127.67	648,840.85
Bequia	2,090,629.84	25868.55	2,064,761.29
Union Island	851,378.73	105,720.33	745,658.40
Barrouallie	1,125,179.65	45,047.00	1,080,132.65
Canouan	919,936.88	54,542.24	865,394.64
<b>TOTAL</b>	<b>5,707,093.62</b>	<b>302,306.74</b>	<b>5,404,787.83</b>

**2.93**

The high variances between the balances recorded in the accounts of the Sub-Treasuries and the cash book balances indicate that significant errors continue to exist in the accounts. A proper reconciliation needs to be carried out to detect and correct errors, and the Accountant General should ensure thereafter that the reconciliation of accounts are kept up to date.

**2.94**

Financial Rule Sec (10) covers Boards of Survey on Cash and Stamps Paragraph 97 *“Boards of survey, to be held after the close of business on the last business day of each year, or before the commencement of business on the first day of the new year... to examine cash, bank balances and stamps both at headquarters and as far as practicable at the outstations. Boards will also be appointed from time to time to hold surprise surveys of the cash and stamps in the custody of the Accountant General and his Sub-Accountants”*

*103 (1) the Board will count cash and stamps on hand, including the contents of all strong rooms and safes. The actual balance found will be compared with the balances as shown by the cash book and bank pass book and the stamp register and the findings reported.*



105. *The reports of the Board of Survey will be submitted to the Administrator (Director General Finance and Planning), Accountant General and Director of Audit.*

**2.95**

No Board of Survey reports were forwarded to the Audit Office in respect of any surveys carried out at the Kingstown Treasury or any of the Sub-Treasuries.

**IMPRESTS****2.96**

Imprests represent cash advanced to Government Ministries and Departments to effect payment for specific purposes. Accounting Officers should be reminded of Financial Rule 61 which states that *“Imprests will be accounted for in full on or before the date stated in the Imprest Warrant, any unexpended balance being paid into the Treasury”*. There has been failure on the part of the Accounting Officers to comply with this rule over the years. Failure to adhere to this rule has resulted in outstanding imprests at year end. Also, there are classification errors within the accounts. These shortcomings have contributed to the under reporting of expenditure.

**2.97**

Forty (40) imprests remained outstanding as at 31/12/2007. Seven (7) of these imprests accounts have been classified as inactive by the Accountant General. These accounts have remained in the accounts for many years and at the end of the financial year 2007 showed a net debit balance of \$410,633.99. The Accountant General should take steps to have this balance cleared to the Consolidated Fund.

**2.98**

The balances on the active imprests accounts for the 2007 are summarised below.

MINISTRY/DEPARTMENT	NO	BALANCE	
		DR	CR
REGISTRY HIGH COURT	4	63,000.00	63,837.35
MAGISTRATES	1	1,184.03	
COMMISSIONER OF POLICE	3	21,139.56	3,217.29
TREASURY	1		25,906.62
SOCIAL DEVELOPMENT	2	237,214.96	0
PS/HOUSING	1	0	45,000.00
PS/EDUCATION	9	23,548.50	14,863.50
POST OFFICE	2	200.00	200.00
HEALTH	6	67,496.21	
CUSTOMS	1	3,000.00	
DIRECTOR OF PLANNING	1	3000	
TRADE	1	0	33,950.90
<b>TOTAL</b>		<b>419,783.26</b>	<b>186,974.76</b>

**2.99****INVESTMENTS**

At the end of the year 2007 the balance on the investments was \$6,806,473.15.



**2.100**

The composition of this balance and comparative figures for the previous year are shown below:-

	Financial Year 2006	Financial Year 2007
Special Deposits NCB (EDRF)	367,190.71	426,781.98
Special Funds	3,594,774.09	6,283,353.42
Trust Funds	92,614.07	96,337.75

**SPECIAL DEPOSITS NCB (EDRF) \$426,781.98**

**2.101**

The Electricity Development Reserve Fund (EDRF) was adjusted to reflect interest of \$41,840.45 earned for 2004-2006 and not previously brought to account. Interest accrued for 2007 was \$17,750.82. The balance of \$426,781.98 shown on the Statement at 31<sup>st</sup> December 2007 agreed with the balance reflected on the Certificate of Balances from the National Commercial Bank.

**SPECIAL FUNDS \$6,283,353.42**

**2.102**

The amount of \$6,283,353.42 represents the aggregate of balances in the following accounts:-

	2006	2007
ECCB Fiscal Reserve	1,381,676.00	3,601,318.81
Accountant General Balcombe	1,612,012.40	1,660,919.55
Canouan Development	601,085.69	1,021,115.06
<b>TOTAL</b>	<b>3,594,774.09</b>	<b>6,283,353.42</b>

**2.103**

The Fiscal Reserve Fund is invested at the East Caribbean Central Bank. The balance on the account increased from \$1,381,676.00 in 2006 to \$3,601,318.81 in 2007. The increase was due to interest of \$101,691.81 and distributable profits of \$2,117,951.00 which was received for the financial year ended 31/03/2007.

**2.104**

The interest earned on the Accountant General Balcombe and the Canouan Development was \$48,907.15 and \$420,029.37 respectively.

**TRUST FUNDS****2.105**

There was an increase of \$3,723.68 in the balance of the Trust Funds over the previous year. This was attributable to interest earned on the accounts as follows.

- The Simmons Bequest account was adjusted to reflect interest of \$212.89 earned.
- A sum of \$ 2,154.97 was accrued as interest on the Graham Bequest account.
- Interest of \$1355.82 was earned on the Haywood X-Ray fund for the period 2005 to 2007.

**2.106**

The balances on the Lady Musgrave and the Major Bain Gray remained unchanged in the Treasury accounts.

**2.107**

In my memorandum of 28/08/07 and 21/10/08 the Accountant General was asked to explain the reason for the omission of the Haywood X-Ray Fund, the Lady Musgrave Prize Fund and the Major Bain Gray Trust Funds from the NCB Certificate of Balances which was still reflected in the Treasury Accounts.

**2.108**

Also in my memoranda of 21/10/08, the Accountant General was asked to indicate if these trust fund accounts had been closed at the NCB and held elsewhere and to provide the necessary documentation.

**2.109**

I mentioned in my 2004/2005 and 2006 Audit Reports that no response was received from the Accountant General.

**2.110**

The Haywood X Ray Fund is now reflected on the Certificate of Balances (NCB) with a closing balance of \$14,476.40 however the Lady Musgrave and Major Bain Gray are not included in the Certificate of Balances for 2007.

**CONSOLIDATED FUND****2.111**

The following table represents the balance on the Consolidated Fund for the year 2007.

Balance b/fwd	\$358,595,156.75
Deficit for 2007	<u>\$50,921,274.14</u>
Balance 31/12/07	\$409,516,430.89

**2.112**

The Consolidated Fund has maintained a deficit balance over the last several years.

**MINISTRIES AND DEPARTMENTS****GOVERNMENT HOUSE**

- 3.1** My comments in the 2006 Director of Audit Report with respect to the non-maintenance of proper wage records are still relevant. Further, no equipment ledger was maintained to account for the equipment at the office and the required monthly vote reconciliation statements were not prepared.

**HOUSE OF ASSEMBLY****Legislation**

- 3.2** One of the objectives of the department is to ensure the due processing of Bills, Regulations and Orders through the House of Assembly in conformity with the Constitution. However, the 2007 Estimates did not show any result indicator(s) relevant to this objective.

- 3.3** A total of fifty-three (53) Acts were registered as having been passed in the House of Assembly. A similar number of Acts were assented to by the Governor General as law.

**3.4****Other Records**

The Vote Accounts were not reconciled with the Treasury accounts for the year 2007 and no Equipment Ledger was produced for examination by the audit team

**MAGISTRATES****3.5****Order Books**

The failure by Magistrates to affix their signatures in the Order Books persisted. Magistrates must sign the orders to confirm that they were correctly recorded by the court clerk. Orders that are not correctly recorded in the order books can lead to false arrest and possibly litigation.

**3.6****Warrants**

The Warrant Registers showed that an amount of \$193,757.00 in fines remained outstanding in the various Magisterial Districts in 2007.

**3.7****Other Records**

The Vote Books (accounts) were not properly maintained and no Equipment Ledger was kept to account for the equipment acquired by the office.

**FAMILY COURT**

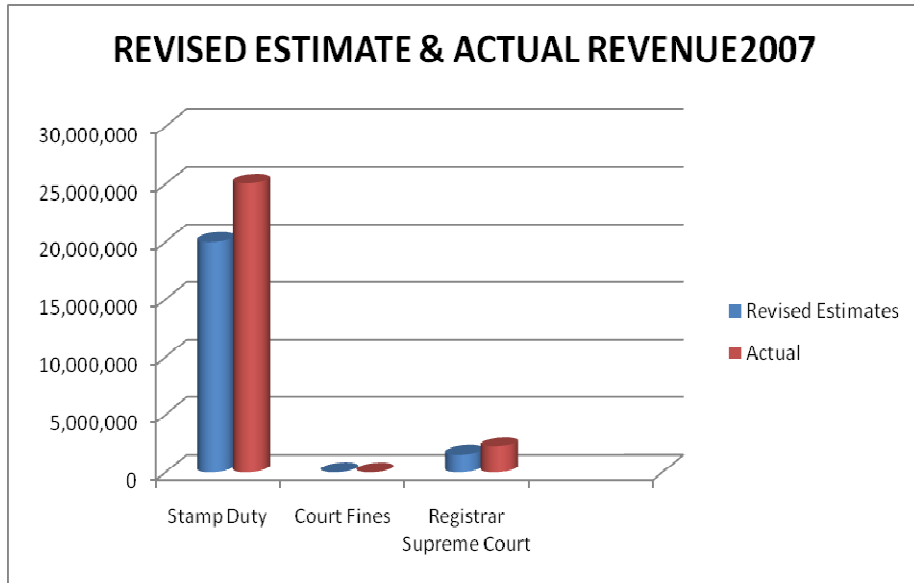
**3.8** There were instances where warrants were not issued when the time given for payments had elapsed. Also a number of warrants, totaling \$35,276.66 for child maintenance were unexecuted at the time of the audit.

**3.9** Apart from the above, the records at the Family Court were generally well maintained.

**REGISTRY**

**3.5** Revenue projections fell under three (3) Categories as indicated here-under

<b>CATEGORY</b>	<b>ESTIMATED</b>	<b>ACTUAL</b>
Stamp Duty	20,000,000	25,061,559.60
Court Fines	25,000	13,045.64
Registrar Supreme Court	1,500,000	2,223,519.35



**3.6**

The ACCOUNTS indicated that there were two (2) Below-the Line Accounts or Deposit Accounts maintained by the Department as at 31/12/2007. The balances are indicated here-under:-

A/C#	DESCRIPTION	AMT/DR/CR
1-73301	Registry & High Court	4,018.00 (CR)
20-73301-5005	Supreme Court Suits	786,535.78 (CR)

**SERVICE COMMISSIONS****Leave Eligibility****3.7**

Several irregularities were observed during the audit of personnel files at the department. Chief among them are listed hereunder:-

1. Vacation leave was mis-calculated resulting in leave eligibility being over or understated.
2. There was an increase in the number of persons applying for leave in excess of the amount earned, creating negative balances.
3. There were inconsistencies in the manner in which teachers leave were calculated. In some instances, week-end days were included in the calculations and in other cases, working days only were applied.
4. Compulsory leave not taken and not deferred were not always deducted as required by the Civil Service Orders.

**Temporary Files****3.8**

Temporary files are maintained for student teachers, nursing assistants and temporary staff within the civil service.

**3.9**

No letters of appointment were seen on file for a number of student teachers and in some instances, the dates of appointment provided by the Ministry of Education differed from that recorded in the records at the Service Commissions Department.



**3. 10****Bond Register**

There has been little improvement in the keeping of this record and my observation in paragraph 3.18 of the 2006 Audit Report is still relevant.

**OFFICE OF THE PRIME MINISTER****3. 11****Residence Permit and Citizenship**

Twelve (12) official audit queries issued to the Office of the Prime Minister seeking explanation on the grant of residence permits and citizenship to a number of applicants were not answered.

**3. 12**

Several recipients of residence and work permits, approved by the Cabinet appear to have failed to pay the stipulated fees. The outstanding amount totaled \$31,200.00.

**GOVERNMENT PRINTERY****3. 13**

There has been no improvement in the record-keeping at the Government Printery. See Director of Audit Reports 2004/05 and 2006, paragraphs 3.38 to 3.41 and 3.24 respectively.



**INLAND REVENUE DEPARTMENT**

**3. 14**

According to the approved Estimates of Revenue & Expenditure 2007, the under-mentioned represents Revenue projections for the Inland Revenue Department for 2007.

<b>CATEGORY</b>	<b>ESTIMATED</b>
<b><u>Taxes on Income &amp; Profits</u></b>	
Individual	44,000,000
Corporate	42,000,000
Withholding	5,500,000
	<b>91,500,000</b>
<b><u>Taxes-Property</u></b>	
Property	2,600,000
Estate & Succession	200,000
	<b>2,800,000</b>
<b><u>Taxes International Trade Transactions</u></b>	
Telecommunication Surcharge	800,000
Travel Tax	1,300,000
	<b>2,100,000</b>
<b><u>Taxes Domestic Goods Transactions</u></b>	
Excise	2,500,000
Insurance Premium Tax	3,000,000
Hotel Tax	3,000,000
Entertainment Tax	1,000
Telecommunication Surcharge	750,000
VAT	41,000,000
	<b>50,251,000</b>
<b><u>Licences</u></b>	
Liquor	800,000
Drivers	2,000,000
Motor Vehicles	6,500,000
Professional	600,000
Gaming	120,000
Other	20,000
	<b>10,040,000</b>



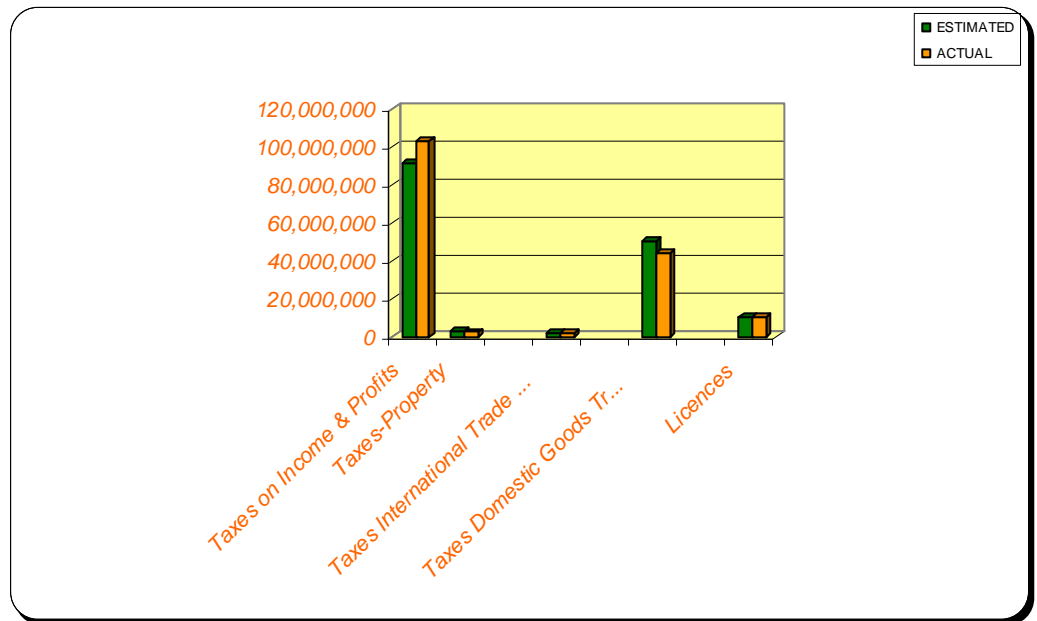
**Actual Revenue** was as follows:-

<b>CATEGORY</b>	<b>ACTUAL</b>
<b><u>Taxes on Income &amp; Profits</u></b>	
Individual	54,243,331.03
Corporate	43,112,611.09
Withholding	6,217,692.44
	<b>103,573,634.56</b>
<b><u>Taxes-Property</u></b>	
Property	2,337,530.59
Estate & Succession	157,193.25
	<b>2,494,723.84</b>
<b><u>Taxes International Trade Transactions</u></b>	
Telecommunication Surcharge	551,368.77
Travel Tax	1,268,380.36
	<b>1,819,749.13</b>
<b><u>Taxes Domestic Goods Transactions</u></b>	
Excise	1,917,312.90
Insurance Premium Tax	3,444,573.05
Hotel Tax	6,050,085.95
Entertainment Tax	2,235.00
Telecommunication Surcharge	1,225,548.14
VAT	31,508,232.40
	<b>44,147,987.44</b>
<b><u>Licences</u></b>	
Liquor	785,390.00
Drivers	2,074,021.70
Motor Vehicles	7,200,303.47
Professional	458,652.20
Gaming	130,283.77
Other	9,800.60
	<b>10,658,451.74</b>



3.15

The under-mentioned is a graphical representation of the Categories showing the Revised Estimates & Actual Revenue



3.16

Major Changes

Major Changes implemented were as follows:-

- Value Added Tax-VAT
- Introduction of new payment system-Motor Vehicles

3.17

A total of \$724,676.13 was spent on the implementation of VAT via Capital Expenditure for the period under review..An amount of \$400,000.00 as originally estimated and this was later revised to \$758,378, by way of Special Warrants in the sum of \$334,778.00.and \$23,600.

**3. 19**

The Inland Revenue Department is one of the Governments major revenue collecting agencies. The responsibilities of this department include the collection of taxes on income and profits, property taxes and various licences, including motor vehicles.

**3. 20**

Heads of Departments, who are responsible for the collection of revenue are required to file Annual Returns of Arrears of Revenue and half-yearly Reports of Revenue Recovered with the Accountant General for transmission to the Director of Audit.

**3. 21**

None of the above returns were presented to the Audit Office with respect to fiscal year 2007.

**3.22**

Since the computerization of the records at the Inland Revenue Department no arrangements have been made by the Head of Department or the relevant Accounting Officer for the Audit Office to have access to the records which are electronically stored at the department.

**3. 23**

This situation constitutes a limit to the scope of the audit and as a result I cannot comment on the status of the records, control environment or the efficiency of the Inland Revenue Department.



**CUSTOMS AND EXCISE DEPARTMENT**

**3. 24**

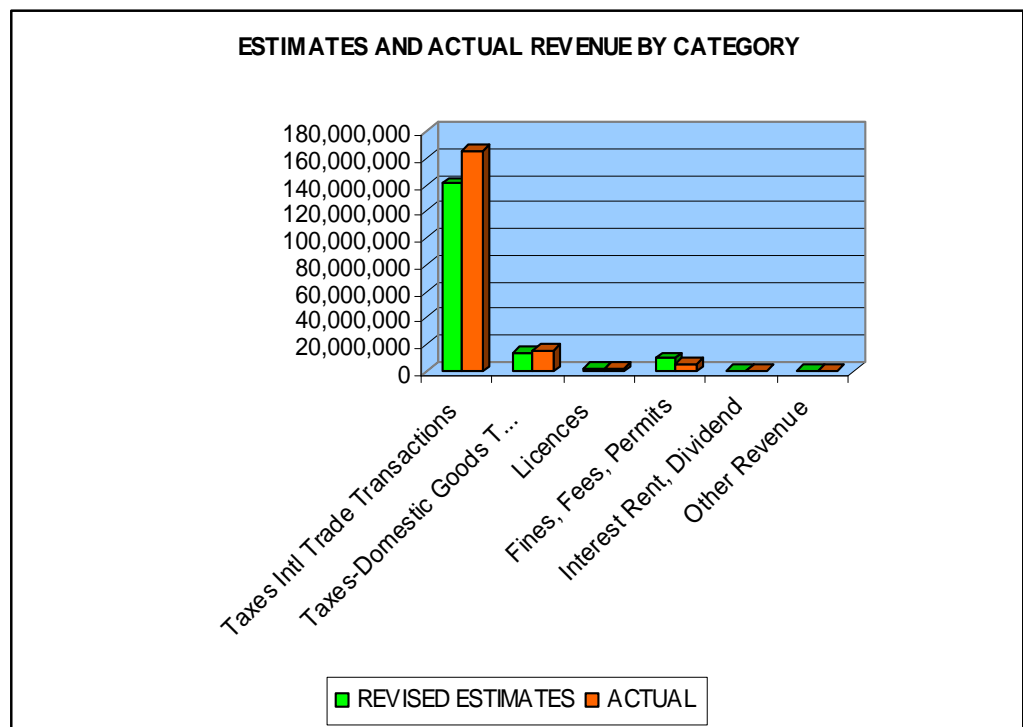
Revenue projections came from six categories as follows:-

- ❖ Taxes on International Trade Transactions
- ❖ Taxes on Domestic Goods Transactions
- ❖ Licences
- ❖ Fines, Fees and Permits
- ❖ Interest, Rent and Dividend
- ❖ Other Revenue

<b>CATEGORY</b>	<b>ESTIMATED</b>	<b>ACTUAL</b>
<b><u>Taxes International Trade Transactions</u></b>		
Import Duty	37,000,000	43,906,436.47
Consumption Duty	32,000,000	32,022,334.59
Customs Service Charge	27,590,000	28,664,067.36
Vehicle Surtax	3,500,000	4,677,347.19
VAT	41,000,000	56,543,282.05
	<b>141,090,000</b>	<b>165,813,514.19</b>
<b><u>Taxes Domestic Goods Transactions</u></b>		
Consumption Duty-Local	2,500,000	3,604,184.43
Excise Duty	90,000	83,896.90
Stamp Duty	11,500,000	11,981,667.98
	<b>14,090,000</b>	<b>15,669,749.31</b>
<b><u>Licences</u></b>		
Television	500,000	537,381.37
Yacht	1,800,000	1,873,461.42
Private Warehouses	100,000	91,399.16
	<b>2,400,000</b>	<b>2,502,241.95</b>
<b><u>Fines, Fees, Permits</u></b>		
Personal	256,000	346,726.20
Merchant Shipping-Local	4,700,000	4,387,330.06



	<b>ESTIMATED</b>	<b>ACTUAL</b>
Merchant- Int'l	<b>10,706,000</b>	<b>5,924,515.83</b>
<b><u>Interest, Rent, Dividend</u></b>		
Warehouse Rent	350,000	522,283.81
	<b>350,000</b>	<b>522,283.81</b>
<b><u>Other Revenue</u></b>		
Other Receipts	750,000	1,017,514.38
	<b>750,000</b>	<b>1,017,514.38</b>



**Major Changes**

**3.25**

ASYCUDA ++ [Automated System for Customs Data] was implemented in October 2007. The main objective was to establish all required operations involved in processing and assessing a General Declaration at ports of entry and departure.

**3.26**

The implementation of system brought several changes in procedures and operation. Among them were the following



3.27

- ✓ Brokers were now responsible for entering their Declarations on line for approval and checking.
- ✓ Manual Receipts were no longer written
- ✓ Manual Cash Books were no longer maintained in most of the Offices.

The introduction of the system was part of the Capital Project "*Modernization of Customs*". Under this project a total of \$950,000.00 was voted for the year; while an amount of \$773,183.33 was spent. One component of the project was training for users of the system of which the Brokers would have been part.

Deposit Accounts

3.28

Several Below-the Line Accounts or Deposit Accounts are being maintained by the Customs. These Accounts are listed here-under:-

A/C#	DESCRIPTION	AMT/DR/CR
20-55501-1031	Purchase of Customs Tariff	4,629.00 (DR)
20-73201-4002	Auction Sales	1,159,022.28 (CR)
20-73201-4007	Customs Sales	13,708.18 (CR)
20-73201-4031	Sight Entries	6,258,000.57 (CR)
20-73201-4070	Trade Bottle Deposit Levy	2,934,985.07 (CR)
20-73201-4212	Pre-Payments ASYCUDA	509,057.09 (CR)
20-73301-4070	Customs & Excise Department	60.00 (CR)

3.29

Journal Entries should be effected to transfer these funds to above-the-line *Revenue* Accounts chief among them being the Sight Entries Account.



**MINISTRY OF NATIONAL MOBILISATION****Public Assistance – Materials, Uniforms and School Supplies****3. 30**

A number of applications did not have the required signature of the Board members, the chairman or the authorizing officer. Most of the applicants had no justification for the grant of assistance which should be based on the social and economic conditions of the applicants.

**Liberty Lodge Training Centre****3. 31**

An audit of the Dietary and Stores Ledger was abandoned due to the unsatisfactory environment in which the records were kept.

**Vehicle Log Books****3.32**

The odometer readings were not recorded in the Log Books. As a result the distances travelled could not have been verified. Further, there were no Head of Department's signature affixed as authorizing the journeys undertaken.

**MINISTRY OF EDUCATION****Stores****3.33**

A significant number of items purchased by the Ministry of Education were not traced in the Stores Ledger. These items valued approximately \$80,002.55.

**Vehicle Log Books****3.34**

Despite repeated request the Log books were not presented for examination by the audit team.

**Result Indicators****3.35**

Below is a sample of 2007 result indicators and their reported out-turn:-

- Develop a communication and management of Information Unit.

**Result**

Deferred to 2009

- Develop a research and development unit

**Result**

Work started

- Programme and produce equipment to assist with production of a monthly newsletter/bulletin for communication to all stakeholders highlighting developments in educational sector and in keeping with ESDP.



Result

Done as far as possible.

- Review transportation of children to special schools with a view to acquiring adopted vehicles.

Result

Done

- Establish partnership with a reputable marine academy to: (a) pursue the conjoint delivery of certificate programmes; and (b) establish a scholarship fund for an annual award.

Result

Programmes are being developed.

- Introduce level 1 (first year) university courses in the social sciences.

Result

Deferred to 2008

- Institute a Management Structure to maximize the use of Learning Resource centres in operation.

Result

Progress being made.

**MINISTRY OF NATIONAL SECURITY****Immigration****3.36**

Surprise surveys conducted at the Immigration Desk at E.T. Joshua Airport and at Union Island revealed that the rate of exchange used to convert US dollars and Barbados dollars were not in accordance with Treasury circular no.3/2005. The rate of exchange used to convert US dollars was \$2.50EC one (1) US.

**3.37**

The accepted conversion rate quoted in the circular, dated 3<sup>rd</sup> June 2000 is US \$1.00 equivalent to EC\$2.65.

**3.38**

Below is the text of the circular (#3/2005):-

*“It has been brought to my attention that Foreign Currency (other than United States Currency) is being accepted without approval from the Accountant General. The rate of conversion to be accepted is U.S \$1.00 equivalent to E.C \$2.65.*

*Effective immediately, all collections in Foreign Currency should be deposited to the consolidated fund, and differences in the exchange rate should be credited to Excess Cash.*

*Receipts issued to the customer must state the amount collected in U.S dollars and the conversion rate used. Prior approval must be sought for the acceptance of other Foreign Currency.*

*This circular must be strictly adhered to.”*

**3.39****Police Certificates**

Several Police Certificates purported to be issued by the department were not produced for audit inspection.

**3.40****Firearm Licences**

Thirty-eight (38) firearm holders did not pay up their Licences for 2007. The outstanding amount was \$8,870.00.

**3.41****Auction Sale**

An auction sale was carried out on 18<sup>th</sup> October 2007. No individual receipts were issued to the customers and four (4) of the six (6) unsold items were not seen during a physical check by the Audit.

**3.42****Leave Eligibility 2007**

An inordinate number of files did not contain records vital to the computation of leave eligibility, example, Application form and Notice of Resumption.

**3.43****Coastguard**

The Dietary Ledger was checked and purchases made for the period were taken on charge in the ledger. However, no record is kept of the issues made, rendering the record incomplete.

**3.44****Stores**

This record was poorly maintained including its physical condition and intelligibility. Some items purchased were not recorded in the ledger



and there were differences between the balances recorded in the ledger and the physical stock.

**MINISTRY OF HEALTH****3.45**

The under- mentioned result indicators were recorded in the 2006 estimates and repeated in 2007:-

1. Enact Legislation to support the Milton Cato Memorial Hospital governance initiative, by year-end 2007.
2. Train 80% of key staff of MCMH in the Patient Registration System by year end 2007.
3. Refurbish the Health Centre at Lowmans Windward by year-end 2007.

**3.46**

The 2008 Estimates records the following results:-

1. Legislation for Hospital governance has been prepared by the Office of the Attorney General and is with the Ministry.
2. The infrastructure to facilitate this activity is still to be put in place/developed.
3. Project is 63% complete up to August 2007 and work is ongoing. The slow progress was due to administrative and technical problems.

**OVERSEAS OFFICES****3.47**

Audits were conducted for the 2007 financial year at the Missions, Consulates and Tourism Offices in New York, Washington, London, Canada and Cuba.

**3.48**

During fiscal year 2007, thirty-four (34) Advance Warrants totaling \$3,559,453.75 were remitted to the overseas offices to finance their operations.

**3.49**

At year end the Advance Statement with respect to overseas offices showed a combined balance of \$3,594,353.97. These Advances should be cleared on a monthly basis in order to prevent the accumulation of large outstanding balances and to ensure that funds expended are brought to account in a timely manner in the year to which they relate.

**Washington Mission****3.50**

The sale of the Dallas property was managed by the Washington Mission. The net proceeds from the sale of the property was US\$240,131.29. An amount of US \$120,000.00 was remitted to the Treasury, leaving a balance of US \$120,131.29 due to the Consolidated Fund.

**3.51**

Part of the above balance was used to finance the day to day operations of the office. No authority was seen for the proceeds of the sale of the property to be used in this manner.

**3.52****Donation**

An amount of US \$20,000.00 was paid to the American Red Cross as a contribution by St. Vincent and the Grenadines for the relief effort after Hurricane Katrina, from the embassy's account. The embassy was not re-imbursed with the amount.

**3.53****GENERAL COMMENTS**

The issues common to all the overseas offices were:

1. The late remittance of funds to the offices resulting in the offices incurring late fees for non payment of goods and services.
2. The non or late reimbursement of funds spent on behalf of Government Offices and or Officials. Such tardiness impacted negatively on the offices financial status as these were expenses that were not budgeted for.

**3.54**

There were shortfalls in salaries due to fluctuating exchange rates at the London and Canadian Offices. These shortfalls were quite often met from the operating funds.

**3.55**

Fees collected for Consular Services provided by the Missions/Consulates needs to be regulated.



**OTHER AUDITS*****Financial Intelligence Unit*****4.1**

The Financial Intelligence Unit established in Saint Vincent and the Grenadines in May 2002 in accordance with the Financial Intelligence Unit Act 2001.

**4.2**

The Financial Intelligence Unit receives an annual subvention from the Government to meet the operating cost of the office.

**4.3**

Section 10 (1) of the Act states that the Financial Intelligence Unit shall prepare in respect of each financial year a statement of accounts.

**4.4**

Section 10 (2) requires the Director of Audit to audit the statement of accounts however, no statement of accounts have been prepared by the unit. The Office/Unit prepared budgeted expenditure for the period.

**4.5**

A compliance audit was undertaken in 2008 and covered the period August 2002 to September 2007. Several shortcomings were detected and drawn to the attention of the Director of the Financial Intelligence Unit. The majority of these shortcomings may be classified as teething problems which is common to most new organizations having no clear guidelines on administrative and accounting issues.

**4.6**

One main issue was the exceeding of the overdraft limit of \$38,000.00 which was established. No authority was seen for the exceeding of the overdraft. Notwithstanding the above, the Director and staff of the



Financial Intelligence Unit should be commended for their willingness to acknowledge and address their shortcomings and for taking steps to improve their level of efficiency.

***Kingstown Town Board***

- 4.7** An audit was conducted on the records maintained at the Kingstown Town Board for the period 2005-2007 during 2009.

*Cash Position*

- 4.8** The Kingstown Town Board operates on overdraft. The cash book showed an overdraft balance of \$6,175,609.23 as at 31<sup>st</sup> December 2007. In a memorandum dated 2<sup>nd</sup> June, 2009, the Cabinet Secretary advised that the Central Government will assume part of the debt incurred by the Kingstown Town Board.

*Accounts*

- 4.9** Section 50 (1) of the Kingstown Town Board Act states that the accounts of the Board shall be produced by the warden for audit by the Director of Audit. No accounts have been submitted for a number of years.

*Other Issues*

- 4.10** Land & House Tax

A total of \$148,300.00 remain outstanding for the tax year 2006/2007 by 2264 property owners.

- 4.11** There were instances where Senior Staff received salary increases which were paid retroactively. There was no authority seen to substantiate these increases which were paid retroactively. There was no authority seen to substantiate these increases.



**Report On A Special Audit Conducted At The Ministry  
Of Agriculture, Forestry and Fisheries  
(MAFF) During The Month Of June 2007.**

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**Executive Summary**

**5.1**

In June 2007 we decided to conduct a special audit of the operations of the Ministry of Agriculture Forestry and Fisheries in relation to the procedures for purchase, custody and accounting for items procured by the Ministry. The decision was taken to proceed on this special audit on account of the following:-

- articles carried in the print and broadcast media concerning allegations of impropriety by the Permanent Secretary (Acting)
- concerns raised by the Minister of Finance



- the Public Service Commission's decision to send the Permanent Secretary (acting) on Vacation
- a perceived reluctance or lack of capacity at the Internal Audit section of the Treasury to investigate the findings of the Internal Audit at the Ministry of Agriculture, Forestry and Fisheries

**5.2**

The audit was conducted to review the adequacy of the Internal Control System in place for controlling the procurement of goods at the Ministry of Agriculture, Forestry and Fisheries and to review the issues raised by the Internal Audit.

**5.3**

The audit involved a series of interviews with staff, heads of programme, members of the internal audit team and a supplier. A large number of purchase orders were examined along with a selection of related transactions in the treasury accounts and the cheques that were used to effect these payments.

**5.4**

**Internal Audit** is an independent appraisal function within an organization, for the review of activities as a service to all levels of management. It is the responsibility of internal audit to review, appraise and report upon:

- the soundness, adequacy, and application of internal controls
- the extent to which the organizations assets and interests are accounted for and safeguarded from losses of all kinds arising from:
  1. fraud and other offences
  2. Waste, extravagance and inefficient administration, poor value for money or other cause.
- The suitability and reliability of financial or other management data developed within the organization.

**5.5****Internal Control**

Management has the responsibility to establish internal controls so that its activities are conducted in an efficient and well ordered manner. Internal control comprises the whole system of controls and methods, both financial and otherwise which are established by management to:

1. safeguard its assets
2. ensure reliability of records
3. promote operational efficiency: and
4. monitor adherence to policies and directives

**5.6**

An important feature of internal control is the separation of the functions of authorization, custody and recording.

**5.7**

The findings of the audit reveal that although there is a system of internal control there are instances where these controls were overridden by management.

**5.8****The scope of the audit**

The scope of the audit encompassed a preliminary assessment of the adequacy and effectiveness of the system of internal control and reporting upon such controls and other procedure pertaining to the expenditure for procuring goods and to ascertain whether the system is functioning as intended.

**5.9**

The audit identified the following as key departments critical to its evaluation/assessment.

1. Agriculture Administration



2. Fisheries Division

**5.10**

A number of requisitions for expendable and non- expendable items were selected for auditing during the period 2006- May, 2007.

The detailed examination included reviewing:

1. the procuring procedure,
2. requisitions,
3. payment vouchers,
4. cheques

**5.11**

In addition, analyses were made from the examination of the records and interviews held with senior officers and the Internal Audit team of the Ministry of Agriculture, Forestry and Fisheries. An inventory of the physical stock was conducted.

**5.12****Internal Control System for procuring Goods**

According to information received from interviews conducted, it was established that the procedure for procuring goods was not documented.

**5.13**

The undocumented procedure is as follows:

1. the order is initiated and written by personnel in each Department.
2. the requisition is authorised by Head the of Department.
3. the requisition is submitted to the Accounts Division for processing.
4. the information on the requisition is used to prepare the purchase order.
5. the purchase order number is recorded on the requisition.
6. the requisition and purchase order are submitted to the Permanent Secretary or her delegates for approval.
7. the order is approved.
8. the approved order is taken to the supplier for collection of items.



9. items are collected and taken to the department for verification.
10. bills are certified and returned to the Accounts Division for payment to supplier.
11. payment is prepared in the Treasury Accounts ,and
12. payment is approved by the authorised approvers.

**5.14**

This system of internal control consists of adequate separation of duties between the initiating, authorizing and processing phases of the system

**Requisitions****5.15**

An audit of the Requisitions has shown that there was evidence of non-compliance with Internal Controls System. The records have shown that a number of requisitions for some departments were written by the Senior Executive Officer, authorised and approved in the Treasury Accounts by the Permanent Secretary. It was also noted that at times Heads of Departments were not aware of their account balances or whether additional items were purchased from the Vote Accounts.

**Payment Vouchers****5.16**

An examination of the payments made to Highway Bookstore for supplying items to the Ministry of Agriculture and other Government Departments revealed that there were differences in the stationery used for bills issued to the Ministry of Agriculture, Forestry and Fisheries and those issued to other Government Departments. In addition, bills for items supplied to the Ministry of Agriculture, Forestry and Fisheries by Jemeaka Alexander for paper were different from those issued for the flash drives.

**5.17**

It appears that bills attached to payment vouchers for the purchase of flash drives from both Highway Bookstore and Jemeaka Alexander were written from the same bill book and by the same person.

**5.18**

An interview conducted with one of the owners of Highway Bookstore revealed that the flash drives were not supplied by the company. However, a request was made by the Permanent Secretary(Ag.) to use their company stamp to stamp the flash drive bills.

**Cheques****5.19**

Two (2) Cheques nos.100429768 dated 05/12/2006 and 100457243 dated 26/03/2007 for Highway Bookstore which were cashed at the Bank of Nova Scotia were certified by the Permanent Secretary (Ag.) of the Ministry of Agriculture, Forestry and Fisheries. The signature of Audrey Walters Butler, signatory for Highway Bookstore on Cheque #100429768 dated 05/12/2006 for an amount of \$6,230.00 when compared with other signature on vouchers was not consistent with that of the others. This amount was deposited to Account # 105077 belonging to the Permanent Secretary (Ag.).

**Purchase of Photocopy/Computer Paper****5.20**

Although, the Ministry of Finance is responsible for procuring stores for distribution to Government departments and ministries, it was observed that photocopy/computer paper was purchased from Jemeaka Alexander without the Ministry's approval.

**Telephone Bills****5.21**

The telephone records revealed that numerous overseas telephone calls were made from telephone REF: P48527. There is cause for concern with regard to the frequency of calls made to specific numbers in Maryland, New York and the United Kingdom. Investigations revealed that these frequent calls were made to relatives of the Permanent Secretary (Ag). There were instances when calls were made to a number in Maryland four times in one day. In April 2006, the international calls totalled \$327.72 of which \$135.97 and \$146.53 related to calls





made to Maryland and United Kingdom, respectively. In addition, during the period January to April 2006 thirty- three (36) calls were made to the same number in Maryland totalling \$526.57.

### **Agriculture Administration**

**5.22**

The records for Agriculture Administration showed that eleven (11) flash drives costing \$3,960 were purchased between the period July 2006-April 2007. However, three (3) flash drives were produced when the audit was conducted on 29<sup>th</sup> June 2007. One officer indicated that the Permanent Secretary (Ag.) gave a flash drive to her after the internal audit report was submitted. She also stated that the flash drive was never used.

**5.23**

The auditors were informed that two (2) of the flash drives were also given to two (2) Cuban Specialist based in Georgetown. Six (6) of the eleven (11) flash drives were not accounted for by the Agriculture Administration. The flash drives were neither accounted for on the inventories nor was there any record showing the distribution.

**5.24**

An amount of \$ 475.00 was expended for ink for a Lexmark printer during the period June to July, however, it was confirmed that the Agriculture Administration does not have a Lexmark printer.

**5.25**

The transformers seen at Agriculture Administration did not meet the description of those on the purchase orders for the period 2006 – 2007. In some cases the markings on the transformers in the various sections were not legible. These signs of wear and tear are indications that the transformers were not purchased during the period under review. According to the purchase orders and payments in the Treasury accounts the following transformers were purchased but were not produced for inspection.

**5.26**

One (1) 7500 transformer was accounted for at the Administration Department. The audit was informed by the internal auditors that the transformer was not presented for examination when the audit was conducted but appeared on the floor in the Minister's Office after the internal audit report. This transformer meets the description of the one purchased from the Fisheries account.

**Fisheries Division****5.27**

The records for the Fisheries Division have shown that thirty (30) flash drives costing \$11,230 were purchased for use at the Division. Twenty (20) of the flash drives were purchased from Account #45- 465- 35003 (Office Material and Supplies) and ten(10) from Account #20-73201-4075 (Japanese Fishing Vessels).

**5.28**

The Chief Fisheries Officer stated that he was not aware of ten (10) flash drives being purchased from the Japanese Fishing Vessels Below- the –Line Account neither was any workshop held for the Japanese. He further stated that he was responsible for ordering twenty- four (24) flash drives.

The presence of twenty four (24) flash drives at the Fisheries Division is contrary to the claims made by the Chief Fisheries Officer of not being aware of purchases from the Japanese Fishing Vessels Below- the –Line Account

**5.29**

Twenty-four (24) of the thirty (30) flash drives purchased were accounted for by the Fisheries Division on a list showing the persons that the flash drives were issued to as at 25<sup>th</sup> May, 2007. The information on the list did not include the make or size of flash drives issued to the Fisheries workers. However, only eighteen (18) of the twenty-four (24) flash drives were produced for inspection inclusive of seven (7) new ones. The Chief Fisheries Officer explained that the six (6) flash drives which were not produced were issued to officers who are at present out of the state or unavailable.

**5.30**

An officer on three (3) years study leave was given a flash drive. It is not clear why an officer who is on study leave is in possession of a flash drive and why there are seven (7) flash drives in stock which indicates that the Division does not have the need for twenty -four (24) flash drive.

**5.31**

One (1) 7500 watts transformer costing \$ 930.00 was purchased from Gibson Building Supplies for use at the Division. The transformer was not produced for audit inspection.

**5.32**

Further, two (2) containers of equipment and electrical items at the Fisheries Division are not accounted for in an equipment ledger.

**General Comments****5.33**

The price paid for the memory sticks is exorbitant when compared to the normal market price for such with the same capacity. It is evident that resources of government were abused and there is need for prudence in the management of the scarce resource.

**5.34**

If goods 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. It is the policy of the Government to obtain goods required with maximum economy, efficiency and effectiveness to meet the defined requirements as a result of scarce resources. Therefore, the Accounting Officer/s is responsible for identifying and managing their own procurement requirements and for the expenditure they incur in meeting those requirements. As purchasers, they must ensure that they obtain value for money.

**5.35**

The Internal Audit Unit is an asset to any Department; since these bodies are designed to ensure that the department is acquiring, protecting and using its resources economically and efficiently.

**5.36**

It is hoped that the Internal Audit will continue the process that it has started and will focused on other areas within the Ministry of Agriculture, Forestry and Fisheries.

**Recommendations****5.37**

The Accounting Officer should ensure that all items purchased or received as gifts are accounted for in Equipment Ledgers and items be accounted on inventories in accordance with Store Rules.

**5.38**

The Accounting Officer should determine which one of the following two (2) options is more suitable to the Ministry.

1. The maintenance of an Equipment Ledger at the Ministry of Agriculture Administration for the entire Ministry or
2. The maintenance of an Equipment Ledger by each of the Departments.

**5.39**

There is need for the implementation of a register for all officers to sign upon receipt and return of items. This will improve on the accountability within the Departments.

**5.40**

In addition, all of the items not accounted for, e.g., the flash drives and transformers at the Fisheries Division and Agriculture Administration should be accounted for by the responsible Accounting Officer/s.

**5.41**

The procedure for procuring of goods works and services should be documented and promulgated for all officers (including the Accounting Officer) to observe and apply.

**5.42**

Photocopying/Computer papers should only be purchased from a private business place only if the item is not available at the Government Stores. This payment should also be sanctioned by the Ministry of Finance.

**5.43**

All accounts for the departments are controlled by the Accounts Department, Ministry of Agriculture, Forestry and Fisheries. It is imperative that a mechanism be put in place to ensure that the heads of each department/division be aware of all transactions that are charged to their accounts. For instance, a copy of the Treasury monthly printouts should be submitted to the departments for their internal reconciliation of expenses and balances.



**OUTSTANDING QUERIES FOR THE YEAR 2007**

<b>DEPARTMENT</b>	<b>NO. ISSUED</b>	<b>NO. SETTLED</b>	<b>OUTSTANDING</b>
Accountant General	134	39	95
Comptroller, Inland Revenue	1	---	1
Customs & Excise	9	---	9
Chief Magistrate	2	---	2
President Family Court	2	---	2
Director, Financial Intelligence Unit	5	1	4
Revenue Officer/ Union Island	5	---	5
Revenue Office Georgetown	1	---	1
Administrative Officer/Bequia Revenue Office	10	---	10
Barrouallie Revenue Office	1	1	0
Administrative Officer/ Canouan	2	1	1
Cabinet Secretary	12	---	12
Toronto Consulate	7	---	7
PS/ Health & the Environment	7	---	7
Washington Mission	1	---	1
PS/ National Security	21	---	21
PS/ N.S E.T Joshua Airport	6	---	6
Chairman NAMLC	2	---	2
PS/ Telecom	1	---	1
PS/ Foreign Affairs	14	---	14
DG/ Finance and Planning	1	---	1
<b>TOTAL</b>	<b>244</b>	<b>42</b>	<b>202</b>



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

DEPARTMENT	2002	2003	2004	2005	2006
Chief Magistrate	---	2	9	7	4
Chief Personnel Officer	2	1	1	---	2
PS/Prime Minister's	5	3	7	3	---
Government Printer	---	2	---	---	1
Commissioner of Police	4	---	---	5	---
PS/Social Development	8	2	2	3	7
Finance	---	---	6	---	5
Director of Planning	---	---	3	---	---
Accountant General	61	24	59	---	75
Comptroller of Customs & Excise	16	13	5	5	1
Comptroller, Inland Revenue	1	3	6	1	1
Ministry of Housing	---	---	---	3	---
Warden, Kingstown Town Board	---	8	24	8	---
Ministry of Education	1	1	---	---	3
Director of Libraries	---	---	---	---	---
Ministry of Agriculture	1	1	9	8	9
Min. of Transport Works & Housing	---	---	8	8	1
Director of Airports	2	---	4	---	---
Min. of Health & the Environment	13	2	---	---	4
Milton Cato Memorial Hospital	---	---	9	1	---
Superintendent of Prisons	2	3	9	4	7
Ministry of Foreign Affairs & Trade	6	9	9	5	8
Clerk, House of Assembly	---	---	1	---	1
District Officer Southern Grenadines	4	4	---	---	1
Canouan Revenue Office	---	---	6	4	---
Barrouallie Revenue Office	---	1	---	---	---
Union Island Revenue Office	---	---	9	4	1
President, Family Court	---	1	7	3	4
PS/National Security	1	15	---	1	7
Bequia Revenue Office	9	10	5	7	4
President, Family Court	---	1	7	3	4



<b>DEPARTMENT</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
PS/ Tourism & Culture	---	---	2	3	11
PS/ Telecom	---	---	2	---	1
Bequia District Council	1	1	---	---	1
PS/Education	---	---	---	3	3
Urban Development	---	---	---	2	---





*Appendix II*

**ARREARS OF REVENUE RETURNS – 2007**

<b>DEPT</b>	<b>ACCOUNT</b>	<b>DESCRIPTION</b>	<b>AMOUNT</b>	<b>REMARKS</b>
INLAND REVENUE	11001	Individual Income Tax		None Submitted
	11002	Corporate Tax		None Submitted
	11003	Withholding Tax		None Submitted
	12001	Property Tax	110,474.39	Computed by Audit
	12002	Estate & Succession Duty		None Submitted
	14005	Hotel Turnover Tax		None Submitted
	13006	Travel Tax		None Submitted
	14007	Entertainment Tax		None Submitted
	15007	Vehicles Licence	50,750.00	Computed by Audit
	15005	Liquor Licence	2,610.00	Computed by Audit
	15099	Other Licence - Tutors		None Submitted
	15008	Professional Licence		None Submitted
	15006	Drivers Licence		None Submitted
	CUSTOMS	13001	Import Duties	
13002		Export 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
MINISTRY OF FINANCE	16012	Merchant Shipping		None Submitted
	14004	Insurance Premium Tax		None Submitted
LAND AND SURVEYS	17014	Rent of Crown Lands	2,820.00	Computed by Audit
JUDICIAL		Fees/Forfeitures	229,035.71	Computed by Audit
POLICE	18003	Travel Permits		None Submitted
		Vehicle Inspection Fee		None Submitted
	18002	Passports Other Receipts Firearms	8,870.00	Computed by Audit



<b>DEPT</b>	<b>ACCOUNT</b>	<b>DESCRIPTION</b>	<b>AMOUNT</b>	<b>REMARKS</b>
MEDICAL	16022	Hospital Rental Nurses Hostel	271,490.82	Computed by Audit None Submitted
AGRICUL- TURE	18007	Sale of Plants /Seeds		None Submitted
	18009	Campden Park Fishing Operations - Grenadines		None Submitted None Submitted
	18010	Operations – Sawmill		None Submitted
	21001	Sale of Crown Lands	707,100.30	Computed by Audit
PUBLIC WORKS	16018	Electrical Inspection Soils Laboratory		None Submitted
	17016	Royalties		None Submitted
	17017	Royalties		None Submitted
	18011	Sale of Stores & Equipment		None Submitted
AIRPORT	16019	Landing Dues		None Submitted
	16020	NAVCOM Charges		None Submitted
	17012	Rent	64,192.75	Computed by Audit
TELECOM	15010	Telecom & Broadcast Licence		None Submitted



**STATEMENT OF LOSSES DUE  
TO FRAUD, THEFT OR NEGLIGENCE  
SINCE THE DATE OF LAST REPORT 2007**

**A. REQUIRED BY REGULATION TO BE REFERRED TO CABINET**

<b>DEPT. &amp; PARTICULARS OF LOSS</b>	<b>GROSS AMT. INVOLVED</b>	<b>AMOUNT RECOVERED</b>	<b>PRESENT STATUS</b>
<b><u>TREASURY</u></b>			
<i>Overpayment of Salary</i>	2,035.00	Nil	<i>Resigned</i>
	2,070.42	Nil	<i>"</i>
	1,094.00	Nil	<i>"</i>
	697.93	Nil	<i>"</i>
	1,437.40	Nil	<i>"</i>
	1,078.58	Nil	<i>"</i>
	4,231.00	Nil	<i>Abandonment</i>
	1,475.27	Nil	<i>Resigned</i>
	534.40	Nil	<i>"</i>
	1,248.14	Nil	<i>"</i>
	6,030.00	Nil	<i>"</i>
	2,184.76	Nil	<i>"</i>
	2,059.30	Nil	<i>"</i>
	2,018.47	Nil	<i>Abandonment</i>
	2,100.34	Nil	<i>Resigned</i>
	878.52	Nil	<i>"</i>
	5,482.84	Nil	<i>"</i>
	981.23	Nil	<i>"</i>
	2,553.64	Nil	<i>"</i>
	11,143.00	Nil	<i>"</i>
	1,304.62	Nil	<i>"</i>
	1,767.18	Nil	<i>Abandonment</i>
	1,734.40	Nil	<i>"</i>
	805.16	Nil	<i>Resigned</i>
	1,370.30	Nil	<i>"</i>
	1,155.10	Nil	<i>"</i>
	930.26	Nil	<i>"</i>
	1,420.30	Nil	<i>"</i>
	6,994.64	Nil	<i>"</i>
	3,243.01	Nil	<i>"</i>
	1,209.14	Nil	<i>"</i>
	1,407.13	Nil	<i>Resigned</i>



<b>DEPT. &amp; PARTICULARS OF LOSS</b>	<b>GROSS AMT. INVOLVED</b>	<b>AMOUNT RECOVERED</b>	<b>PRESENT STATUS</b>
<b><u>TREASURY</u></b>			
<i>Overpayment of Salary</i>	560.25	<i>Nil</i>	<i>Resigned</i>
	1,808.40	<i>Nil</i>	<i>Termination</i>
	1,119.95	<i>Nil</i>	<i>Termination</i>
	3,271.92	<i>Nil</i>	<i>Resigned</i>
	3,341.34	<i>Nil</i>	<i>Resigned</i>
	930.26	<i>Nil</i>	<i>Abandonment</i>
	1,948.18	<i>Nil</i>	<i>Resigned</i>
	3,796.80	<i>Nil</i>	<i>Resigned</i>
	8,651.95	<i>Nil</i>	<i>"</i>
	2,329.47	<i>Nil</i>	<i>"</i>
	16,095.36	<i>Nil</i>	<i>"</i>
	1,027.72	<i>Nil</i>	<i>"</i>
	109,698.66	<i>Nil</i>	<i>Cessation</i>
<b><u>REGISTRY</u></b>			
<i>Cash Shortage</i>	5,546.50	<i>Nil</i>	<i>Pending</i>



**STATEMENT OF LOSSES DUE  
TO FRAUD, THEFT OR NEGLIGENCE  
SINCE THE DATE OF LAST REPORT 2006**

**B. NOT REQUIRED BY REGULATION TO BE REFERRED TO  
CABINET**

<b>DEPT. &amp; PARTICULARS OF LOSS</b>	<b>GROSS AMT. INVOLVED</b>	<b>AMOUNT RECOVERED</b>	<b>PRESENT STATUS</b>
<b><u>TREASURY</u></b>			
<i>Overpayment of Salary</i>	<i>299.61</i>	<i>Nil</i>	<i>Resigned</i>
	<i>249.88</i>	<i>Nil</i>	<i>"</i>
	<i>195.44</i>	<i>Nil</i>	<i>Resigned</i>
	<i>437.80</i>	<i>Nil</i>	<i>Resigned</i>
	<i>383.11</i>	<i>Nil</i>	<i>Abandonment</i>

**STATEMENT OF AUTHORITIES FOR EXPENDITURE 2007**

<b>ESTIMATES:</b>	Passed in the House of Assembly 6 <sup>th</sup> December, 2006
<b>APPROPRIATION ACT:</b>	Enacted as Act 36/06
<b>GENERAL WARRANT:</b>	Signed by the Honorable Minister of Finance on 20 <sup>th</sup> December, 2006
<b>SPECIAL WARRANTS:</b>	One hundred and thirty-seven (137) Special Warrants were approved for a total of \$63,082,458.08.
<b>VIREMENT WARRANT:</b>	There were a total of seventy-five (75) Virement Warrants approved to re-allocate a total \$1,059,163.00 from seventy-nine (79) items to supplement seventy-seven (77) other items under fifteen (15) Ministries of expenditure
<b>APPROPRIATION:</b>	Supplementary Appropriation to date \$82,069,594.00.
<b>LOAN MONIES:</b>	Amount Expended from Loan Funds were as follows: Local Loans - \$52,432,932.52 CDB - \$13,970,272.55 Other Loans - \$25,851,737.03